

ANNUAL FINANCIAL REPORT

of the

TOWN OF THOMASTON,

CONNECTICUT

FOR THE YEAR ENDED

JUNE 30, 2003

PREPARED BY:

THE FINANCE DEPARTMENT

SUSAN L. C. WHITNEY, FINANCE DIRECTOR

TOWN OF THOMASTON, CONNECTICUT

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

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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, 2003, 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 an opinion 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Thomaston, Connecticut, as of June 30, 2003, 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 January 13, 2004, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management Discussion and Analysis and Schedule of Funding Progress – Thomaston Retirement System on pages 3 through 12 and page 44, respectively, are not a required part of the basic financial statements but are supplementary 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 supplementary information. However, we did not audit the information and express no opinion on it.



January 13, 2004

Page Two

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Town of Thomaston, Connecticut's basic financial statements. The accompanying financial information listed as supplemental schedules in the table of contents 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 presented in all material respects in relation to the basic financial statements taken as a whole.

As described in Note IV.F., the Town has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other related pronouncements, as of June 30, 2003.

Kostin, Ruffkess & Company, LLC

Farmington, Connecticut

January 13, 2004

Town of Thomaston
TREASURER'S OFFICE
TOWN HALL
158 Main Street
Thomaston, Connecticut 06787

Phone: 860-283-9678

Fax: 860-283-1378

**Management's Discussion and Analysis
For the Year Ended June 30, 2003**

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, 2003.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$27,435,341 (*net assets*). Of this amount, \$7,683,437 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$1,236,939. Approximately half of this increase was due to capital outlay associated with the high school project, as these costs are not expensed, but capitalized. The remaining increase was the result of mid-year budget cuts and tax collections.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,937,469, a decrease of \$588,211 in comparison with the prior year. Approximately \$3,197,808, is *available for spending* at the Town's discretion (*unreserved fund balance*). \$535,838 of unreserved fund balance has been designated for the subsequent year's budget and improvements.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,232,639, or 11.7 percent of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

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 of the Town present only governmental activities whose functions are principally supported by taxes and intergovernmental revenues, since the Town does not operate any business-type activities. The governmental activities of the Town include general government, public safety, public works, health & welfare, culture & recreation, housing & development and education.

The government-wide financial statements can be found on pages 13-14 of this report.

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

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

The basic governmental fund financial statements can be found on pages 15-43 of this report.

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

The basic fiduciary fund financial statements can be found on pages 21-22 of this report.

Notes to the 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. The notes to the financial statements can be found on pages 23-43 of this report.

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. Required supplementary information can be found on page 44 of this report.

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 starting on page 45 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$27,435,341 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets (69.8 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'S NET ASSETS
JUNE 30, 2003**

Current and other assets.....	\$	11,003,845
Capital assets.....		36,515,928
Total assets.....		47,519,773
Long-term liabilities outstanding.....		19,220,639
Other liabilities.....		863,793
Total liabilities.....		20,084,432
Net assets:		
Invested in capital assets, net of related debt.....		19,162,965
Restricted.....		588,939
Unrestricted.....		7,683,437
Total net assets.....	\$	27,435,341

An additional portion of the Town's net assets (2.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$7,683,437) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Management's Discussion and Analysis (continued)

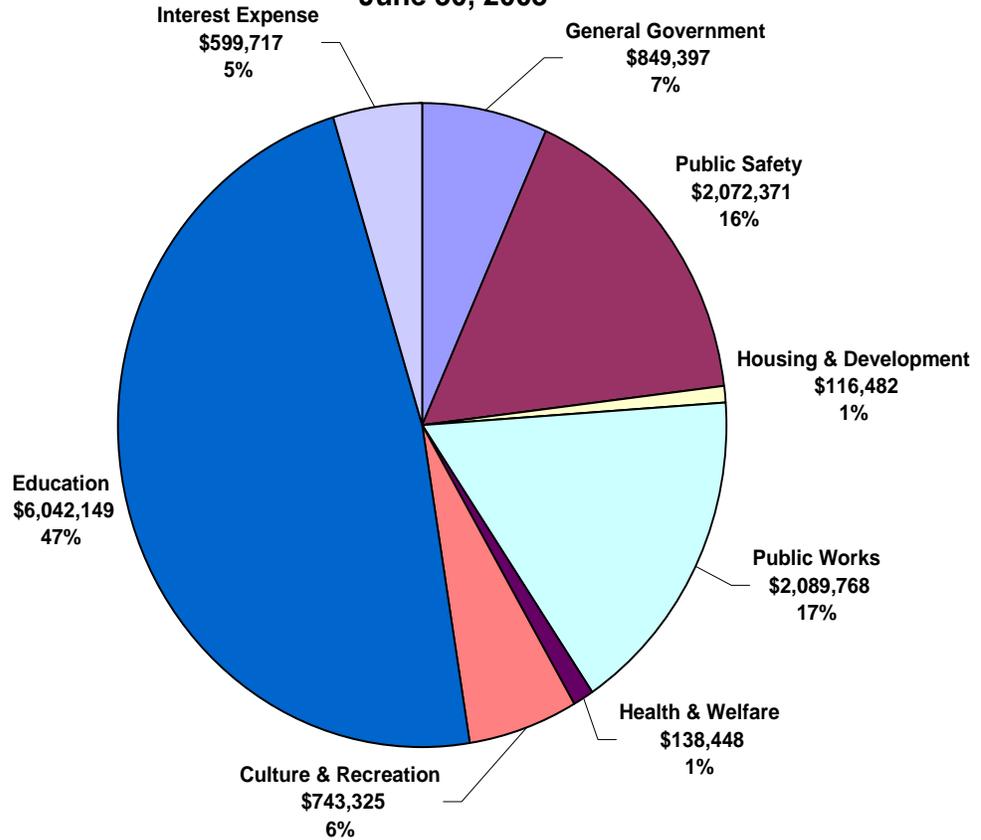
Governmental activities. Governmental activities increased the Town's net assets by \$1,236,939, thereby accounting for 100 percent of the total growth in the net assets of the Town. Key elements of this increase are as follows:

<u>JUNE 30, 2003</u>	
REVENUES:	
Program revenues:	
Charges for services.....	\$ 1,604,644
Operating grants and contributions.....	5,884,962
Capital grants and contributions.....	1,212,754
General revenues:	
Property taxes.....	12,959,157
Grants and contributions not restricted to specific programs	774,248
Investment income.....	109,791
Other.....	<u>45,400</u>
TOTAL REVENUES.....	<u>22,590,956</u>
EXPENSES:	
General government.....	1,008,636
Public safety.....	2,163,326
Public works.....	3,296,162
Health & welfare.....	142,603
Culture & recreation.....	1,126,008
Housing & development.....	208,807
Education.....	12,808,758
Interest on long-term debt.....	<u>599,717</u>
TOTAL EXPENSES.....	<u>21,354,017</u>
INCREASE IN NET ASSETS.....	1,236,939
NET ASSET - JULY 1, 2002.....	<u>26,198,402</u>
NET ASSETS - JUNE 30, 2003.....	<u>\$ 27,435,341</u>

- The taxable grand list increase of \$4,474,512 (1.22 percent) combined with the increase in the mill rate of 1.60 (a mill rate of 33.80) generated an increase of \$885,180 in the property tax levy. Adjustments to the levy reduced revenue by \$22,577.
- Operating grants for governmental activities decreased by approximately 3 percent, mostly as a result of the State of Connecticut budget crisis. Significant cuts in state aid are anticipated for the next fiscal year including Town Aid Road, Mashantucket Pequot and Payment In Lieu Of Taxes (PILOT). Grants which pass through the State Department of Education account for approximately 84% of the Town's intergovernmental revenue.

Expenses and Program Revenues (Net) - Governmental Activities

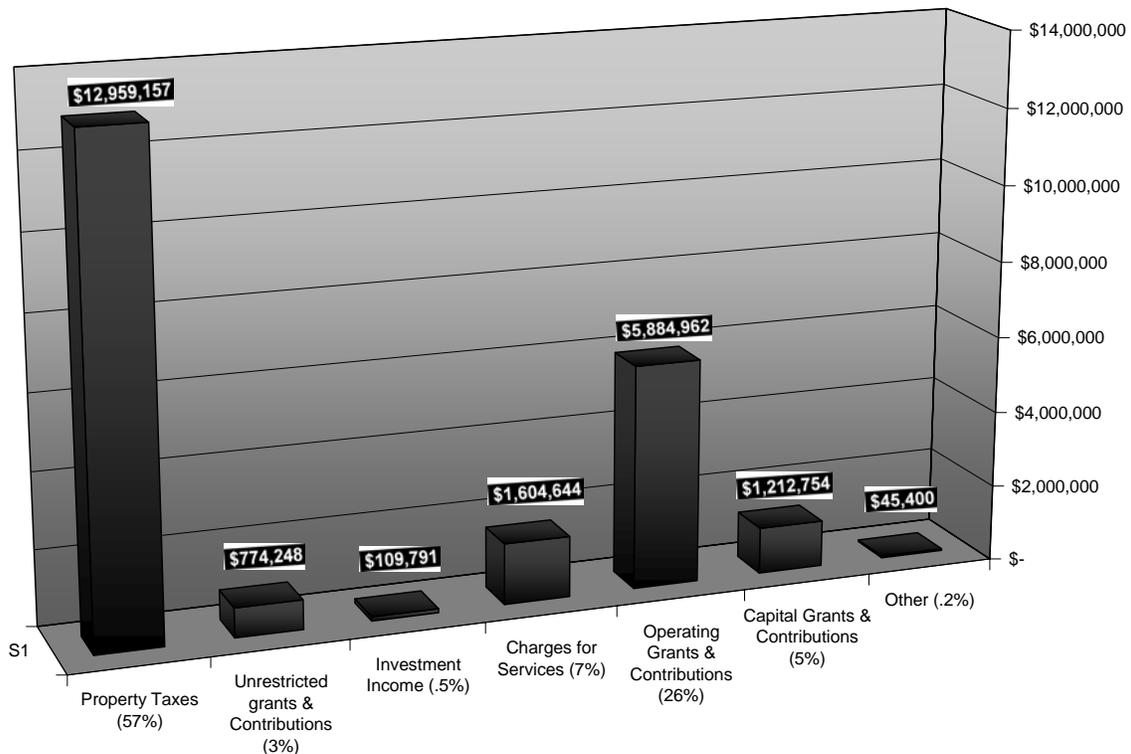
**Town of Thomaston, Connecticut
Net Expenses
(Expenses offset by revenues derived by the functions)
June 30, 2003**



The new reporting model allows us to present the net cost by function. The above chart represents the true cost of each functions because we have offset the costs by the revenues derived by those departments. For example, the net cost of Education \$6,042,149 includes expenditures of \$12,808,758 offset by charges for services of \$298,807, operating grants and contributions (including the education cost sharing grant) of \$5,628,675 and capital grants and contributions of \$839,127.

