

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

of the

**TOWN OF THOMASTON,
CONNECTICUT**

FOR THE YEAR ENDED

JUNE 30, 2005

PREPARED BY:

THE FINANCE DEPARTMENT

SUSAN L. C. WHITNEY, FINANCE DIRECTOR

TOWN OF THOMASTON, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2005

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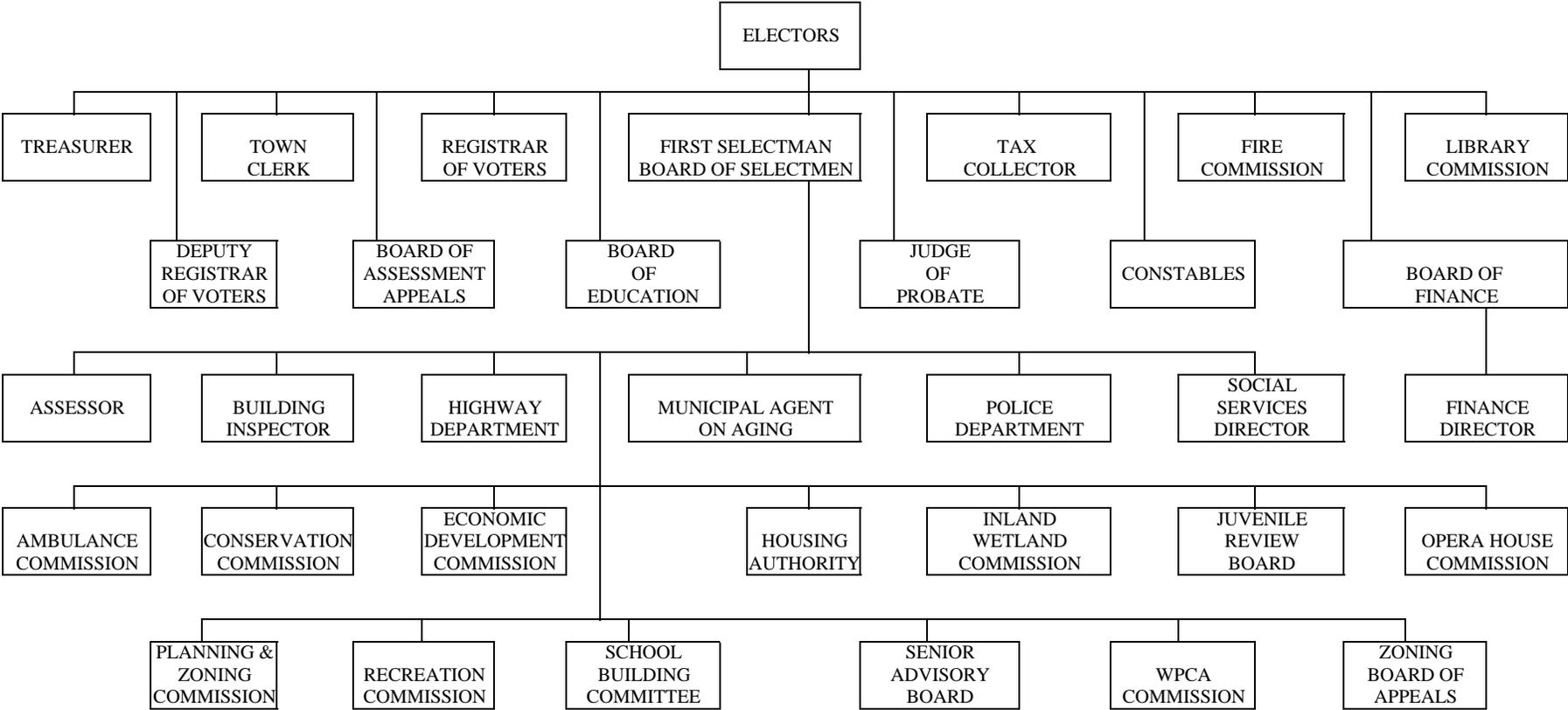
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Introductory Section

TOWN OF THOMASTON, CONNECTICUT

ORGANIZATIONAL CHART





December 14, 2005

Board of Finance
Town of Thomaston
Thomaston, Connecticut 06787

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby submit the Comprehensive Annual Financial Report (CAFR) of the Town of Thomaston, Connecticut, for the fiscal year ended June 30, 2005.

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

The Town of Thomaston's financial statements have been audited by Kostin, Ruffkess & Company, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Thomaston for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Thomaston's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The Town of Thomaston is a suburb consisting of 12.0 square miles and located 10 miles south of Torrington, Connecticut, 23 miles west of Hartford, Connecticut, with a population of 7,901. The Town is easily accessible by an excellent highway system. Route 8, a four-lane State highway, provides north-south interstate connections from Bridgeport to Winsted, where it meets Route 44 and continues north to the Massachusetts border. Interstate 84, the major east-west highway through Connecticut, is located just 11 miles south of the Town. Intra-town traffic is served by U.S. Route 6 and State routes 254, 109, and 262, which pass through the Town. Air transport is available at the Oxford Regional, New Haven-Tweed and Bradley International Airports.

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

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

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

Factors Affecting Financial Condition

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

Local Economy. Thomaston is a residential community with a diversified manufacturing economic base. The Town's proximity to the Naugatuck River continues to be a major factor in its natural appeal to the development of certain types of industries. The Town continues to be home to many small and medium-sized manufacturers. Since acquiring a local manufacturing site from Risdon-AMS Inc. in December 2001, Rexam Corporation has steadily expanded its operation in Thomaston. Rexam has since embarked upon a \$3 million renovation which may result in the need for additional space. The Thomaston operation regularly employs 300 employees who are part of Rexam's "beauty and closures" division, manufacturing fragrance pumps for customers that include Avon Products Inc., the Estee Lauder Co. and Liz Claiborne Inc.

One of Thomaston's largest taxpayers and employers, Summit Corporation of America, is currently attempting to recover from financial difficulties. Summit Corporation filed for Chapter 11 in early 2003. Under its reorganization, the Town has agreed that back taxes in the amount of \$595,374 is to be paid to the Town over twenty (20) equal semi-annual installments due July 1st and January 1st of each year. This payment plan is contingent upon Summit's payment of all current and future real, personal and motor vehicle taxes as they accrue.

In the past two years, Ward Leonard Corporation has continued to grow and continues to utilize more and more of the former Tech Systems manufacturing site. The company has gradually increased its workforce from approximately 40 about two years ago to nearly 100 today. The company currently occupies 145,000 square feet of the site.

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

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

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

Long-term Financial Planning. Prepared as part of the annual budget process, a five year plan of capital improvement projects attempts to identify and provide a responsible funding/execution plan for public betterments to ensure a stable community infrastructure. The plan is designed to budget adequate reserves for replacement of obsolete equipment and vehicles and provide for the betterment of town-wide roads.

Additionally, the Town of Thomaston is in the process of completing recently approved bond projects for renovations to the Town's High School and Center School. In addition to providing significant additional facility space, the projects will make significant code and infrastructure improvements which should make the existing schools viable for years to come. The rated capacity of Thomaston High School is expected to reach 680 after the completion of the project. The Thomaston Center School project is primarily focused on updating existing infrastructure and does not include new classrooms.

General Fund Balance. The general fund's unreserved and undesignated fund balance of \$1,741,694 increased by 19.29% in 2005. The current undesignated fund balance provides the Town with the equivalence of approximately 21 working days of expenditures. This significantly reduces the likelihood of the Town entering the short-term debt market to pay for current operating expenditures.

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

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

The operations of the pension trust fund were strong in 2005, based on the improving economic condition and the investment markets. The net assets held in trust increased \$669,313 to \$7,178,663 at June 30, 2005, as a result of current year activity. The funding of the actuarially accrued liability has increased from 58.9% in the prior year to 62.8%.

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Thomaston for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. This was the first year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Kostin, Ruffness & Company, LLC". The signature is written in a cursive, flowing style.

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

TOWN OF THOMASTON, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2005

BOARD OF SELECTMEN

Clifford C. Brammer, Jr., First Selectman
Richard O'Connell, Selectman
John Piscopo, Selectman

BOARD OF FINANCE

Michael E. Burr, Chairman
John S. Scheppard
Edmond V. Mone
George Counter
Kenneth Hopkins
Marie Galbraith

TOWN DEPARTMENTS

William S. Johnston, Treasurer
Susan L.C. Whitney, Finance Director / School Business Manager
Rae Ann Walcott, Tax Assessor
Sandra R. Bruscano, Tax Collector
Lynda Mitchell, Superintendent of Schools
Paul Pronovost, Superintendent of Highway
Richard Tingle, Superintendent of W.P.C.A.
Catherine P. Dupont, Town Clerk
Eugene Torrence, Chief of Police
Henry McGee Jr., Fire Chief
Robert Norton, Fire Marshall
William Fuhrman, Building Inspector
Sam Barto, Town Planner & Land Use Officer
Martin Egan, Park and Recreation Director
Lorraine Babb, Social Services Director

AUDITORS

Kostin, Ruffkess & Company, LLC

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Thomaston,
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Zjelke

President

Jeffrey R. Emer

Executive Director

Financial Section



Business Advisors and Certified Public Accountants

Farmington • New London
Springfield, MA

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

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Fax: (860) 678-6110
Web: www.kostin.com

INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Thomaston, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Thomaston, Connecticut, as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Thomaston, Connecticut, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2005, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Schedule of Funding Progress – Thomaston Retirement System on pages 10 through 20 and page 55, 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.

Members of:

Leading Edge Alliance • American Institute of Certified Public Accountants • Private Companies Practice Section • Connecticut Society of Certified Public Accountants



Page Two

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

Kostin, Ruffkless & Company, LLC

Farmington, Connecticut
December 14, 2005



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, 2005

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, 2005.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$31,928,261 (*net assets*). Of this amount, \$10,198,581 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- Unrestricted net assets increased by \$9,655,080 from the prior year, which was the result of the Town's fulfillments of commitments to contractors associated with the high school renovation and addition project. These commitments were funded through the issuance of bonds. As of June 30, 2005, the entire amount authorized of \$10,000,000 in bonds has been issued.
- The Town's total net assets increased by \$4,112,134. Approximately 95% of this increase is due to the increase in investments as a result of issuing, but not spending all of the remaining bonds for the Center School project. The remaining increase was due to capital outlay associated with the high school project, as these costs are not expensed, but capitalized.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,572,300, an increase of \$3,812,969 in comparison with the prior year. \$4,025,103 of fund balance is reserved for a specific purpose, leaving an *unreserved fund balance* in the amount of \$6,547,197. \$4,000,000 of bonds has been allocated to the Center School project, however, no commitments to contractors have been signed.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,411,694, a decrease of \$86,692 in comparison with the prior year. This represents 11.8 percent of total general fund expenditures.

Overview of the Basic Financial Statements

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

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

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

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

The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Fund financial statements. The fund financial statements provide detailed information about the most significant funds; not the Town as whole. Some funds are required to be established by State law and by bond covenants. However, the Town establishes many other funds to help it maintain control and manage money that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance related legal requirements for using certain grants. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

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

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

The Town maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, small cities, capital projects and the capital or nonrecurring funds, all of which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in Schedules 4 and 5 in this report.

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

Fiduciary funds. The Town is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets (Exhibits G and H). We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. The Town's combined net assets increased by 14.8 percent from a year ago – increasing from \$27,816,127 to \$31,928,261.

