

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

of the

TOWN OF THOMASTON,
CONNECTICUT

FOR THE YEAR ENDED

JUNE 30, 2008

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, 2008

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INTRODUCTORY SECTION</u>	
ORGANIZATIONAL CHART	1
LETTER OF TRANSMITTAL	2
LIST OF PRINCIPAL OFFICIALS	7
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING FOR THE YEAR ENDED JUNE 30, 2007	8
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	9
MANAGEMENT'S DISCUSSION AND ANALYSIS	11
<u>BASIC FINANCIAL STATEMENTS</u>	
<u>GOVERNMENT-WIDE FINANCIAL STATEMENTS:</u>	
<u>EXHIBITS</u>	
A STATEMENT OF NET ASSETS	24
B STATEMENT OF ACTIVITIES	26
<u>FUND FINANCIAL STATEMENTS:</u>	
C BALANCE SHEET AND RECONCILIATION OF FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES - GOVERNMENTAL FUNDS.....	27
D STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	29
E RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES	30
F STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND.....	32
G STATEMENT OF FIDUCIARY NET ASSETS.....	33
H STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS	34
I NOTES TO BASIC FINANCIAL STATEMENTS	35

TOWN OF THOMASTON, CONNECTICUT
TABLE OF CONTENTS (CONTINUED)

PAGE

REQUIRED SUPPLEMENTARY INFORMATION:

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

SCHEDULES

SUPPLEMENTAL SCHEDULES

GENERAL FUND

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

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

3 REPORT OF TAX COLLECTOR..... 63

NONMAJOR GOVERNMENTAL FUNDS

4 COMBINING BALANCE SHEET..... 64

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

6 SEWER COMMISSION USAGE FUND – SCHEDULE OF SEWER USE CHARGES
RECEIVABLE 68

FIDUCIARY FUNDS

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

8 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PRIVATE-PURPOSE TRUST FUNDS 70

9 AGENCY FUNDS - COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES 71

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

10 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY..... 72

STATISTICAL SECTION

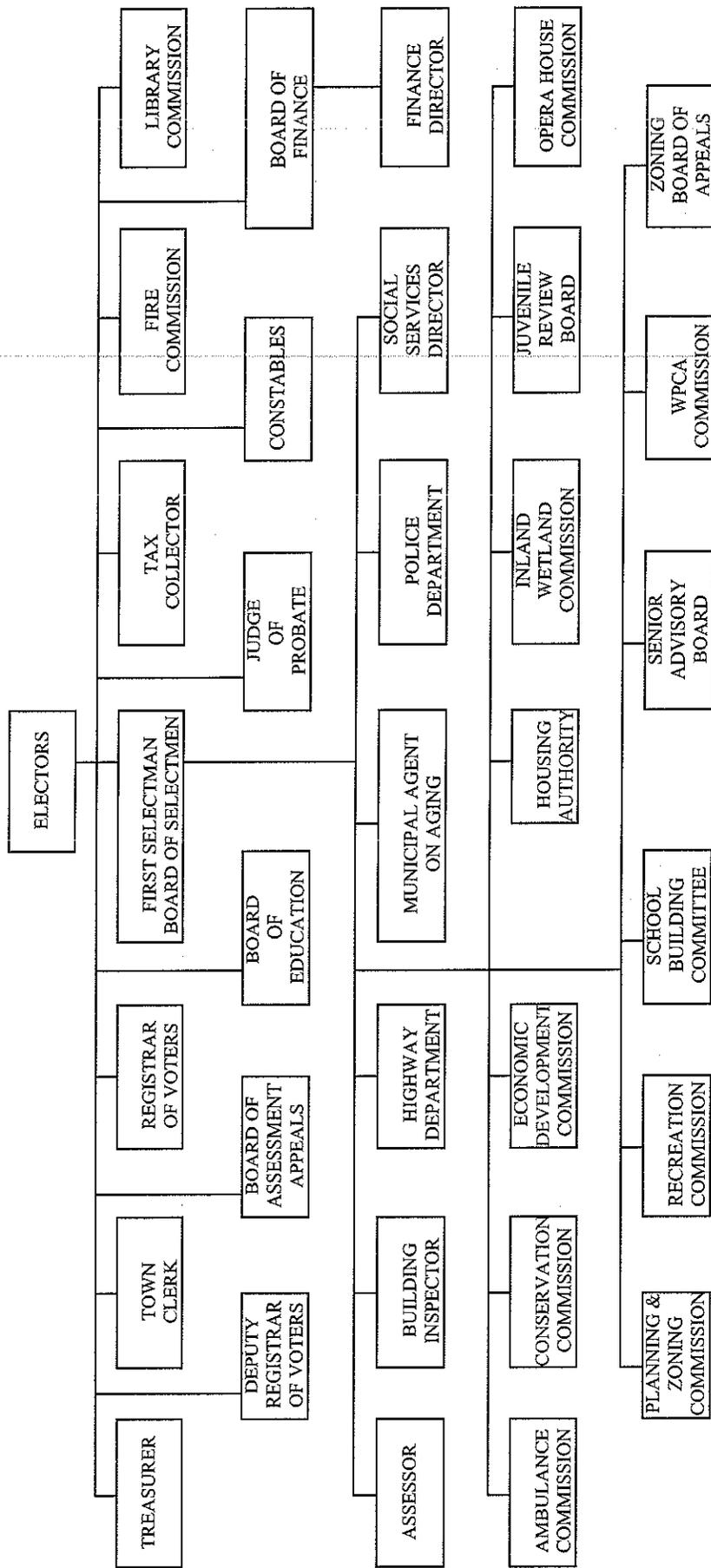
TABLE

1	NET ASSETS BY COMPONENT	73
2	CHANGES IN NET ASSETS.....	74
3	FUND BALANCES, GOVERNMENTAL FUNDS.....	75
4	CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS	76
5	ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	77
6	PRINCIPAL TAXPAYERS	78
7	PROPERTY TAX RATES, LEVIES AND COLLECTIONS.....	79
8	RATIOS OF OUTSTANDING DEBT BY TYPE	80
9	RATIO OF LONG-TERM DEBT TO NET ASSESSED VALUE AND LONG-TERM DEBT PER CAPITA.....	81
10	SCHEDULE OF DEBT LIMITATION.....	82
11	LEGAL DEBT MARGIN INFORMATION.....	83
12	DEMOGRAPHIC STATISTICS	84
13	PRINCIPAL EMPLOYERS.....	85
14	FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM.....	86
15	OPERATING INDICATORS BY FUNCTION/PROGRAM.....	87
16	CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM.....	88

Introductory Section

TOWN OF THOMASTON, CONNECTICUT

ORGANIZATIONAL CHART





November 20, 2008

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, 2008.

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, 2008, 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, 2008, 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 7,818. 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.

Best known for its namesake and founder, Seth Thomas, who established the Seth Thomas Clock Company in Thomaston in the late 1800s, the Town continues to be home to many small and medium-sized manufacturers. The original clock factory has now become a vibrant industrial park and is home to more than 20 tenants, employing nearly 500 people, many of whom work in skilled manufacturing trades. The current owners have expanded the site from 275,000 square feet to nearly 312,000 over the past decade to accommodate growth and demand for industrial and manufacturing space.

The Town of Thomaston has made changes in its Plan of Development that permits the creation of an industrial park 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 of this industrial park has already constructed a 50 unit senior housing complex near the industrial park. There is currently a 47 unit active adult community under construction at 500 South Main Street by a local developer. The former Star Manufacturing building located at 254 Main Street has transformed into a mixed use professional services and office space building. The former Model craft building at 471 Jackson Street has been purchased and is occupied by Gaynor Electric, another local business that was renting in the Seth Thomas building.

The Planning & Zoning Commission is in the process of updating the zoning maps based upon a digitized parcel map created by the Central Naugatuck Valley Council of Governments and working in conjunction with the WPCA to create a master sewer plan for the Town of Thomaston that is in conformance with the State of Connecticut Plan of Conservation and Development.

Also economically significant is the recent renovation of the town-owned Thomaston Opera House, which is considered to be one of the finest examples of Victorian/Gothic architecture in the state. In the past several years, the theater has undergone many improvements and restorations perpetuating its original function as a multipurpose cultural and recreational center for Litchfield County and Greater Waterbury. The Thomaston Opera House produces a full schedule of theatrical and musical performances each year, including several theater organ concerts. The Town's Opera House Commission oversees its activities and plans additional restoration projects and the establishment of an endowment fund.

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 business, attracting new enterprises and assuring a favorable community climate for new ideas and economic growth while respecting the character and history of the community. This nine member commission has been proactive in seeking business growth opportunities in Thomaston since its reestablishment. In 2007, a tax incentive program was established in order to attract, retain, and expand qualified businesses, to create employment opportunities, and to promote responsible economic growth to ensure Thomaston's future as a desirable community in which to live and work.

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

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 \$698,340 for sidewalk replacement and \$300,000 for the repair of Altair Avenue Bridge and culvert.

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.

The Town of Thomaston is in the process of completing the 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.

The Town through referendum approved a \$10,674,500 appropriation for a Seven Year Road Program to reconstruct all of its roads. The Town has postponed a certain section of Town to Year 7, which is known to have sewer infrastructure

needs. A more in depth study of the sewer system is planned in anticipation of handling both the roads and sewer needs simultaneously.

General Fund Balance. The general fund's unreserved and undesignated fund balance of \$1,743,007 increased by 12% in 2008. The current undesignated fund balance provides the Town with the equivalence of approximately 27 working days of expenditures compared to 16 days in the prior year. The higher the reserve the less likelihood of the Town entering the short-term debt market to pay for current operating expenditures.

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

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

The operations of the pension trust fund were stable in 2008, considering the state of economic condition and the investment markets. The net assets held in trust decreased from \$8,824,402 to \$8,502,715 at June 30, 2008, as a result of current year activity. The funding of the actuarially accrued liability has increased from 67.1% in the prior year to 71.5%. However, due to the credit crisis and financial institution failure which followed in the three months following the end of the fiscal year, portfolio assets declined by \$656,941. Since the beginning of 2002, the plans portfolio shows a return of 3.23% when we include the credit crisis impact for the period July 1 through September 30, 2008. Recovery will be a long and slow process and as a result, annual contributions may increase in future year budgets.

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Thomaston for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. This was the fourth 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's 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. We also appreciate the professional service and assistance rendered by Kostin, Ruffkess & Company, LLC CPAs.

Respectfully submitted,

A handwritten signature in cursive script that reads "Susan L. Costa". The signature is written in dark ink and is positioned above the printed name and title.

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

TOWN OF THOMASTON, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2008

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 Seabourne
Kristin Mosimann O'Sullivan
Marie Galbraith

TOWN DEPARTMENTS

Michael Bruscano, Treasurer
Susan L. Costa, Finance Director
Susan Laone, School Business Manager
RaeAnn Walcott, Tax Assessor
Sandra R. Bruscano, Tax Collector
Lynda Mitchell, Superintendent of Schools
Paul Pronovost, Superintendent of Highway
Richard Tingle, Superintendent of W.P.C.A.
Catherine P. Dupont, Town Clerk
Eugene Torrence, Chief of Police
Henry McGee Jr., Fire Chief
Robert Norton, Fire Marshall
William Boudreau, Building Inspector
Mary Barton, Land Use Officer
Martin Egan, Park and Recreation Director
Lore Webel, Social Services Director

AUDITORS

Kostin, Ruffkess & Company, LLC

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Thomaston
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

Financial Section



Business Advisors and Certified Public Accountants

Farmington • New London
Springfield, MA

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

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

INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Thomaston, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Thomaston, Connecticut, as of and for the year ended June 30, 2008, 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, 2008, 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 November 20, 2008, 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 11 through 23 and page 58, respectively, are not a required part of the basic financial statements but are supplemental information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

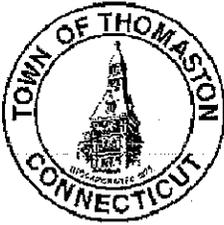


Town of Thomaston, Connecticut
Page Two

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

Kostin, Ruffkess & Company, LLC

Farmington, Connecticut
November 20, 2008



Phone: 860-283-9678

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

Fax: 860-283-1378

Management's Discussion and Analysis
For the Year Ended June 30, 2008

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, 2008.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$34,841,850 (*net assets*). Of this amount, \$6,285,147 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- Unrestricted net assets decreased by \$1,826,999 from the prior year, due primarily to the Town's use of fund balance to balance the budget for fiscal year and the investment in capital assets associated with the Center School renovation.
- The Town's total net assets increased by \$73,081. 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 \$6,609,402, a decrease of \$1,580,655 in comparison with the prior year. \$2,898,759 of fund balance is reserved for a specific purpose, leaving an *unreserved fund balance* in the amount of \$3,710,643.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,993,007, a decrease of \$746,347 in comparison with the prior year. This represents 7.5 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 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 \$34,768,769 to \$34,841,850.

By far the largest portion of the Town's net assets (78 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			
	2008	2007	
Current and other assets	\$ 10,867,533	\$ 12,951,344	
Capital assets (net)	47,697,418	47,939,129	
Total assets	58,564,951	60,890,473	
Long-term liabilities	20,662,028	22,748,681	
Other liabilities	3,061,073	3,373,023	
Total liabilities	23,723,101	26,121,704	
Net assets:			
Invested in capital assets, net of related debt	27,183,637	25,534,737	
Restricted	1,373,066	1,121,886	
Unrestricted	6,285,147	8,112,146	
TOTAL NET ASSETS	\$ 34,841,850	\$ 34,768,769	

An additional portion of the Town's net assets (4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (18 percent) may be used to meet the Town's ongoing obligations to citizens and creditors.