Revenues by Source - Governmental Activities

Town of Thomaston
Revenues By Source
June 30, 2003



This chart reflects the sources of revenue which provide the services the taxpayers of Thomaston receive. Property taxes are the major source of revenue \$12,959,157 (57 percent), followed by operating grants and contributions \$5,884,962 (26 percent) and charges for services \$1,604,644 (7 percent). The remaining \$2,142,193 (10 percent) is made up of unrestricted grants and contributions, investment income, and capital grants and contributions.

The most significant increase in expenses was driven by increases in insurance, the cost of health care and pension costs. All other costs closely paralleled inflation and growth in the demand for services

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,937,469. Approximately 54 percent of this total amount (\$3,197,808) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved 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 (\$1,538,399), 2) to liquidate contracts and purchase orders of the prior period (\$278,201), 3) to generate income to pay for the perpetual care of the municipal cemetery (\$295,038) and 4) for a variety of other restricted purposes (\$628,023).

Management's Discussion and Analysis (continued)

The general fund is the operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,232,639. As a measure of the general fund's liquidity, it is useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 11.7 percent of total general fund expenditures, however, \$454,000 of unreserved fund balance has been designated for the subsequent year's budget.

The fund balance of the Town's general fund increased by \$43,529 during the current fiscal year. Key factors in this growth are as follows:

- An increase in the property tax rate 5%, (1.60 mills) increased the tax levy by \$862,603.
- A substantial decrease in debt service payments from the prior year of \$549,486.
- Town implementation of mid-year budget cuts of approximately \$150,000, as a result of mid-year decreases in state aid.

A comparative analysis of the general fund is shown below.

TOWN OF THOMASTON'S GENERAL FUND			
	2003	2002	Variance
REVENUES:			
Property taxes.....	\$ 12,865,405	\$ 12,035,417	\$ 829,988
Charges for services.....	253,821	230,409	23,412
Intergovernmental.....	6,471,958	6,708,176	(236,218)
Income from investments.....	48,163	107,465	(59,302)
Other.....	46,398	32,851	13,547
TOTAL REVENUES.....	19,685,745	19,114,318	571,427
EXPENDITURES:			
General government.....	2,539,548	2,269,260	270,288
Public safety.....	1,281,463	1,178,197	103,266
Public works.....	1,294,195	1,102,704	191,491
Health & welfare.....	101,802	140,070	(38,268)
Culture & Recreation.....	434,392	418,685	15,707
Housing & Development.....	106,528	103,318	3,210
Education.....	11,441,282	10,935,171	506,111
Debt service.....	1,836,526	2,386,012	(549,486)
TOTAL EXPENDITURES.....	19,035,736	18,533,417	502,319
EXCESS OF REVENUES OVER EXPENDITURES.....	650,009	580,901	69,108
OTHER FINANCING SOURCES (USES):			
Capital lease proceeds.....	43,559	-	43,559
Operating transfers in.....	843,183	751,664	91,519
Operating transfers out.....	(1,493,222)	(1,435,119)	(58,103)
NET OTHER FINANCING SOURCES.....	(606,480)	(683,455)	76,975
NET CHANGE IN FUND BALANCES.....	\$ 43,529	\$ (102,554)	\$ 146,083

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$420,592, including additional appropriations of \$321,510 from fund balance and \$99,082 from revised revenue appropriations. The increase in budget can be briefly summarized as follows:

Additional appropriations from fund balance:

- \$38,955 radio upgrade for Town wide public safety departments
- \$60,000 to Thomaston Volunteer Ambulance Corp. to cover contracted services
- \$52,000 to the Police Department for the hiring of a new officer including incidental fringe benefits (This officer was never hired due to mid-year budget cuts)
- \$91,780 to the newly created pension plan for volunteer fire and ambulance (a carryover of unexpended appropriations in fiscal year 2002)
- \$61,202 to Town Aid Road (a carryover of unexpended appropriations in fiscal year 2002)
- \$17,573 in miscellaneous appropriations to the Capital or Nonrecurring Fund

Revised revenue appropriations:

- A reduction in the Town Aid Road grant of \$69,406, due to State of Connecticut mid-year budget cuts
- Federal grants for Emergency Operations Planning received in the amount of \$41,062, which the Town passed through to the Naugatuck Valley Council of Governments to administer
- Miscellaneous transfers in from Hillside Cemetery, Capital or Nonrecurring fund and the WPCA to cover operating budgets of \$83,867
- Capital lease proceeds of \$43,559 funded the lease-purchase of a new ambulance

During the year, some revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance. Departments which exceeded the original appropriations totaled \$204,359.

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

- Employer's share of social security and medicare \$6,129
- Retirees' fringe benefits \$8,210
- Communication & dispatch \$4,525
- Planning & zoning \$3,059

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

- Fringe benefits \$122,118 - The Town chose the reduced contingent premium rates for health care in hope that claims would not exceed the allowed maximum pay-out. Unfortunately, due to the high loss ratio, the Town was charged an additional call-up premium at year end.
- Police department \$32,724 - The police department ran overages in overtime due to contractual reasons.
- Snow and ice removal \$22,134 - Due to the major snowfall associated with the winter of 2003.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental type activities as of June 30, 2003, amounts to \$36,515,928 (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 decrease in the Town's investment in capital assets for the current fiscal year was less than 1 percent. This decrease is due to depreciation expense exceeding new purchases of assets by \$44,424 as well as the disposal of assets with a book value of \$9,644. Only those assets which cost \$5,000 or more with a useful life exceeding one year are capitalized. Assets costing less than \$5,000 are expensed.

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

- The initial design stage of the Thomaston High School renovation began in February 2003; construction in progress as of the close of the fiscal year had reached \$592,260.
- A variety of street construction projects were completed during the year, including rebuilding Clay Street, Grove Street and Grove Heights. Construction costs for these projects totaled \$141,524.
- Automatic irrigation systems were purchased for Nystrom's Park, Highland Farms soccer field and the Highwood baseball field in addition to other recreation facility improvements costing \$68,109.
- New vehicles purchased during the year included a new ambulance, a pickup truck for the WPCA and a Durango for the Police department, all of which totaled \$154,954.

**TOWN OF THOMASTON'S CAPITAL ASSETS
(net of depreciation)
JUNE 30, 2003**

Land.....	\$	1,315,620
Construction in progress.....		592,260
Buildings.....		20,617,212
Land improvements.....		776,568
Machinery and equipment.....		2,994,069
Vehicles.....		929,665
Infrastructure.....		9,290,534
 TOTAL.....	 \$	 36,515,928

Additional information on the Town's capital assets can be found in Note III C on page 33 of this report.

Long-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$6,560,000. All debt is backed by the full faith and credit of the government. The remainder of the Town's debt represents USDA sewer notes of \$1,447,490, USDA note for the ambulance building construction of \$366,800 and notes totaling \$8,896,908 funded by the State of Connecticut Clean Water Fund, the proceeds of which funded a \$12.6 million upgrade to the wastewater treatment facility.

**TOWN OF THOMASTON'S OUTSTANDING DEBT
LONG-TERM OBLIGATIONS
JUNE 30, 2003**

General obligation bonds.....	\$	6,560,000
Notes.....		10,711,198
Capital lease obligations.....		81,765
 TOTAL.....	 \$	 17,352,963

Subsequent to the date of these financial statements, the Town authorized the issuance of up to \$10,000,000 in bonds and an appropriation of \$16,280,000 for the purpose of funding certain renovations and/or additions to the Thomaston High School and Thomaston Center School. On August 26, 2003, the government issued bonds in the principal amount of \$3,915,000, of which \$1,615,000 refinanced some of its existing debt to take advantage of favorable interest rates. The remaining \$2,300,000 will be used to finance the High School project.

- The net present value benefit from the refinancing was \$130,150.
- The result of this bond issue is expected to increase next year's debt service payments of \$129,779.

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 \$89,165,202 which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III E on pages 35-37 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town is currently 6.1%, which is an increase from a rate of 5.5% a year ago. This compares unfavorably to the state's average unemployment rate of 5.2% but favorable to Waterbury Labor Market rate of 6.9%.
- Thomaston is facing increasing economic burdens based on its own fiscal limitations, such as increasing municipal expenditures and decreasing state aid, upon which the Town relies.
- The overall national economy continues to be sluggish and Connecticut's fiscal picture continues to look flat and weaker than many states throughout the country. It is anticipated that Connecticut will experience flat job growth over the next twelve months.
- Summit Corporation of America, one of Thomaston's major taxpayers and largest employer, is currently in bankruptcy proceedings and owes \$151,000 to the Town in back taxes.

All of these factors were considered in preparing the Town's budget for the 2004 fiscal year.

During the current fiscal year, unreserved and undesignated fund balance in the general fund increased to \$2,232,639. The Town has appropriated \$454,000 of this amount for spending in the 2004 fiscal year budget. It is intended that this use of available fund balance will lessen the need to raise taxes or charges during the 2004 fiscal year. In addition, all proceeds received as a result of the Anthem demutualization, \$542,769, has been earmarked to offset the 2004 fiscal budget. All Town unions have agreed to forgo making claims for any portion of the Anthem demutualization funds.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Susan L. C. Whitney, 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, 2003

GOVERNMENTAL
ACTIVITIES

ASSETS

Current assets:	
Cash.....	\$ 854,898
Investments.....	3,802,241
Receivables (net):	
Property taxes.....	386,976
Assessments.....	177,013
Notes.....	65,402
Rehabilitation loans.....	73,237
Intergovernmental.....	279,864
Other.....	77,484
Other.....	9,455
	5,726,570
Total current assets.....	
	5,726,570
Noncurrent assets:	
Permanently restricted:	
Investments.....	310,738
Receivables (net):	
Property taxes.....	504,144
Assessments/use charges.....	77,993
Notes.....	126,863
Rehabilitation loans.....	1,242,129
Intergovernmental.....	3,015,408
Capital assets (net of accumulated depreciation):	
Land.....	1,315,620
Buildings.....	20,617,212
Land improvements.....	776,568
Machinery and equipment.....	2,994,069
Vehicles.....	929,665
Infrastructure.....	9,290,534
Construction in progress.....	592,260
	41,793,203
Total noncurrent assets.....	41,793,203
TOTAL ASSETS.....	47,519,773

LIABILITIES

LIABILITIES:	
Current liabilities:	
Accounts payable.....	581,060
Accrued payroll.....	77,277
Accrued interest payable.....	127,750
Deferred revenue.....	67,706
Noncurrent liabilities:	

EXHIBIT B

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET EXPENSES AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:					
General government.....	\$ 1,008,636	\$ 52,433	\$ 106,806	\$ -	\$ (849,397)
Public safety.....	2,163,326	43,328	22,457	25,170	(2,072,371)
Public works.....	3,296,162	807,994	72,692	325,708	(2,089,768)
Health and welfare.....	142,603	1,553	2,602	-	(138,448)
Culture and recreation.....	1,126,008	311,954	51,730	18,999	(743,325)
Housing and development.....	208,807	88,575	-	3,750	(116,482)
Education.....	12,808,758	298,807	5,628,675	839,127	(6,042,149)
Interest expense.....	599,717	-	-	-	(599,717)
TOTAL.....	\$ 21,354,017	\$ 1,604,644	\$ 5,884,962	\$ 1,212,754	(12,651,657)
GENERAL REVENUES:					
Property taxes.....					12,959,157
Grants and contributions not restricted to specific programs.....					774,248
Investment income.....					109,791
Miscellaneous.....					45,400
TOTAL GENERAL REVENUES.....					13,888,596
CHANGE IN NET ASSETS.....					1,236,939
NET ASSETS - JULY 1, 2002.....					26,198,402
NET ASSETS - JUNE 30, 2003.....					\$ 27,435,341