By far the largest portion of the Town's net assets (60.9 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

	2005	2004
Current and other assets.....	\$ 16,126,261	\$ 12,292,787
Capital assets (net).....	44,553,637	37,587,201
Total assets.....	60,679,898	49,879,988
Long-term liabilities outstanding.....	27,374,590	20,616,613
Other liabilities.....	1,377,047	1,447,248
Total liabilities.....	28,751,637	22,063,861
Net assets:		
Invested in capital assets, net of related debt.....	19,449,596	19,001,844
Restricted.....	2,280,084	8,136,836
Unrestricted.....	10,198,581	677,447
TOTAL NET ASSETS.....	\$ 31,928,261	\$ 27,816,127

An additional portion of the Town's net assets (7.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (32 percent) may be used to meet the Town's ongoing obligations to citizens and creditors.

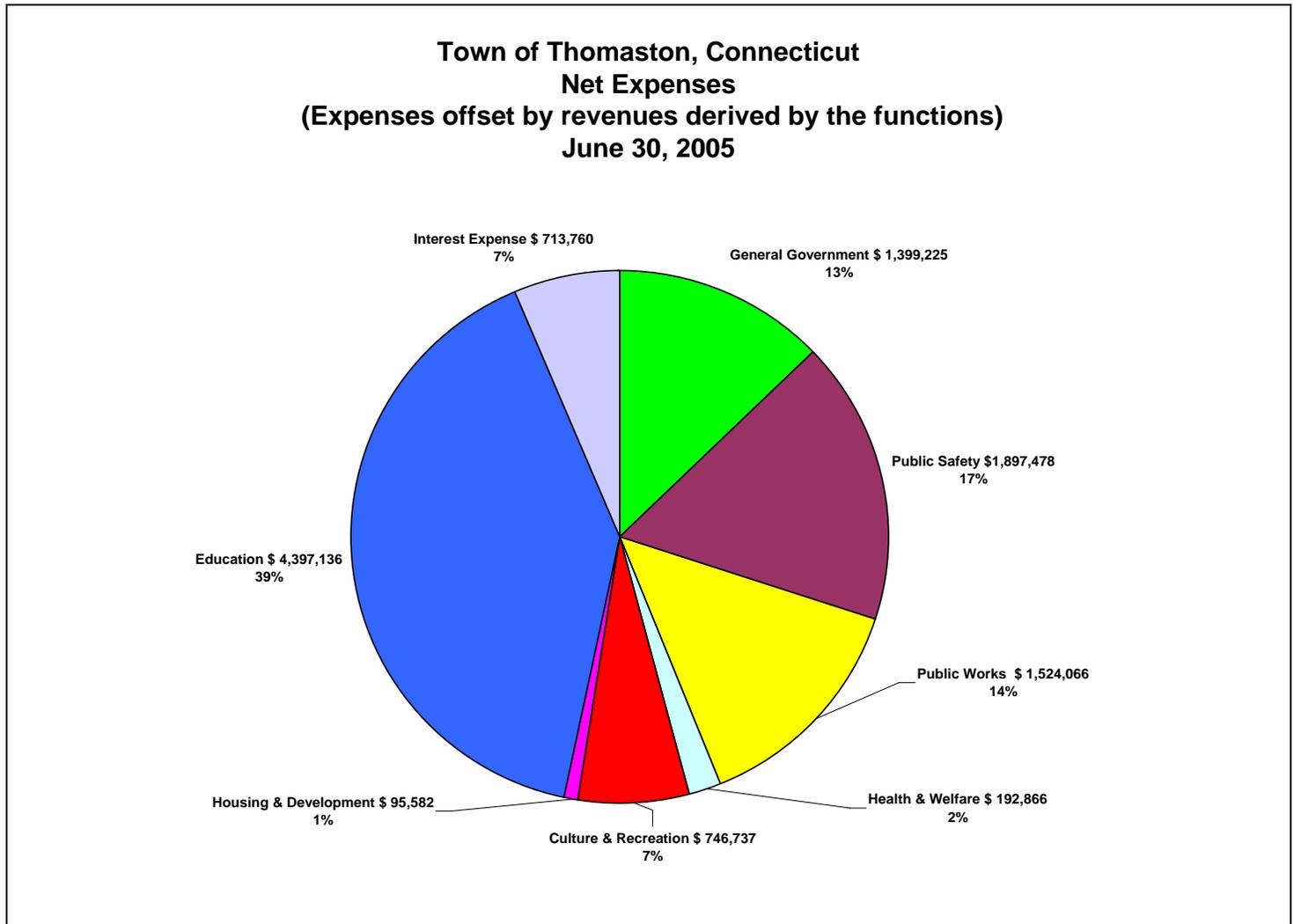
At the end of the current fiscal year, the Town is able to report a positive balance in all the categories of net assets. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities increased the Town's net assets by \$4,112,134. Key elements of this increase are as follows:

TOWN OF THOMASTON'S CHANGES IN NET ASSETS		
	2005	2004
REVENUES:		
Program revenues:		
Charges for services.....	\$ 2,065,613	\$ 1,623,267
Operating grants and contributions.....	6,156,094	5,850,910
Capital grants and contributions.....	3,743,257	954,076
GENERAL REVENUES:		
Property taxes.....	14,065,657	13,618,870
Grants and contributions not restricted to specific programs.....	748,179	723,029
Investment income.....	200,395	108,929
Other.....	64,753	16,225
TOTAL REVENUES.....	27,043,948	22,895,306
EXPENSES:		
General government.....	1,659,892	1,771,177
Public safety.....	1,943,257	2,200,339
Public works.....	3,346,625	3,145,912
Health and welfare.....	196,049	161,221
Culture and recreation.....	1,243,253	1,264,180
Housing and development.....	204,261	177,685
Education.....	13,624,717	13,126,941
Interest on long-term debt.....	713,760	667,065
TOTAL EXPENSES.....	22,931,814	22,514,520
INCREASE IN NET ASSETS.....	\$ 4,112,134	\$ 380,786

- The taxable grand list decrease of \$1,405,864 (0.04 percent) combined with the increase in the mill rate of 1.68 (a mill rate of 37.18) generated an increase of \$586,754 in the property tax levy. Adjustments to the levy reduced revenue by \$47,909.
- Operating and capital grants for governmental activities increased by approximately 45.5%, mostly as a result of school construction grants associated with the high school. Other State aid is anticipated to stay flat for the next fiscal year including Town Aid Road, Mashantucket Pequot and Payment in lieu of taxes (PILOT). Grants which pass through the General Fund from the State Department of Education account for approximately 86% of the Town's intergovernmental revenue.
- Expenses increased by \$417,294 (1.85%) due to the increase in salaries, health insurance premiums, rising fuel oil and diesel costs and other fringe benefits.

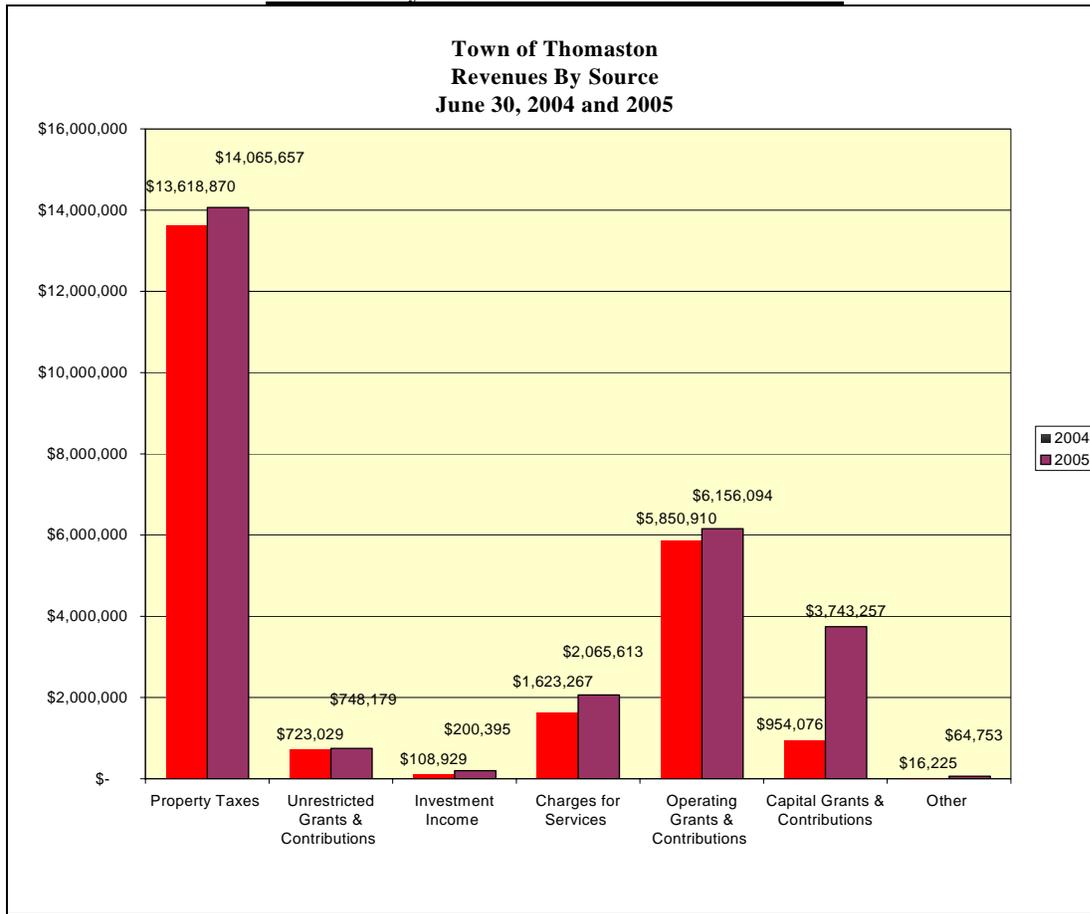
Expenses and Program Revenues (Net) - Governmental Activities



The new reporting model allows us to show the net cost by function. In most cases, the above chart represents the true cost of the departments because we have offset the costs by the revenues derived by those departments. For example, the net cost of Education \$4,397,136 includes expenses of \$13,624,717 offset by charges for services of \$331,359, operating grants and contributions (including the Education Cost sharing grant) of \$5,900,806 and capital grants and contributions of \$2,995,416. However, the capital grant ultimately offsets capital outlay and not the education operations. Therefore, in this particular case, capital grants tend to distort the net costs.

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

Revenues by Source - Governmental Activities



This chart reflects the sources of revenue for 2004 and 2005, which provide the services the taxpayers of Thomaston receive. Property taxes of \$14,065,657 (52 percent) are the major source of revenue, followed by operating grants and contributions of \$6,156,094 (22.8 percent), capital grants and contributions of \$3,743,257 (13.8 percent) and charges for services of \$2,065,613 (7.6 percent). The remaining \$1,013,327 (3.8 percent) is made up of unrestricted grants and contributions, investment income, and miscellaneous income.

Financial Analysis of the Town's Funds

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

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

Management's Discussion and Analysis (continued)

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,572,300. The Town has reserved \$4,025,103 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 (\$1,265,147), 2) to liquidate contracts and purchase orders of the prior period on school construction (\$1,800,307), 3) to generate income to pay for the perpetual care of the municipal cemetery (\$321,689), and 4) for compensated absences (\$637,960).