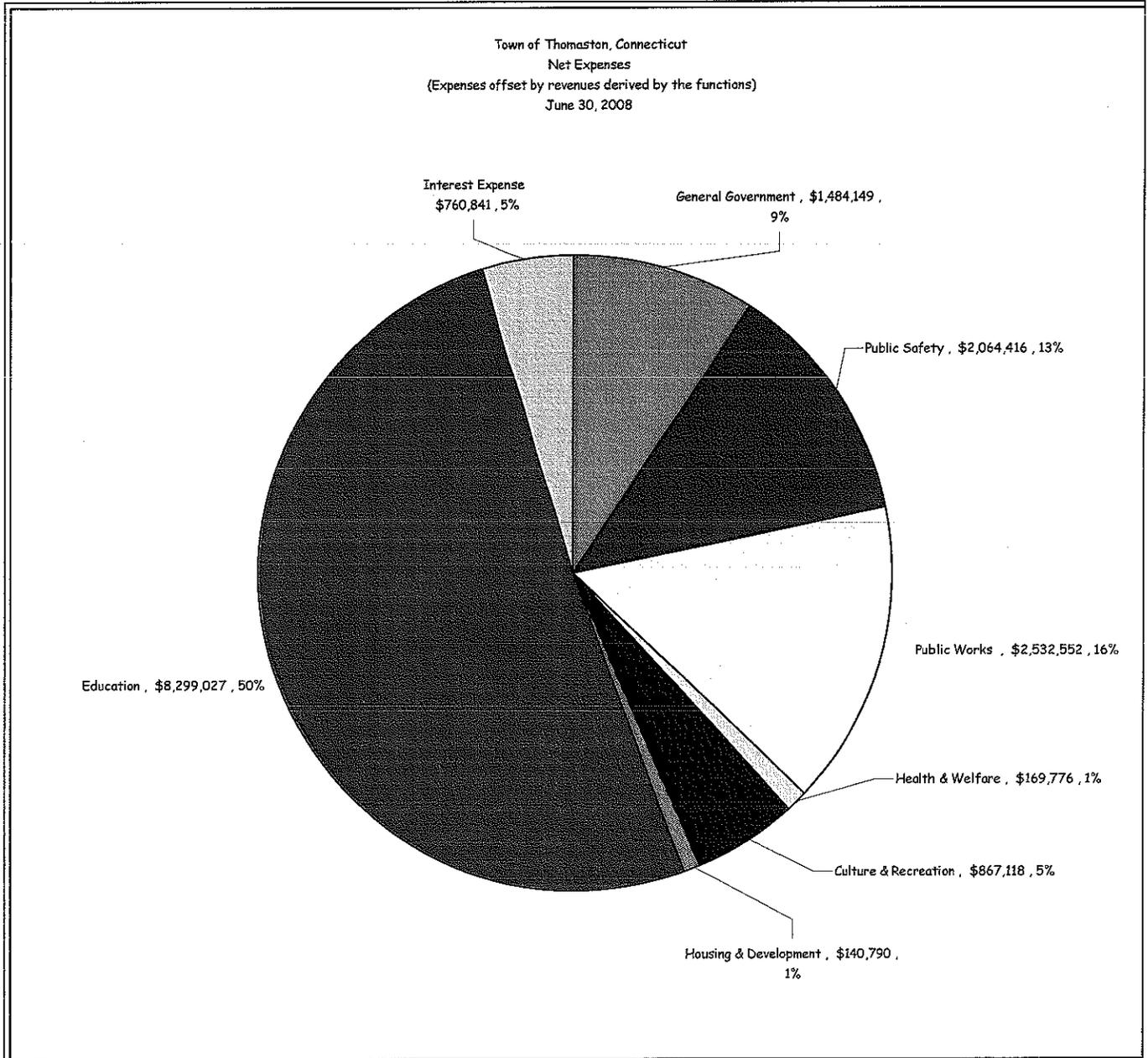
At the end of the current fiscal year, the Town is able to report a positive balance in all the categories of net assets. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities increased the Town's net assets by \$73,081. Key elements of this increase are as follows:

TOWN OF THOMASTON'S CHANGES IN NET ASSETS		
	2008	2007
REVENUES:		
Program revenues:		
Charges for services	\$ 2,163,276	\$ 2,306,511
Operating grants and contributions	10,403,236	6,813,623
Capital grants and contributions	555,629	307,086
GENERAL REVENUE:		
Property taxes	15,506,863	16,066,609
Grants and contributions not restricted to specific programs	399,510	779,885
Investment income	228,647	520,009
Other	256,730	34,198
TOTAL REVENUES	29,513,891	26,827,921
EXPENSES:		
General government	1,697,981	1,493,290
Public safety	2,205,660	2,252,002
Public works	3,953,285	3,785,089
Health and welfare	176,275	174,341
Culture and recreation	1,404,087	1,372,057
Housing and development	197,298	255,595
Education	19,045,383	16,011,966
Interest on long-term debt	760,841	823,502
TOTAL EXPENSES	29,440,810	26,167,842
INCREASE IN NET ASSETS	\$ 73,081	\$ 660,079

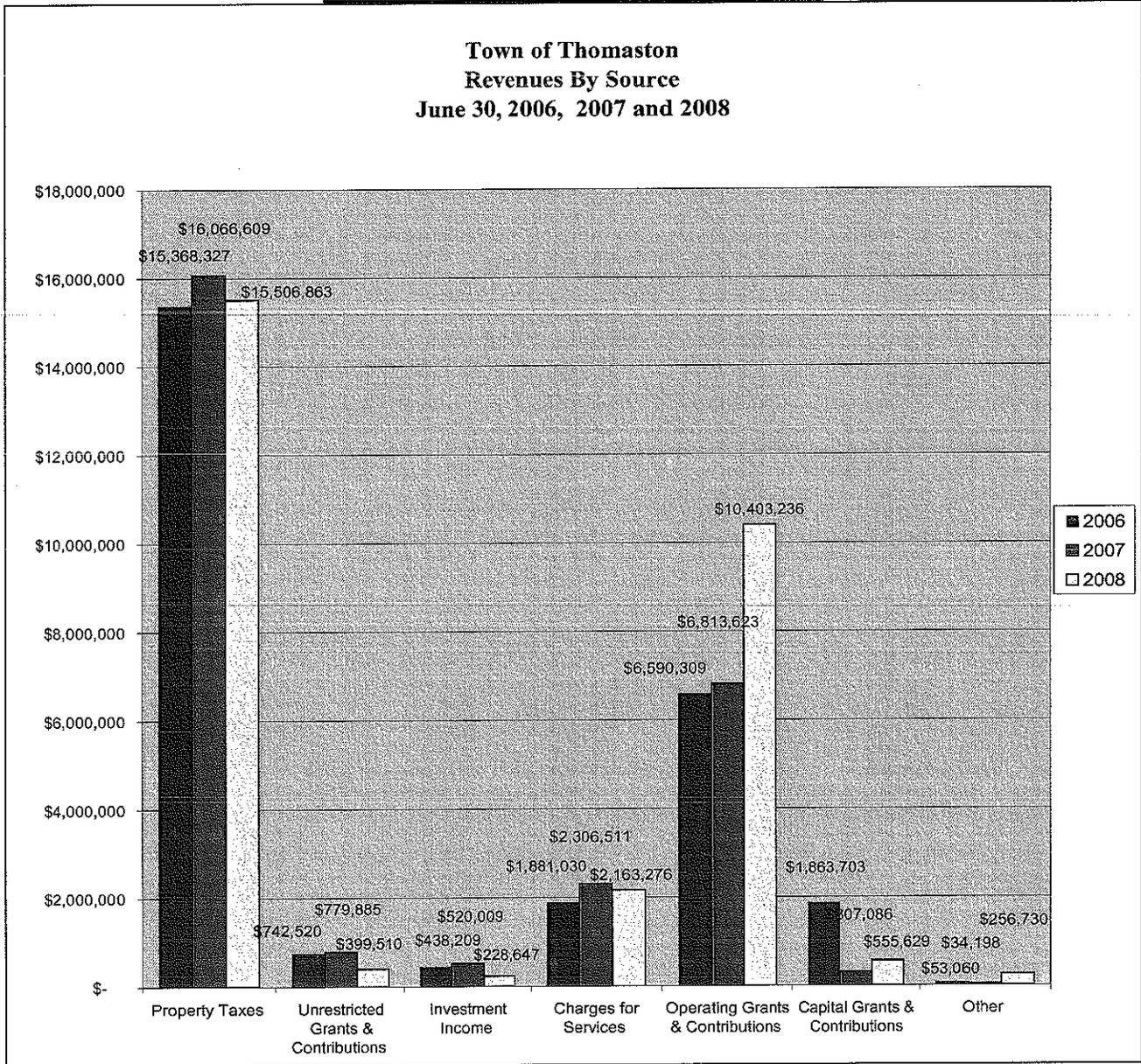
- Charges for services decreased by \$143,235 (6.2 percent) due to the economic slowdown and housing crisis, fees from conveyance tax and building permits decreased by \$41,310. Although there were increases in sewer use fees of \$64,336, new sewer assessments declined by \$55,009 and Opera House ticket sales declined \$57,758.
- The most significant increase in operating grants was related to the in-kind contribution from the State of Connecticut for the State Teachers Retirement Board, which increased \$3 million. Education increased in areas of Education Cost Sharing, special education, Title I, Title IID and Severe Needs. Grants from the State Department of Education account for approximately 98% of the Town's operating grants and contributions.
- Capital grants and contributions increased by \$248,543 (81 percent) mostly as a result of STEAP funded projects, LOCIP reimbursements for road projects and a large security grant for the schools.
- Government-wide expenses increased by \$3,272,968 (12.5%) compared to \$1,411,113 (5.7%) in the prior year. \$3 million of this increase is the offset expenditure to the in-kind contribution from the State of Connecticut for the State Teachers Retirement Board. Without that expense, spending remained relatively flat. 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



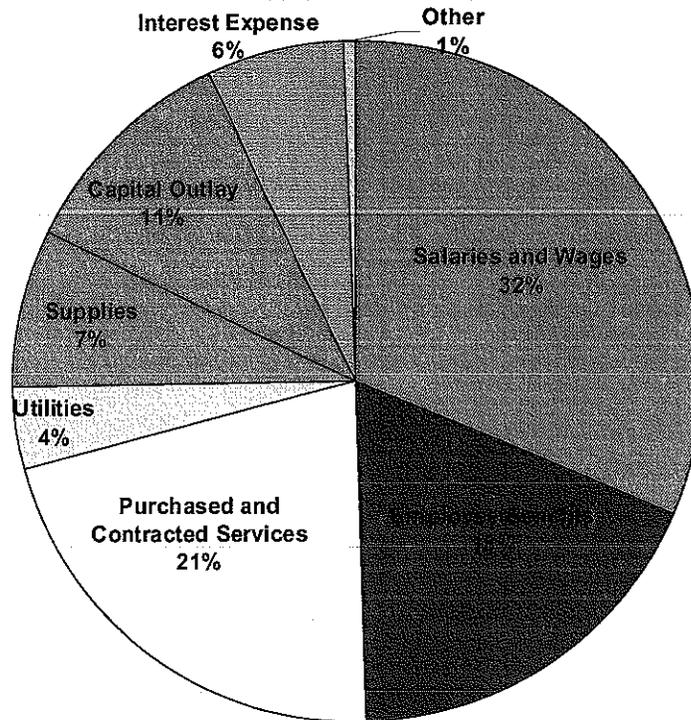
The statement of changes in net assets shows the net cost by function. In most cases, the above chart represents the true cost of the departments because we have offset the costs by the revenues derived by those departments. For example, the net cost of Education of \$8,299,027 includes expenses of \$19,045,383 offset by charges for services of \$312,213, operating grants and contributions (including the Education Cost sharing grant) of \$10,194,993 and capital grants and contributions of \$239,150. 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 2008, the net costs above are understated by \$109,008 in Education for security upgrades and \$151,576 in Public Works for infrastructure grants.

Revenues by Source - Governmental Activities



The chart above reflects the sources of revenue for 2006, 2007 and 2008, which provide the services the taxpayers of Thomaston receive. Property taxes of \$15,506,863 (52.5 percent) are the major source of revenue, followed by operating grants and contributions of \$10,403,236 (35.2 percent), and charges for services of \$2,163,276 (7.3 percent). The remaining \$1,440,516 (5 percent) is made up of capital grants, unrestricted grants and contributions, investment income, and miscellaneous income.

Expenses by Classification
June 30, 2008
(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 50 percent of total expenditures (salaries and benefits are \$3,839,317 and \$2,172,450, respectively). Capital outlay at 11 percent includes construction, building improvements, improvements to roads and other infrastructure assets, vehicles, and machinery and equipment purchases. Purchased and contracted services at 21 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 7 percent include general supplies, postage, gas, diesel and oil, sand and salt, and other infrastructure materials.

Financial Analysis of the Town's Funds

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

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

Management's Discussion and Analysis (continued)

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,609,402. The Town has reserved \$2,898,759 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 (\$1,206,488), 2) to liquidate contracts and purchase orders of the prior period on school construction (\$935,324), 3) to generate income to pay for the perpetual care of the municipal cemetery and to generate income for various projects at the Fire Department (\$337,429), and 4) for compensated absences (\$419,518).

The total unreserved fund balance fell \$1,768,684 to \$3,710,643. This was caused substantially by the expenditures associated with the renovation of the Center School. GAAP requires us to reserve fund balance for the total amount of contractual obligations even though the Town has not spent the money. Commitments in the amount of \$935,324 for the Center School project were recorded in the Capital Projects Fund, which is an increase of \$304,655 from the prior year. This change also results in a shift between unreserved fund balance and reserved fund balance. In addition, prior use of surplus in the amount of \$746,347 was used to balance the budget.

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 \$1,993,007. 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 7.5 percent of total general fund expenditures; however, \$250,000 of unreserved fund balance has been designated for the subsequent year's budget. The balance of unreserved and undesignated fund balance of \$1,743,007 lowers the percentage to 6.6 percent of total general fund expenditures.

The fund balance of the Town's general fund decreased by \$746,347 during the current fiscal year. The Town had originally budgeted the use of prior year fund balance of \$1,185,800 to balance the fiscal 2007-2008 budget, but these key factors defrayed the use of its entirety:

- Two years of available LOCIP funds was applied for and received, creating additional funds of \$53,812.
- Special Education excess grant funds are normally transferred to the Board of Education for deficits resulting from special education costs. While the deficit totaled \$327,132, the Board's overall operating deficit was only \$41,938. Therefore the transfer was limited to \$41,938 and the Town retained the windfall revenue of \$303,173.
- The Town received a settlement check from the Connecticut Resource Recovery Authority in the amount of \$191,350 which was unanticipated.
- A budget spending freeze was implemented mid-year when it was found that certain revenues were not meeting expectations such as property tax, conveyance tax, investment income, building permits and other charges for services. See General Fund Budgetary Highlights below.

Management's Discussion and Analysis (continued)

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

TOWN OF THOMASTON'S GENERAL FUND			
	2008	2007	Increase (Decrease)
REVENUES:			
Property taxes.....	\$ 15,488,705	\$ 16,027,666	\$ (538,961)
Charges for services.....	248,735	278,032	(29,297)
Intergovernmental.....	10,159,724	6,547,287	3,612,437
Income from investments.....	180,319	393,931	(213,612)
Other.....	249,751	78,236	171,515
TOTAL REVENUES.....	26,327,234	23,325,152	3,002,082
EXPENDITURES:			
General government.....	3,016,581	2,969,022	47,559
Public safety.....	1,389,993	1,356,434	33,559
Public works.....	1,615,557	1,441,112	174,445
Health and welfare.....	111,928	111,026	902
Culture and recreation.....	513,362	477,968	35,394
Housing and development.....	136,039	150,947	(14,908)
Education.....	17,018,547	13,639,466	3,379,081
Debt service.....	2,664,976	2,714,240	(49,264)
Capital outlay.....	41,249	79,356	(38,107)
TOTAL EXPENDITURES.....	26,508,232	22,939,571	3,568,661
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(180,998)	385,581	(566,579)
OTHER FINANCING SOURCES (USES):			
Transfers in.....	53,774	1,460,063	(1,406,289)
Transfers out.....	(619,123)	(2,078,427)	1,459,304
NET OTHER FINANCING SOURCES (USES).....	(565,349)	(618,364)	53,015
NET CHANGE IN FUND BALANCES.....	\$ (746,347)	\$ (232,783)	\$ (513,564)

- Tax collections decreased by \$538,961 due to these factors:
 1. A revaluation of all taxable property was implemented for the October 1, 2006 grand list. As this tends to shift the tax burden from commercial to residential tax base, the Town reduced the spending budget by \$713,991 and utilized surplus of \$1,185,800, thereby reducing the budgeted tax levy by \$318,354.
 2. A tax sale worth \$100,000 which was anticipated and budgeted for never came to fruition.
 3. Tax collection rate fell from 97.7% to 97.4%.
- Intergovernmental increases were due in large part from the increase in Education cost sharing grant which increased by \$596,992 and the \$3 million increase in-kind contribution to the state teacher's retirement board.
- Investment income decreased due to the economic downturn and falling interest rates.