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

TOWN OF THOMASTON, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2003

	GENERAL	SMALL CITIES	CAPITAL PROJECTS	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash.....	\$ 392,177	\$ 319,735	\$ 1,000	\$ 708	\$ 141,278	\$ 854,898
Investments.....	1,490,539	-	182,353	1,715,632	724,455	4,112,979
Receivables, net:						
Property taxes.....	722,527	-	-	-	-	722,527
Assessments/use charges.....	-	-	110,050	-	106,175	216,225
Notes.....	-	196,189	-	-	-	196,189
Rehabilitation loans.....	-	1,342,210	-	-	-	1,342,210
Intergovernmental.....	4,283	-	-	3,500	16,395	24,178
Other.....	67,919	-	-	8,095	1,470	77,484
Due from other funds.....	796,045	-	-	-	-	796,045
Other.....	177	-	-	-	9,278	9,455
TOTAL ASSETS.....	\$ 3,473,667	\$ 1,858,134	\$ 293,403	\$ 1,727,935	\$ 999,051	\$ 8,352,190
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities:						
Accounts payable.....	\$ 471,069	\$ -	\$ 59,330	\$ 34,087	\$ 16,574	\$ 581,060
Accrued payroll.....	77,277	-	-	-	-	77,277
Due to other funds.....	-	-	687,794	108,251	-	796,045
Deferred revenue.....	692,682	-	106,269	-	161,388	960,339
Total Liabilities.....	1,241,028	-	853,393	142,338	177,962	2,414,721
Fund Balances (Deficits)						
Reserved for:						
Receivables.....	-	1,538,399	-	-	-	1,538,399
Commitments.....	-	-	217,268	60,933	-	278,201
Compensated absences.....	-	-	-	612,323	-	612,323
Endowments.....	-	-	-	-	15,700	15,700
Perpetual care.....	-	-	-	-	295,038	295,038
Unreserved, reported in:						
Designated for subsequent year's budget.....	454,000	-	-	-	-	454,000
Designated for improvements.....	-	-	-	-	81,838	81,838
General fund.....	1,778,639	-	-	-	-	1,778,639
Special revenue funds.....	-	319,735	-	-	321,227	640,962
Capital projects funds.....	-	-	(777,258)	912,341	-	135,083
Permanent funds.....	-	-	-	-	107,286	107,286
Total Fund Balances (Deficits).....	2,232,639	1,858,134	(559,990)	1,585,597	821,089	5,937,469
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS).....	\$ 3,473,667	\$ 1,858,134	\$ 293,403	\$ 1,727,935	\$ 999,051	\$ 8,352,190

TOWN OF THOMASTON, CONNECTICUT

RECONCILIATION OF FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2003

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).....	\$ 5,937,469
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:	
Beginning capital assets and current additions.....	37,532,732
Depreciation expense.....	(1,007,160)
Disposal of assets.....	(9,644)
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.....	352,772
Property tax, sewer use and sewer assessment receivable - accrual basis change.....	892,633
School building grant receivable.....	3,271,094
Allowance for doubtful accounts.....	(176,166)
SOME LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:	
Beginning long-term liabilities and current year additions.....	(20,806,132)
Long-term liability payments.....	1,575,493
Accrued interest payable.....	<u>(127,750)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 27,435,341</u>

(Concluded)

EXHIBIT D

TOWN OF THOMASTON, CONNECTICUTSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	GENERAL	SMALL CITIES	CAPITAL PROJECTS	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property taxes.....	\$ 12,865,405	\$ -	\$ -	\$ -	\$ -	\$ 12,865,405
Charges for services.....	253,821	7,858	312,208	5,000	1,254,519	1,833,406
Intergovernmental.....	6,471,958	3,750	-	96,565	576,232	7,148,505
Income from investments.....	48,163	2,108	2,852	30,411	26,257	109,791
Other.....	46,398	-	-	11,918	56,878	115,194
TOTAL REVENUES.....	19,685,745	13,716	315,060	143,894	1,913,886	22,072,301
EXPENDITURES:						
Current:						
General government.....	2,539,548	-	-	1,356	6,043	2,546,947
Public safety.....	1,281,463	-	-	179,863	59,600	1,520,926
Public works.....	1,294,195	-	40,838	63,714	772,428	2,171,175
Health & welfare.....	101,802	-	-	-	3,761	105,563
Culture & Recreation.....	434,392	-	-	62,881	372,412	869,685
Housing & Development.....	106,528	54,723	-	149	-	161,400
Education.....	11,441,282	-	-	249,784	838,047	12,529,113
Debt service.....	1,836,526	-	-	-	-	1,836,526
Capital outlay.....	-	-	770,685	192,051	-	962,736
TOTAL EXPENDITURES.....	19,035,736	54,723	811,523	749,798	2,052,291	22,704,071
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	650,009	(41,007)	(496,463)	(605,904)	(138,405)	(631,770)
OTHER FINANCING SOURCES (USES):						
Capital lease proceeds.....	43,559	-	-	-	-	43,559
Operating transfers in.....	843,183	-	10,000	719,751	763,471	2,336,405
Operating transfers out.....	(1,493,222)	-	(54,602)	(146,127)	(642,454)	(2,336,405)
NET OTHER FINANCING SOURCES (USES).....	(606,480)	-	(44,602)	573,624	121,017	43,559
NET CHANGE IN FUND BALANCES (DEFICITS).....	43,529	(41,007)	(541,065)	(32,280)	(17,388)	(588,211)
FUND BALANCES (DEFICITS) - JULY 1, 2002 (AS RESTATED).....	2,189,110	1,899,141	(18,925)	1,617,877	838,477	6,525,680
FUND BALANCES (DEFICITS) - JUNE 30, 2003.....	\$ 2,232,639	\$ 1,858,134	\$ (559,990)	\$ 1,585,597	\$ 821,089	\$ 5,937,469

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 (DEFICITS) OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003**

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)..... \$ (588,211)

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..... 962,736
Depreciation expense..... (1,007,160)

Total (44,424)

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..... (9,644)

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..... 339,657
Increase in property tax, sewer use and sewer assessment receivable - accrual basis change..... 237,348
Increase in property tax, sewer use and sewer assessment interest and lien revenue..... (34,726)
Increase in property tax and sewer use allowance for doubtful accounts..... (23,624)

Total 518,655

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

Debt issued or incurred:
Capital lease proceeds..... (43,559)
Principal repayments:
General obligation bonds..... 565,000
Notes payable..... 567,087
Capital lease..... 91,729

Total \$ 1,180,257

(Continued)

TOWN OF THOMASTON, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003**

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.....	\$ 250,000
Compensated absences.....	(814)
Net pension obligation.....	(114,646)
Early retirement.....	(10,000)
Severance.....	42,773
Accrued interest payable.....	<u>12,993</u>
Total	<u>180,306</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u>\$ 1,236,939</u>

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2003

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 12,482,953	\$ 12,482,953	\$ 12,865,405	\$ 382,452
Charges for services.....	187,850	187,850	253,821	65,971
Intergovernmental.....	6,003,793	5,975,450	6,115,764	140,314
Investment income.....	108,000	108,000	48,163	(59,837)
Other.....	30,940	30,940	46,398	15,458
TOTAL REVENUES.....	18,813,536	18,785,193	19,329,551	544,358
EXPENDITURES:				
Current:				
General government.....	2,409,883	2,576,449	2,509,117	67,332
Public safety.....	1,189,186	1,261,441	1,258,993	2,448
Public works.....	1,250,405	1,285,899	1,280,783	5,116
Health and welfare.....	125,064	117,170	100,606	16,564
Culture and Recreation.....	432,800	432,800	425,632	7,168
Housing & Development.....	107,034	110,276	105,520	4,756
Education.....	11,167,590	11,167,590	11,085,088	82,502
Debt service.....	1,837,445	1,837,445	1,836,526	919
TOTAL EXPENDITURES.....	18,519,407	18,789,070	18,602,265	186,805
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	294,129	(3,877)	727,286	731,163
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	391,600	713,110	-	(713,110)
Operating transfers in.....	660,981	744,847	843,183	98,336
Operating transfers out.....	(1,346,710)	(1,497,639)	(1,493,222)	4,417
Capital lease proceeds - equipment financing.....	-	43,559	43,559	-
NET OTHER FINANCING SOURCES (USES).....	(294,129)	3,877	(606,480)	(610,357)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	120,806	\$ 120,806
FUND BALANCE - JULY 1, 2002.....			2,189,110	
FUND BALANCE - JUNE 30, 2003.....			\$ 2,309,916	

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, 2003

	PENSION FUND	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
<u>ASSETS</u>			
Cash.....	\$ -	\$ -	\$ 133,623
Investments :			
Money Market.....	269,251	5,953	3,040
US Treasury Notes.....	582,666	-	-
US Government Investment Pool.....	636,497	-	-
Corporate Obligations.....	981,292	-	-
Mutual Funds.....	312,054	-	-
Equities.....	2,915,480	-	-
Interest receivable.....	30,381	-	-
TOTAL ASSETS.....	<u>5,727,621</u>	<u>5,953</u>	<u>136,663</u>
<u>LIABILITY</u>			
Accounts payable.....	-	-	136,663
<u>NET ASSETS</u>			
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES.....	<u>\$ 5,727,621</u>	<u>\$ 5,953</u>	<u>\$ -</u>

TOWN OF THOMASTON, CONNECTICUTSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	PENSION TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS:		
Contributions:		
Employer.....	\$ 401,303	\$ -
Employees.....	92,099	-
Other.....	13,078	-
Total contributions.....	506,480	-
Investment income:		
Net appreciation in fair value of investments.....	179,909	-
Interest and dividends.....	176,469	142
Total investment income.....	356,378	142
TOTAL ADDITIONS.....	862,858	142
DEDUCTIONS:		
Benefits.....	341,052	-
Other.....	260	-
TOTAL DEDUCTIONS.....	341,312	-
CHANGES IN NET ASSETS.....	521,546	142
NET ASSETS - JULY 1, 2002.....	5,206,075	5,811
NET ASSETS - JUNE 30, 2003.....	\$ 5,727,621	\$ 5,953

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, 2003**HISTORY AND ORGANIZATION**

The Town of Thomaston, Connecticut (the "Town") was incorporated July 6, 1875, and operates under the provisions of the General Statutes of the State of Connecticut. The legislative power of the Town is vested in a Board of Selectmen and the Town Meeting. The Town provides the following services: Public Safety (police and fire), Public Works (streets and highways), Public Health and Social Services, and Education encompassing grades K-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 proprietary fund and fiduciary fund financial statements. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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.

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.