GAAP requires us to reserve fund balance for the total amount of contractual obligations even though we have not spent the money. Commitments in the amount of \$1,800,307 for the high school project were recorded in the Capital Projects Fund, which is a decrease of \$5,944,715 from the prior year. This combined with the issuance of new bonds, with no signed commitments for construction on the Center School project, results in an unreserved fund balance of \$6,547,197.

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 \$2,411,694. 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 11.8 percent of total general fund expenditures; however, \$670,000 of unreserved fund balance has been designated for the subsequent year's budget. The balance of unreserved and undesignated fund balance of \$1,741,694 lowers the percentage to 8.5 percent of total general fund expenditures.

The fund balance of the Town's general fund increased only slightly by \$11,692 during the current fiscal year. The Town had budgeted the use of prior year surplus of \$865,000 to balance the fiscal 2004-2005 budget, but these key factors defrayed the use of this surplus:

- Tax collections exceeded budgetary estimates by \$257,068.
- Conveyance tax and other charges for services exceeded budgetary estimates by \$127,728.
- The State's reimbursement rate for payment in lieu of taxes for manufacturing machinery and equipment was not reduced as anticipated, resulting in additional grants of \$251,634.
- Income from investments exceeded budgetary estimates due to higher cash balances related to the issuance of bonds and the rise in interest rates.
- Budgetary overruns were funded between departmental budgets requiring no further appropriations from surplus.

Management's Discussion and Analysis (continued)

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

TOWN OF THOMASTON'S GENERAL FUND

	2005	2004	Variance
REVENUES:			
Property taxes.....	\$ 13,980,389	\$ 13,385,994	\$ 594,395
Charges for services.....	381,122	342,175	38,947
Intergovernmental.....	6,255,374	6,181,867	73,507
Income from investments.....	143,934	69,294	74,640
Other.....	65,576	57,975	7,601
TOTAL REVENUES.....	20,826,395	20,037,305	789,090
EXPENDITURES:			
General government.....	2,896,223	2,906,859	(10,636)
Public safety.....	1,309,546	1,340,106	(30,560)
Public works.....	1,290,409	1,266,033	24,376
Health and welfare.....	135,114	121,680	13,434
Culture and recreation.....	468,696	450,842	17,854
Housing and development.....	100,988	110,743	(9,755)
Education.....	12,286,857	11,936,478	350,379
Debt service.....	1,899,272	1,540,367	358,905
TOTAL EXPENDITURES.....	20,387,105	19,673,108	713,997
EXCESS OF REVENUES OVER EXPENDITURES.....	439,290	364,197	75,093
OTHER FINANCING SOURCES (USES):			
Capital lease proceeds.....		166,500	(166,500)
Transfers in.....	1,158,069	1,718,242	(560,173)
Transfers out.....	(1,585,667)	(1,886,525)	300,858
Bond premium.....		4,949	(4,949)
Payment to refunding bond escrow.....		(200,000)	200,000
NET OTHER FINANCING SOURCES (USES).....	(427,598)	(196,834)	(230,764)
NET CHANGE IN FUND BALANCES.....	\$ 11,692	\$ 167,363	\$ (155,671)

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$134,011, including additional appropriations of \$27,515 from fund balance and \$106,796 from revised revenue appropriations. The increase in budget can be briefly summarized as follows:

Additional appropriations from fund balance:

- \$27,515 for the down payment on a new fire truck.

Revised revenue appropriations:

- Federal grants for Emergency Operations Planning received in the amount of \$26,781, which the Town passed through to the Naugatuck Valley Council of Governments to administer.
- Miscellaneous transfer in from Hillside Cemetery to cover their salaries in the amount of \$9,000.
- Additional money collected for the Thomaston Opera House of \$12,501.
- Additional monies of \$58,514 collected from WPCA Sewer Use fund in excess of operating expenses which were transferred to the WPCA Repair and Replacement Fund.

Additional appropriations from contingency were made during the year as follows:

- \$18,000 for sand to lock in the current rates.
- \$31,936 for a skid steer loader with 84" plow.

Management's Discussion and Analysis (continued)

During the year, revenues exceeded budgetary estimates and some expenditures were less than budgetary estimates, thus reducing the need to draw upon existing fund balance. Of the \$865,000 of budgeted use of surplus, none was required. Departments which exceeded the original appropriations totaled \$206,904.

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

- Town Hall heating costs - \$3,311
- Town clerk indexing fees - \$3,540
- Pension actuary fees - \$6,479

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

- Legal fees - \$24,825. There was an increase in legal fees associated with the Town negotiating four union contracts as well as defending the Town in other lawsuits, past and present.
- Police department - \$106,316. The police budget ran overages in overtime due to contractual reasons.
- Snow & ice removal \$35,974 – Due to the major storms associated with the winter of 2005

These overruns were funded by underruns in insurance, visiting nurse, contingency and debt service budgets.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental type activities as of June 30, 2005, amounts to \$44,553,637 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles, machinery and equipment, sewer lines, roads, bridges, sidewalks and system storm drains. The total increase in the Town's investment in capital assets for the current fiscal year was 18.5%. This increase is largely due to the addition and renovation to the high school. Only those assets which cost \$5,000 or more with a useful life exceeding one year are capitalized. Assets costing less than \$5,000 are expensed.

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

- The initial design stage of the Thomaston High School renovation began in February 2003; construction in progress as of the close of the fiscal year had reached \$6,657,110. In addition, computers, furniture, consumer science and technology education equipment purchases totaled \$396,803.
- The initial design stage of the Center School renovation began in November 2004; construction on progress as of the close of the fiscal year had reached \$114,376. In addition a new walk-in freezer for the Center School was installed for \$16,074.
- New heavy equipment purchased during the year included a skid steer loader with plow (\$31,936) for the highway department and an infield groomer (\$11,300) for the recreation department.
- The Town accepted 22,802 square feet of Howard Lane, valued at \$415,176, and 18,590 square feet of Martha's Way, valued at \$275,473, constructed and built by developers. The Town records donated assets at their fair value.
- A variety of street and sewer construction projects were completed during the year, including rebuilding 188.5 linear feet of the Sanford Avenue sewer line (\$31,448).
- Other miscellaneous equipment purchased during the year included automatic scrubbers for the schools and a record desk cabinet for the Town clerk (grant funded).

**TOWN OF THOMASTON'S CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)**

	2005	2004
Land	\$ 1,315,620	\$ 1,315,620
Construction in progress	9,052,848	2,232,720
Buildings	19,927,820	20,272,516
Land improvements	714,946	745,047
Machinery and equipment	3,186,151	2,957,746
Vehicles	726,981	890,639
Infrastructure	9,629,271	9,172,913
Total	\$ 44,553,637	\$ 37,587,201

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

Long-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$16,940,000. All debt is backed by the full faith and credit of the government. The remainder of the Town's debt represents notes totaling \$8,012,793 funded by the State of Connecticut Clean Water Fund, capital lease obligations for the dump trucks and the ambulance totaling \$139,868, and a bond premium of \$174,978.

**TOWN OF THOMASTON'S OUTSTANDING DEBT
LONG-TERM OBLIGATIONS**

	2005	2004
General obligation bonds	\$ 16,940,000	\$ 9,930,000
Notes	8,012,793	8,459,267
Capital lease obligations	139,868	196,090
Bond premium	174,978	101,313
Total	\$ 25,267,639	\$ 18,686,670

On November 5, 2002, the Town, through referendum, 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 September 1, 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 was used to finance the High School project.

In April 2005, the Town issued the remaining \$7,700,000, of which \$4,000,000 has been allocated for the Center School Renovation Project. The first scheduled principal payment of \$410,000 has been deferred to fiscal year 2006-2007. An interest payment of \$322,895 was budgeted for fiscal 2005-2006.

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 \$101,466,267, which is significantly in excess of the Town's outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town is currently 5.2%, which is an increase from a rate of 4.8% a year ago. This compares unfavorably to the state's average unemployment rate of 5.0% but favorable to the Waterbury Labor Market rate of 6.4%.
- Thomaston is facing increasing economic burdens based on its own fiscal limitations, such as increasing municipal expenditures and debt service associated with the high school and center school renovations.
- Thomaston's tax base is predominantly residential, forcing more of the tax burden on the homeowner rather than on the commercial sectors.
- Devastation from Hurricanes Katrina and Rita have had a material impact on the national economy, but the economy is growing nonetheless. While losses along the Gulf Coast mean higher energy prices, negative impacts on growth should reverse in 2006. With ongoing national economic strength, the Federal Reserve will likely continue to increase or maintain interest rates. The Connecticut outlook for 2006 indicates employment and income gains that resemble 2005. Employment growth occurs in the non-manufacturing sector with manufacturing employment flat. Housing activity should decline somewhat in 2006 due to slightly higher interest rates.

All of these factors were considered in preparing the Town's budget for the 2005-06 fiscal year.

During the current fiscal year, unreserved and undesignated fund balance in the general fund increased to \$2,411,694. The Town has appropriated \$670,000 of this amount for spending in the 2005-06 fiscal year budget. It is intended that this use of available fund balance will lessen the need to raise taxes or service charges.

Thomaston's debt service is expected to rise dramatically over the next two fiscal budgets due to the high school and center school projects. This, combined with increasing energy costs and health insurance, will have a negative impact on next year's budget.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Susan L. 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, 2005

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 839,645
Investments.....	8,942,666
Receivables:	
Property taxes.....	478,457
Assessments.....	97,920
Loans.....	102,107
Intergovernmental.....	323,064
Notes.....	24,881
Other assets.....	55,862
Bond issue costs.....	9,492
	10,874,094
Total current assets.....	10,874,094
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Investments.....	158,088
Permanently restricted:	
Investments.....	321,689
	479,777
Total restricted assets.....	479,777
Receivables (net):	
Property taxes.....	734,271
Assessments/use charges.....	83,100
Loans.....	1,137,737
Intergovernmental.....	2,525,987
Notes.....	137,189
	4,618,284
Total Receivables (net).....	4,618,284
Bond issue costs.....	154,106
Capital assets (net of accumulated depreciation):	
Land.....	1,315,620
Construction in progress.....	9,052,848
Buildings.....	19,927,820
Land improvements.....	714,946
Machinery and equipment.....	3,186,151
Vehicles.....	726,981
Infrastructure.....	9,629,271
	44,553,637
Total capital assets (net of accumulated depreciation).....	44,553,637
Total noncurrent assets.....	49,805,804
TOTAL ASSETS.....	60,679,898

(Continued)

EXHIBIT A
(2 of 2)

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2005

GOVERNMENTAL
ACTIVITIES

LIABILITIES

LIABILITIES:

Current liabilities:

Accounts payable.....	\$ 1,059,172
Accrued payroll.....	132,067
Accrued interest payable.....	179,871
Unearned revenue.....	5,937

Total current liabilities..... 1,377,047

Noncurrent liabilities:

Long-term liabilities due within one year.....	1,649,118
Long-term liabilities due in more than one year.....	25,725,472

Total noncurrent liabilities..... 27,374,590

TOTAL LIABILITIES..... 28,751,637

NET ASSETS

Invested in capital assets, net of related debt.....	19,449,596
Restricted for:	
Capital projects.....	1,800,307
Endowments:	
Nonexpendable.....	120,200
Expendable.....	1,314
Perpetual care:	
Nonexpendable.....	201,489
Expendable.....	156,774
Unrestricted.....	10,198,581

TOTAL NET ASSETS..... \$ 31,928,261

(Concluded)