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 \$82,147 in new residential and commercial loans and received back \$82,414 in loan repayments. The total loan balance at June 30, 2008 was \$1,206,488. An unreserved fund balance of \$528,980 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 \$706,822 as a result of various projects funded in prior years.

Capital or Nonrecurring Fund. This fund accounts for the financial revenues to be used for major capital asset construction and/or purchases and items, which are reserved for special purposes. There are approximately forty-one separate projects, a summary of which can be found in Note II.F. of the notes to the financial statements. The capital projects fund's expenditures and transfers out exceeded its revenues by \$91,200 as a result of various projects funded in prior years.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$10,567. The increase in budget can be briefly summarized as follows:

Earlier in the fiscal year, various department's telephone budget lines were eliminated and moved to the communication's budget for a total of \$4,322 as a result of a new T1 line and the ability to distinguish costs by department.

Revised revenue appropriations of \$10,567:

- Tag sale of Seth Thomas assets of \$346 was transferred to Seth Thomas operating budget.
- Appropriation from surplus of \$1,000 was used for Fire Department vehicle repair.
- Transfer from EMS fund of \$9,221 to fund overages in the Ambulance budget.

Transfers from contingency of \$141,280 were made during the year as follows:

- \$93,153 to Snow & Ice for salt & liquid deicer.
- \$3,600 wage adjustment for the Director of Payroll and Human Resources.
- \$14,527 for a severance payment for retired employee in Treasurer's office.
- \$2,000 for town hall supplies.
- \$9,000 to communications for telephone costs.
- \$19,000 for police overtime.

Other mid-year transfers between other budgetary accounts of \$51,288 were made as follows:

- \$6,500 for legal costs.
- \$450 for the Board of Finance secretary and \$900 for budget advertising.
- \$7,000 for Fire Department vehicle repair.
- \$24,857 to Snow & Ice for salt & liquid deicer.
- \$2,824 for police overtime.
- \$53 for fire marshal overage.
- \$9,604 for repair to the fire alarm in the Opera House.

These mid-year transfers and overruns were funded primarily by a surplus in professional and technical services related to the pension plan.

During the year, some expenditures were less than budgetary estimates, thus reducing the need to draw upon existing fund balance. Of the \$1,185,800 of budgeted use of fund balance, the Town used \$746,347.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental type activities as of June 30, 2008, amounts to \$47,697,418 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles, machinery and equipment, sewer lines, roads, bridges, sidewalks and system storm drains. The total increase in the Town's investment in capital assets for the current fiscal year was \$241,711 (.5%). 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 \$160,163; new assets recorded on the books for electrical, ceilings, toilets & locker rooms, windows, control valves and thermostats totaled \$868,829.
- A homeland security grant secured funding for the police to purchase a CAD/RMS system upgrade for records management at a cost of \$26,000.
- In addition to Town funds, the Board of Education along with the Police Department secured grant funds for security enhanced doors (\$46,879) and CCTV equipment for all three schools (\$120,783).
- Small Cities grant money was used to upgrade the Town Hall entrance doors to be compliant with Americans with Disabilities Act at a cost of \$10,781.
- The Highway department received a new pickup truck at a cost of \$38,766.
- The Altair Avenue Culvert Replacement for Bridge No. 140-001 is scheduled to be replaced at a total cost of \$550,000. 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, 2008 is \$66,456.
- The Town received a grant in the amount of \$200,040 in 2006 and another grant for \$498,300 in 2008 from STEAP for sidewalk infrastructure replacement. Completed areas include a concrete modular block wall on Grant Street (\$36,740); 300 feet of sidewalk on Walnut Street (\$25,845); 790 feet of sidewalk on Grant Street (\$64,284); 250 feet of sidewalk on South Main Street (\$21,923); and 100 feet on Hillside Street (\$10,156).

CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)		
	2008	2007
Land	\$ 1,315,620	\$ 1,315,620
Construction in Progress	226,620	295,788
Buildings	29,973,445	30,418,235
Land improvements	631,708	659,267
Machinery & Equipment	4,571,126	4,045,036
Vehicles	959,612	1,067,192
Infrastructure	10,019,287	10,137,991
Total	\$ 47,697,418	\$ 47,939,129

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

Management's Discussion and Analysis (continued)

Long-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$13,645,000. All debt is backed by the full faith and credit of the government. The remainder of the Town's debt represents notes totaling \$6,618,567 funded by the State of Connecticut Clean Water Fund, capital lease obligations for a dump trucks, sweep-vac truck and fire truck totaling \$240,811, and unamortized bond premium of \$144,525.

TOWN OF THOMASTON'S OUTSTANDING DEBT
LONG - TERM OBLIGATIONS

	2008	2007
General obligation bonds	\$ 13,645,000	\$ 14,880,000
Notes	6,618,567	7,092,626
Capital lease obligations	240,811	421,704
Bond premium	144,525	154,676
Total	\$ 20,648,903	\$ 22,549,006

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 \$107,773,680, which is significantly in excess of the Town's outstanding general obligation debt.

The Town approved through referendum on June 4, 2008, to appropriate \$10,674,500 for the reconstruction and repair of various town roads and roadside elements, in accordance with the Town's Seven Year Road Program prepared by the highway department and authorized the issuance of bonds, notes or temporary notes in an amount not to exceed \$10,674,500 to finance the appropriation. The Town issued its first bond anticipation notes of \$2,280,000 on July 29, 2008, for the first phase of the project. Roads to be addressed in the first phase include High Street Ext., Twin Pond Road, Atwood Road, Atwood Heights, Smith Road, Humiston Circle, Senior Avenue, Hilltop Avenue, Walnut Hill Road, Innes Avenue, Marine Street and Center Street.

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 6.3%, which is an increase from a rate of 4.5% a year ago. This is comparable to the state's average unemployment rate of 6.4% but favorable to the Waterbury Labor Market rate of 8.4%.
- The national financial crisis is barreling down on cities and towns, but no one knows yet how bad the damage could be. The freezing bond markets, falling pension fund values and the state's economic burdens could have a trickle effect and full recovery in the market could take up to seven years. Any decline in the price of oil tends to stimulate the economy; however, while the U.S. continues to rely on foreign oil, the instability in oil prices will never cease.
- The Town has begun planning for the implementation of GASB 45, which requires cities and towns to report the liability associated with post employment health benefits. Early actuarial studies have been performed which resulted in an unfunded liability of \$19.3 million. The establishment of a trust fund is likely and any plans to start funding would occur in the fiscal 2009-2010 budget.

Economic Factors and Next Year's Budgets and Rates

- 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.
- 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 2008-09 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the 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, 2008

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 812,146
Investments.....	4,438,468
Receivables:	
Property taxes.....	428,503
Assessments/use charges.....	123,913
Loans.....	82,414
Intergovernmental.....	319,886
Notes.....	73,600
Other assets.....	71,108
Bond issue costs.....	9,492
Total Current assets.....	<u>6,359,530</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Investments.....	102,740
Permanently restricted:	
Investments.....	<u>337,429</u>
Total Restricted assets.....	<u>440,169</u>
Receivables (net):	
Property taxes.....	920,236
Assessments/use charges.....	135,082
Loans.....	1,099,944
Intergovernmental.....	1,676,357
Notes.....	<u>110,585</u>
Total Receivables (net).....	<u>3,942,204</u>
Bond issue costs.....	<u>125,630</u>
Capital assets (net of accumulated depreciation):	
Land.....	1,315,620
Construction in progress.....	226,620
Buildings.....	29,973,445
Land improvements.....	631,708
Machinery and equipment.....	4,571,126
Vehicles.....	959,612
Infrastructure.....	<u>10,019,287</u>
Total capital assets (net of accumulated depreciation).....	<u>47,697,418</u>
Total noncurrent assets.....	<u>52,205,421</u>
TOTAL ASSETS.....	<u>58,564,951</u>

(Continued)

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2008

GOVERNMENTAL
ACTIVITIES

LIABILITIES

<u>LIABILITIES:</u>	
Current liabilities:	
Accounts payable.....	\$ 654,331
Accrued payroll.....	63,081
Accrued interest payable.....	146,019
Unearned revenue.....	3,773
Bonds and notes payable.....	1,718,628
Capital lease payable.....	118,802
Compensated absences.....	187,326
Other liabilities.....	<u>169,113</u>
Total Current liabilities.....	<u>3,061,073</u>
Noncurrent liabilities:	
Bonds and notes payable.....	18,544,939
Capital lease payable.....	122,009
Compensated absences.....	1,061,514
Other liabilities.....	<u>933,566</u>
Total Noncurrent liabilities.....	<u>20,662,028</u>
TOTAL LIABILITIES.....	<u>23,723,101</u>

NET ASSETS

Invested in capital assets, net of related debt.....	27,183,637
Restricted for:	
Capital projects.....	935,324
Endowments:	
Nonexpendable.....	120,200
Expendable.....	425
Perpetual care:	
Nonexpendable.....	217,229
Expendable.....	99,888
Unrestricted.....	<u>6,285,147</u>
TOTAL NET ASSETS.....	<u>\$ 34,841,850</u>

(Concluded)

EXHIBIT B

TOWN OF THOMASTON, CONNECTICUT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

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.....	\$ 1,697,981	\$ 113,248	7,000	93,584	\$ (1,484,149)
Public safety.....	2,205,660	130,819	7,623	2,802	(2,064,416)
Public works.....	3,953,285	1,154,767	114,389	151,577	(2,532,552)
Health and welfare.....	176,275	1,866	4,633		(169,776)
Culture and recreation.....	1,404,087	393,855	74,598	68,516	(867,118)
Housing and development.....	197,298	56,508			(140,790)
Education.....	19,045,383	312,213	10,194,993	239,150	(8,299,027)
Interest expense.....	760,841				(760,841)
TOTAL.....	\$ 29,440,810	\$ 2,163,276	\$ 10,403,236	\$ 555,629	\$ (16,318,669)
GENERAL REVENUES:					
Property taxes.....					\$ 15,506,863
Grants and contributions not restricted to specific programs.....					399,510
Investment income.....					228,647
Miscellaneous.....					256,730
TOTAL GENERAL REVENUES.....					16,391,750
CHANGE IN NET ASSETS.....					73,081
NET ASSETS - JULY 1, 2007.....					34,768,769
NET ASSETS - JUNE 30, 2008.....					\$ 34,841,850

TOWN OF THOMASTON, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	GENERAL	SMALL CITIES	CAPITAL PROJECTS	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash.....	\$ 75,669	\$ 533,210	\$ 19,716	\$ 47,526	\$ 136,025	\$ 812,146
Investments.....	3,354,048		148,500	582,009	794,080	4,878,637
Due from other funds.....	277,041		1,508,643		4,459	1,790,143
Receivables, net:						
Property taxes.....	1,263,960					1,263,960
Assessments/use charges.....			1,686		203,643	205,329
Loans.....		1,206,488				1,206,488
Intergovernmental.....	4,283			92,396	20,518	117,197
Other.....	64,068				9,532	73,600
Other assets.....	45,453				25,655	71,108
TOTAL ASSETS	\$ 5,084,522	\$ 1,739,698	\$ 1,678,545	\$ 721,931	\$ 1,193,912	\$ 10,418,608
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable.....	\$ 397,270	\$ 4,230	\$ 109,961	\$ 61,021	\$ 81,849	\$ 654,331
Accrued payroll.....	51,715				11,366	63,081
Due to other funds.....	1,513,102		139,590	15,241	122,210	1,790,143
Deferred and unearned revenue.....	1,129,428		1,686		170,537	1,301,651
Total Liabilities	3,091,515	4,230	251,237	76,262	385,962	3,809,206
Fund Balances:						
Reserved for:						
Receivables.....		1,206,488	935,324	419,518		1,206,488
Commitments.....						935,324
Compensated absences.....						419,518
Endowments.....					120,200	120,200
Perpetual care.....					217,229	217,229
Unreserved, reported in:						
Designated for subsequent year's budget.....	250,000					250,000
Designated for improvements.....					115,364	115,364
General fund.....	1,743,007					1,743,007
Special revenue funds.....		528,980	491,984	226,151	254,844	783,824
Capital projects funds.....						718,135
Permanent funds.....					100,313	100,313
Total Fund Balances	1,993,007	1,735,468	1,427,308	645,669	807,950	6,609,402
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,084,522	\$ 1,739,698	\$ 1,678,545	\$ 721,931	\$ 1,193,912	\$ 10,418,608

(Continued)

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

TOWN OF THOMASTON, CONNECTICUTRECONCILIATION OF FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

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).....	\$ 6,609,402
---	--------------

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

Beginning capital assets.....	47,939,129
Current year additions.....	1,237,179
Depreciation expense.....	(1,478,718)
Disposal of assets.....	(172)

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.....	403,732
Property tax, sewer use and sewer assessment receivable - accrual basis change.....	1,297,878
School building grant receivable.....	1,879,046
Notes receivable.....	110,585
Allowance for doubtful accounts.....	(289,417)
Bond issue costs.....	135,122

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

Bonds and notes payable.....	(20,263,567)
Bond premium.....	(144,525)
Capital lease payable.....	(240,811)
Compensated absences.....	(1,248,840)
Other liabilities.....	(958,154)
Accrued interest payable.....	(146,019)

NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 34,841,850</u>
--	----------------------

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008.