Additionally, the government reports the following fund types:

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

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.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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.

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. The balance of the fixed income investments were invested in SEC registered pools.

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

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 37 percent of outstanding receivable balances at June 30, 2003, and are calculated based upon prior collections.

Loan receivables consist of Community Development Block Grant loans. The Town provides low interest loans for residential rehabilitation and to local businesses for facility improvements.

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. 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.

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)

3. Restricted Assets

The restricted assets for 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 applicable governmental columns 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 is 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

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.

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 (continued)

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 - 25 years of service and two-thirds vested with 25 or more years of service. A liability in the amount of \$622,566 has been accrued for certified teachers.

For employees other than certified teachers, sick leave accrues at the rate of 1 ¼ days per month, cumulative to a maximum of one hundred days. Upon the death or pension retirement of an employee, the estate of, or such employee, shall receive a sum of money equal to the accumulated sick days times the rate of pay per day of such employee at the time of such death or retirement. Employees who resign or are terminated are not entitled to their unused sick days. A liability in the amount of \$427,100 has been accrued for employees other than certified teachers.

The accrued sick time varies for Board of Education administrators. A liability in the amount of \$89,831 has been accrued.

6. Long-Term Obligations

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

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

7. Fund Equity and Net Assets

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

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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Fund Equity and Net Assets (continued)

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 represents 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. Reclassifications

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

- The Board of Finance submits a proposed operating budget for the fiscal year commencing July 1 to the annual Town Meeting at which taxpayer comments are obtained. The operating budget includes proposed expenditures and the means of financing them.
- Prior to July 1, the budget is legally adopted by vote at the annual Town budget meeting.
- The Board of Selectmen and the Board of Education are authorized to transfer budgeted amounts within departments. Transfers of budgeted amounts between departments must be approved by the Board of Finance.
- 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 \$321,510 made during the year from fund balance and \$99,082 from revised revenue appropriations.
- Formal budgetary integration is employed as a management control device during the year.
- Except for encumbrance accounting and the on-behalf payment, the budget is prepared on the modified accrual basis of accounting.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (continued)

- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- Budgeted amounts reported are as amended at a Board of Finance and/or Town Meeting during the course of the year.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Board of Finance approval and, if over \$20,000, Town Meeting approval.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital or Nonrecurring Fund. Appropriations for capital or nonrecurring projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

B. Budget - GAAP Reconciliation

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

	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>FUND BALANCE</u>
BALANCE, BUDGETARY BASIS, EXHIBIT F - JUNE 30, 2003	\$ 19,329,551	\$ 18,602,265	\$ 2,309,916
Payroll accrual.....		77,277	(77,277)
State Teachers' Retirement on-behalf payment	<u>356,194</u>	<u>356,194</u>	
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2003 ...	<u>\$ 19,685,745</u>	<u>\$ 19,035,736</u>	<u>\$ 2,232,639</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, if any) is approved for expenditure by the individual Board of Finance.

D. Deficit Fund Equity

The following individual fund had a deficit fund balance at June 30, 2003:

Capital Projects \$ 559,990

Future water line assessments will be used to fund the Humiston Hill Water System and future borrowings, and school construction grants will fund the High School Project.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

E. Capital or Nonrecurring Project Authorizations

The following is a summary of Capital or Nonrecurring projects at June 30, 2003:

	PROJECT AUTHORIZATION	CURRENT YEAR EXPENDITURES	CUMULATIVE EXPENDITURES	BALANCE JUNE 30, 2003
Ambulance Reserve	\$ 118,059	\$ 93,059	\$ 118,059	\$ -
Anthem Demutualization Proceeds	545,348	-	-	545,348
Assessors' Revaluation	273,900	34,637	198,537	75,363
BOE Band Uniforms	11,075	1,049	10,886	189
BOE Negotiating Committee	8,250	8,250	8,250	-
BOE Oil Tank Replacement	59,968	-	59,968	(0)
BOE Student Desks & Chairs	5,500	24	5,500	-
BOE Textbooks	225,000	68,939	234,592	(9,592)
BOE THS HVAC Improvements	69,300	12,849	69,143	157
BOE THS Plumbing	9,500	-	7,266	2,234
BOE THS Metal Roof Sealing	15,000	-	-	15,000
BOE THS Roof Flashing	40,000	-	34,400	5,600
BOE THS/TCS Computers	82,500	22,717	80,504	1,996
BOE TCS Gym Floor, Doors & Clock	25,000	11,000	24,545	455
BOE TCS HVAC System	2,544	-	-	2,544
BOE TCS Infrastructure	39,456	36,620	39,107	349
Cemetery New Road Section	5,000	-	-	5,000
Communication Radio Upgrade	58,955	20,000	20,000	38,955
Christmas Lights Operating	8,000	4,000	8,000	-
Christmas Lights-Reserve	10,000	-	-	10,000
DEP Town Garage	1,491,553	63,126	1,500,042	(8,489)
Finance: Asset Valuation GASB34	25,000	11,210	25,000	-
Fire Dept: Vestibule & Painting	17,344	16,939	16,939	405
Fire Dept: Hepatitis	8,408	-	3,019	5,389
High Street Water Main Extension	76,000	76,000	76,000	-
Highway Auction Truck	7,000	-	-	7,000
Highway Equipment Trade	5,000	4,214	4,214	786
Highway Garage Move	8,000	-	-	8,000
Highway Inground Tank Removal	38,000	2,384	38,000	-
Highway Road Work	236,000	92,305	150,033	85,967
Highway Sand Shed	10,000	-	6,800	3,200
Interoffice Equipment	20,000	149	19,241	759
K-9 Donation Reserves	875	269	549	326
Library Door Replacement	6,600	6,600	6,600	-
PD: Center line paint & traffic signs	15,000	364	15,000	-
PD: Durango	24,995	24,995	24,995	-
PD: Weapons	9,722	9,681	9,681	41
PD: Longe Range Speed Laser	3,348	-	-	3,348
PD: Computer Grant	8,096	8,096	8,096	(0)
PD: Bullet Proof Vests	825	825	825	-
PD: Update CAD/RM system	6,000	6,000	6,000	-
Recreation Highwood Fields	50,000	9,625	49,803	197
Rec: Highwood / Nystroms Project	267,000	87,534	137,927	129,073
School Building Committee	3,000	2,610	2,938	62
TAYAC	126,400	21,000	126,000	400
Teachers' Sick Pay Reserve	766,287	94,000	150,964	615,323
Tennis Courts	20,000	2,231	15,540	4,460
Town Hall Technology	19,000	3,058	17,027	1,973
Town hall roof repair	10,000	-	-	10,000
Town Hall Building Repair Fund	105,611	17,262	91,805	13,806
TOTALS	\$ 4,997,419	\$ 873,621	* \$ 3,421,795	\$ 1,575,624

* Includes \$123,823 of operating transfers out.

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

III. DETAILED NOTES

A. Cash and Investments

1. Deposits - At June 30, 2003, the carrying amount of the Town's deposits, including certificates of deposit and money markets of \$3,657,920 classified as investments, was \$4,646,441 and the bank balance was \$4,960,442. Of the bank balance, \$425,131 was covered by Federal Depository Insurance and \$493,531 was collateralized based upon the calculation prescribed by P.A. 91-245 at risk category 3.

In the event that a financial institution becomes insolvent and is placed under FDIC receivership, this collateral is subject to the FDIC requirements for perfecting security interests under Federal law. In the opinion of the State Attorney General, these requirements have not been met.

Risk category 3 is defined as collateral held by the pledging financial institution, or by its trust department or agent, but not in the Town's name. The balance of deposits of \$4,041,780 was uninsured and uncollateralized. The uninsured and uncollateralized amount is significant because the Town has large amounts of deposits in financially strong banks that are required by State Statute to collateralize deposits at only 10% of the bank balance. Due to significantly higher cash flows at certain times of the year, the amount of the Town's deposits and/or investments that were in Risk Category 3 were substantially higher than at year end.

2. Investments - The Town's pension plan's investment policy is an asset allocation mix goal of fifty to seventy percent equity and twenty-five to forty-five percent fixed income. The primary Plan objective is to provide long-term capital appreciation through investments on equities and fixed-income securities. The performance benchmarks for the Fund include a composite of the Standard and Poors 500 stock index and the Lehman Brothers Corporate/Government Bond Index that is reflective of the portfolio weightings (Composite Index). The pension commission is authorized to enter into agreements for the purpose of providing pension benefits and annuities and to invest such funds at its discretion. The commission is authorized to employ agents and other personnel to carry out investment transactions.

At June 30, 2003, the Town's investments consisted of the following:

<u>TYPE OF INVESTMENT</u>	<u>FAIR VALUE</u>	<u>RISK CATEGORY</u>
Pooled fixed income.....	\$ 743,778	*
Certificates of deposit.....	25,130	**
Money market.....	3,632,790	**
Corporate and foreign bonds.....	981,292	*
Equities - Category 1.....	34,419	1
Equities - Category 3.....	2,958,918	*
U.S. Government Securities.....	642,666	*
Mutual funds:		
Equities.....	312,054	*
Fixed income.....	<u>488,165</u>	*
TOTAL.....	<u>\$ 9,819,212</u>	

* Not applicable, since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

** Included in deposits above, therefore, insured and collateralized to the extent described above.

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

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (continued)

2. Investments (continued)

Of the \$743,777 of pooled fixed income, \$58,209 was invested in the Short Term Investment Fund (STIF). STIF is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. The balance of the fixed income investments were invested in SEC registered pools.