EXHIBIT B

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

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.....	\$ 1,659,892	\$ 148,871	\$ 110,889	\$ 907	\$ (1,399,225)
Public safety.....	1,943,257	37,524	3,091	5,164	(1,897,478)
Public works.....	3,346,625	1,038,705	93,205	690,649	(1,524,066)
Health and welfare.....	196,049	1,669	1,514		(192,866)
Culture and recreation.....	1,243,253	398,806	46,589	51,121	(746,737)
Housing and development.....	204,261	108,679			(95,582)
Education.....	13,624,717	331,359	5,900,806	2,995,416	(4,397,136)
Interest expense.....	713,760				(713,760)
TOTAL.....	\$ 22,931,814	\$ 2,065,613	\$ 6,156,094	\$ 3,743,257	\$ (10,966,850)
GENERAL REVENUES:					
Property taxes.....					\$ 14,065,657
Grants and contributions not restricted to specific programs.....					748,179
Investment income.....					200,395
Miscellaneous.....					64,753
TOTAL GENERAL REVENUES.....					15,078,984
CHANGE IN NET ASSETS.....					4,112,134
NET ASSETS - JULY 1, 2004.....					27,816,127
NET ASSETS - JUNE 30, 2005.....					\$ 31,928,261

TOWN OF THOMASTON, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	GENERAL	SMALL CITIES	CAPITAL PROJECTS	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Cash.....	\$ 198,166	\$ 532,383	\$ 10,002	\$ 265	\$ 98,829	\$ 839,645
Investments.....	7,476,511		65,932	1,154,699	725,301	9,422,443
Due from other funds.....	41,052		5,007,557			5,048,609
Receivables, net:						
Property taxes.....	1,207,723					1,207,723
Assessments/use charges.....			16,412		110,636	127,048
Loans.....		1,265,147				1,265,147
Intergovernmental.....	25,168		3,384		52,683	81,235
Other.....	23,818				1,063	24,881
Other assets.....	44,091				11,771	55,862
TOTAL ASSETS.....	\$ 9,016,529	\$ 1,797,530	\$ 5,103,287	\$ 1,154,964	\$ 1,000,283	\$ 18,072,593
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable.....	\$ 321,793	\$	\$ 668,317	\$ 14,988	\$ 54,074	\$ 1,059,172
Accrued payroll.....	132,067					132,067
Due to other funds.....	5,007,557		13,909	4,740	22,403	5,048,609
Unearned revenue.....	1,143,418		16,412		100,615	1,260,445
Total Liabilities.....	6,604,835	-	698,638	19,728	177,092	7,500,293
Fund Balances:						
Reserved for:						
Receivables.....		1,265,147				1,265,147
Commitments.....			1,800,307			1,800,307
Compensated absences.....				637,960		637,960
Endowments.....					120,200	120,200
Perpetual care.....					201,489	201,489
Unreserved, reported in:						
Designated for subsequent year's budget.....	670,000					670,000
Designated for improvements (special revenue funds).....					82,564	82,564
General fund.....	1,741,694					1,741,694
Special revenue funds.....		532,383			260,850	793,233
Capital projects funds.....			2,604,342	497,276		3,101,618
Permanent funds.....					158,088	158,088
Total Fund Balances.....	2,411,694	1,797,530	4,404,649	1,135,236	823,191	10,572,300
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 9,016,529	\$ 1,797,530	\$ 5,103,287	\$ 1,154,964	\$ 1,000,283	\$ 18,072,593

(Continued)

TOWN OF THOMASTON, CONNECTICUT

RECONCILIATION OF FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2005

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)..... \$ 10,572,300

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

Beginning capital assets and current additions.....	45,623,887
Depreciation expense.....	(1,064,294)
Disposal of assets.....	(5,956)

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.....	321,255
Property tax, sewer use and sewer assessment receivable - accrual basis change.....	1,254,508
School building grant receivable.....	2,767,816
Notes receivable.....	137,189
Allowance for doubtful accounts.....	(287,581)
Bond issue costs.....	163,598

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

Beginning long-term liabilities and current year additions.....	(28,972,959)
Long-term liability payments.....	1,598,369
Accrued interest payable.....	(179,871)

NET ASSETS OF GOVERNMENTAL ACTIVITIES..... \$ 31,928,261

(Concluded)

TOWN OF THOMASTON, CONNECTICUTSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	GENERAL	SMALL CITIES	CAPITAL PROJECTS	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property taxes.....	\$ 13,980,389	\$	\$	\$	\$	\$ 13,980,389
Charges for services.....	381,122	5,206	27,362		1,503,577	1,917,267
Intergovernmental.....	6,255,374		2,998,922	102,690	788,192	10,145,178
Contributions.....				2,367	56,928	59,295
Income from investments.....	143,934	3,646	1,734	24,980	26,101	200,395
Other.....	65,576		6,092		5,485	77,153
TOTAL REVENUES.....	20,826,395	8,852	3,034,110	130,037	2,380,283	26,379,677
EXPENDITURES:						
Current:						
General government.....	2,896,223			91,406	2,680	2,990,309
Public safety.....	1,309,546			38,377	52,504	1,400,427
Public works.....	1,290,409		51,162	110,293	739,444	2,191,308
Health and welfare.....	135,114				2,365	137,479
Culture and recreation.....	468,696		3,384	2,908	431,877	906,865
Housing and development.....	100,988	53,887				154,875
Education.....	12,286,857			43,937	1,039,121	13,369,915
Debt service.....	1,899,272		78,197			1,977,469
Capital outlay.....			7,184,363	11,300	26,214	7,221,877
TOTAL EXPENDITURES.....	20,387,105	53,887	7,317,106	298,221	2,294,205	30,350,524
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	439,290	(45,035)	(4,282,996)	(168,184)	86,078	(3,970,847)
OTHER FINANCING SOURCES (USES):						
Issuance of debt.....			7,700,000			7,700,000
Premium.....			83,816			83,816
Transfers in.....	1,158,069		101,581	379,026	1,105,060	2,743,736
Transfers out.....	(1,585,667)			(16,294)	(1,141,775)	(2,743,736)
NET OTHER FINANCING SOURCES (USES).....	(427,598)	-	7,885,397	362,732	(36,715)	7,783,816
NET CHANGE IN FUND BALANCES.....	11,692	(45,035)	3,602,401	194,548	49,363	3,812,969
FUND BALANCES - JULY 1, 2004.....	2,400,002	1,842,565	802,248	940,688	773,828	6,759,331
FUND BALANCES - JUNE 30, 2005.....	\$ 2,411,694	\$ 1,797,530	\$ 4,404,649	\$ 1,135,236	\$ 823,191	\$ 10,572,300

TOWN OF THOMASTON, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

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).....	\$ 3,812,969
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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.....	8,036,686
Depreciation expense.....	(1,064,294)
Total	6,972,392

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.....

	(5,956)
--	---------

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.....	(247,592)
Notes receivable.....	137,189
Increase in property tax, sewer use and sewer assessment receivable - accrual basis change.....	201,277
Increase in property tax, sewer use and sewer assessment interest and lien revenue.....	(83,420)
Increase in property tax and sewer use allowance for doubtful accounts.....	(33,832)
Total	(26,378)

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:	
Issuance of general obligation bonds.....	(7,700,000)
Bond premium.....	(83,816)
Bond issue costs.....	78,196
Capital lease proceeds.....	
Principal repayments:	
General obligation bonds.....	690,000
Notes payable.....	446,474
Capital lease.....	56,222
Total	(6,512,924)

TOWN OF THOMASTON, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

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.....	\$ 145,000
Compensated absences.....	(115,417)
Net pension obligation.....	(123,970)
Early retirement.....	5,000
Severance.....	(87,621)
Accrued interest payable.....	48,380
Amortization of bond premium.....	10,151
Amortization of bond issue costs.....	<u>(9,492)</u>
Total	<u>(127,969)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u>\$ 4,112,134</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, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 13,706,090	\$ 13,706,090	\$ 13,980,389	\$ 274,299
Charges for services.....	253,394	253,394	381,122	127,728
Intergovernmental.....	5,632,127	5,658,908	6,012,057	353,149
Investment income.....	78,000	78,000	143,934	65,934
Other.....	42,400	42,400	65,576	23,176
TOTAL REVENUES.....	19,712,011	19,738,792	20,583,078	844,286
EXPENDITURES:				
Current:				
General government.....	2,954,501	2,914,304	2,877,278	37,026
Public safety.....	1,205,404	1,311,720	1,305,327	6,393
Public works.....	1,250,381	1,330,813	1,303,322	27,491
Health and welfare.....	126,946	121,230	116,645	4,585
Culture and recreation.....	444,866	447,546	445,735	1,811
Housing and development.....	113,108	114,884	103,077	11,807
Education.....	12,031,116	12,031,116	11,968,284	62,832
Debt service.....	2,037,671	1,919,161	1,899,272	19,889
TOTAL EXPENDITURES.....	20,163,993	20,190,774	20,018,940	171,834
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(451,982)	(451,982)	564,138	1,016,120
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	865,000	892,515	-	(892,515)
Transfers in.....	1,072,160	1,152,175	1,158,069	5,894
Transfers out.....	(1,485,178)	(1,592,708)	(1,585,667)	7,041
NET OTHER FINANCING SOURCES (USES).....	451,982	451,982	(427,598)	(879,580)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	136,540	\$ 136,540
FUND BALANCE - JULY 1, 2004.....			2,406,951	
FUND BALANCE - JUNE 30, 2005.....			<u>\$ 2,543,491</u>	

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	PENSION TRUST FUND	PRIVATE- PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>			
Cash.....	\$	\$ 1,912	\$ 164,911
Investments:			
Money Market.....	66,534	5,996	3,213
US Treasury Notes.....	380,134		
US Government Investment Pool.....	489,578		
Corporate Obligations.....	1,031,329		
Mutual Funds.....	1,168,031		
Equities.....	4,016,040		
Total investments.....	7,151,646	5,996	3,213
Interest receivable.....	27,017		
TOTAL ASSETS.....	7,178,663	7,908	168,124
<u>LIABILITY</u>			
Accounts payable.....			168,124
<u>NET ASSETS</u>			
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES.....	\$ 7,178,663	\$ 7,908	\$ -

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

TOWN OF THOMASTON, CONNECTICUTSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	PENSION TRUST FUND	PRIVATE- PURPOSE TRUST FUNDS
ADDITIONS:		
Contributions:		
Employer.....	\$ 610,922	\$
Employees.....	92,103	
Other.....	13,078	
Total contributions.....	716,103	-
Investment income:		
Net appreciation in fair value of investments.....	222,472	
Interest and dividends.....	211,346	112
Total investment income.....	433,818	112
TOTAL ADDITIONS.....	1,149,921	112
DEDUCTIONS:		
Benefits.....	480,238	
Other.....	370	200
TOTAL DEDUCTIONS.....	480,608	200
CHANGES IN NET ASSETS.....	669,313	(88)
NET ASSETS - JULY 1, 2004.....	6,509,350	7,996
NET ASSETS - JUNE 30, 2005.....	\$ 7,178,663	\$ 7,908

TOWN OF THOMASTON, CONNECTICUTNOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

HISTORY AND ORGANIZATION

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Town reports the following major governmental funds:

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

The *Small Cities Fund* accounts for the revolving loans for commercial and residential use under the federal program administered by the Department of Economic and Community Development.