	GENERAL	SMALL CITIES	CAPITAL PROJECTS	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property taxes.....	\$ 15,488,705	\$	\$	\$	\$	\$ 15,488,705
Charges for services.....	248,735		24,258	4,902	1,847,765	2,125,660
Intergovernmental.....	10,159,724		119,298	880,914	11,424,372	11,424,372
Contributions.....				4,225	125,632	129,857
Income from investments.....	180,319	6,658	4,704	33,326	35,560	260,567
Net increase (decrease) in fair value of investments.....					(31,920)	(31,920)
Other.....	249,751	5,577	13,420			268,748
TOTAL REVENUES.....	26,327,234	12,235	161,680	306,889	2,857,951	29,665,989
EXPENDITURES:						
Current:						
General government.....	3,016,581			144,091	15,611	3,176,283
Public safety.....	1,389,993			51,436	72,370	1,513,799
Public works.....	1,615,557		6,424	61,006	1,071,096	2,754,083
Health and welfare.....	111,928				6,332	118,260
Culture and recreation.....	513,362		22,498	28,378	481,555	1,045,793
Housing and development.....	136,039	17,766				153,805
Education.....	17,018,547		13,717	229,566	1,253,041	18,514,871
Debt service.....	2,664,976					2,664,976
Capital outlay.....	41,249	10,781	847,709	398,235	6,800	1,304,774
TOTAL EXPENDITURES.....	26,508,232	28,547	890,348	912,712	2,906,805	31,246,644
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(180,998)	(16,312)	(728,668)	(605,823)	(48,854)	(1,580,655)
OTHER FINANCING SOURCES (USES):						
Transfers in.....	53,774		21,846	536,848	75,429	687,897
Transfers out.....	(619,123)			(22,225)	(46,549)	(687,897)
NET OTHER FINANCING SOURCES (USES).....	(565,349)	-	21,846	514,623	28,880	-
NET CHANGE IN FUND BALANCES.....	(746,347)	(16,312)	(706,822)	(91,200)	(19,974)	(1,580,655)
FUND BALANCES - JULY 1, 2007.....	2,739,354	1,751,780	2,134,130	736,869	827,924	8,190,057
FUND BALANCES - JUNE 30, 2008.....	\$ 1,993,007	\$ 1,735,468	\$ 1,427,308	\$ 645,669	\$ 807,950	\$ 6,609,402

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, 2008**

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)..... \$ (1,580,655)

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.....	1,237,179
Depreciation expense.....	<u>(1,478,718)</u>

Total	<u>(241,539)</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..... (172)

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.....	(207,873)
Notes receivable.....	(8,868)
Change in property tax, sewer use and sewer assessment receivable - accrual basis change.....	108,929
Change in property tax, sewer use and sewer assessment interest and lien revenue.....	(12,943)
Change in property tax and sewer use allowance for doubtful accounts.....	<u>(31,343)</u>

Total	<u>(152,098)</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:

Principal repayments:	
General obligation bonds.....	1,235,000
Notes payable.....	474,059
Capital lease.....	<u>180,893</u>

Total	<u>1,889,952</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, 2008

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.....	\$	32,500
Compensated absences.....		71,845
Net pension obligation.....		28,570
Severance.....		10,495
Accrued interest payable.....		13,524
Amortization of bond premium.....		10,151
Amortization of bond issue costs.....		(9,492)
		157,593
Total		157,593
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	\$	73,081

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 15,610,016	\$ 15,610,016	\$ 15,488,705	\$ (121,311)
Charges for services.....	305,392	305,392	248,735	(56,657)
Intergovernmental.....	6,349,269	6,349,269	6,644,200	294,931
Income from investments.....	300,000	300,000	180,319	(119,681)
Other.....	102,646	102,992	249,751	146,759
TOTAL REVENUES.....	22,667,323	22,667,669	22,811,710	144,041
EXPENDITURES:				
Current:				
General government.....	3,377,879	3,221,027	3,039,830	181,197
Public safety.....	1,359,020	1,408,563	1,407,993	570
Public works.....	1,566,701	1,684,711	1,615,557	69,154
Health and welfare.....	117,215	116,735	111,928	4,807
Culture and recreation.....	527,474	527,474	513,362	14,112
Housing and development.....	165,558	165,558	136,039	29,519
Education.....	13,503,023	13,503,023	13,503,023	-
Debt service.....	2,667,976	2,667,976	2,664,976	3,000
TOTAL EXPENDITURES.....	23,284,846	23,295,067	22,992,708	302,359
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(617,523)	(627,398)	(180,998)	446,400
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	1,185,800	1,186,800		(1,186,800)
Transfers in.....	1,519,394	1,528,615	53,774	(1,474,841)
Transfers out.....	(2,087,671)	(2,088,017)	(619,123)	1,468,894
NET OTHER FINANCING SOURCES (USES).....	617,523	627,398	(565,349)	(1,192,747)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	(746,347)	\$ (746,347)
FUND BALANCE - JULY 1, 2007.....			2,739,354	
FUND BALANCE - JUNE 30, 2008.....			<u>\$ 1,993,007</u>	

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

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2008

	PENSION TRUST FUND	PRIVATE- PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>			
Cash.....	\$	\$ 1,644	\$ 189,420
Investments:			
Money Market Funds.....	335,242	6,501	3,536
US Government Obligations.....	461,921		
US Government Agency Obligations.....	114,917		
Corporate Bonds.....	1,449,774		
Mutual Funds.....	2,441,832		
Common Stock.....	3,676,392		
Total Investments.....	8,480,078	6,501	3,536
Accounts receivable.....	34,313		-
TOTAL ASSETS.....	8,514,391	8,145	192,956
<u>LIABILITY</u>			
Accounts payable.....	11,676		192,956
<u>NET ASSETS</u>			
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES.....	\$ 8,502,715	\$ 8,145	\$ -

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

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	PENSION TRUST FUND	PRIVATE- PURPOSE TRUST FUNDS
ADDITIONS:		
Contributions:		
Employer.....	\$ 719,078	\$
Employees.....	107,296	
Total contributions.....	826,374	-
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments.....	(654,898)	
Interest and dividends.....	259,385	288
Total investment income (loss).....	(395,513)	288
TOTAL ADDITIONS.....	430,861	288
DEDUCTIONS:		
Benefits.....	703,950	
Administration/awards.....	48,598	300
TOTAL DEDUCTIONS.....	752,548	300
CHANGES IN NET ASSETS.....	(321,687)	(12)
NET ASSETS - JULY 1, 2007.....	8,824,402	8,157
NET ASSETS - JUNE 30, 2008.....	\$ 8,502,715	\$ 8,145

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, 2008**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, fire and ambulance), Public Works (streets and solid waste), Public Health and Welfare, Culture and Recreation (parks, programs and public library), Housing and Development (building and land use) 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.

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

Deposits - The Town 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.

Pension fund investments may be invested in fixed income, equities, and cash. The target asset allocation is 35% fixed income, 60% equities and 5% cash. There are also minimum and maximum target levels defined. Professional investment managers are employed to manage the assets allocated to them. The Retirement Plan Committee, as trustee of the pension plan, is responsible for overall investment policy.

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, 2008, 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, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current 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 \$434,908 has been accrued for certified teachers and \$306,941 has been accrued for severance payments for new retirees.

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 percent 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 \$89,279 has been accrued for non-certified Board of Education employees and \$637,310 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 \$87,343 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 \$1,000 and \$9,567 from additional revenue sources made during the year.
- 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, 2008.....	\$ 22,811,710	\$ 22,992,708
State Teachers' Retirement on-behalf payment	<u>3,515,524</u>	<u>3,515,524</u>
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2008	<u>\$ 26,327,234</u>	<u>\$ 26,508,232</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, 2008, the amount of appreciation included in unreserved fund balance was as follows:

Hillside Cemetery Trust	\$ 17,493
-------------------------------	-----------

D. Deficit Fund Balance

The following individual funds had a deficit fund balance at June 30, 2008:

Special Revenue Funds

Sewer Commission Usage Fund	\$ 38,293
Thomaston Opera House.....	51,419
Dog Fund	1,434

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, 2008:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2008</u>
Thomaston High School and Center School	<u>\$ 16,280,000</u>	<u>\$13,868,132</u>	<u>\$ 2,411,868</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, 2008:

	PROJECT AUTHORIZATION (RESTATED)	CURRENT YEAR EXPENDITURES	CUMULATIVE EXPENDITURES	BALANCE JUNE 30, 2008
Ambulance Reserve	\$ 123,059	\$ 5,000	\$ 123,059	\$ -
Assessors Revaluation	396,650		324,270	72,380
Assessor/Tax Collector Upgrade	19,686		28,758	(9,072)
Beautification:Seth Thomas Park Sign	625		171	454
BOE School security	159,508	159,008	159,008	500
BOE Textbooks	450,000	42,713	448,860	1,140
BOE THS Rubber roof	83,050	28,050	83,050	-
BOE Technology Plan	112,500	9,754	112,138	362
Christmas Lights-Reserve	12,000			12,000
DEP Town Garage	1,912,664	103,685	1,933,933	(21,269)
Fire Dept: Hepatitis	8,408		4,029	4,379
Fire Dept: Overhead doors/Floor	13,712	13,422	13,422	290
Fire Dept: Truck Reserve	295,000		295,000	-
Greenway Grant	1,049	1,049	1,049	-
Heart & Hypertension	32,500	32,500	32,500	-
Highway: Altair Ave. Bridge	21,456	19,546	21,456	-
Highway: Pickup truck replacement	39,000	38,767	38,767	233
Highway Road Work	947,976	80,471	903,447	44,529
Highway Sand Shed	10,000		6,800	3,200
Highway Sidewalks	25,000	8,410	8,410	16,590
Highway Transfer station upgrade	25,000			25,000
STEAP: Sidewalks	164,406	132,031	164,406	-
Interoffice Equipment	20,000	700	19,941	59
K-9 Donation Reserves	7,996	3,037	4,976	3,020
Library roof	7,500	6,880	6,880	620
LOCIP: PA 05-228	15,270		-	15,270
PD: Homeland Security	60,859	2,477	60,722	137
PD: HS - Records management system	27,100	26,000	27,100	-
PD: Radio Frequesncy	460		460	-
PD: Bulletproof Vests	5,745		5,420	325
Rec: Highwood / Nystroms Project	332,000	12,940	317,351	14,649
Seth Thomas House grant match	10,000	5,444	5,444	4,556
Skate Park Proceeds	1,090			1,090
Teacher's Sick Pay Reserve	868,684	144,056	449,166	419,518
Tennis Courts	25,000	2,065	25,000	-
Town Hall Carpet	8,000	7,941	7,941	59
Town Hall Technology	69,000	2,564	66,184	2,816
Town Hall Furnace	30,000		28,521	1,479
Town Hall Chimney Relining	19,000		17,400	1,600
Town Hall roof repair	24,486	6,911	10,494	13,992
Town Hall Building Repair Fund	135,611	22,291	132,071	3,540
	<u>\$ 6,521,050</u>	<u>\$ 912,712</u>	<u>* \$ 5,887,604</u>	<u>\$ 633,446</u>

* Includes \$5,000 transfer to EMS 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, 2008, \$5,425,209 of the Town's bank balance of \$5,851,371 (including certificate of deposits and money market funds) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized.....	\$ 4,842,688
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name.....	<u>582,521</u>
Total amount subject to custodial credit risk.....	<u>\$ 5,425,209</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, 2008, the Town's investments (including restricted investments) consisted of the following investment types and maturities. Specific identification was used to determine the maturities.

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)				
		N/A	LESS THAN 1	1-5 YEARS	5-10 YEARS	OVER 10
Mutual Funds:						
Equity Mutual Funds	\$ 2,655,924	\$ 2,655,924	\$	\$	\$	\$
Money Market Mutual Funds	335,241		335,241			
Corporate Bonds	1,449,775		522,553	877,764	23,930	25,528
Certificates of Deposit.....	26,162		26,162			
Money Market Funds.....	4,549,813		4,549,813			
Pooled Fixed Income	49,712		49,712			
U.S. Government Obligations.....	461,921			101,797		360,124
U.S. Government Agency Obligations	114,917		72,831	14,363		27,723
Common Stock.....	<u>3,725,287</u>	<u>3,725,287</u>				
TOTAL.....	<u>\$13,368,752</u>	<u>\$ 6,381,211</u>	<u>\$ 5,556,312</u>	<u>\$ 993,924</u>	<u>\$ 23,930</u>	<u>\$ 413,375</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 in addition to abiding by State Statutes which govern 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 subject to credit risk has average ratings by Standard & Poor's as follows:

AVERAGE RATING	POOLED FIXED INCOME	U.S. GOV'T AGENCY OBLIGATIONS	MONEY MARKET MUTUAL FUNDS	CORPORATE BONDS
AAA.....	\$ 49,712	\$ 72,384	\$	\$ 98,971
AA.....				474,866
A.....				674,976
BBB				75,357
B.....				125,605
Unrated / U.S. Government..		42,533	335,241	
TOTAL	\$ 49,712	\$ 114,917	\$ 335,241	\$ 1,449,775

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.

	TOTAL	LESS INSURED AMOUNTS & SECURITIES IN TOWN'S NAME	AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK
Corporate bonds.....	\$1,449,775	\$ 500,000	\$ 949,775
U.S. Government obligations.....	461,921		461,921
U.S. Government agency obligations ...	114,917		114,917
Common stock.....	3,725,287	48,895	3,676,392
TOTAL	\$5,751,900	\$ 548,895	\$5,203,005

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:

	PROPERTY TAXES			CDBG LOANS
	TAXES	INTEREST & LIEN FEES	TOTAL	
Current Portion.....	\$ 348,150	\$ 80,353	\$ 428,503	
Long-term Portion.....	\$ 915,810	\$ 264,427	\$ 1,180,236	
Less Allowance for Uncollectibles	(110,000)	(150,000)	(260,000)	
Net Long-term Portion.....	\$ 805,810	\$ 114,427	\$ 920,236	
	SEWER/WATER USE AND ASSESSMENTS			
	ASSESSMENTS	INTEREST & LIEN FEES	TOTAL	
Current Portion	\$ 95,484	\$ 28,429	\$ 123,913	\$ 82,414
Long-term Portion.....	\$ 109,845	\$ 30,523	\$ 140,368	\$ 1,124,075
Less Allowance for Uncollectibles	(4,107)	(1,179)	(5,286)	(24,131)
Net Long-term Portion.....	\$ 105,738	\$ 29,344	\$ 135,082	\$ 1,099,944

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)	\$ 1,129,428
Sewer usage fees not yet due (special revenue fund)	166,764
Delinquent assessments (capital projects fund).....	1,686

UNEARNED REVENUE:

Grant drawdowns prior to meeting all eligibility requirements	3,773
---	-------

TOTAL DEFERRED AND UNEARNED REVENUE

FOR GOVERNMENTAL FUNDS	\$ 1,301,651
------------------------------	--------------

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, 2008, was as follows:

	BALANCE JULY 1, 2007	INCREASES	DECREASES	BALANCE JUNE 30, 2008
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 1,315,620	\$	\$	\$ 1,315,620
Construction in progress.....	295,788	179,710	248,878	226,620
Total capital assets, not being depreciated	1,611,408	179,710	248,878	1,542,240
Capital assets, being depreciated:				
Buildings	35,228,238	179,750		35,407,988
Land improvements	1,347,004			1,347,004
Machinery and equipment	6,943,464	909,925		7,853,389
Vehicles	2,755,960	56,766	171,500	2,641,226
Infrastructure	16,621,560	159,906		16,781,466
Total capital assets, being depreciated	62,896,226	1,306,347	171,500	64,031,073
Total capital assets.....	64,507,634	1,486,057	420,378	65,573,313
Less accumulated depreciation for:				
Buildings	4,810,003	624,540		5,434,543
Land improvements	687,737	27,559		715,296
Machinery and equipment	2,898,428	383,835		3,282,263
Vehicles	1,688,768	164,174	171,328	1,681,614
Infrastructure	6,483,569	278,610		6,762,179
Total accumulated depreciation	16,568,505	1,478,718	171,328	17,875,895
Total Capital Assets, being depreciated, net	46,327,721	(172,371)	172	46,155,178
Governmental Activities Capital Assets, net.....	\$ 47,939,129	\$ 7,339	\$ 249,050	\$ 47,697,418

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

General government	\$ 62,471
Public safety.....	146,422
Public works	705,039
Health and welfare	5,460
Culture and recreation	34,699
Housing and development	1,130
Education	523,497
Total Depreciation Expense	<u>\$ 1,478,718</u>

Construction Commitments

The Town has active construction projects as of June 30, 2008. The projects include renovations and/or alterations to the Thomaston High School and Center School. At year end the Town's commitments with contractors are as follows:

<u>Project Description</u>	<u>Commitment</u>
Thomaston Center School	<u>\$ 935,324</u>

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, 2008, the amounts due from and due to other funds were as follows:

INTERFUND PAYABLE FUND	INTERFUND RECEIVABLE FUND		
	GENERAL FUND	CAPITAL PROJECTS FUND	SPECIAL REVENUE FUND
GENERAL FUND.....	\$	\$ 1,508,643	\$ 4,459
CAPITAL PROJECTS FUND.....		139,590	
CAPITAL OR NONRECURRING FUND.....		15,241	
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
School lunch fund.....		17,080	
Thomaston opera house.....		68,068	
Sewer use fund.....		37,062	
TOTAL SPECIAL REVENUE FUNDS.....		122,210	-
TOTAL NONMAJOR FUNDS.....		122,210	-
TOTAL.....	\$	\$ 277,041	\$ 4,459

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, 2008 is as follows:

TRANSFERS IN:	TRANSFERS OUT			
	GENERAL FUND	CAPITAL OR NONRECURRING	SPECIAL REVENUE	TOTAL
GENERAL FUND.....	\$	\$ 17,225	\$ 36,549	\$ 53,774
CAPITAL PROJECTS FUND.....		11,846	10,000	21,846
CAPITAL OR NONRECURRING FUND.....		536,848		536,848
NONMAJOR FUNDS:				
SPECIAL REVENUE FUNDS:				
EMS fund.....		5,000		5,000
Dog fund.....		53,929		53,929
TOTAL SPECIAL REVENUE FUNDS.....		53,929	5,000	58,929
PERMANENT FUNDS.....		16,500		16,500
TOTAL NONMAJOR FUNDS.....		70,429	5,000	75,429
TOTAL.....	\$	\$ 619,123	\$ 22,225	\$ 46,549
				\$ 687,897

Transfers are used to account for the financing by the general fund of various programs and activities in the Capital Projects, Capital or Nonrecurring and Dog Funds. In turn the EMS fund offsets its budget by transferring revenue recovery money to the general 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, 2007	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2008	CURRENT PORTION
BONDS/NOTES									
General Purpose:									
Improvement bond	\$ 4,329,000	08/01/89	08/01/09	6.40-6.50	\$ 549,854	\$	\$ 183,284	\$ 366,570	\$ 183,284
Improvement bond	980,000	09/15/98	09/15/18	3.70-5.70	501,288		43,157	458,131	43,157
Refunding bond ...	323,000	09/01/03	09/01/20	3.80-4.60	259,000		31,000	228,000	31,000
Total General Purpose					1,310,142	-	257,441	1,052,701	257,441
Schools:									
Improvement bond	631,000	08/01/89	08/01/09	6.40-6.50	80,146		26,716	53,430	26,716
Improvement bond	6,400,000	09/15/98	09/15/18	3.70-5.70	3,273,712		281,843	2,991,869	281,843
Improvement bond	2,300,000	09/01/03	09/01/20	3.80-4.60	1,890,000		135,000	1,755,000	135,000
Improvement bond	7,700,000	04/15/05	04/15/25	3.75-4.50	7,290,000		410,000	6,880,000	410,000
Total Schools					12,533,858	-	853,559	11,680,299	853,559
Sewer:									
Clean water	1,077,413	04/30/97	04/30/16	2.00	524,265		54,812	469,453	55,919
Clean water	9,091,656	02/28/02	03/31/21	2.00	6,568,361		419,247	6,149,114	427,709
Refunding bond ...	1,292,000	09/01/03	09/01/20	3.80-4.60	1,036,000		124,000	912,000	124,000
Total Sewer					8,128,626	-	598,059	7,530,567	607,628
TOTAL BONDS/NOTES					21,972,626	-	1,709,059	20,263,567	1,718,628
Bond premium	107,273	09/01/03	09/01/20	N/A	83,433		5,960	77,473	
Bond premium	83,816	04/15/05	04/15/25	N/A	71,243		4,191	67,052	
TOTAL BOND PREMIUMS					154,676	-	10,151	144,525	-
TOTAL BOND/NOTES AND RELATED LIABILITIES					22,127,302		1,719,210	20,408,092	1,718,628
CAPITAL LEASE OBLIGATIONS					421,704		180,893	240,811	118,802
CLAIMS AND JUDGMENTS					65,000		32,500	32,500	32,500
COMPENSATED ABSENCES					1,320,685	68,561	140,406	1,248,840	187,326
NET PENSION OBLIGATION					647,283		28,570	618,713	
SEVERANCE PAYMENTS					317,436	140,458	150,953	306,941	136,613
TOTAL GENERAL LONG-TERM OBLIGATIONS					\$ 24,899,410	\$ 209,019	\$ 2,252,532	\$ 22,855,897	\$ 2,193,869

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

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

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

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

FISCAL YEAR	BONDS		NOTES		STATE REIMBURSEMENT	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
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	135,262	23,890
2016	950,000	258,630	545,430	55,347	135,262	18,672
2017	875,000	220,077	501,854	44,926	135,262	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	2,674
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	\$13,645,000	\$ 4,150,739	\$ 6,618,567	\$ 860,459	\$ 1,555,506	\$ 323,540

2. Statutory Debt Limitations

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

CATEGORY	DEBT LIMIT	NET	
		INDEBTEDNESS	BALANCE
General purpose	\$ 34,641,540	\$ 1,052,701	\$ 33,588,839
Schools	69,283,080	10,124,793	59,158,287
Sewers	57,735,900	912,000	56,823,900
Urban renewal	50,037,780		50,037,780
Pension deficit	46,188,720		46,188,720

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$107,773,680.

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 \$1,555,506 for bond principal is reflected as deductions in the computation of net indebtedness.

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

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

3. Termination Benefits

The Board of Education provides severance benefits to 15 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 through the Board of Education in the General Fund in the amounts of \$144,057 and \$6,896, respectively, and totaled \$150,953.

4. Capital Leases

At June 30, 2008, the Town is committed under various capital leases for a dump truck, a sweep vac truck and a fire truck. These lease agreements qualify as capital leases 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 \$611,429 are recorded under capital leases as of June 30, 2008.

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, 2008:

YEAR ENDING JUNE 30,	
2009	\$ 127,957
2010	<u>126,645</u>
Total minimum lease payments	254,602
Less: amount representing interest	<u>(13,791)</u>
Present value of minimum lease payments	<u>\$ 240,811</u>

5. Authorized/Unissued Bonds

The amount of authorized, unissued bonds is \$10,978,645 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	
Altair Avenue bridge project.....	220,000		220,000
Seven year road program.....	<u>10,674,500</u>		<u>10,674,500</u>
TOTAL	<u>\$ 40,716,107</u>	<u>\$ 29,517,462</u>	<u>\$ 11,198,645</u>

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

The Town of Thomaston approved at referendum on June 4, 2008, to appropriate \$10,674,500 for the reconstruction and repair of various town roads and roadside elements, in accordance with the Town's Seven Year Road Program prepared by the Highway Department (the "Road Project") and authorized the issuance of bonds, notes or temporary notes in the amount not to exceed \$10,674,500 to finance the appropriation. The Town issued bond anticipation notes of \$2,800,000 on July 29, 2008, for the first phase of this project.

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

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 the 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 \$32,500 will be paid in the next fiscal year.

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.

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

IV. OTHER INFORMATION (CONTINUED)

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 Selectmen 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, 2008, reported sales price. There are no investments of 5% or greater in any one organization.

3. Classes of Employees Covered

Plan Participants (January 1, 2008)

Retirees and beneficiaries currently receiving benefits.....	66
Terminated employees entitled to benefits but not yet receiving them.	14
Active plan members	<u>95</u>
Total Plan Participants.....	<u>175</u>

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

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.6. - 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. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2008 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER/UNDER FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
July 1, 2008	\$9,386,277	\$13,131,823	\$(3,745,546)	71.5%	\$4,158,634	(90.1)%

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

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

6. Schedule of Employer Contributions and Net Pension Obligation

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
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%
2008	703,728	719,078	102.2%

7. 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, 2008
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	19 Years

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

The changes in the NPO were as follows:

Annual required contribution.....	\$ 703,728
Interest on net pension obligation.....	45,310
Adjustment to annual required contribution	(58,530)
Annual pension cost	690,508
Contributions made	(719,078)
Increase in net pension obligation	(28,570)
Net pension obligation - July 1, 2007	<u>647,283</u>
Net pension obligation - June 30, 2008	<u>\$ 618,713</u>

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

8. Annual Pension Cost and Net Pension Obligation (NPO) (Continued)

Three Year Trend Information

YEAR ENDING JUNE 30,	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
2008	\$ 690,508	104.1%	\$ 618,713
2007	715,727	96.7%	647,283
2006	703,936	91.2%	623,556

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 current Town employees may become eligible for those benefits, if they reach normal retirement age while working for the Town. Certain union contracts were modified and eliminated this benefit for new hires. The Town recognizes the cost of providing those benefits on a pay-as-you-go basis. Expenditures totaled \$399,761 for health care for the year ended June 30, 2008, for the 53 retired participants.

The Board of Education expenditures relating to certain health care benefits for retired employees and their spouses totaled \$109,792 for health, dental and life insurance for the 58 retired participants. Reimbursements are received from the State Teacher's Retirement Board and certain retirees pay for their own benefits, or a portion thereof.

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 \$3,515,524.

F. Federal Deposit Insurance Corporation (FDIC) Limits and Stock Market

Subsequent to June 30, 2008, the stock market experienced a significant decline in value. The Board of Finance continues to monitor its investments closely in accordance with its investment policy and asset allocation.

On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009.

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

IV. OTHER INFORMATION (CONTINUED)

G. Surety Bond Coverage for Investments Held

Subsequent to the date of the Statement of Net Assets, TD Banknorth issued a surety bond to the Town to cover 100% of the cash and investments held with the institution. As of June 30, 2008, the Town held \$3,603,301 with TD Banknorth.

H. Bond Anticipation Notes

In July 2008, the Town issued \$2,500,000 of bond anticipation notes at 1.6223%, maturing May 6, 2009.

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>						
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)%
2008	9,386,277	13,131,823	(3,745,546)	71.5%	4,158,634	-(90.1)%

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, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Taxes.....	\$ 15,039,016	\$ 15,039,016	\$ 14,929,839	\$ (109,177)
Prior year taxes.....	380,000	380,000	340,630	(39,370)
Interest and lien fees.....	130,000	130,000	155,158	25,158
Housing authority in lieu of taxes.....	16,000	16,000	17,642	1,642
Telecommunications property tax.....	45,000	45,000	45,436	436
TOTAL PROPERTY TAXES.....	15,610,016	15,610,016	15,488,705	(121,311)
CHARGES FOR SERVICES:				
Conveyance tax.....	74,000	74,000	54,512	(19,488)
Zoning and land use fees.....	7,600	7,600	10,703	3,103
Gun permits.....	500	500	1,085	585
Parking tickets.....	1,000	1,000	980	(20)
Meter Money.....	5,500	5,500	1,918	(3,582)
Accident reports.....	500	500	458	(42)
Vendor permits.....	400	400	300	(100)
Fingerprinting.....	500	500	26	(474)
Special duty police reimbursements.....	23,000	23,000	36,891	13,891
Dam patrol.....	12,925	12,925	14,346	1,421
Transfer station fees.....	67,000	67,000	43,425	(23,575)
Building permits.....	62,000	62,000	40,228	(21,772)
Minibus fares.....	2,400	2,400	1,866	(534)
Recreation - programs.....	25,000	25,000	25,000	-
Recreation - Nystroms.....	10,200	10,200	3,500	(6,700)
False alarms.....	1,500	1,500		(1,500)
Other licenses, fees and permits.....	2,500	2,500	1,199	(1,301)
Town of Litchfield -Sewer upgrade.....	8,867	8,867	8,868	1
CGS 51-56a (d) Police ticket revenue sharing.....			3,430	3,430
TOTAL CHARGES FOR SERVICES.....	305,392	305,392	248,735	(56,657)
INTERGOVERNMENTAL REVENUES:				
Property tax relief - state owned property.....	76,976	76,976	40,175	(36,801)
Property tax relief - elderly freeze.....	8,221	8,221	2,000	(6,221)
Property tax relief - circuit breaker.....	62,189	62,189	57,531	(4,658)
Property tax relief - Veterans' exemption.....	11,843	11,843	10,578	(1,265)
Property tax relief - Mfg's machinery & equipment.....	219,952	219,952	212,263	(7,689)
Property tax relief - totally disabled.....	897	897	900	3
Federal PILOT - land authorization.....	819	819	836	17
LOCIP.....	34,982	34,982	88,794	53,812
Education cost sharing.....	5,393,082	5,393,082	5,383,257	(9,825)
School construction grants.....	229,929	229,929	218,217	(11,712)
School transportation.....	128,516	128,516	136,284	7,768
Special Education Excess.....			303,173	303,173
Boating safety.....	1,131	1,131	1,131	-
Mashantucket Pequot.....	67,336	67,336	74,095	6,759
Town Aid Road.....	113,396	113,396	113,264	(132)
Election Grant.....			1,702	1,702
TOTAL INTERGOVERNMENTAL REVENUES.....	6,349,269	6,349,269	6,644,200	294,931

(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.....	\$ 300,000	\$ 300,000	\$ 180,319	\$ (119,681)
OTHER REVENUES:				
Rent of Tower.....	52,646	52,646	53,476	830
CT Resource Recovery settlement.....			191,350	191,350
Sales of assets.....	50,000	50,346		(50,346)
Miscellaneous.....			4,925	4,925
TOTAL OTHER REVENUES.....	102,646	102,992	249,751	146,759
TOTAL REVENUES.....	22,667,323	22,667,669	22,811,710	144,041
OTHER FINANCING SOURCES:				
Appropriation of fund balance.....	1,185,800	1,186,800		(1,186,800)
Transfers in:				
Capital or nonrecurring fund.....	22,000	22,000	17,225	(4,775)
Sewer Commission usage fund.....	998,263	998,263		(998,263)
Thomaston Opera House.....	470,631	470,631		(470,631)
EMS Fund.....	25,000	34,221	34,221	-
Dog Fund.....	3,500	3,500	2,328	(1,172)
Total Transfers in.....	1,519,394	1,528,615	53,774	(1,474,841)
TOTAL OTHER FINANCING SOURCES.....	2,705,194	2,715,415	53,774	(2,661,641)
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 25,372,517	\$ 25,383,084	\$ 22,865,484	\$ (2,517,600)