B. Receivables

Receivables as of year end for the Town's Government-Wide Financial Statements by type, including the applicable allowances for uncollectibles, are as follows:

	<u>PROPERTY TAXES</u>		
	<u>TAXES</u>	<u>INTEREST & LIEN FEES</u>	<u>TOTAL</u>
Current Portion	\$ 327,024	\$ 59,952	\$ 386,976
Long-term Portion	\$ 395,503	\$ 248,835	\$ 644,338
Less Allowance for Uncollectibles	(24,802)	(115,392)	(140,194)
Net Long-term Portion	<u>\$ 370,701</u>	<u>\$ 133,443</u>	<u>\$ 504,144</u>

	<u>SEWER USE AND ASSESSMENTS</u>			<u>CDBG</u>	
	<u>ASSESSMENTS</u>	<u>INTEREST & LIEN FEES</u>	<u>TOTAL</u>	<u>NOTES</u>	<u>LOANS</u>
Current Portion	\$ 156,753	\$ 20,259	\$ 177,012	\$ 65,402	\$ 73,237
Long-term Portion	\$ 57,271	\$ 23,726	\$ 80,997	\$ 130,787	\$ 1,268,973
Less Allowance for Uncollectibles	(2,124)	(880)	(3,004)	(3,924)	(26,844)
Net Long-term Portion	<u>\$ 55,147</u>	<u>\$ 22,846</u>	<u>\$ 77,993</u>	<u>\$ 126,863</u>	<u>\$ 1,242,129</u>

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

DEFERRED REVENUE:

Delinquent property taxes receivable (general fund)	\$ 655,482
Special assessments not yet due (special revenue fund)	199,947
Settlement receivable not yet earned	37,200

UNEARNED REVENUE:

Grant drawdowns prior to meeting all eligibility requirements	<u>67,710</u>
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TOTAL DEFERRED/UNEARNED REVENUE FOR GOVERNMENTAL FUNDS.... \$ 960,339

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, 2003, was as follows:

	Balance July 1, 2002 (As restated)	Increases	Decreases	Balance June 30, 2003
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land.....	\$ 1,315,620	\$ -	\$ -	\$ 1,315,620
Construction in progress.....	-	592,260		592,260
Total Capital Assets, not being Depreciated.....	<u>1,315,620</u>	<u>592,260</u>	<u>-</u>	<u>1,907,880</u>
Capital Assets, being Depreciated:				
Buildings.....	23,770,816	5,889	3,650	23,773,055
Land improvements.....	1,318,455	28,549		1,347,004
Machinery and equipment.....	4,858,415	39,560	35,254	4,862,721
Vehicles.....	2,081,306	154,954		2,236,260
Infrastructure.....	14,903,970	141,524	87,683	14,957,811
Total Capital Assets, being Depreciated.....	<u>46,932,962</u>	<u>370,476</u>	<u>126,587</u>	<u>47,176,851</u>
Less Accumulated Depreciation for:				
Buildings.....	2,811,177	344,666	-	3,155,843
Land improvements.....	539,802	30,634	-	570,436
Machinery and equipment.....	1,675,211	228,695	35,254	1,868,652
Vehicles.....	1,167,034	139,561	-	1,306,595
Infrastructure.....	5,485,362	263,604	81,689	5,667,277
Total Accumulated Depreciation.....	<u>11,678,586</u>	<u>1,007,160</u>	<u>116,943</u>	<u>12,568,803</u>
Total Capital Assets, being Depreciated, net.....	<u>35,254,376</u>	<u>(636,684)</u>	<u>9,644</u>	<u>34,608,048</u>
Governmental Activities Capital Assets, net.....	<u>\$ 36,569,996</u>	<u>\$ (44,424)</u>	<u>\$ 9,644</u>	<u>\$ 36,515,928</u>

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

Governmental Activities:	
General government.....	\$ 42,713
Public safety.....	133,077
Public works.....	661,219
Health and welfare.....	5,460
Culture and recreation.....	14,172
Education.....	<u>150,519</u>
Total depreciation expense.....	<u>\$ 1,007,160</u>

Construction commitments

The Town has active construction projects as of June 30, 2003. 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 High School and Center School	<u>\$ 217,268</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, 2003, the amounts due from and due to other funds were as follows:

<u>INTERFUND PAYABLE FUND</u>	<u>INTERFUND RECEIVABLE FUND</u> <u>GENERAL FUND</u>
CAPITAL PROJECTS FUNDS:	
Humiston Hill Water System.....	\$ 109,125
Thomaston High School Project 140-0034.....	533,000
Capital or Nonrecurring Fund.....	108,251
WPCA Repair & Replacement Fund.....	<u>45,669</u>
 TOTAL	 <u>\$ 796,045</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for various activities.

2. Interfund Transfers

A summary of interfund transfers as of June 30, 2003 is as follows:

	<u>TRANSFERS OUT</u>					TOTAL
	GENERAL FUND	CAPITAL PROJECTS	CAPITAL OR NONRECURRING	<u>OTHER GOVERNMENTAL FUNDS</u>		
				SPECIAL REVENUE	PERMANENT FUNDS	
TRANSFERS IN:						
GENERAL FUND	\$ -	\$ 54,602	\$ 146,127	\$ 633,112	\$ 9,342	\$ 843,183
CAPITAL PROJECTS:						
Sewer Equipment Repair and Replacement Fund	10,000	-	-	-	-	10,000
CAPITAL OR NONRECURRING:						
Capital or Nonrecurring Fund	719,751	-	-	-	-	719,751
SPECIAL REVENUE FUNDS:						
Sewer Commission Usage Fund	668,781	-	-	-	-	668,781
Thomaston Opera House	20,000	-	-	-	-	20,000
Dog Fund	40,348	-	-	-	-	40,348
TOTAL SPECIAL REVENUE FUNDS	<u>729,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>729,129</u>
PERMANENT FUNDS:						
Hillside Cemetery Operating Fund	34,342	-	-	-	-	34,342
TOTAL	<u>\$ 1,493,222</u>	<u>\$ 54,602</u>	<u>\$ 146,127</u>	<u>\$ 633,112</u>	<u>\$ 9,342</u>	<u>\$ 2,336,405</u>

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

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:

<u>GENERAL LONG-TERM OBLIGATIONS</u>	<u>BALANCE JULY 1, 2002</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2003</u>
BONDS:				
General Obligation Bond - 6.4, 6.5% matures in 2009	\$ 1,695,000	\$ -	\$ 215,000	\$ 1,480,000
General Obligation Bond - 3.7 - 5.7% matures in 2018	5,430,000	-	350,000	5,080,000
TOTAL BONDS PAYABLE	7,125,000	-	565,000	6,560,000
USDA Sewer Note - 5.00%, matures in 2010	221,300	-	11,700	209,600
USDA Sewer Note - 5.00%, matures in 2010	148,960	-	18,620	130,340
USDA Sewer Note - 5.00%, matures in 2011	163,780	-	16,380	147,400
USDA Sewer Note - 5.00%, matures in 2014	180,000	-	15,000	165,000
USDA Sewer Note - 5.00%, matures in 2015	371,700	-	26,550	345,150
USDA Sewer Note - 5.00%, matures in 2018	480,000	-	30,000	450,000
Ambulance Building Construction Note - 5.00%, matures in 2016	386,655	-	19,855	366,800
Clean Water 264C - Matures in 2016	782,484	-	49,600	732,884
Clean Water 197C - Matures in 2021	8,543,406	-	379,382	8,164,024
TOTAL NOTES PAYABLE	11,278,285	-	567,087	10,711,198
TOTAL BONDS AND NOTES PAYABLE	18,403,285	-	1,132,087	17,271,198
CAPITAL LEASE OBLIGATIONS:				
Fire Department pumper	73,098	-	34,892	38,206
Ambulance	-	43,559	-	43,559
Equipment Financing Obligations	56,837	-	56,837	-
TOTAL CAPITAL LEASE OBLIGATIONS	129,935	43,559	91,729	81,765
CLAIMS AND JUDGMENTS	495,000	-	250,000	245,000
COMPENSATED ABSENCES	1,138,683	814	-	1,139,497
NET PENSION OBLIGATION	223,409	114,646	-	338,055
EARLY RETIREMENT INCENTIVES - BOE	-	10,000	-	10,000
SEVERANCE PAYMENTS - BOE	187,897	59,718	102,491	145,124
TOTAL LONG-TERM OBLIGATIONS	\$ 20,578,209	\$ 228,737	\$ 1,576,307	\$ 19,230,639

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
2004	\$ 545,000	\$ 294,472	\$ 576,753	\$ 264,637	\$ 161,102	\$ 94,586
2005	540,000	234,200	586,629	248,858	158,661	88,930
2006	535,000	214,700	596,736	232,829	158,661	83,167
2007	535,000	195,038	607,080	216,572	158,661	77,255
2008	535,000	175,213	617,667	200,073	158,661	71,267
2009	535,000	155,307	628,504	183,323	158,661	65,243
2010	535,000	135,238	639,596	166,319	158,661	59,143
2011	325,000	115,006	632,333	149,049	158,661	52,968
2012	325,000	101,437	643,940	132,441	158,661	46,719
2013	325,000	87,706	639,487	115,553	158,661	40,395
2014	325,000	73,813	651,679	99,199	158,661	33,996
2015	300,000	60,263	649,165	82,550	146,457	27,755
2016	300,000	47,100	648,419	66,358	146,457	21,693
2017	300,000	33,750	543,554	50,801	146,457	15,544
2018	300,000	20,250	553,684	38,586	146,457	9,327
2019	300,000	6,750	534,018	26,167	146,459	3,109
2020	-	-	544,561	15,039		
2021	-	-	417,393	3,932		
Totals	\$ 6,560,000	\$ 1,950,243	\$ 10,711,198	\$ 2,292,286	\$ 2,479,999	\$ 791,097

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	\$ 28,660,244	\$1,966,298	\$ 26,693,946
Schools	57,320,487	2,113,703	55,206,784
Sewers	47,767,073		47,767,073
Urban renewal	41,398,130		41,398,130
Pension deficit	38,213,658		38,213,658

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$89,165,202.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$2,479,999 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. Capital Leases

At June 30, 2003, the Town is committed under various capital leases for a fire department pumper and an ambulance. These lease agreements qualify as a capital lease for accounting purposes (title transfers at the end of the lease term) and; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception.

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, 2003:

YEAR ENDING <u>JUNE 30,</u>	GENERAL LONG- <u>TERM DEBT</u>
2004	\$ 57,500
2005	15,664
2006	<u>15,664</u>
Total minimum lease payments	88,828
Less: amount representing interest	<u>(7,063)</u>
Present value of minimum lease payments	<u>\$ 81,765</u>

4. Authorized/Unissued Bonds

The amount of authorized, unissued bonds is \$10,304,145 as follows:

Project	Bonding Authorization	Previously Bonded	Authorized But Unissued
Wastewater treatment plant/system upgrade.....	\$ 13,291,607	\$ 13,117,462	\$ 174,145
Black Rock School Renovation.....	6,530,000	6,400,000	130,000
High School/Center school renovations.....	<u>10,000,000</u>	-	<u>10,000,000</u>
Total.....	<u>\$ 29,821,607</u>	<u>\$ 19,517,462</u>	<u>\$ 10,304,145</u>

5. Subsequent Events

Pursuant to a vote taken by the Board of Selectmen of the Town at a meeting on July 8, 2003, the Town authorized the issuance of bonds in an amount up to \$2,200,000 for the purpose of refunding, at or prior to maturity, certain maturities on the Town's outstanding U.S.D.A.

Pursuant to a resolution passed at a Town referendum on November 5, 2002, the Town authorized the issuance of up to \$10,000,000 in bonds and an appropriation of \$16,280,000 for the purpose of funding certain renovations and/or additions to Thomaston High School and Thomaston Center School.

The Town issued bonds on September 1, 2003, in the principal amount of \$3,915,000, of which \$1,615,000 was used to refund the outstanding U.S.D.A notes, and of which \$2,300,000 will be used to finance certain renovations and/or additions to Thomaston High School and Thomaston Center School.

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 is self-insured for dental benefits coverage. The self-insurance provides coverage for all Town and Board of Education employees. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There has been no reduction in any insurance coverage from coverage in the prior year.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at the balance sheet date. Claims liabilities are recorded in accordance with GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses. The Town purchases aggregate stop loss coverage at 125 percent of expected claims.

	CLAIMS PAYABLE <u>JULY 1</u>	CURRENT YEAR CLAIMS AND CHANGES IN <u>ESTIMATES</u>	CLAIMS <u>PAID</u>	CLAIMS PAYABLE <u>JUNE 30</u>
2001-2002	\$ 11,141	\$ 139,172	\$ 139,758	\$ 10,555
2002-2003	10,555	147,606	148,328	9,833

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 was begun on July 1, 1980. The workers' compensation pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in coverage period will be evaluated at 18, 30, and 42 months after the effective date of coverage. CIRMA's workers' compensation pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10 million per occurrence.