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

Investments for the Town are reported at fair value. The State Treasurer's Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

2. Receivables and Payables

a. Interfunds

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

b. Property Taxes and Other Receivables

In the government-wide financial statements, all trade, property tax, sewer use, sewer assessment, and loan receivables, are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 60 percent of outstanding receivable balances at June 30, 2005, and are calculated based upon prior collections.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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

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

3. Restricted Assets

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

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Compensated Absences

All employees are granted vacation and sick time based upon contractual provisions. Employees are not permitted to carry vacation days from one calendar year to the next without prior approval. The Board of Education employees are paid vacation on a fiscal year basis and, therefore, unused vacation lapses at June 30. The Town employees are paid vacation on an anniversary date basis and, therefore, a liability for unused vacation has been recorded. Certified employees at the Board of Education may accumulate up to 165 days of unused sick time or 150 days for employees hired after June 30, 1998. Employees are one-third vested with 20 - 24 years of service and two-thirds vested with 25 or more years of service. Unused sick time does not accumulate for certified employees hired after July 1, 1992. A liability in the amount of \$429,584 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 \$69,003 has been accrued for non-certified Board of Education employees and \$578,397 for Town employees.

The accrued sick time varies for Board of Education administrators. A liability in the amount of \$101,049 has been accrued.

6. Long-Term Obligations

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

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

7. Fund Equity and Net Assets

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Fund Equity and Net Assets (Continued)

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

Invested in Capital Assets, Net of Related Debt

This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purpose is excluded.

Restricted Net Assets

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

Unrestricted Net Assets

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

8. Estimates

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

9. Comparative Data/Reclassifications

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

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

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

- The Board of Finance can approve additional appropriations for a department, provided such additional appropriations do not exceed \$20,000. Appropriations in excess of \$20,000 must be approved by vote of a Town Meeting. There were additional appropriations of \$27,515 made during the year from fund balance and \$106,796 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.
- 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, 2005	\$ 20,583,078	\$ 20,018,940	\$ 2,543,491
Encumbrance outstanding at June 30, 2004, liquidated during the year		75,000	
Payroll (accrual) change.....		49,848	(131,797)
State Teachers' Retirement on-behalf payment	<u>243,317</u>	<u>243,317</u>	
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2005	<u>\$ 20,826,395</u>	<u>\$ 20,387,105</u>	<u>\$ 2,411,694</u>

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

C. Donor Restricted Endowments

The Town has received certain endowments for the maintenance of the Hillside Cemetery and fire department operation purposes. The amounts are reflected in net assets as restricted for permanent funds. Investment income (including appreciation) is approved for expenditure by the individual Boards. At June 30, 2005, the amount of appreciation included in unreserved fund balance was as follows:

Hillside Cemetery Trust	\$(6,702)
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D. Deficit Fund Balance

The following individual funds had a deficit fund balance at June 30, 2005:

Special Revenue Funds

Sewer Use Fund.....	\$ 6,474
Thomaston Opera House.....	9,760
Dog Fund	4,846

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

E. Capital Project Authorizations

The following is a summary of certain capital projects at June 30, 2005:

<u>Project</u>	<u>Project Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>6/30/05 Balance</u>
Thomaston High School and Center School	<u>\$ 16,280,000</u>	<u>\$ 7,346,376</u>	<u>\$ 9,588,104</u>	<u>\$ 6,691,896</u>

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, 2005:

	PROJECT AUTHORIZATION	CURRENT YEAR EXPENDITURES	CUMULATIVE EXPENDITURES	BALANCE JUNE 30, 2005
Ambulance Reserve	\$ 123,059	\$ -	\$ 118,059	\$ 5,000
Assessors' Revaluation	273,900	-	259,470	14,430
BOE Band Uniforms	11,075	189	11,075	-
BOE Textbooks	315,000	43,849	313,187	1,813
BOE THS HVAC Improvements	69,300	157	69,300	-
BOE THS Plumbing	9,500	137	9,500	-
BOE THS Rubber Roof	35,000	-	-	35,000
BOE THS Roof Flashing	40,000	-	34,400	5,600
BOE THS/TCS Computers	92,500	-	92,500	-
BOE TCS Gym Floor, Doors & Clock	25,000	10	25,000	-
BOE TCS Infrastructure	39,456	4	39,456	-
BOE TCS Sidewalks	32,000	-	-	32,000
Cemetery New Road Section	5,000	-	-	5,000
Communication Radio Upgrade	58,955	2,688	58,955	-
Communication Phone System Upgrade	491	491	491	-
Christmas Lights - Operating	10,000	-	10,000	-
Christmas Lights - Reserve	12,000	-	-	12,000
DEP Town Garage	1,675,664	74,824	1,637,288	38,376
DEP Storm Water tracking	30,000	21,348	21,348	8,652
Environmental Study	15,000	15,000	15,000	-
FEMA Reimbursement	20,885	20,885	20,885	-
Fire Dept: Vestibule & Painting	17,344	405	17,344	-
Fire Dept: Hepatitis	8,408	-	3,919	4,489
Fire Dept: Truck Reserve	50,000	-	-	50,000
Highway Dump Trucks	216,500	446	216,500	-
Highway Equipment Trade	5,000	135	5,000	-
Highway Garage Move	8,000	-	-	8,000
Highway Roadside Mower	72,000	965	72,000	-
Highway Road Work	422,976	42,247	263,326	159,650
Highway Sand Shed	10,000	-	6,800	3,200
Interoffice Equipment	20,000	-	19,241	759
K-9 Donation Reserves	3,486	900	1,489	1,997
PD: Durango	71,675	654	71,675	-
PD: Vehicle Replacement Program	21,523	-	21,523	-
PD: Weapons	9,722	41	9,722	-
PD: Booking Room	4,000	4,000	4,000	-
PD: Bullet Proof Vests	2,348	1,345	2,170	178
Rec: Highwood / Nystroms Project	267,000	2,908	190,780	76,220
Rec: Infield Groomer	11,300	11,300	11,300	-
Retirement: Police & Highway	60,726	60,726	60,726	-
Skate Park Proceeds	1,090	-	-	1,090
TAYAC	147,400	400	147,400	-
Teachers' Sick Pay Reserve	788,924	-	150,964	637,960
Tennis Courts	20,000	-	19,279	721
Town Hall Technology	47,000	-	47,000	-
Town Hall Roof Repair	10,000	1,583	1,583	8,417
Town Hall Building Repair Fund	105,611	-	91,805	13,806
TOTALS	\$ 5,295,818	\$ 307,637 *	\$ 4,171,460	\$ 1,124,358

* Includes \$9,416 of transfers out and excludes \$6,878 of interest income transferred to the General Fund.

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

III. DETAILED NOTES

A. Cash and Investments

1. Deposits – Custodial Credit Risk – Custodial credit risk is risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2005, \$10,505,320 of the Town's bank balance of \$10,931,543 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,414,788
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,090,532</u>
Total amount subject to custodial credit risk	<u>\$10,505,320</u>

2. The investments classified under Risk Category 3 are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

At June 30, 2005, the Town's investments (including restricted investments) consisted of the following investment types and maturities. Specific identification was used to determine the maturities.

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)				
		N/A	LESS THAN 1	1-5 YEARS	5-10 YEARS	OVER 10
Mutual Funds:						
Corporate Bonds	\$ 1,031,329	\$	\$ 161,475	\$ 526,021	\$ 314,327	\$ 29,506
Equity Mutual Funds	1,358,953	1,358,953				
Money Market Mutual Funds.....	66,534		66,534			
Certificates of Deposit	26,223		26,223			
Money Market Funds	9,063,151		9,063,151			
Pooled Fixed Income	20,983		20,983			
U.S. Government Obligations	400,134			82,079		318,055
U.S. Government Agency Obligations.....	489,578		109,146	180,388	140,892	59,152
Common Stock	4,126,413	4,126,413				
TOTAL	<u>\$16,583,298</u>	<u>\$ 5,485,366</u>	<u>\$9,447,512</u>	<u>\$ 788,488</u>	<u>\$ 455,219</u>	<u>\$ 406,713</u>

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

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

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

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

2. Investments (Continued)

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

<u>AVERAGE RATING</u>	<u>POOLED FIXED INCOME</u>	<u>U.S. GOV'T AGENCY OBLIGATION</u>	<u>MONEY MARKET MUTUAL FUNDS</u>	<u>BOND MUTUAL FUNDS</u>
AAA.....	\$ 20,983	\$ 387,569	\$ 66,534	\$
AA.....				366,181
A.....				462,739
BAA.....				96,405
BBB.....				106,004
Unrated / U.S. Government..		102,009		
TOTAL.....	\$ 20,983	\$ 489,578	\$ 66,534	\$ 1,031,329

Custodial credit risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town's investment in U.S. government obligations and U.S. government agency obligations are held by the counterparty's trust department or agent but not in the Town's name and is not insured for amounts greater than \$1,000,000.

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

III. DETAILED NOTES (CONTINUED)

B. Receivables

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

	<u>PROPERTY TAXES</u>		
	<u>TAXES</u>	<u>INTEREST & LIEN FEES</u>	<u>TOTAL</u>
Current Portion	\$ 436,405	\$ 42,052	\$ 478,457
Long-term Portion	\$ 771,318	\$ 221,537	\$ 992,855
Less Allowance for Uncollectibles	(99,251)	(159,333)	(258,584)
Net Long-term Portion	\$ 672,067	\$ 62,204	\$ 734,271

	<u>SEWER / WATER USE AND ASSESSMENTS</u>			<u>CDBG LOANS</u>
	<u>ASSESSMENTS</u>	<u>INTEREST & LIEN FEES</u>	<u>TOTAL</u>	
Current Portion	\$ 67,371	\$ 30,549	\$ 97,920	\$ 102,107
Long-term Portion	\$ 59,677	\$ 27,117	\$ 86,794	\$ 1,163,040
Less Allowance for Uncollectibles	(2,541)	(1,153)	(3,694)	(25,303)
Net Long-term Portion	\$ 57,136	\$ 25,964	\$ 83,100	\$ 1,137,737

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

DEFERRED REVENUE:

Delinquent property taxes receivable (general fund)	\$1,137,218
Special assessments not yet due (special revenue fund)	94,678
Settlement receivable not yet earned	6,200
Delinquent assessments (capital projects fund)	16,412

UNEARNED REVENUE:

Grant drawdowns prior to meeting all eligibility requirements	<u>5,937</u>
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TOTAL UNEARNED REVENUE FOR GOVERNMENTAL FUNDS \$1,260,445

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, 2005, was as follows:

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
<u>Governmental Activities</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land.....	\$ 1,315,620	\$	\$	\$ 1,315,620
Construction in progress.....	2,232,720	6,831,362	11,234	9,052,848
Total Capital Assets, not being Depreciated.....	<u>3,548,340</u>	<u>6,831,362</u>	<u>11,234</u>	<u>10,368,468</u>
<u>Capital Assets, being Depreciated:</u>				
Buildings.....	23,773,055			23,773,055
Land improvements.....	1,347,004			1,347,004
Machinery and equipment.....	5,044,888	494,461	9,612	5,529,737
Vehicles.....	2,350,416		61,221	2,289,195
Infrastructure.....	15,102,698	722,097		15,824,795
Total Capital Assets, being Depreciated.....	<u>47,618,061</u>	<u>1,216,558</u>	<u>70,833</u>	<u>48,763,786</u>
Total Capital Assets.....	<u>51,166,401</u>	<u>8,047,920</u>	<u>82,067</u>	<u>59,132,254</u>
<u>Less Accumulated Depreciation for:</u>				
Buildings.....	3,500,539	344,696		3,845,235
Land improvements.....	601,957	30,101		632,058
Machinery and equipment.....	2,087,142	262,959	6,515	2,343,586
Vehicles.....	1,459,777	160,799	58,362	1,562,214
Infrastructure.....	5,929,785	265,739		6,195,524
Total Accumulated Depreciation.....	<u>13,579,200</u>	<u>1,064,294</u>	<u>64,877</u>	<u>14,578,617</u>
Total Capital Assets, being Depreciated, net.....	<u>34,038,861</u>	<u>152,264</u>	<u>5,956</u>	<u>34,185,169</u>
Governmental Activities Capital Assets, net.....	<u>\$ 37,587,201</u>	<u>\$ 6,983,626</u>	<u>\$ 17,190</u>	<u>\$ 44,553,637</u>