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
Board of Selectmen.....	\$ 100,283	\$ 99,733	\$ 99,323	\$ 410
Elections.....	21,535	21,135	20,741	394
Board of Finance.....	1,400	2,750	2,735	15
Treasurer.....	171,908	189,293	184,163	5,130
Computer Information Systems.....	27,548	27,548	23,520	4,028
Independent audit.....	44,400	44,400	44,350	50
Legal.....	80,000	86,500	86,500	-
Tax Collector.....	102,535	102,035	100,557	1,478
Property Tax Rebates.....	25,000	25,000	21,496	3,504
Tax Assessor.....	102,116	101,566	92,517	9,049
Board of Assessment Appeals.....	3,450	3,450	3,000	450
Insurance.....	376,197	376,197	347,573	28,624
Town Hall Operations & Maintenance.....	219,287	230,891	209,242	21,649
Town Clerk.....	54,974	54,374	51,351	3,023
Probate court.....	2,750	2,250	2,202	48
Social security.....	229,000	229,000	223,695	5,305
Pension - Town Employees.....	537,778	488,467	488,033	434
Pension - Volunteer Firefighters and Ambulance.....	108,000	108,000	105,617	2,383
Medical / Life insurance.....	641,240	641,240	571,438	69,802
Retirees Medical Insurance.....	368,963	368,963	353,655	15,308
Council of governments.....	3,485	3,485	3,374	111
CT Conference of Municipalities.....	4,750	4,750	4,748	2
Contingency.....	151,280	10,000		10,000
TOTAL GENERAL GOVERNMENT.....	3,377,879	3,221,027	3,039,830	181,197
PUBLIC SAFETY:				
Police.....	930,629	952,453	952,453	-
Communications & dispatch.....	227,061	237,753	237,753	-
Fire Protection.....	123,775	131,528	131,078	450
Fire Marshal.....	20,000	20,053	20,053	-
Ambulance.....	45,555	54,776	54,709	67
Tree Warden.....	12,000	12,000	11,947	53
TOTAL PUBLIC SAFETY.....	1,359,020	1,408,563	1,407,993	570
PUBLIC WORKS:				
Highways.....	549,237	549,237	536,499	12,738
Town Aid Road.....	113,396	113,396	113,264	132
Snow & ice removal.....	90,000	208,010	207,814	196
Street lighting.....	88,152	88,152	81,949	6,203
Fire hydrants.....	139,409	139,409	138,410	999
Solid Waste & Recycling.....	583,707	583,707	534,821	48,886
St Thomas Cemetery.....	2,800	2,800	2,800	-
TOTAL PUBLIC WORKS.....	1,566,701	1,684,711	1,615,557	69,154
HEALTH AND WELFARE:				
Visiting nurse.....	8,000	8,000	8,000	-
Torrington Area Health District.....	35,721	35,721	35,721	-
Northwest Regional Mental Health Board.....	873	873	873	-
Social Services.....	49,283	48,803	44,670	4,133
Elderly Nutrition.....	3,001	3,001	3,001	-
Susan B Anthony Project.....	2,500	2,500	2,000	500
Minibus.....	16,837	16,837	16,663	174
Veterans' Administration.....	1,000	1,000	1,000	-
TOTAL HEALTH AND WELFARE.....	117,215	116,735	111,928	4,807

(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.....	\$ 123,013	\$ 123,013	\$ 122,976	\$ 37
Memorial Day.....	1,500	1,500	1,500	-
Nystroms Park.....	21,970	21,970	9,970	12,000
Police Explorers.....	2,500	2,500	2,500	-
Public Library.....	378,491	378,491	376,416	2,075
TOTAL CULTURE AND RECREATION.....	527,474	527,474	513,362	14,112
HOUSING AND DEVELOPMENT:				
Conservation Commission.....	1,725	1,725	1,725	-
Economic Development Commission.....	3,000	3,000	2,902	98
Housing, Land Use & Development.....	160,833	160,833	131,412	29,421
TOTAL HOUSING AND DEVELOPMENT.....	165,558	165,558	136,039	29,519
EDUCATION.....	13,503,023	13,503,023	13,503,023	-
DEBT SERVICE.....	2,667,976	2,667,976	2,664,976	3,000
TOTAL EXPENDITURES.....	23,284,846	23,295,067	22,992,708	302,359
OTHER FINANCING USES:				
Transfers out:				
Animal Control Officer-Dog fund.....	53,929	53,929	53,929	-
WPCA - Sewer Use fund.....	988,263	988,263		988,263
WPCA - Repair & Replacement fund.....	10,000	10,000		10,000
Hillside Cemetery.....	16,500	16,500	16,500	-
Capital or Nonrecurring	536,848	536,848	536,848	-
Opera House.....	470,631	470,631		470,631
Seth Thomas/Bradstreet House.....	11,500	11,846	11,846	-
Total Transfers out.....	2,087,671	2,088,017	619,123	1,468,894
TOTAL OTHER FINANCING USES.....	2,087,671	2,088,017	619,123	1,468,894
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 25,372,517	\$ 25,383,084	\$ 23,611,831	\$ 1,771,253

(Concluded)

TOWN OF THOMASTON, CONNECTICUT
 GENERAL FUND
 REPORT OF TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2008

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2007	CURRENT YEAR LEVY	LAWFUL CORRECTIONS			TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	TAXES	OVER-PAYMENTS & SUSPENSE	COLLECTIONS			UNCOLLECTED TAXES JUNE 30, 2008
			ADDITIONS	DEDUCTIONS						NET TAXES COLLECTED	INTEREST & LIENS	TOTAL	
1991	\$ 2,140	\$	\$ 2,140	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1992	1,645				176	1,469	522			522	1,024	1,546	947
1993	6,149				168	5,981	595	38		557	1,404	1,961	5,424
1994	4,394				221	4,173	41	41		-	974	974	4,173
1995	4,157				94	4,063	46			46	97	143	4,017
1996	10,420				7	10,413	62			62	112	174	10,351
1997	11,233					11,233	58			58	95	153	11,175
1998	12,526				75	12,451	8	8		-	36	36	12,451
1999	14,102				67	14,035	358	238		120	516	636	13,915
2000	18,834			144	94	18,596	586	134		452	695	1,147	18,144
2001	90,241			251	360	89,630	2,401	500		1,901	1,142	3,043	87,729
2002	220,175			113	1,786	218,276	56,962	368		56,594	24,975	81,569	161,682
2003	297,308			1,401	1,767	295,071	8,130	1,328		6,802	4,739	11,541	288,269
2004	121,612			1,380	1,376	119,249	41,394	2,325		39,069	12,477	51,546	80,180
2005	373,095			12,087	1,186	372,441	229,468	4,524		224,944	46,273	271,217	147,497
Total Prior Years	1,188,031			14,868	7,481	1,177,081	340,631	9,504		331,127	94,559	425,686	845,954
2006		15,445,076		48,047	102	15,325,961	14,921,467	13,512		14,907,955	60,599	14,968,554	418,006
TOTAL	\$ 1,188,031	\$ 15,445,076	\$ 62,915	\$ 185,397	\$ 7,583	\$ 16,503,042	\$ 15,262,098	\$ 23,016	\$ 23,016	\$ 15,239,082	\$ 155,158	\$ 15,394,240	\$ 1,263,960

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 Fund

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, clock tower 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, 2008**

		SPECIAL REVENUE FUNDS									
		SEWER COMMISSION ASSESSMENT & APPROPRIATION FUND	SCHOOL LUNCH FUND	EDUCATION GRANT FUND	TOWN CLERK PRESERVATION FUND	EDITH KENEA PARK FUND	EDITH KENEA TREE FUND	KENEA PARK PROJECT FUND	NEIGHBORHOOD ASSISTANCE PROGRAM	THOMASTON OPERA HOUSE	
ASSETS											
Cash.....	\$ 526	\$ 2,115	\$ 57,442	\$ 8,167	\$ 5,017	\$ 42,985	\$ 48,094	\$ 257	\$ 794	\$ 24,374	
Investments.....		217,874									
Receivables:											
Sewer assessments and usage.....	203,643										
Intergovernmental.....		19,846		672						9,151	
Other.....		14,095		381						11,560	
Other assets.....											
TOTAL ASSETS.....	\$ 204,169	\$ 219,989	\$ 91,383	\$ 9,220	\$ 5,017	\$ 42,985	\$ 48,094	\$ 257	\$ 794	\$ 45,085	
LIABILITIES AND FUND BALANCES											
LIABILITIES:											
Accounts payable.....	\$ 31,825	\$	\$ 11,765	\$ 1,729	\$	\$	\$	\$ 120	\$	\$ 23,311	
Accrued payroll.....	6,811									2,969	
Due to other funds.....	37,062		17,080							68,068	
Deferred and unearned revenue.....	166,764			1,617						2,156	
TOTAL LIABILITIES.....	242,462	-	28,845	3,346	-	-	-	120	-	96,504	
FUND BALANCES:											
Unreserved:											
Designated for improvements.....	(38,293)	219,989	62,538	5,874	5,017	42,649	42,715	137	794	(51,419)	
Unreserved and undesignated.....	(38,293)	219,989	62,538	5,874	5,017	42,985	48,094	137	794	(51,419)	
TOTAL FUND BALANCES.....	\$ 204,169	\$ 219,989	\$ 91,383	\$ 9,220	\$ 5,017	\$ 42,985	\$ 48,094	\$ 257	\$ 794	\$ 45,085	

(Continued)

TOWN OF THOMASTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	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	SPECIAL REVENUE FUNDS	FIRE DEPT. TRUST FUND	HILLSIDE CEMETERY TRUST FUND	TOTAL PERMANENT FUNDS										
ASSETS																					
Cash.....	\$ 17,293	\$	\$ 3,671	\$ 633	\$ 14,049	\$ 670	\$ 135,008	\$	\$ 1,017	\$ 1,017	\$	\$ 135,008	\$ 16,125	\$ 424,044	\$ 1,017	\$	\$	\$	\$	\$ 136,025	
Investments.....						6,833	353,911														794,080
Due from other funds.....		4,459					4,459														4,459
Receivables:																					
Sewer assessments and usage.....							203,643														203,643
Intergovernmental.....							20,518														20,518
Other.....							9,532														9,532
Other assets.....							25,655														25,655
TOTAL ASSETS.....	\$ 17,293	\$ 4,459	\$ 3,671	\$ 633	\$ 14,049	\$ 7,503	\$ 752,726	\$ 16,125	\$ 425,061	\$ 441,186	\$	\$ 1,193,912	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,193,912
LIABILITIES AND FUND BALANCES																					
LIABILITIES:																					
Accounts payable.....	\$ 476	\$ 5,015	\$	\$	\$	\$	\$ 79,113	\$	\$ 2,736	\$ 2,736	\$	\$ 81,849	\$	\$ 708	\$ 708	\$	\$	\$	\$	\$	\$ 81,849
Accrued payroll.....		878					10,658					11,566									11,566
Due to other funds.....							122,210					122,210									122,210
Deferred and unearned revenue.....							170,537														170,537
TOTAL LIABILITIES.....	476	5,893	-	-	-	-	382,518	4,872	3,444	3,444	-	385,962	-	3,444	3,444	-	-	-	-	-	385,962
FUND BALANCES:																					
Reserved for:																					
Endowments.....							-	15,700	104,500	120,200		120,200									120,200
Perpetual care.....							-		217,229	217,229		217,229									217,229
Unreserved:																					
Designated for improvements.....							115,364					115,364									115,364
Unreserved and undesignated.....	16,817	(1,434)	3,671	633	14,049	7,503	254,844	425	99,888	100,313		355,157									355,157
TOTAL FUND BALANCES.....	16,817	(1,434)	3,671	633	14,049	7,503	370,208	16,125	421,617	457,742	16,125	807,950	16,125	425,061	441,186	16,125	441,186	16,125	441,186	16,125	1,193,912
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 17,293	\$ 4,459	\$ 3,671	\$ 633	\$ 14,049	\$ 7,503	\$ 752,726	\$ 16,125	\$ 425,061	\$ 441,186	\$ 16,125	\$ 1,193,912	\$ 16,125	\$ 425,061	\$ 441,186	\$ 16,125	\$ 441,186	\$ 16,125	\$ 441,186	\$ 16,125	\$ 1,193,912

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	SPECIAL REVENUE FUNDS									
	SEWER COMMISSION USAGE FUND	SEWER 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.....	\$ 1,005,719	\$ 10,000	\$ 312,213	\$ 54,647	\$ 3,324	\$ -	\$ -	\$ -	\$ -	\$ 364,820
Intergovernmental.....			101,520	754,936	7,000					7,500
Contributions.....							2,170			97,027
Income from investments.....		7,279			41	1,408	8	4		295
Other.....										
TOTAL REVENUES.....	1,005,719	17,279	413,733	809,583	10,365	1,408	2,178	4	4	469,642
EXPENDITURES:										
Current:										
General government.....					10,582	1,675	3,354			
Public works.....	1,021,674	3,130								472,613
Culture and recreation.....			443,127	809,914						
Education.....										
Capital outlay.....										6,800
TOTAL EXPENDITURES.....	1,021,674	3,130	443,127	809,914	10,582	1,675	3,354	-	-	479,413
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(15,955)	14,149	(29,394)	(331)	(217)	(267)	(1,176)	4	4	(9,771)
OTHER FINANCING SOURCES (USES):										
Transfers in.....	(10,000)									
Transfers out.....										
NET OTHER FINANCING SOURCES (USES).....	(10,000)									
NET CHANGE IN FUND BALANCES.....	(25,955)	14,149	(29,394)	(331)	(217)	(267)	(1,176)	4	4	(9,771)
FUND BALANCES, JULY 1, 2007.....	(12,338)	205,840	91,932	6,205	5,234	43,252	1,313	790		(41,648)
FUND BALANCES, JUNE 30, 2008.....	\$ (38,293)	\$ 219,989	\$ 62,538	\$ 5,874	\$ 5,017	\$ 42,985	\$ 137	\$ 794	\$	\$ (51,419)

(Continued)

TOWN OF THOMASTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	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 FUNDS	FIRE DEPT. TRUST FUND	HILLSIDE CEMETERY TRUST FUND	TOTAL PERMANENT FUNDS			
REVENUES:														
Charges for services.....	\$ 776	\$ 7,818	\$ -	\$ -	\$ -	\$ 65,568	\$ 1,822,885	\$ -	\$ 24,880	\$ 24,880	\$ -	\$ 1,847,765		
Intergovernmental.....	9,934			24			880,914					880,914		
Contributions.....	14,183		3,874		2,620	4,633	124,507		1,125	1,125		125,632		
Income from investments.....			18	18	88	223	13,462	535	21,563	22,098		35,560		
Net increase (decrease) in fair value of investments.....									(31,920)	(31,920)		(31,920)		
TOTAL REVENUES.....	24,893	7,818	3,892	42	2,708	4,856	2,841,768	535	15,648	16,183		2,857,951		
EXPENDITURES:														
Current:														
General government.....							15,611					15,611		
Public safety.....		55,101	3,419	2,853		8,797	70,170	2,200		2,200		72,370		
Public works.....							1,024,804		46,292	46,292		1,071,096		
Health and welfare.....							6,332					6,332		
Culture and recreation.....	8,942					6,332	481,555					481,555		
Education.....							1,253,041					1,253,041		
Capital outlay.....							6,800					6,800		
TOTAL EXPENDITURES.....	8,942	55,101	3,419	2,853	-	6,332	2,858,313	2,200	46,292	48,492		2,906,805		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	15,951	(47,283)	473	(2,811)	2,708	(1,476)	(16,545)	(1,665)	(30,644)	(32,309)		(48,854)		
OTHER FINANCING SOURCES (USES):														
Transfers in.....							58,929					58,929		
Transfers out.....							(46,549)					(46,549)		
NET OTHER FINANCING SOURCES (USES).....							12,380					12,380		
NET CHANGE IN FUND BALANCES.....	15,951	4,318	473	(2,811)	2,708	(1,476)	(4,165)	(1,665)	(14,144)	(15,809)		(19,974)		
FUND BALANCES, JULY 1, 2007.....	866	(5,752)	3,198	3,444	11,341	8,979	374,373	17,790	435,761	453,551		827,924		
FUND BALANCES, JUNE 30, 2008.....	\$ 16,817	\$ (1,434)	\$ 3,671	\$ 633	\$ 14,049	\$ 7,503	\$ 370,208	\$ 16,125	\$ 421,617	\$ 437,742		\$ 807,950		

(Concluded)