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

IV. OTHER INFORMATION (CONTINUED)

B. Commitments and Litigation

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

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

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

C. Pension Plan

1. Plan Description

Summary

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

2. Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

The Town's pension trust fund financial statement is prepared on the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned and expenses (benefits and administration) are recognized when they are incurred. 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, 2003, reported sales price. There are no investments of 5% or greater in any one organization.

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan

3. Classes of Employees Covered

Plan Participants (January 1, 2002)

Retirees and beneficiaries currently receiving benefits.....	46
Terminated employees entitled to benefits but not yet receiving them.....	7
Active plan members	<u>80</u>
Total Plan Participants	<u>133</u>

4. Benefit Provisions

a. Benefit Provisions

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

b. Employer Contributions

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

The Town's contributions for the plan can be found in IV C - Historical Trend Information.

c. Employee Contributions

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

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

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

5. Schedule of Employer Contributions and Net Pension Obligation

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
1998	\$ 313,918	\$ 335,793	107.0%
1999	334,444	263,098	78.7%
2000	327,756	334,444	102.0%
2001	332,165	336,475	101.3%
2002	410,022	314,727	76.8%
2003	518,514	401,303	77.4%

6. Actuarial Assumptions

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

Actuarial Valuation Date	01/01/2002
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
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	24 Years

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

The changes in the NPO were as follows:

Annual required contribution	\$ 518,514
Interest on net pension obligation	15,639
Adjustment to annual required contribution	(18,204)
Annual pension cost	515,949
Contributions made	401,303
Increase in net pension obligation.....	114,646
Net pension obligation - July 1, 2002	223,409
Net pension obligation - June 30, 2003.....	\$ 338,055

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (continued)

7. 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
2003	\$ 515,949	77.8%	\$ 338,055
2002	408,702	77.0%	223,409
2001	330,946	102.4%	129,434

D. Other Post-Employment Benefits

In addition to pension benefits, certain health care benefits for retired employees and their spouses are provided by the Town. Substantially all Town employees may become eligible for those benefits, if they reach normal retirement age while working for the Town. The Town recognizes the cost of providing those benefits on a pay-as-you-go basis. Expenditures totaled \$86,240 for health care for the year ended June 30, 2003, for the 28 retired participants.

E. On-Behalf Payments

The amount recognized in the general fund intergovernmental revenues and education expenditures for contributions made by the State to the State Teachers' Retirement Plan was \$356,194.

F. Restatements

As of July 1, 2002, the Town has implemented the following Governmental Accounting Standards Board pronouncements:

- GASB Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*
- GASB Statement No. 36 - *Recipient Reporting for Certain Shared Nonexchange Revenues - An Amendment of GASB No. 33*
- GASB Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*
- GASB Statement No. 38 - *Certain Financial Statement Note Disclosures*

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

IV. OTHER INFORMATION (CONTINUED)

F. Restatements (continued)

These pronouncements define the new financial reporting requirements for state and local governments.

As a result of implementing these pronouncements, the following restatements were made to the beginning fund balance and net asset balances as of July 1, 2002:

Governmental Fund Financial Statements

Fund Balance as of June 30, 2002.....	\$	6,274,541
Add: Reclassification of certain nonexpendable trust funds to permanent funds.....		357,566
To defer sewer use receivable in accordance with modified accrual.....		(102,958)
To restate Thomaston Opera House for unreported loan payable.....		<u>(3,469)</u>
Fund Balance as of July 1, 2002.....	\$	<u>6,525,680</u>

Government-Wide Financial Statements

Beginning net assets for governmental activities was determined as follows:

Fund Balances of General, Special Revenue, Capital Projects and Permanent Funds as of June 30, 2002.....	\$	6,525,680
Add: Governmental Capital Assets (including infrastructure) net of accumulated depreciation as of June 30, 2002.....		36,569,996
Add: Deferred revenues for property taxes and other receivables and recording of receivables for property tax interest and liens.....		3,821,678
Deduct: Bonds payable and other long-term liabilities outstanding as of June 30, 2002.....		(20,578,209)
Deduct: Accrued interest payable on long-term obligations.....		<u>(140,743)</u>
Fund Balance as of July 1, 2002.....	\$	<u>26,198,402</u>

TOWN OF THOMASTON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

THOMASTON RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

	A	B	(A-B)	(A/B)	C	[(B-A)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>JANUARY 1,</u>						
1997	\$ 3,752,959	\$ 5,030,352	\$ (1,277,393)	74.6%	\$ 2,318,457	55.1%
1998	4,420,857	6,061,951	(1,641,094)	72.9%	2,191,910	74.9%
1999	4,990,009	6,477,998	(1,487,989)	77.0%	2,309,338	64.4%
2000	5,607,510	6,970,034	(1,362,524)	80.5%	2,444,967	55.7%
2001	5,870,771	7,842,702	(1,971,931)	74.9%	2,519,204	78.3%
2002	5,716,405	8,523,451	(2,807,046)	67.1%	2,880,423	97.5%

Supplemental Schedules

General Fund

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

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2003

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Taxes.....	\$ 12,027,564	\$ 12,027,564	\$ 12,286,658	\$ 259,094
Prior year taxes.....	210,000	210,000	322,202	112,202
Interest and lien fees.....	100,000	100,000	148,688	48,688
Housing authority in lieu of taxes.....	6,600	6,600	6,566	(34)
Telecommunications property tax.....	138,789	138,789	101,291	(37,498)
TOTAL PROPERTY TAXES.....	12,482,953	12,482,953	12,865,405	382,452
CHARGES FOR SERVICES:				
Conveyance tax.....	30,000	30,000	48,527	18,527
Zoning and land use fees.....	9,000	9,000	17,343	8,343
Gun permits.....	700	700	455	(245)
Parking tickets.....	500	500	1,264	764
Meter Money.....	3,400	3,400	4,581	1,181
Accident reports.....	400	400	683	283
Vendor permits.....	800	800	550	(250)
Special duty police reimbursements.....	20,000	20,000	12,800	(7,200)
Statewide narcotics taskforce.....	-	-	8,000	8,000
Dam patrol.....	10,700	10,700	10,738	38
Transfer station fees.....	40,000	40,000	46,716	6,716
Building permits.....	50,000	50,000	63,374	13,374
Minibus fares.....	1,000	1,000	1,553	553
Recreation - programs.....	16,000	16,000	16,000	-
Recreation - Nystroms.....	3,650	3,650	3,660	10
BOE Tuition reimbursements.....	-	-	13,650	13,650
False alarms.....	1,500	1,500	2,635	1,135
Other licenses, fees and permits.....	200	200	1,292	1,092
TOTAL CHARGES FOR SERVICES.....	187,850	187,850	253,821	65,971
INTERGOVERNMENTAL REVENUES:				
Property tax relief - state owned property.....	63,660	63,660	64,402	742
Property tax relief - elderly freeze.....	9,491	9,491	9,715	224
Property tax relief - circuit breaker.....	56,037	56,037	49,694	(6,343)
Property tax relief - Veteran's exemption.....	24,287	24,287	24,982	695
Property tax relief - Mfg's machinery & equipment.....	617,089	617,089	381,917	(235,172)
Property tax relief - totally disabled.....	1,251	1,251	1,085	(166)
Federal PILOT - Land authorization.....	1,163	1,163	799	(364)
LOCIP.....	124,345	124,345	142,086	17,741
Education cost sharing.....	4,347,455	4,347,455	4,521,781	174,326
School construction grants.....	344,994	344,994	460,715	115,721
Special education grants.....	-	-	105,940	105,940
Health services.....	-	-	10,021	10,021
School transportation.....	151,983	151,983	124,422	(27,561)
Private School transportation & health.....	7,981	7,981	6,050	(1,931)
Boating safety.....	1,131	1,131	1,131	-
Mashantucket Pequot.....	126,059	126,059	98,435	(27,624)
Town Aid Road.....	126,817	57,411	57,411	-
FEMA Public Assistance.....	-	-	14,113	14,113
Emergency Operation Planning.....	-	41,063	41,063	-
Miscellaneous grants.....	50	50	2	(48)
TOTAL INTERGOVERNMENTAL REVENUES.....	6,003,793	5,975,450	6,115,764	140,314

(Continued)

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
INCOME FROM INVESTMENTS.....	\$ 108,000	\$ 108,000	\$ 48,163	\$ (59,837)
OTHER REVENUES:				
Blakeslee Settlement.....	12,400	12,400	6,200	(6,200)
Insurance recovery.....	-	-	3,911	3,911
Rent of Tower.....	18,540	18,540	18,772	232
Miscellaneous.....	-	-	17,515	17,515
TOTAL OTHER REVENUES.....	30,940	30,940	46,398	15,458
TOTAL REVENUES.....	18,813,536	18,785,193	19,329,551	544,358
OTHER FINANCING SOURCES:				
Appropriation of fund balance.....	391,600	713,110	-	(713,110)
Operating transfers in:				
Hillside Cemetery.....	-	9,342	9,342	-
Capital or nonrecurring fund.....	20,200	53,224	155,060	101,836
Sewer Commission usage fund.....	637,281	633,112	633,112	-
WPCA Repair & Replacement fund.....	-	45,669	45,669	-
Dog Fund.....	3,500	3,500	-	(3,500)
Total operating transfers in.....	660,981	744,847	843,183	98,336
Capital lease proceeds - equipment financing.....	-	43,559	43,559	-
TOTAL OTHER FINANCING SOURCES.....	1,052,581	1,501,516	886,742	(614,774)
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 19,866,117	\$ 20,286,709	\$ 20,216,293	\$ (70,416)