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

<u>Governmental Activities:</u>	
General government.....	\$ 45,839
Public safety.....	134,490
Public works.....	683,086
Health and welfare.....	5,460
Culture and recreation.....	15,482
Education.....	<u>179,937</u>
Total Depreciation Expense.....	<u>\$ 1,064,294</u>

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

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

Construction Commitments

The Town has active construction projects as of June 30, 2005. 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>\$ 1,800,307</u>

D. Interfund Accounts

1. Interfund Payables and Receivables

At June 30, 2005, 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>	<u>CAPITAL PROJECT FUND</u>
GENERAL FUND.....	\$	\$ 5,007,557
CAPITAL PROJECT FUND.....	13,909	
CAPITAL OR NONRECURRING FUND.....	4,740	
NONMAJOR FUNDS:		
SPECIAL REVENUE FUNDS:		
Education Grant Fund.....	11,582	
Kenea Park Fund.....	15	
School Lunch Fund.....	6,746	
Thomaston Opera House.....	4,060	
TOTAL NONMAJOR FUNDS.....	22,403	-
TOTAL.....	\$ 41,052	\$ 5,007,557

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

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

III. **DETAILED NOTES (CONTINUED)**

D. **Interfund Accounts (Continued)**

2. **Interfund Transfers**

A summary of interfund transfers as of June 30, 2005 is as follows:

	TRANSFERS OUT					
	OTHER GOVERNMENTAL FUNDS					TOTAL
	GENERAL	CAPITAL OR	SPECIAL	PERMANENT	NONMAJOR	
	FUND	NONRECURRING	REVENUE	FUNDS	FUNDS	TOTAL
TRANSFERS IN:						
GENERAL FUND.....	\$ -	\$ 16,294	\$ 1,132,775	\$ 9,000	\$ 1,141,775	\$ 1,158,069
CAPITAL PROJECTS FUND.....	101,581	-	-	-	-	101,581
CAPITAL OR NONRECURRING FUNDS..	379,026	-	-	-	-	379,026
NONMAJOR FUNDS:						
SPECIAL REVENUE FUNDS:						
Sewer Commission Usage Fund.....	668,108	-	-	-	-	668,108
Thomaston Opera House.....	363,086	-	-	-	-	363,086
Dog Fund.....	38,866	-	-	-	-	38,866
TOTAL NONMAJOR FUNDS.....	1,070,060	-	-	-	-	1,070,060
PERMANENT FUNDS.....	35,000	-	-	-	-	35,000
TOTAL NONMAJOR FUNDS.....	1,105,060	-	-	-	-	1,105,060
TOTAL.....	\$ 1,585,667	\$ 16,294	\$ 1,132,775	\$ 9,000	\$ 1,141,775	\$ 2,743,736

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

E. **Short-Term Obligations – Bond Anticipation Notes**

The Town used bond anticipation notes during the construction period of capital projects prior to the issuance of the bonds.

Short-term obligation activity for the year ended June 30, 2005, was as follows:

<u>TYPE OF OBLIGATION</u>	<u>BALANCE</u> <u>JULY 1, 2004</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2005</u>
Capital Projects	\$ -	\$ 3,500,000	\$ 3,500,000	\$ -

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

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations

1. Summary of Changes

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

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005	CURRENT PORTION
BONDS/NOTES									
General Purpose:									
Improvement bond	\$ 4,329,000	08/01/89	08/01/09	6.40-6.50	\$ 1,104,070	\$	\$ 187,648	\$ 916,422	\$ 183,284
Improvement bond	980,000	09/15/98	09/15/18	3.70-5.70	630,759		43,157	587,602	43,157
Refunding bond	323,000	09/01/03	09/01/20	3.80-4.60	323,000		2,000	321,000	31,000
Total General Purpose					2,057,829	--	232,805	1,825,024	257,441
Schools:									
Improvement bond	631,000	08/01/89	08/01/09	6.40-6.50	160,930		27,352	133,578	26,716
Improvement bond	6,400,000	09/15/98	09/15/18	3.70-5.70	4,119,241		281,843	3,837,398	281,843
Improvement bond	2,300,000	09/01/03	09/01/20	3.80-4.60	2,300,000		140,000	2,160,000	135,000
Improvement bond	7,700,000	04/15/05	04/15/25	3.75-4.50		7,700,000		7,700,000	--
Total Schools					6,580,171	7,700,000	449,195	13,830,976	443,559
Sewer:									
Clean water	1,077,413	04/30/97	04/30/16	2.00	682,281		51,623	630,658	52,665
Clean water	9,091,656	02/28/02	03/31/21	2.00	7,776,986		394,851	7,382,135	402,821
Refunding bond	1,292,000	09/01/03	09/01/20	3.80-4.60	1,292,000		8,000	1,284,000	124,000
Total Sewer					9,751,267	--	454,474	9,296,793	579,486
TOTAL BONDS/NOTES					18,389,267	7,700,000	1,136,474	24,952,793	1,280,486
BOND PREMIUMS					101,313	83,816	10,151	174,978	
TOTAL BOND/NOTES AND RELATED LIABILITIES					18,490,580	7,783,816	1,146,625	25,127,771	1,280,486
CAPITAL LEASE OBLIGATIONS					196,090		56,222	139,868	55,630
CLAIMS AND JUDGEMENTS					245,000		145,000	100,000	20,000
COMPENSATED ABSENCES					1,062,616	315,999	200,582	1,178,033	235,607
NET PENSION OBLIGATION					437,650	123,970		561,620	
EARLY RETIREMENT INCENTIVES					5,000		5,000		
SEVERANCE PAYMENTS					179,677	132,561	44,940	267,298	57,395
TOTAL GENERAL LONG-TERM OBLIGATIONS					\$ 20,616,613	\$ 8,356,346	\$ 1,598,369	\$ 27,374,590	\$ 1,649,118

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)

F. 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
2006	\$ 825,000	\$ 715,406	\$ 455,486	\$ 156,091	\$ 158,661	\$ 83,167
2007	1,235,000	676,956	464,680	146,897	158,661	77,255
2008	1,235,000	620,919	474,059	137,518	158,661	71,267
2009	1,235,000	564,802	483,628	127,949	158,661	65,243
2010	1,235,000	508,520	493,389	118,188	158,661	59,143
2011	1,005,000	459,312	503,348	108,229	158,661	52,968
2012	1,005,000	417,181	513,508	98,069	158,661	46,719
2013	990,000	375,611	523,873	87,704	158,661	40,395
2014	990,000	336,526	534,447	77,130	158,661	33,996
2015	950,000	297,623	545,234	66,343	146,457	27,755
2016	950,000	258,630	545,430	55,347	146,457	21,693
2017	875,000	220,077	501,854	44,926	146,457	15,544
2018	875,000	182,565	511,984	34,796	146,457	9,327
2019	845,000	145,352	522,318	24,462	146,459	3,108
2020	545,000	115,205	532,861	13,919		
2021	545,000	91,335	406,694	3,397		
2022	400,000	70,800				
2023	400,000	53,400				
2024	400,000	35,800				
2025	400,000	18,000				
Totals	\$ 16,940,000	\$ 6,164,020	\$ 8,012,793	\$ 1,300,965	\$ 2,160,236	\$ 607,580

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

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

2. Statutory Debt Limitations

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

<u>CATEGORY</u>	<u>DEBT LIMIT</u>	<u>NET INDEBTEDNESS</u>	<u>BALANCE</u>
General purpose	\$ 32,657,137	\$ 1,825,024	\$ 30,832,113
Schools	65,314,274	11,670,740	53,643,534
Sewers	54,428,561	1,284,000	53,144,561
Urban renewal	47,171,420		47,171,420
Pension deficit	43,542,849		43,542,849

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$101,466,267.

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 \$2,160,236 for bond principal is reflected as deductions in the computation of net indebtedness.

3. Capital Leases

At June 30, 2005, the Town is committed under various capital leases for two dump trucks 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.

Vehicles totaling \$210,059 are recorded under capital leases as of June 30, 2005.

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, 2005:

<u>YEAR ENDING</u> <u>JUNE 30,</u>	
2006	\$ 59,401
2007	43,737
2008	<u>43,737</u>
Total minimum lease payments	146,875
Less: amount representing interest	<u>(7,007)</u>
Present value of minimum lease payments	<u>\$ 139,868</u>

Subsequent to the date of these financial statements, the Town authorized the lease purchase of four new police cruisers at an amount not to exceed \$97,216, of which \$45,067 will be financed through capital lease obligations; a fire truck at an amount not to exceed \$295,000, of which \$193,043 will be financed through capital lease obligations; and a sweep vac truck at an amount not to exceed \$190,000, of which \$149,707 will be financed through capital lease obligations.

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

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

4. Authorized/Unissued Bonds

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

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

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. On April 15, 2005, the Town issued the remaining \$7,700,000 for the school projects.

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

IV. OTHER INFORMATION

A. Risk Management

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

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

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

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

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

B. Commitments and Litigation

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

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

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.

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

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, 2005, reported sales price. There are no investments of 5% or greater in any one organization.

3. Classes of Employees Covered

Plan Participants (January 1, 2004)

Retirees and beneficiaries currently receiving benefits.....	48
Terminated employees entitled to benefits but not yet receiving them.....	7
Active plan members	<u>89</u>
Total Plan Participants	<u>144</u>

4. Benefit Provisions

a. Benefit Provisions

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

b. Employer Contributions

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

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

c. Employee Contributions

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

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

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
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%
2004	622,473	518,514	83.3%
2005	741,234	610,922	82.4%

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	01/01/2004
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	22 Years

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

The changes in the NPO were as follows:

Annual required contribution	\$ 741,234
Interest on net pension obligation	30,636
Adjustment to annual required contribution	(36,978)
Annual pension cost	734,892
Contributions made	<u>610,922</u>
Increase in net pension obligation	123,970
Net pension obligation - July 1, 2004	<u>437,650</u>
Net pension obligation - June 30, 2005	<u>\$ 561,620</u>

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
2005	\$ 734,892	83.1%	\$ 561,620
2004	618,109	83.9%	437,650
2003	515,949	77.8%	338,055

D. Other Postemployment Benefits

In addition to pension benefits, certain health care benefits for retired employees and their spouses are provided by the Town. Substantially all Town employees may become eligible for those benefits, if they reach normal retirement age while working for the Town. The Town recognizes the cost of providing those benefits on a pay-as-you-go basis. Expenditures totaled \$307,000 for health care for the year ended June 30, 2005, for the 42 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 \$243,317.