SCHEDULE 6

TOWN OF THOMASTON, CONNECTICUT

SEWER COMMISSION USAGE FUND
 SCHEDULE OF SEWER USE CHARGES RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2008

GRAND LIST YEAR	UNCOLLECTED BALANCE JULY 1, 2007	CURRENT YEAR LEVY	LAWFUL CORRECTIONS			ADJUSTED TAXES COLLECTIBLE	COLLECTIONS			UNCOLLECTED BALANCE JUNE 30, 2008
			ADDITIONS	DEDUCTIONS			USE CHARGES	INTEREST & LIENS	TOTAL	
1992	\$ 286	\$	\$	\$	\$ 286	\$ 112	\$ 231	\$ 343	\$	174
1993	320				320			-		320
1994	370				370			-		370
1995	370				370			-		370
1996	513				513	143	41	184		370
1997	925				925	185	346	531		740
1998	958				958	185	313	498		773
1999	1,295				1,295	185	279	464		1,110
2000	1,295				1,295	185	247	432		1,110
2001	3,093				3,093	629	550	1,179		2,464
2002	4,907				4,907	412	487	899		4,495
2003	7,875				7,875	1,373	1,084	2,457		6,502
2004	12,936				12,936	3,735	2,281	6,016		9,201
2005	26,234				26,234	7,955	3,588	11,543		18,279
2006	76,965				76,965	28,955	6,919	35,874		48,010
Total Prior Years	138,342		-		138,342	44,054	16,366	60,420		94,288
2007		996,486	2,233	4,493	994,226	884,871	8,187	893,058		109,355
TOTAL	\$ 138,342	\$ 996,486	\$ 2,233	\$ 4,493	\$ 1,132,568	\$ 928,925	\$ 24,553	\$ 953,478	\$	203,643

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, 2008

	LEANDER SMITH AWARD	PEPIE WAGNER FUND	SETH THOMAS PRIZE FUND	TOTAL
<u>ASSETS</u>				
Cash.....	\$	\$ 1,644	\$	\$ 1,644
Investments:				
Certificates of deposit.....	5,468		1,033	6,501
TOTAL ASSETS.....	5,468	1,644	1,033	8,145
<u>NET ASSETS</u>				
Net Assets Held in Trust.....	\$ 5,468	\$ 1,644	\$ 1,033	\$ 8,145

TOWN OF THOMASTON, CONNECTICUT

PRIVATE-PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2008

	LEANDER SMITH AWARD	PEPPIE WAGNER FUND	SETH THOMAS PRIZE FUND	TOTAL
ADDITIONS:				
Income from investments.....	\$ 241	\$ 9	\$ 38	\$ 288
DEDUCTIONS:				
Awards.....	150	100	50	300
CHANGE IN NET ASSETS.....	91	(91)	(12)	(12)
NET ASSETS, JULY 1, 2007.....	5,377	1,735	1,045	8,157
NET ASSETS, JUNE 30, 2008.....	\$ 5,468	\$ 1,644	\$ 1,033	\$ 8,145

TOWN OF THOMASTON, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2008

	BALANCE JULY 1, 2007	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2008
<u>ASSETS</u>				
CASH:				
School Activities Fund.....	\$ 86,837	\$ 157,584	\$ 152,466	\$ 91,955
Recreation Commission.....		55,212	53,870	1,342
High School Athletic Council.....		53,887	53,252	635
Public School Internal Account.....	36,751	93,242	97,801	32,192
Performance Bond Fund.....	11,203	157		11,360
Public Library Staff Fund.....	2,307	11,494	11,870	1,931
Join Against Insensible Lawlessness.....	5,228	35	10	5,253
Class Reunions.....	1,590	38		1,628
Christmas Lights Fund.....	6,176	9,257	10,360	5,073
Police Recreation and Educational Fund.....	1,277	2,547	2,599	1,225
Railroad Museum Commission.....	7,200	733	3,224	4,709
Thomaston Police Explorers.....	25,350	14,359	10,693	29,016
TRIAD.....	1,783	9		1,792
Christmas Committee.....	2,677	8,117	9,485	1,309
TOTAL CASH.....	188,379	406,671	405,630	189,420
INVESTMENTS:				
Performance Bond Fund.....	127,438	91,848	219,286	-
Tri-centennial Committee.....	3,396	140		3,536
TOTAL INVESTMENTS.....	130,834	91,988	219,286	3,536
ACCOUNTS RECEIVABLE:				
Recreation Commission.....	3,037		3,037	-
High School Athletic Council.....	193		193	-
TOTAL ACCOUNTS RECEIVABLE.....	3,230	-	3,230	-
TOTAL ASSETS.....	\$ 322,443	\$ 498,659	\$ 628,146	\$ 192,956
<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.....	86,837	157,584	152,466	91,955
Recreation Commission.....	-	55,212	53,870	1,342
High School Athletic Council.....	-	53,887	53,252	635
Public School Internal Account.....	36,751	93,242	97,801	32,192
Performance Bond Fund.....	138,641	92,005		11,360
Tri-centennial Committee.....	3,396	140		3,536
Public Library Staff Fund.....	2,307	11,494	11,870	1,931
Join Against Insensible Lawlessness.....	5,228	35		5,253
Class Reunions.....	1,590	38		1,628
Christmas Lights Fund.....	6,176	9,257	10,360	5,073
Police Recreation and Educational Fund.....	1,277	2,547	2,599	1,225
Railroad Museum Commission.....	7,200	733	3,224	4,709
Thomaston Police Explorers.....	25,350	14,359	10,693	29,016
TRIAD.....	1,783	9		1,792
Christmas Committee.....	2,677	8,117	9,485	1,309
TOTAL ACCOUNTS PAYABLE.....	319,213	498,659	624,916	192,956
TOTAL LIABILITIES.....	\$ 322,443	\$ 498,659	\$ 628,146	\$ 192,956

**Capital Assets Used
in the Operation of
Governmental
Funds**

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, 2008

FUNCTION/ACTIVITY	BALANCE JULY 1, 2007	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2008
GENERAL GOVERNMENT:				
General government.....	\$ 778,329	\$ 20,385	\$	\$ 798,714
Finance.....	108,516			108,516
Town hall.....	3,581,601			3,581,601
TOTAL GENERAL GOVERNMENT.....	4,468,446	20,385	-	4,488,831
PUBLIC SAFETY:				
Police department.....	518,896	26,000		544,896
Fire department.....	2,213,612	18,000	81,000	2,150,612
Communication.....	53,752			53,752
Ambulance.....	913,302		75,500	837,802
Canine control.....	54,343			54,343
TOTAL PUBLIC SAFETY.....	3,753,905	44,000	156,500	3,641,405
PUBLIC WORKS:				
Highway department.....	12,689,298	218,218	47,375	12,860,141
Hillside Cemetery.....	203,037			203,037
Sewer Department.....	16,775,845			16,775,845
TOTAL PUBLIC WORKS.....	29,668,180	218,218	47,375	29,839,023
HEALTH AND WELFARE:				
Minibus.....	43,724			43,724
CULTURE AND RECREATION:				
Library.....	365,368			365,368
Opera House.....	100,410	6,800		107,210
Seth Thomas/Bradstreet House.....	446,616			446,616
Parks and recreation.....	484,684			484,684
TOTAL CULTURE AND RECREATION.....	1,397,078	6,800	-	1,403,878
HOUSING AND DEVELOPMENT:				
Building Department.....	57,762			57,762
EDUCATION.....	25,118,539	1,196,654	216,503	26,098,690
GRAND TOTALS.....	\$ 64,507,634	\$ 1,486,057	\$ 420,378	\$ 65,573,313

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.

TOWN OF THOMASTON, CONNECTICUT

NET ASSETS BY COMPONENT
LAST SIX YEARS (1)
(UNAUDITED)

	FISCAL YEAR ENDED					
	2008	2007	2006	2005	2004	2003
GOVERNMENTAL ACTIVITIES:						
Invested in capital assets, net of related debt.....	\$ 27,183,637	\$ 25,534,737	\$ 22,865,552	\$ 19,449,596	\$ 19,001,844	\$ 19,162,965
Restricted for:						
Capital projects.....	935,324	630,669	229,879	1,800,307	7,745,022	278,201
Endowments:						
Nonexpendable.....	120,200	120,200	120,200	120,200	120,200	15,700
Expendable.....	425	1,314	1,314	1,314	881	437
Perpetual care:						
Nonexpendable.....	217,229	212,929	204,139	201,489	196,614	295,038
Expendable.....	99,888	156,774	156,774	156,774	133,065	106,849
Unrestricted.....	6,285,147	8,112,146	10,530,832	10,198,581	618,501	7,576,151
TOTAL NET ASSETS.....	\$ 34,841,850	\$ 34,768,769	\$ 34,108,690	\$ 31,928,261	\$ 27,816,127	\$ 27,435,341

(1) Less than ten years of data due to the implementation date of GASB 34.

TABLE 2

TOWN OF THOMASTON, CONNECTICUT

CHANGES IN NET ASSETS
LAST SIX YEARS (1)
(UNAUDITED)

	FISCAL YEAR ENDED					
	2008	2007	2006	2005	2004	2003
EXPENSES:						
Governmental activities:						
General government.....	\$ 1,697,981	\$ 1,493,290	\$ 1,318,822	\$ 1,659,892	\$ 1,771,177	\$ 1,008,636
Public safety.....	2,205,660	2,252,002	2,313,428	1,943,257	2,200,339	2,163,326
Public works.....	3,953,285	3,785,089	3,695,376	3,346,625	3,145,912	3,296,162
Health and welfare.....	176,275	174,341	151,226	196,049	161,221	142,603
Culture and recreation.....	1,404,087	1,372,057	1,250,946	1,243,253	1,264,180	1,126,008
Housing and development.....	197,298	255,595	221,051	204,261	177,685	208,807
Education.....	19,045,383	16,011,966	14,937,047	13,624,717	13,126,941	12,808,758
Interest expense.....	760,841	823,502	868,833	713,760	667,065	599,717
TOTAL EXPENSES	29,440,810	26,167,842	24,756,729	22,931,814	22,514,520	21,354,017
PROGRAM REVENUES:						
Governmental activities:						
Charges for services:						
General government.....	113,248	145,710	146,781	148,871	116,588	52,433
Public safety.....	130,819	198,027	81,746	37,524	46,711	43,328
Public works.....	1,154,767	1,108,832	882,825	1,038,705	690,400	807,994
Health and welfare.....	1,866	1,938	2,289	1,669	2,137	1,553
Culture and recreation.....	393,855	454,209	350,430	398,806	366,589	311,954
Housing and development.....	56,508	69,453	84,417	108,679	93,979	88,575
Education.....	312,213	328,342	332,542	331,359	306,863	298,807
Operating grants and contributions.....	10,403,236	6,813,623	6,590,309	6,156,094	5,850,910	5,884,962
Capital grants and contributions.....	555,629	307,086	1,863,703	3,743,257	954,076	1,212,754
TOTAL PROGRAM REVENUES	13,122,141	9,427,220	10,335,042	11,964,964	8,428,253	8,702,360
NET EXPENSES:						
Governmental activities.....	(16,318,669)	(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.....	15,506,863	16,066,609	15,368,327	14,065,657	13,618,870	12,959,157
Grants and contributions not restricted to specific programs.....	399,510	779,885	742,520	748,179	723,029	774,248
Investment income.....	228,647	520,009	438,209	200,395	108,929	109,791
Miscellaneous.....	256,730	34,198	53,060	64,753	16,225	45,400
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS	16,391,750	17,400,701	16,602,116	15,078,984	14,467,053	13,888,596
CHANGE IN NET ASSETS	\$ 73,081	\$ 660,079	\$ 2,180,429	\$ 4,112,134	\$ 380,786	\$ 1,236,939

(1) Less than ten years of data due to the implementation date of GASB 34.

TABLE 3

TOWN OF THOMASTON, CONNECTICUT

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

	FISCAL YEAR ENDED JUNE 30									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
GENERAL FUND:										
Reserved:										
Unreserved:										
Designated	250,000	1,185,800	587,800	670,000	865,000	454,000	813,000	500,000	396,000	
Undesignated	1,743,007	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
Total unreserved	1,993,007	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
TOTAL GENERAL FUND	1,993,007	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
ALL OTHER GOVERNMENTAL FUNDS:										
Reserved:										
Receivables	1,206,488	1,206,755	1,244,369	1,265,147	1,447,233	1,538,399	1,677,038	1,590,165	1,555,386	1,411,862
Commitments	935,324	630,669	229,879	1,800,307	7,745,022	278,201				485,015
Compensated absences	419,518	540,177	610,016	637,960	623,838	612,323	636,739	617,385	559,690	490,357
Endowments	120,200	120,200	120,200	120,200	120,200	118,200	118,200	115,700	66,700	40,700
Perpetual care	217,229	212,929	204,139	201,489	196,614	192,538	184,339	181,238	179,288	174,213
Unreserved reported in:										
Special revenue funds	899,188	919,398	850,968	875,797	718,380	722,800	1,485,874	1,046,846	920,379	752,241
Capital projects funds	718,135	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)
Permanent funds	100,313	120,422	181,301	158,088	133,946	107,286	54,827	136,377	119,943	131,200
TOTAL ALL OTHER GOVERNMENTAL FUNDS	4,616,395	5,450,703	6,801,191	8,160,606	4,339,329	3,704,830	4,442,997	(4,637,253)	(3,370,831)	483,893
GRAND TOTAL	\$ 6,609,402	\$ 8,190,057	\$ 9,773,328	\$ 10,572,300	\$ 6,739,331	\$ 5,937,469	\$ 6,632,107	\$ (2,345,589)	\$ (1,184,910)	\$ 2,747,271

TABLE 4

TOWN OF THOMASTON, CONNECTICUT

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
FISCAL YEAR ENDED JUNE 30										
REVENUES:										
Property taxes.....	\$ 15,488,705	\$ 16,027,666	\$ 15,353,444	\$ 13,980,389	\$ 13,385,994	\$ 12,865,405	\$ 12,035,417	\$ 10,985,990	\$ 10,464,317	\$ 9,804,148
Charges for services.....	2,125,660	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
Intergovernmental.....	11,424,372	8,247,795	9,283,405	10,145,178	7,594,809	7,148,505	8,569,295	7,364,314	7,018,444	7,079,534
Contributions.....	129,857	93,471	154,955	59,295			77,640	50,000	25,360	
Income from investments.....	260,567	520,007	488,209	200,395	108,910	109,791	391,662	355,441	292,577	401,072
Other.....	268,748	86,115	105,203	77,153	208,169	115,184	401,204	595,329	509,591	465,469
TOTAL REVENUES.....	29,697,909	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
EXPENDITURES:										
Current:										
General government.....	3,176,283	3,145,242	3,118,103	2,990,309	3,067,217	2,546,947	2,304,724	1,863,584	1,854,453	1,579,670
Public safety.....	1,513,799	1,419,646	1,379,520	1,400,427	1,441,353	1,520,926	1,169,042	1,113,362	1,103,511	1,036,453
Public works.....	2,754,083	2,548,694	2,374,480	2,191,308	2,085,921	2,171,175	729,179	856,857	701,637	782,441
Sanitation and conservation of health.....	118,260	120,849	116,505	137,479	123,635	105,563	1,095,393	1,055,809	1,121,615	1,054,621
Health and welfare.....	1,045,793	1,002,376	1,002,115	906,865	964,031	869,685	452,081	426,561	344,491	315,349
Culture and recreation.....	153,803	200,854	171,770	154,875	135,356	161,400				
Housing and development.....	18,514,371	15,397,354	14,416,659	13,369,915	12,909,495	12,529,113	11,849,230	10,956,542	10,489,451	9,951,284
Other.....	1,650,416	1,699,680	1,280,487	1,192,696	1,034,978	1,223,738	513,942	525,640	599,115	710,441
Debt service:										
Principal.....	1,014,560	1,014,560	931,902	784,773	576,207	612,768	1,407,467	1,331,687	1,208,598	1,018,747
Interest.....	1,304,774	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
Capital outlay.....	31,246,644	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
TOTAL EXPENDITURES.....	(1,548,735)	(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)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	143,000	143,000	371,317	7,700,000	166,500	43,559	9,091,656	195,000	62,421	3,897,000
OTHER FINANCING SOURCES (USES):										
Capital lease - equipment financing.....										
Issuance of debt.....										
Issuance of refunding bonds.....										
Payment to refunding bond escrow.....										
Premium.....				83,816	(1,853,164)					
Legal settlement.....					107,273					
Transfers in.....	687,897	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
Transfers out.....	(687,897)	(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)
NET OTHER FINANCING SOURCES (USES).....	143,000	143,000	371,317	7,783,816	2,335,609	43,559	9,091,656	195,000	62,421	3,897,000
NET CHANGE IN FUND BALANCES.....	\$ (1,548,735)	\$ (1,583,271)	\$ (798,972)	\$ 3,812,969	\$ 821,862	\$ (694,638)	\$ 8,977,696	\$ (1,160,679)	\$ (3,932,181)	\$ (2,538,925)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....	8.88%	10.22%	8.92%	8.55%	7.21%	8.41%	11.64%	10.03%	10.01%	6.19%

NOTE: The Town revised the chart of accounts for fiscal year ended June 30, 2003, thereby eliminating categories for "Sanitation and Conservation of health" and "Other". These categories contained expenditures associated with general government, public safety, health and welfare and housing & development.