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2003

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
Board of Selectmen.....	\$ 93,864	\$ 93,864	\$ 91,142	\$ 2,722
Elections.....	25,985	25,985	18,017	7,968
Board of Finance.....	2,400	2,400	1,704	696
Treasurer.....	142,681	142,681	136,846	5,835
Independent audit.....	34,400	34,400	30,600	3,800
Legal.....	56,000	56,000	51,387	4,613
Tax Collector.....	85,268	85,268	79,325	5,943
Property Tax Rebates.....	15,000	15,000	11,484	3,516
Tax Assessor.....	65,300	65,300	61,110	4,190
Board of Assessment Appeals.....	3,450	3,506	3,506	-
Insurance.....	276,830	276,830	251,250	25,580
Town Hall Operations & Maintenance.....	114,767	109,308	106,920	2,388
Town Clerk.....	47,106	48,368	48,368	-
Probate court.....	2,300	2,300	2,219	81
Social security.....	196,000	205,129	205,129	-
Pension - Town Employees.....	346,529	331,971	331,971	-
Pension - Volunteer Firefighters and Ambulance.....	95,780	187,816	187,816	-
Medical / Life insurance.....	596,111	730,229	730,229	-
Retirees Medical Insurance.....	78,030	86,240	86,240	-
Council of governments.....	2,922	44,064	44,064	-
CT Conference of Municipalities.....	4,160	4,160	4,160	-
Contingency.....	125,000	25,630	25,630	-
TOTAL GENERAL GOVERNMENT.....	2,409,883	2,576,449	2,509,117	67,332
PUBLIC SAFETY:				
Police.....	790,378	860,102	860,102	-
Inmate supervision.....	29,400	29,400	28,929	471
Parking meters.....	1,800	1,800	11	1,789
Communications & dispatch.....	178,643	183,168	183,168	-
Fire Protection.....	101,955	102,572	102,572	-
Fire Marshal.....	18,000	18,000	17,812	188
Ambulance.....	59,010	56,175	56,175	-
Tree Warden.....	10,000	10,224	10,224	-
TOTAL PUBLIC SAFETY.....	1,189,186	1,261,441	1,258,993	2,448
PUBLIC WORKS:				
Highways.....	462,618	463,969	463,969	-
Town Aid Road.....	126,817	151,637	151,637	-
Snow & ice removal.....	54,980	77,114	77,114	-
Street lighting.....	80,000	80,000	74,884	5,116
Fire hydrants.....	105,000	106,024	106,024	-
Solid Waste & Recycling.....	418,190	404,355	404,355	-
St Thomas Cemetery.....	2,800	2,800	2,800	-
TOTAL PUBLIC WORKS.....	1,250,405	1,285,899	1,280,783	5,116
HEALTH AND WELFARE:				
Vital statistics.....	2,000	2,407	2,407	-
Visiting nurse.....	16,000	16,000	8,000	8,000
Torrington Area Health District.....	27,941	27,941	27,941	-
Northwest Regional Mental Health Board.....	825	825	825	-
Social Services.....	61,158	52,857	50,084	2,773
Elderly Nutrition.....	746	746	746	-
Susan B Anthony Project.....	1,500	1,500	1,500	-
Senior Advisory Board.....	954	954	954	-
Minibus.....	12,940	12,940	7,149	5,791
Veterans' Administration.....	1,000	1,000	1,000	-
TOTAL HEALTH AND WELFARE.....	125,064	117,170	100,606	16,564

(Continued)

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
CULTURE AND RECREATION:				
Recreation programs.....	\$ 96,600	\$ 96,600	\$ 95,934	\$ 666
Memorial Day.....	1,500	1,500	1,500	-
Nystroms Park.....	14,700	14,700	13,472	1,228
Police Explorers.....	5,000	5,000	3,005	1,995
Public Library.....	315,000	315,000	311,721	3,279
TOTAL CULTURE & RECREATION.....	432,800	432,800	425,632	7,168
HOUSING AND DEVELOPMENT:				
Conservation Commission.....	1,365	1,365	1,365	-
Inlands/Wetlands Commission.....	13,518	13,625	13,625	-
Building Inspector.....	43,695	43,771	43,771	-
Town Engineer.....	5,000	5,000	875	4,125
Naugatuck Vally Brownsfield Pilot.....	800	800	800	-
Planning & Zoning.....	27,433	30,492	30,492	-
Zoning Board of Appeals.....	15,223	15,223	14,592	631
TOTAL HOUSING & DEVELOPMENT.....	107,034	110,276	105,520	4,756
EDUCATION.....	11,167,590	11,167,590	11,085,088	82,502
DEBT SERVICE.....	1,837,445	1,837,445	1,836,526	919
TOTAL EXPENDITURES.....	18,519,407	18,789,070	18,602,265	186,805
OTHER FINANCING USES:				
Operating transfers out:				
Animal Control Officer-Dog fund.....	44,765	44,765	40,348	4,417
WPCA - Sewer Use fund.....	627,281	668,781	668,781	-
WPCA - Repair & Replacement fund.....	10,000	10,000	10,000	-
Hillside Cemetery.....	25,000	34,342	34,342	-
Capital or Nonrecurring	619,664	719,751	719,751	-
Opera House.....	20,000	20,000	20,000	-
TOTAL OTHER FINANCING USES.....	1,346,710	1,497,639	1,493,222	4,417
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 19,866,117	\$ 20,286,709	\$ 20,095,487	\$ 191,222

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
 REPORT OF TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2003

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2002	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	COLLECTIONS				UNCOLLECTED TAXES JUNE 30, 2003	
			ADDITIONS	DEDUCTIONS			TAXES	OVER-PAYMENTS & SUSPENSE	NET TAXES COLLECTED	INTEREST & LIENS		TOTAL
1986	\$ 5,634	\$ -	\$ -	\$ 5,389	\$ -	\$ 245	\$ 245	\$ -	\$ 245	\$ 511	\$ 756	\$ -
1987	7,441	-	-	-	374	7,067	510	25	485	1,541	2,026	6,582
1988	12,074	-	-	129	604	11,341	173	7	166	425	591	11,175
1989	6,926	-	-	206	687	6,033	184	-	184	414	598	5,849
1990	7,161	-	-	55	753	6,353	192	-	192	399	591	6,161
1991	6,064	-	-	-	141	5,923	128	-	128	235	363	5,795
1992	8,251	-	-	-	135	8,116	571	-	571	1,445	2,016	7,545
1993	13,674	-	-	-	622	13,052	870	471	399	965	1,364	12,653
1994	14,868	-	-	-	157	14,711	1,922	27	1,895	693	2,588	12,816
1995	16,931	-	-	-	796	16,135	2,754	52	2,702	3,194	5,896	13,433
1996	22,421	-	-	-	-	22,421	2,875	-	2,875	2,989	5,864	19,546
1997	30,440	-	308	961	-	29,787	8,263	-	8,263	4,308	12,571	21,524
1998	48,824	-	-	1,920	27	46,877	15,957	15	15,942	9,329	25,271	30,935
1999	95,262	-	171	2,322	-	93,111	44,549	776	43,773	16,676	60,449	49,338
2000	263,219	-	70,837	7,842	-	326,214	243,005	3,047	239,958	33,013	272,971	86,256
Total Prior Years	559,190	-	71,316	18,824	4,296	607,386	322,198	4,420	317,778	76,137	393,915	289,608
2001	-	12,717,729	41,148	63,725	-	12,695,152	12,269,879	7,646	12,262,233	72,023	12,334,256	432,919
TOTAL	\$ 559,190	\$ 12,717,729	\$ 112,464	\$ 82,549	\$ 4,296	\$ 13,302,538	\$ 12,592,077	\$ 12,066	\$ 12,580,011	\$ 148,160	\$ 12,728,171	\$ 722,527

Nonmajor Governmental Funds

Special Revenue Funds

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

Permanent Funds

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

TOWN OF THOMASTON, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2003

	SPECIAL REVENUE FUNDS									
	SEWER COMMISSION USAGE FUND	SEWER COMMISSION ASSESSMENT & APPROPRIATION FUND	SCHOOL LUNCH FUND	EDUCATION GRANT FUND	TOWN CLERK PRESERVATION FUND	EDITH KENEA PARK FUND	EDITH KENEA TREE FUND	KENEA PARK PROJECT	NEIGHBORHOOD ASSISTANCE PROGRAM	THOMASTON OPERA HOUSE
<u>ASSETS</u>										
Cash.....	\$ 500	\$ 67	\$ 65,058	\$ 39,904	\$ 5,793	\$ -	\$ -	\$ 7,275	\$ 775	\$ 16,690
Investments.....	-	177,597	-	29,568	-	41,244	42,152	-	-	-
Receivables:										
Sewer assessments and usage.....	106,175	-	-	-	-	-	-	-	-	-
Intergovernmental.....	-	-	16,395	-	-	-	-	-	-	-
Other.....	-	-	467	1,003	-	-	-	-	-	-
Other.....	-	-	9,278	-	-	-	-	-	-	-
TOTAL ASSETS.....	\$ 106,675	\$ 177,664	\$ 91,198	\$ 70,475	\$ 5,793	\$ 41,244	\$ 42,152	\$ 7,275	\$ 775	\$ 16,690
<u>LIABILITIES AND FUND BALANCES</u>										
LIABILITIES:										
Accounts payable.....	\$ -	\$ -	\$ 524	\$ 2,297	\$ -	\$ 72	\$ -	\$ -	\$ -	\$ 13,517
Deferred revenue.....	93,678	-	-	67,710	-	-	-	-	-	-
TOTAL LIABILITIES.....	93,678	-	524	70,007	-	72	-	-	-	13,517
FUND BALANCES:										
Designated for improvements.....	-	-	-	-	-	40,917	40,921	-	-	-
Unreserved and undesignated.....	12,997	177,664	90,674	468	5,793	255	1,231	7,275	775	3,173
TOTAL FUND BALANCES.....	12,997	177,664	90,674	468	5,793	41,172	42,152	7,275	775	3,173
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 106,675	\$ 177,664	\$ 91,198	\$ 70,475	\$ 5,793	\$ 41,244	\$ 42,152	\$ 7,275	\$ 775	\$ 16,690

(Continued)

TOWN OF THOMASTON, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2003

	SPECIAL REVENUE FUNDS					PERMANENT FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PUBLIC LIBRARY	SCHOOL DRUG ABUSE	DRUG LAW ENFORCEMENT	ECONOMIC DEVELOPMENT COMMISSION	SOCIAL SERVICES CRISIS FUND	TOTAL SPECIAL REVENUE	FIRE DEPT. TRUST FUND	HILLSIDE CEMETERY TRUST	TOTAL PERMANENT FUNDS	
<u>ASSETS</u>										
Cash.....	\$ 850	\$ 2,653	\$ 23	\$ -	\$ 499	\$ 140,087	\$ -	\$ 1,191	\$ 1,191	\$ 141,278
Investments.....	-	-	-	7,407	9,490	307,458	16,137	400,860	416,997	724,455
Receivables:										
Sewer assessments and usage.....	-	-	-	-	-	106,175	-	-	-	106,175
Intergovernmental.....	-	-	-	-	-	16,395	-	-	-	16,395
Other.....	-	-	-	-	-	1,470	-	-	-	1,470
Other.....	-	-	-	-	-	9,278	-	-	-	9,278
TOTAL ASSETS.....	\$ 850	\$ 2,653	\$ 23	\$ 7,407	\$ 9,989	\$ 580,863	\$ 16,137	\$ 402,051	\$ 418,188	\$ 999,051
<u>LIABILITIES AND FUND BALANCES</u>										
LIABILITIES:										
Accounts payable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,410	\$ -	\$ 164	\$ 164	\$ 16,574
Deferred revenue.....	-	-	-	-	-	161,388	-	-	-	161,388
TOTAL LIABILITIES.....	-	-	-	-	-	177,798	-	164	164	177,962
FUND BALANCES:										
Reserved for endowments.....	-	-	-	-	-	-	15,700	-	15,700	15,700
Reserved for perpetual care.....	-	-	-	-	-	-	-	295,038	295,038	295,038
Designated for improvements.....	-	-	-	-	-	81,838	-	-	-	81,838
Unreserved and undesignated.....	850	2,653	23	7,407	9,989	321,227	437	106,849	107,286	428,513
TOTAL FUND BALANCES.....	850	2,653	23	7,407	9,989	403,065	16,137	401,887	418,024	821,089
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 850	\$ 2,653	\$ 23	\$ 7,407	\$ 9,989	\$ 580,863	\$ 16,137	\$ 402,051	\$ 418,188	\$ 999,051