TOWN OF THOMASTON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

THOMASTON RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

ACTUARIAL VALUATION DATE	A ACTUARIAL VALUE OF ASSETS	B ACTUARIALLY ACCRUED LIABILITY (AAL) ENTRY AGE NORMAL	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	C COVERED PAYROLL	[(B-A)/C] OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>JANUARY 1,</u>						
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	8,523,461	(2,807,056)	67.1%	2,880,423	97.5%
2003	5,398,441	9,171,244	(3,772,803)	58.9%	3,237,466	116.5%
2004	6,118,485	9,739,103	(3,620,618)	62.8%	3,392,854	106.7%

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, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Taxes.....	\$ 13,333,192	\$ 13,333,192	\$ 13,479,616	\$ 146,424
Prior year taxes.....	210,000	210,000	268,017	58,017
Interest and lien fees.....	100,000	100,000	152,627	52,627
Housing authority in lieu of taxes.....	4,800	4,800	4,596	(204)
Telecommunications property tax.....	58,098	58,098	75,533	17,435
TOTAL PROPERTY TAXES.....	13,706,090	13,706,090	13,980,389	274,299
CHARGES FOR SERVICES:				
Conveyance tax.....	60,000	60,000	103,658	43,658
Zoning and land use fees.....	7,000	7,000	10,391	3,391
Gun permits.....	500	500	315	(185)
Parking tickets.....	3,500	3,500	2,401	(1,099)
Meter Money.....	5,000	5,000	6,214	1,214
Accident reports.....	500	500	479	(21)
Vendor permits.....	400	400	600	200
Fingerprinting.....			1,023	1,023
Special duty police reimbursements.....	15,000	15,000	6,660	(8,340)
Dam patrol.....	10,700	10,700	11,289	589
Transfer station fees.....	42,000	42,000	53,267	11,267
Building permits.....	68,000	68,000	87,485	19,485
Minibus fares.....	2,000	2,000	1,669	(331)
Recreation - programs.....	25,000	25,000	25,000	-
Recreation - Nystroms.....	5,200	5,200	5,200	-
BOE Tuition reimbursements.....			15,316	15,316
False alarms.....	1,500	1,500	1,300	(200)
Other licenses, fees and permits.....	1,000	1,000	1,556	556
Town of Litchfield -Sewer upgrade.....			41,206	41,206
Nitrogen Credit.....	6,094	6,094	6,093	(1)
TOTAL CHARGES FOR SERVICES.....	253,394	253,394	381,122	127,728
INTERGOVERNMENTAL REVENUES:				
Property tax relief - state owned property.....	62,942	62,942	62,550	(392)
Property tax relief - elderly freeze.....	9,693	9,693	9,551	(142)
Property tax relief - circuit breaker.....	57,325	57,325	55,847	(1,478)
Property tax relief - Veteran's exemption.....	8,959	8,959	9,449	490
Property tax relief - Mfg's machinery & equipment.....	297,914	297,914	549,548	251,634
Property tax relief - totally disabled.....	1,420	1,420	1,001	(419)
Federal PILOT - land authorization.....	1,163	1,163	837	(326)
LOCIP.....	54,728	54,728		(54,728)
Education cost sharing.....	4,625,323	4,625,323	4,676,379	51,056
School construction grants.....	247,592	247,592	247,470	(122)
Special education grants.....			123,384	123,384
School transportation.....	131,246	131,246	111,306	(19,940)
Education of Handicapped Blind Children.....			6,338	6,338
Boating safety.....	1,131	1,131	1,131	-
Mashantucket Pequot.....	60,471	60,471	58,265	(2,206)
Town Aid Road.....	72,220	72,220	72,220	-
Emergency Operation Planning.....		26,781	26,781	-
TOTAL INTERGOVERNMENTAL REVENUES.....	5,632,127	5,658,908	6,012,057	353,149

(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.....	\$ 78,000	\$ 78,000	\$ 143,934	\$ 65,934
OTHER REVENUES:				
Blakeslee Settlement.....	12,400	12,400	12,400	-
Rent of Tower.....	30,000	30,000	40,119	10,119
Miscellaneous.....			13,057	13,057
TOTAL OTHER REVENUES.....	42,400	42,400	65,576	23,176
TOTAL REVENUES.....	19,712,011	19,738,792	20,583,078	844,286
OTHER FINANCING SOURCES:				
Appropriation of fund balance.....	865,000	892,515		(892,515)
Transfers in:				
Hillside Cemetery.....	-	9,000	9,000	-
Capital or nonrecurring fund.....	6,900	6,900	16,294	9,394
Sewer Commission usage fund.....	711,175	769,689	769,689	-
Thomaston Opera House.....	350,585	363,086	363,086	-
Dog Fund.....	3,500	3,500		(3,500)
Total Transfers in.....	1,072,160	1,152,175	1,158,069	5,894
TOTAL OTHER FINANCING SOURCES.....	1,937,160	2,044,690	1,158,069	(886,621)
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 21,649,171	\$ 21,783,482	\$ 21,741,147	\$ (42,335)

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
Board of Selectmen.....	\$ 95,721	\$ 95,721	\$ 93,001	\$ 2,720
Elections.....	21,741	22,378	22,378	-
Board of Finance.....	2,400	2,400	1,356	1,044
Treasurer.....	139,168	139,168	138,960	208
Independent audit.....	38,250	38,250	37,000	1,250
Legal.....	56,000	80,825	80,825	-
Tax Collector.....	94,508	94,508	91,445	3,063
Property Tax Rebates.....	25,000	25,000	24,240	760
Tax Assessor.....	68,995	68,995	63,592	5,403
Board of Assessment Appeals.....	3,450	3,450	3,000	450
Insurance.....	387,610	374,903	374,903	-
Town Hall Operations & Maintenance.....	130,770	134,081	134,081	-
Town Clerk.....	48,750	52,290	52,290	-
Probate court.....	2,500	2,500	2,398	102
Social security.....	220,000	220,000	217,752	2,248
Pension - Town Employees.....	506,700	510,746	510,746	-
Pension - Volunteer Firefighters and Ambulance.....	102,000	104,434	104,434	-
Medical / Life insurance.....	877,835	877,835	858,547	19,288
Council of governments.....	3,238	30,019	30,019	-
CT Conference of Municipalities.....	4,865	4,865	4,375	490
Contingency.....	125,000	31,936	31,936	-
TOTAL GENERAL GOVERNMENT.....	2,954,501	2,914,304	2,877,278	37,026
PUBLIC SAFETY:				
Police.....	774,129	880,445	880,445	-
Inmate supervision.....	29,100	29,100	28,794	306
Parking meters.....	1,700	1,700	239	1,461
Communications & dispatch.....	189,695	189,695	186,906	2,789
Fire Protection.....	117,080	117,080	116,999	81
Fire Marshal.....	19,000	19,000	18,709	291
Ambulance.....	65,100	65,100	63,635	1,465
Tree Warden.....	9,600	9,600	9,600	-
TOTAL PUBLIC SAFETY.....	1,205,404	1,311,720	1,305,327	6,393
PUBLIC WORKS:				
Highways.....	454,274	454,274	437,138	17,136
Town Aid Road.....	72,220	72,220	72,220	-
Snow & ice removal.....	58,000	111,974	111,974	-
Street lighting.....	76,000	76,000	68,162	7,838
Fire hydrants.....	121,997	121,997	119,480	2,517
Solid Waste & Recycling.....	465,090	491,548	491,548	-
St Thomas Cemetery.....	2,800	2,800	2,800	-
TOTAL PUBLIC WORKS.....	1,250,381	1,330,813	1,303,322	27,491
HEALTH AND WELFARE:				
Vital statistics.....	1,000	1,000	946	54
Visiting nurse.....	16,000	10,110	8,000	2,110
Torrington Area Health District.....	29,899	29,899	29,899	-
Northwest Regional Mental Health Board.....	854	854	854	-
Social Services.....	60,415	60,589	60,589	-
Elderly Nutrition.....	1,371	1,371	1,371	-
Susan B Anthony Project.....	1,500	1,500	1,500	-
Senior Advisory Board.....	200	200	-	200
Minibus.....	14,707	14,707	12,486	2,221
Veterans' Administration.....	1,000	1,000	1,000	-
TOTAL HEALTH AND WELFARE.....	126,946	121,230	116,645	4,585

(Continued)

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2005

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2004	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	COLLECTIONS				UNCOLLECTED TAXES JUNE 30, 2005	
			ADDITIONS	DEDUCTIONS			TAXES	OVER-PAYMENTS & SUSPENSE	NET TAXES COLLECTED	INTEREST & LIENS		TOTAL
1988	\$ 7,758	\$	\$	\$ 7,744	\$	\$ 14	\$ 14	\$	\$ 14	\$ 24	\$ 38	\$ -
1989	4,413			54	1,615	2,744	5	5	-	14	14	2,744
1990	5,672			45	2,995	2,632	109	95	14	263	277	2,618
1991	5,451			45	2,385	3,021	144	99	45	328	373	2,976
1992	6,061			73	3,258	2,730	778	326	452	732	1,184	2,278
1993	11,740			65	3,877	7,798	51		51	883	934	7,747
1994	11,748				5,087	6,661	200		200	245	445	6,461
1995	12,180				5,536	6,644	359	50	309	557	866	6,335
1996	18,331				4,836	13,495	113		113	178	291	13,382
1997	19,197				4,694	14,503	775		775	849	1,624	13,728
1998	26,126				7,469	18,657	2,690		2,690	2,065	4,755	15,967
1999	43,934				14,657	29,277	11,105	217	10,888	9,888	20,776	18,389
2000	57,134		121		14,923	42,332	13,825	366	13,459	8,577	22,036	28,873
2001	263,030		151	1,709	15,922	245,550	52,379	568	51,811	20,102	71,913	193,739
2002	538,083		481	6,065	12,533	519,966	185,470	2,020	183,450	40,969	224,419	336,516
Total Prior Years	1,030,858		753	15,800	99,787	916,024	268,017	3,746	264,271	85,674	349,945	651,753
2003		14,097,522	61,673	109,582	5,877	14,043,736	13,509,784	22,018	13,487,766	667,021	14,154,787	555,970
TOTAL	\$ 1,030,858	\$ 14,097,522	\$ 62,426	\$ 125,382	\$ 105,664	\$ 14,959,760	\$ 13,777,801	\$ 25,764	\$ 13,752,037	\$ 752,695	\$ 14,504,732	\$ 1,207,723

SCHEDULE 2
(2 of 2)

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.....	\$ 106,888	\$ 108,500	\$ 108,500	\$ -
Memorial Day.....	1,500	1,500	1,500	-
Nystroms Park.....	13,700	13,700	12,784	916
Police Explorers.....	5,000	5,000	4,105	895
Public Library.....	317,778	318,846	318,846	-
TOTAL CULTURE AND RECREATION.....	444,866	447,546	445,735	1,811
HOUSING AND DEVELOPMENT:				
Conservation Commission.....	1,500	1,500	1,500	-
Inlands/Wetlands Commission.....	15,152	15,152	14,589	563
Building Inspector.....	46,109	46,109	39,521	6,588
Town Engineer.....	2,500	2,500		2,500
Naugatuck Vally Brownsfield Pilot.....	800	800	800	-
Planning & Zoning.....	30,165	31,941	31,941	-
Zoning Board of Appeals.....	16,882	16,882	14,726	2,156
TOTAL HOUSING AND DEVELOPMENT.....	113,108	114,884	103,077	11,807
EDUCATION.....	12,031,116	12,031,116	11,968,284	62,832
DEBT SERVICE.....	2,037,671	1,919,161	1,899,272	19,889
TOTAL EXPENDITURES.....	20,163,993	20,190,774	20,018,940	171,834
OTHER FINANCING USES:				
Transfers out:				
Animal Control Officer-Dog fund.....	45,907	45,907	38,866	7,041
WPCA - Sewer Use fund.....	701,175	668,108	668,108	-
WPCA - Repair & Replacement fund.....	10,000	101,581	101,581	-
Hillside Cemetery.....	26,000	35,000	35,000	-
Capital or Nonrecurring	351,511	379,026	379,026	-
Opera House.....	350,585	363,086	363,086	-
Total Transfers out.....	1,485,178	1,592,708	1,585,667	7,041
TOTAL OTHER FINANCING USES.....	1,485,178	1,592,708	1,585,667	7,041
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 21,649,171	\$ 21,783,482	\$ 21,604,607	\$ 178,875

(Concluded)

Nonmajor Governmental Funds

Special Revenue Funds

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

Sewer Commission Usage Fund

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

Sewer Commission Assessment & Appropriation Fund

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

School Lunch Fund

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

Education Grant Fund

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

Town Clerk Preservation Fund

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

Edith Kenea Park Fund

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

Edith Kenea Tree Fund

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

Kenea Park Project

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Neighborhood Assistance Program

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

Thomaston Opera House

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

Public Library

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

Dog Fund

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

School Drug Abuse

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

Drug Law Enforcement

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

Economic Development Commission

To account for revenues and expenditures associated with economic development in Town.