TOWN OF THOMASTON, CONNECTICUT

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

YEAR ENDED JUNE 30	PERSONAL PROPERTY										TOTAL ASSESSED VALUE	ESTIMATED ACTUAL VALUE	GROSS ASSESSED VALUE	ESTIMATED ACTUAL VALUE	RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE	TOTAL DIRECT RATE
	GRAND LIST	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	MOTOR VEHICLE ASSESSED VALUE	PERSONAL PROPERTY ASSESSED VALUE	TOTAL ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ESTIMATED ACTUAL VALUE	ESTIMATED ACTUAL VALUE							
2008 **	2006	\$ 535,758,290	\$ 765,368,986	\$ 51,810,436	\$ 47,824,927	\$ 99,635,363	\$ 142,336,233	\$ 635,393,653	\$ 907,705,219	70.00%	24.99					
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					

* Revaluation Grand List of October 1, 1999
** Revaluation Grand List of October 1, 2006

TABLE 6

TOWN OF THOMASTON, CONNECTICUT

PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

TAXPAYER	GRAND LIST YEAR					
	2006			1997		
	(1) ASSESSMENT	RANK	PERCENT OF NET TAXABLE GRAND LIST	ASSESSMENT	RANK	PERCENT OF NET TAXABLE GRAND LIST
Summit Corporation of America	\$ 5,603,240	1	0.91%	\$ 4,815,135	1	1.31%
Connecticut Light & Power Co.	4,829,880	2	0.78%	3,315,390	4	0.90%
Rexam Cosmetic Packaging	4,734,222	3	0.77%	N/A	N/A	N/A
Oneglia Family Trust	3,366,660	4	0.55%	3,010,980	6	0.82%
Connecticut Water Company	3,233,470	5	0.53%	N/A	N/A	N/A
GLC Associates	3,081,500	6	0.50%	2,892,670	7	0.79%
W L Real Estate Company	2,824,520	7	0.46%	N/A	N/A	N/A
Thomaston Savings Bank	2,733,420	8	0.44%	2,441,524	9	0.66%
Tyler Propoerties	2,636,630	9	0.43%	N/A	N/A	N/A
Whyco Technologies, Inc.	2,529,090	10	0.41%	2,579,702	8	0.70%
Risdon	N/A	N/A	N/A	3,849,920	2	1.05%
Eyelets for Industry	N/A	N/A	N/A	3,325,198	3	0.91%
Datron	N/A	N/A	N/A	3,177,160	5	0.87%
Coreslab	N/A	N/A	N/A	1,789,893	10	0.49%
	<u>\$ 35,572,632</u>		<u>5.78%</u>	<u>\$ 31,197,572</u>		<u>5.18%</u>

Source: Town Assessor Department.

(1) The net taxable grand list as of October 1, 2006 and 1997 totaled \$615,374,875 and \$367,149,725, 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 DELINQUENT BALANCE
							TOTAL COLLECTIONS	PERCENTAGE OF LEVY COLLECTED	TOTAL COLLECTIONS	
2008 **	24.99	2006	\$ 15,325,961	\$ 14,907,955	97.3%	\$ -	\$ 14,907,955	97.3%	\$ 418,006	
2007	39.62	2005	15,758,093	15,384,998	97.6%	225,598	15,384,998	97.6%	147,497	
2006	38.66	2004	15,003,165	14,679,512	97.8%	243,473	14,922,985	99.5%	80,180	
2005	37.18	2003	14,043,736	13,487,766	96.0%	267,701	13,755,467	97.9%	288,269	
2004	35.50	2002	13,439,939	12,901,856	96.0%	376,401	13,278,257	98.8%	161,682	
2003	33.80	2001	12,695,152	12,262,233	96.6%	345,190	12,607,423	99.3%	87,729	
2002	32.20	2000	11,780,931	11,517,712	97.8%	245,075	11,762,787	99.8%	18,144	
2001 *	30.60	1999	10,904,055	10,642,688	97.6%	247,452	10,890,140	99.9%	13,915	
2000	27.25	1998	10,286,990	10,049,750	97.7%	224,789	10,274,539	99.9%	12,451	
1999	26.44	1997	9,756,256	9,520,851	97.6%	224,230	9,745,081	99.9%	11,175	

Source: Town Audit Reports.

* Revaluation Grand List of October 1, 1999

** Revaluation Grand List of October 1, 2006

(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		
2008	\$ 13,645,000	\$ 6,618,567	\$ 20,263,567	4.89%	\$ 2,592
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

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
2008	7,818	\$ 615,374,875	\$ 20,263,567	3.29%	\$ 2,592
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

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, 2008
(UNAUDITED)

Total tax collections (including interest and lien fees) for current year.....	\$ 15,394,240
Reimbursement for revenue loss on:	
Tax relief for elderly freeze.....	2,000
BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$ 15,396,240</u>

DEBT LIMITATION:	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
2 1/4 times base.....	\$ 34,641,540	\$	\$	\$	\$
4 1/2 times base.....		69,283,080			
3 3/4 times base.....			57,735,900		
3 1/4 times base.....				50,037,780	
3 times base.....					46,188,720
TOTAL DEBT LIMITATION.....	<u>34,641,540</u>	<u>69,283,080</u>	<u>57,735,900</u>	<u>50,037,780</u>	<u>46,188,720</u>
INDEBTEDNESS:					
Bonds payable.....	1,052,701	11,680,299	912,000		
Less: School Building grants.....		(1,555,506)			
TOTAL INDEBTEDNESS.....	<u>1,052,701</u>	<u>10,124,793</u>	<u>912,000</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....	<u>\$ 33,588,839</u>	<u>\$ 59,158,287</u>	<u>\$ 56,823,900</u>	<u>\$ 50,037,780</u>	<u>\$ 46,188,720</u>

The total net indebtedness above amounts to: \$ 12,089,494

In no event shall total indebtedness exceed seven time the base for debt limitation computation: \$ 107,773,680

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
2008	\$ 257,887,020	\$ 12,089,494	\$ 245,797,526	4.69%
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%

TABLE 12

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
2008	7,818	(5)	(5)	(5)	(5)	1,259	6.3%
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%

(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	2008			1997		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Rexam Corporation	339	1	8%	N/A		N/A
Town of Thomaston	249	2	6%	N/A	1	N/A
Ward Leonard Electric, Inc.	142	3	3%	N/A	10	N/A
Thomaston Savings Bank	117	4	3%	N/A	9	N/A
Summit Corporation of America	102	5	2%	N/A	4	N/A
Eyclets for Industry, Inc.	101	6	2%	163	5	4%
Quality Rolling & Deburring	92	7	2%	100	7	2%
State of Connecticut	87	8	2%	N/A	6	N/A
WHYCO Chromium, Inc	79	9	2%	N/A	2	N/A
Stevens Co., Inc.	67	10	2%	N/A	8	N/A
TOTAL.....	1,375		32%	263		0%
Total Town Employment	4,452			4,146		6%

SOURCE: Annual survey

N/A - Companies did not respond or information was unavailable

TABLE 14

TOWN OF THOMASTON, CONNECTICUT
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST SIX YEARS
 (UNAUDITED)

FUNCTION / PROGRAM	FULL -TIME EQUIVALENT EMPLOYEES AS OF JUNE 30					
	2008	2007	2006	2005	2004	2003
GENERAL GOVERNMENT:						
Selectmen.....	2.2	2.2	2.7	2.2	2.2	2.2
Elections.....	0.3	0.3	0.7	1.3	0.4	0.4
Treasurer.....	3.5	3.3	3.3	3.4	3.4	3.3
Tax Collector.....	2.0	2.0	2.0	2.0	2.0	2.5
Assessor/Assessment appeals.....	1.5	2.3	1.6	1.4	1.1	1.0
Town Hall maintenance.....	1.0	0.8	0.6	0.6	0.6	0.6
Town Clerk.....	1.7	1.7	1.5	1.5	1.7	1.5
PUBLIC SAFETY:						
Police officers.....	13.2	13.4	13.8	13.7	14.8	14.6
Inmate supervision.....			1.0	1.0	1.0	1.0
Dispatch.....	5.1	5.0	4.1	3.8	3.9	4.4
Fire Marshall.....	0.6	0.6	0.5	0.5	0.6	0.6
Animal control.....	1.2	1.2	1.1	1.1	1.1	1.1
PUBLIC WORKS:						
Highway.....	9.0	8.6	10.0	8.5	10.0	10.0
Solid waste and recycling.....	0.3	0.3	0.5	0.3	0.3	0.3
Sewer plant.....	7.0	6.9	7.0	8.3	9.0	7.0
Hillside Cemetery.....	1.3	1.5	1.7	1.8	0.8	1.8
HEALTH AND WELFARE:						
Social services.....	1.7	1.5	1.6	1.3	1.2	1.2
Minibus.....	0.4	0.4	0.2	0.1	0.2	0.2
Veterans administration.....	0.1	0.1	0.1	0.1	0.1	0.1
CULTURE AND RECREATION:						
Recreation.....	2.8	3.1	2.1	1.9	2.1	2.2
Public library.....	7.4	6.6	5.9	5.9	6.2	6.3
Opera House.....	3.7	3.7	3.2	3.3	3.7	2.1
HOUSING AND DEVELOPMENT:						
Housing, land use & development.....	2.1	1.9	2.7	2.0	1.7	2.0
EDUCATION.....	180.8	195.0	186.3	190.3	187.3	200.7
TOTAL.....	248.9	262.4	254.2	256.3	255.4	267.1

SOURCE: Actual payroll data. Data prior to 2003 is not available.

TABLE 15

TOWN OF THOMASTON, CONNECTICUT

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST FOUR YEARS
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30			
	2008	2007	2006	2005
GENERAL GOVERNMENT				
PUBLIC SAFETY:				
Fire:				
Emergency responses.....	338	360	335	269
Fires extinguished.....	57	29	146	116
Police:				
Incidents.....	35,162	35,191	35,641	N/A
Accidents.....	216	262	232	N/A
Physical arrests.....	155	198	115	N/A
Traffic violations.....	922	742	878	N/A
PUBLIC WORKS:				
Street resurfacing (miles).....	5.00		0.73	N/A
Streets rebuilt (miles).....	1.14	1.14	2.16	N/A
PARKS AND RECREATION:				
Athletic field permits issued.....	55	76	66	N/A
No. of recreation programs.....	25	27	29	29
HEALTH AND WELFARE:				
Number of elderly serviced.....	1,012	1,410	3,639	N/A
Number of families serviced.....	2,612	2,650	5,477	N/A
Number of disabled serviced.....	626	672	1,410	N/A
LIBRARY:				
Total print items.....	46,260	46,533	47,769	50,184
Total non-print items.....	8,221	7,652	5,407	4,862
Circulation.....	89,305	92,997	95,145	89,382
Interlibrary borrows.....	2,408	1,984	1,841	924
Interlibrary loans.....	2,392	2,308	1,675	1,018
EDUCATION:				
Enrollment:				
High School.....	582	600	593	598
Middle School.....	296	298	300	320
Elementary Schools.....	381	397	413	394
SEWER FUND:				
Average daily sewage treatment (million gallons).....	0.864	1.067	1.001	N/A
Residential customers.....	2,594	2,587	2,169	N/A
Commercial & Industrial Customers.....	136	130	136	N/A
Manhole repair as part of I/I reduction.....	6	8	11	N/A
TRANSFER STATION:				
CRRA tonnage (annual).....	4,961	5,024	5,140	5,580

SOURCES: Various Town Departments

N/A - Information not available

TOWN OF THOMASTON, CONNECTICUT

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

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30			
	2008	2007	2006	2005
GENERAL GOVERNMENT:				
Election voting machines.....	2	2	7	7
Vehicles.....	1	1	1	1
PUBLIC SAFETY:				
Fire and ambulance stations.....	2	2	2	2
Police stations.....	1	1	1	1
Police vehicles.....	10	10	10	10
Fire trucks.....	7	7	7	7
Ambulances.....	2	2	2	2
Other emergency vehicles.....	6	6	6	5
PUBLIC WORKS:				
Miles of Streets:				
Paved.....	41.00	41.00	40.58	40.17
Accepted.....	41.00	41.00	40.58	40.17
Private.....	0.03	0.03	0.03	0.03
State Highway.....	64.89	64.89	64.89	64.89
Miles of Sidewalks.....	10.88	10.88	10.88	10.88
Miles of Sewer:				
Storm.....	95.00	85.50	85.00	70.00
Sanitation.....	50.50	50.50	50.00	50.00
Dump trucks.....	10	9	8	8
Other public works vehicles & heavy equipment.....	27	26	24	24
HEALTH AND WELFARE:				
Minibus.....	1	1	1	1
CULTURE AND RECREATION:				
Acres of park land.....	56.0	56.0	56.0	56.0
Hardball baseball diamonds.....	1	1	1	1
Youth baseball diamonds.....	5	5	5	5
Basketball courts.....	3	3	3	3
Soccer fields.....	3	3	3	3
Nature areas.....	1	1	1	1
Picnic areas.....	1	1	1	1
Playgrounds.....	7	7	7	7
Public beach.....	1	1	1	1
Public greens.....	3	3	3	3
Tennis courts.....	3	3	3	3
Public indoor theatres.....	1	1	1	1
Public library.....	1	1	1	1
EDUCATION:				
Number of high schools.....	1	1	1	1
Number of middle schools.....	1	1	1	1
Number of elementary schools.....	1	1	1	1

SOURCES: Various Town Departments