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	SPECIAL REVENUE FUNDS									
	SEWER COMMISSION USAGE FUND	SEWER COMMISSION ASSESSMENT & APPROPRIATION FUND	SCHOOL LUNCH FUND	EDUCATION GRANT FUND	TOWN CLERK PRESERVATION FUND	EDITH KENE PARK FUND	EDITH KENE TREE FUND	KENE PARK PROJECT	NEIGHBORHOOD ASSISTANCE PROGRAM	THOMASTON OPERA HOUSE
REVENUES:										
Charges for services.....	\$ 635,162	\$ 7,150	\$ 279,157	\$ 6,000	\$ 2,614	\$ -	\$ -	\$ 171	\$ -	\$ 289,278
Intergovernmental.....	-	-	89,565	469,529	5,000	-	-	-	-	-
Income from investments.....	-	2,435	-	-	32	689	693	42	5	58
Other.....	-	13,500	-	-	-	-	-	12,639	-	11,560
TOTAL REVENUES.....	635,162	23,085	368,722	475,529	7,646	689	693	12,852	5	300,896
EXPENDITURES:										
Current:										
General government.....	-	-	-	-	5,471	572	-	-	-	-
Public works.....	668,781	33,215	-	-	-	-	-	-	-	-
Culture & Recreation.....	-	-	-	-	-	-	-	8,512	-	334,236
Education.....	-	-	358,822	475,548	-	-	-	-	-	-
TOTAL EXPENDITURES.....	668,781	33,215	358,822	475,548	5,471	572	-	8,512	-	334,236
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(33,619)	(10,130)	9,900	(19)	2,175	117	693	4,340	5	(33,340)
OTHER FINANCING SOURCES (USES):										
Operating transfers in.....	668,781	-	-	-	-	-	-	-	-	20,000
Operating transfers out.....	(633,112)	-	-	-	-	-	-	-	-	-
NET OTHER FINANCING SOURCES.....	35,669	-	-	-	-	-	-	-	-	20,000
NET CHANGE IN FUND BALANCES.....	2,050	(10,130)	9,900	(19)	2,175	117	693	4,340	5	(13,340)
FUND BALANCES, JULY 1, 2002 (AS RESTATED).....	10,947	187,794	80,774	487	3,618	41,055	41,459	2,935	770	16,513
FUND BALANCES, JUNE 30, 2003.....	\$ 12,997	\$ 177,664	\$ 90,674	\$ 468	\$ 5,793	\$ 41,172	\$ 42,152	\$ 7,275	\$ 775	\$ 3,173

(Continued)

TOWN OF THOMASTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	SPECIAL REVENUE FUNDS						PERMANENT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	PUBLIC LIBRARY	DOG FUND	SCHOOL DRUG ABUSE	DRUG LAW ENFORCEMENT	ECONOMIC DEVELOPMENT COMMISSION	SOCIAL SERVICES CRISIS FUND	TOTAL SPECIAL REVENUE	FIRE DEPT. TRUST FUND	HILLSIDE CEMETERY TRUST		TOTAL PERMANENT FUNDS
REVENUES:											
Charges for services.....	\$ 2,845	\$ 9,622	\$ -	\$ -	\$ -	\$ -	\$ 1,231,999	\$ -	\$ 22,520	\$ 22,520	\$ 1,254,519
Intergovernmental.....	6,751	-	-	5,387	-	-	576,232	-	-	-	576,232
Income from investments.....	34	-	61	18	114	168	4,349	400	21,508	21,908	26,257
Other.....	14,909	-	500	-	-	2,602	55,710	-	1,168	1,168	56,878
TOTAL REVENUES.....	24,539	9,622	561	5,405	114	2,770	1,868,290	400	45,196	45,596	1,913,886
EXPENDITURES:											
Current:											
General government.....	-	-	-	-	-	-	6,043	-	-	-	6,043
Public safety.....	-	49,970	-	6,869	-	-	56,839	2,761	-	2,761	59,600
Public works.....	-	-	-	-	-	-	701,996	-	70,432	70,432	772,428
Health and welfare.....	-	-	-	-	-	3,761	3,761	-	-	-	3,761
Culture & Recreation.....	29,664	-	-	-	-	-	372,412	-	-	-	372,412
Education.....	-	-	3,677	-	-	-	838,047	-	-	-	838,047
TOTAL EXPENDITURES.....	29,664	49,970	3,677	6,869	-	3,761	1,979,098	2,761	70,432	73,193	2,052,291
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(5,125)	(40,348)	(3,116)	(1,464)	114	(991)	(110,808)	(2,361)	(25,236)	(27,597)	(138,405)
OTHER FINANCING SOURCES (USES)											
Operating transfers in.....	-	40,348	-	-	-	-	729,129	-	34,342	34,342	763,471
Operating transfers out.....	-	-	-	-	-	-	(633,112)	-	(9,342)	(9,342)	(642,454)
NET OTHER FINANCING SOURCES.....	-	40,348	-	-	-	-	96,017	-	25,000	25,000	121,017
NET CHANGE IN FUND BALANCES.....	(5,125)	-	(3,116)	(1,464)	114	(991)	(14,791)	(2,361)	(236)	(2,597)	(17,388)
FUND BALANCES, JULY 1, 2002 (AS RESTATED).....	5,975	-	5,769	1,487	7,293	10,980	417,856	18,498	402,123	420,621	838,477
FUND BALANCES, JUNE 30, 2003.....	\$ 850	\$ -	\$ 2,653	\$ 23	\$ 7,407	\$ 9,989	\$ 403,065	\$ 16,137	\$ 401,887	\$ 418,024	\$ 821,089

(Concluded)

Fiduciary Funds

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

Pension Trust Funds

A fiduciary fund type used to report resources that are required to be held in trust for the member and beneficiaries of defined benefit pension plans.

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.

Agency Funds

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

TOWN OF THOMASTON, CONNECTICUT

PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2003

	LEANDER SMITH AWARD	SETH THOMAS PRIZE FUND	TOTAL
<u>ASSETS</u>			
Investments.....	\$ 4,912	\$ 1,041	\$ 5,953
<u>NET ASSETS</u>			
Net Assets Held in Trust.....	\$ 4,912	\$ 1,041	\$ 5,953

TOWN OF THOMASTON, CONNECTICUT

PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2003

	LEANDER SMITH AWARD	SETH THOMAS PRIZE FUND	TOTAL
REVENUE:			
Income from investments.....	\$ 118	\$ 24	\$ 142
NET ASSETS, JULY 1, 2002.....	4,794	1,017	5,811
NET ASSETS, JUNE 30, 2003.....	<u>\$ 4,912</u>	<u>\$ 1,041</u>	<u>\$ 5,953</u>

TOWN OF THOMASTON, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2003

	BALANCE JULY 1, 2002	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2003
<u>ASSETS</u>				
CASH:				
School activities fund.....	\$ 46,415	\$ 150,043	\$ 139,512	\$ 56,946
Recreation commission.....	3,482	50,508	52,886	1,104
High school athletic council.....	2,760	35,878	35,665	2,973
Public school internal account.....	19,501	78,189	69,708	27,982
Performance bond fund.....	10,697	69	-	10,766
Public library staff fund.....	2,190	16,645	18,458	377
Clocktower Restoration.....	2,686	37	-	2,723
Join Against Insensible Lawlessness.....	5,104	70	-	5,174
Class Reunions.....	2,074	22	16	2,080
Christmas Lights Fund.....	2,296	8,550	7,695	3,151
Police Rec & Educational Fund.....	883	606	877	612
Railroad Museum Commission.....	2,848	4,035	3,631	3,252
Thomaston Police Explorers.....	15,645	12,190	13,442	14,393
Neighborhood Watch.....	513	3	516	-
Defibrillator Fund.....	1,564	12	1,256	320
Memorial Day Parade Fund.....	1,601	-	1,601	-
Christmas Committee.....	-	1,770	-	1,770
TOTAL CASH.....	120,259	358,627	345,263	133,623
INVESTMENT:				
Tri-centennial committee.....	2,904	136	-	3,040
TOTAL ASSETS.....	\$ 123,163	\$ 358,763	\$ 345,263	\$ 136,663
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
School activities fund.....	\$ 46,415	\$ 150,043	\$ 139,512	\$ 56,946
Recreation commission.....	3,482	50,508	52,886	1,104
High school athletic council.....	2,760	35,878	35,665	2,973
Public school internal account.....	19,501	78,189	69,708	27,982
Performance bond fund.....	10,697	69	-	10,766
Tri-centennial committee.....	2,904	136	-	3,040
Public library staff fund.....	2,190	16,645	18,458	377
Clocktower Restoration.....	2,686	37	-	2,723
Join Against Insensible Lawlessness.....	5,104	70	-	5,174
Class Reunions.....	2,074	22	16	2,080
Christmas Lights Fund.....	2,296	8,550	7,695	3,151
Police Rec & Educational Fund.....	883	606	877	612
Railroad Museum Commission.....	2,848	4,035	3,631	3,252
Thomaston Police Explorers.....	15,645	12,190	13,442	14,393
Neighborhood Watch.....	513	3	516	-
Defibrillator Fund.....	1,564	12	1,256	320
Memorial Day Parade Fund.....	1,601	-	1,601	-
Christmas Committee.....	-	1,770	-	1,770
TOTAL LIABILITIES.....	\$ 123,163	\$ 358,763	\$ 345,263	\$ 136,663

Compliance

TOWN OF THOMASTON, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374 (b)
FOR THE YEAR ENDED JUNE 30, 2003

Total tax collections (including interest and lien fees) for current year.....	\$ 12,728,171
Reimbursement for revenue loss on Tax relief for elderly freeze.....	9,715
BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$ 12,737,886</u>

DEBT LIMITATION:	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
2 1/4 times base.....	\$ 28,660,244	\$ -	\$ -	\$ -	\$ -
4 1/2 times base.....	-	57,320,487	-	-	-
3 3/4 times base.....	-	-	47,767,073	-	-
3 1/4 times base.....	-	-	-	41,398,130	-
3 times base.....	-	-	-	-	38,213,658
TOTAL DEBT LIMITATION.....	28,660,244	57,320,487	47,767,073	41,398,130	38,213,658
INDEBTEDNESS:					
Bonds payable.....	1,966,298	4,593,702	-	-	-
Less: School Building grants.....	-	(2,479,999)	-	-	-
TOTAL INDEBTEDNESS.....	1,966,298	2,113,703	-	-	-
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....	<u>\$ 26,693,946</u>	<u>\$ 55,206,784</u>	<u>\$ 47,767,073</u>	<u>\$ 41,398,130</u>	<u>\$ 38,213,658</u>

The total net indebtedness above amounts to: \$ 4,080,001

In no event shall total indebtedness exceed seven time the base for debt limitation computator \$ 89,165,202

There is no overlapping debt.