Gift Fund

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

Social Services Crisis Fund

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

Permanent Funds

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

Fire Department Trust Fund

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

Hillside Cemetery Trust Fund

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

TOWN OF THOMASTON, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	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.....	\$ 526	\$ 3,090	\$ 59,380	\$ 2,125	\$ 10,455	\$	\$ 42,428	\$ 1,490	\$ 782	\$ 6,787
Investments.....		153,311				41,555				
Receivables										
Sewer assessments and usage.....	110,636									
Intergovernmental.....			18,815	23,120						10,748
Other.....			1,063							
Other assets.....			10,738	1,033						
TOTAL ASSETS.....	\$ 111,162	\$ 156,401	\$ 89,996	\$ 26,278	\$ 10,455	\$ 41,555	\$ 42,428	\$ 1,490	\$ 782	\$ 17,535
<u>LIABILITIES AND FUND BALANCES</u>										
LIABILITIES:										
Accounts payable.....	\$ 22,958	\$	\$ 708	\$ 2,327	\$	\$	\$	\$	\$	\$ 23,235
Due to other funds.....			6,746	11,582		15				4,060
Unearned revenue.....	94,678			5,937						
TOTAL LIABILITIES.....	117,636	-	7,454	19,846	-	15	-	-	-	27,295
FUND BALANCES:										
Designated for improvements.....						41,266	41,298			
Unreserved and undesignated.....	(6,474)	156,401	82,542	6,432	10,455	274	1,130	1,490	782	(9,760)
TOTAL FUND BALANCES.....	(6,474)	156,401	82,542	6,432	10,455	41,540	42,428	1,490	782	(9,760)
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 111,162	\$ 156,401	\$ 89,996	\$ 26,278	\$ 10,455	\$ 41,555	\$ 42,428	\$ 1,490	\$ 782	\$ 17,535

(Continued)

TOWN OF THOMASTON, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	SPECIAL REVENUE FUNDS						PERMANENT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	PUBLIC LIBRARY	DOG FUND	SCHOOL DRUG ABUSE	DRUG LAW ENFORCEMENT	GIFT FUND	SOCIAL SERVICES CRISIS FUND	TOTAL SPECIAL REVENUE	FIRE DEPT. TRUST FUND	HILLSIDE CEMETERY TRUST		TOTAL PERMANENT FUNDS
ASSETS											
Cash.....	\$ 2,200	\$	\$ 3,751	\$ 1,634	\$ 3,892	\$ 2,142	\$ 98,254	\$	\$ 575	\$ 575	\$ 98,829
Investments.....						8,805	246,099	17,014	462,188	479,202	725,301
Receivables:											
Sewer assessments and usage.....							110,636			-	110,636
Intergovernmental.....							52,683			-	52,683
Other.....							1,063			-	1,063
Other assets.....							11,771			-	11,771
TOTAL ASSETS.....	\$ 2,200	\$ -	\$ 3,751	\$ 1,634	\$ 3,892	\$ 10,947	\$ 520,506	\$ 17,014	\$ 462,763	\$ 479,777	\$ 1,000,283
LIABILITIES AND FUND BALANCES											
LIABILITIES:											
Accounts payable.....	\$	\$ 4,846	\$	\$	\$	\$	\$ 54,074	\$	\$	\$ -	\$ 54,074
Due to other funds.....							22,403			-	22,403
Unearned revenue.....							100,615			-	100,615
TOTAL LIABILITIES.....	-	4,846	-	-	-	-	177,092	-	-	-	177,092
FUND BALANCES:											
Reserved for endowments.....							-	15,700	104,500	120,200	120,200
Reserved for perpetual care.....							-		201,489	201,489	201,489
Designated for improvements.....							82,564			-	82,564
Unreserved and undesignated.....	2,200	(4,846)	3,751	1,634	3,892	10,947	260,850	1,314	156,774	158,088	418,938
TOTAL FUND BALANCES.....	2,200	(4,846)	3,751	1,634	3,892	10,947	343,414	17,014	462,763	479,777	823,191
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 2,200	\$ -	\$ 3,751	\$ 1,634	\$ 3,892	\$ 10,947	\$ 520,506	\$ 17,014	\$ 462,763	\$ 479,777	\$ 1,000,283

TOWN OF THOMASTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	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
REVENUES:										
Charges for services.....	\$ 760,772	\$ 18,000	\$ 316,042	\$ 87,488	\$ 652,594	\$ 2,451	\$ 7,000			\$ 372,624
Intergovernmental.....										33,937
Contributions.....										38,436
Income from investments.....		3,289			57	928	939	9	4	74
Other.....				5,485						
TOTAL REVENUES.....	760,772	21,289	403,530	658,079	9,508	928	939	9	4	445,071
EXPENDITURES:										
Current:										
General government.....					1,585	525		570		
Public works.....	691,066	5,976								
Culture and recreation.....										406,839
Education.....			387,006	652,115						
Capital outlay.....		20,214			6,000					
TOTAL EXPENDITURES.....	691,066	26,190	387,006	652,115	7,585	525	-	570	-	406,839
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	69,706	(4,901)	16,524	5,964	1,923	403	939	(561)	4	38,232
OTHER FINANCING SOURCES (USES):										
Transfers in.....	668,108									363,086
Transfers out.....	(769,689)									(363,086)
NET OTHER FINANCING SOURCES (USES).....	(101,581)	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(31,875)	(4,901)	16,524	5,964	1,923	403	939	(561)	4	38,232
FUND BALANCES, JULY 1, 2004.....	25,401	161,302	66,018	468	8,532	41,137	41,489	2,051	778	(47,992)
FUND BALANCES, JUNE 30, 2005.....	\$ (6,474)	\$ 156,401	\$ 82,542	\$ 6,432	\$ 10,455	\$ 41,540	\$ 42,428	\$ 1,490	\$ 782	\$ (9,760)

(Continued)

TOWN OF THOMASTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	SPECIAL REVENUE FUNDS							PERMANENT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	PUBLIC LIBRARY	DOG FUND	SCHOOL DRUG ABUSE	DRUG LAW ENFORCEMENT	ECONOMIC DEVELOPMENT COMMISSION	GIFT FUND	SOCIAL SERVICES CRISIS FUND	TOTAL SPECIAL REVENUE	FIRE DEPT. TRUST FUND	HILLSIDE CEMETERY TRUST		TOTAL PERMANENT FUNDS
REVENUES:												
Charges for services.....	\$ 1,579	\$ 7,243						\$ 1,478,711		\$ 24,866	\$ 24,866	\$ 1,503,577
Intergovernmental.....	6,636			537			788,192			-	-	788,192
Contributions.....	15,316		655			907	1,514	56,828		100	100	56,928
Income from investments.....			18	9	88	24	209	5,648	433	20,020	20,453	26,101
Other.....								5,485			-	5,485
TOTAL REVENUES.....	23,531	7,243	673	546	88	931	1,723	2,334,864	433	44,986	45,419	2,380,283
EXPENDITURES:												
Current:												
General government.....								2,680			-	2,680
Public safety.....		50,955	1,245			304		52,504			-	52,504
Public works.....								697,042	42,402	42,402	-	739,444
Health and welfare.....							2,365	2,365			-	2,365
Culture and recreation.....	17,441				7,597			431,877			-	431,877
Education.....								1,039,121			-	1,039,121
Capital outlay.....								26,214			-	26,214
TOTAL EXPENDITURES.....	17,441	50,955	1,245	-	7,597	304	2,365	2,251,803	-	42,402	42,402	2,294,205
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	6,090	(43,712)	(572)	546	(7,509)	627	(642)	83,061	433	2,584	3,017	86,078
OTHER FINANCING SOURCES (USES):												
Transfers in.....		38,866						1,070,060		35,000	35,000	1,105,060
Transfers out.....								(1,132,775)		(9,000)	(9,000)	(1,141,775)
NET OTHER FINANCING SOURCES (USES).....	-	38,866	-	-	-	-	-	(62,715)	-	26,000	26,000	(36,715)
NET CHANGE IN FUND BALANCES.....	6,090	(4,846)	(572)	546	(7,509)	627	(642)	20,346	433	28,584	29,017	49,363
FUND BALANCES, JULY 1, 2004.....	(3,890)	-	4,323	1,088	7,509	3,265	11,589	323,068	16,581	434,179	450,760	773,828
FUND BALANCES, JUNE 30, 2005.....	\$ 2,200	\$ (4,846)	\$ 3,751	\$ 1,634	\$ -	\$ 3,892	\$ 10,947	\$ 343,414	\$ 17,014	\$ 462,763	\$ 479,777	\$ 823,191

(Concluded)

Fiduciary Funds

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

Pension Trust Funds

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

Private-Purpose Trust Funds

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

Leander Smith Award

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

Peppie Wagner Fund

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

Seth Thomas Prize Fund

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

Agency Funds

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

School Activities Fund

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

FIDUCIARY FUNDS (CONTINUED)

Agency Funds (Continued)

Recreation Commission

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

High School Athletic Council

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

Public School Internal Account

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

Performance Bond Fund

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

Public Library Staff Fund

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

Join Against Insensible Lawlessness

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

Class Reunions

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

Christmas Lights Fund

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

Police Recreation and Educational Fund

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

Railroad Museum Commission

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

FIDUCIARY FUNDS (CONTINUED)

Agency Funds (Continued)

Thomaston Police Explorers

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

TRIAD

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

Christmas Committee

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

TOWN OF THOMASTON, CONNECTICUT

PRIVATE-PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2005

	LEANDER SMITH AWARD	PEPIE WAGNER FUND	SETH THOMAS PRIZE FUND	TOTAL
<u>ASSETS</u>				
Cash.....	\$	\$ 1,912	\$	\$ 1,912
Investments:				
Certificates of deposit.....	4,964		1,032	5,996
TOTAL ASSETS.....	4,964	1,912	1,032	7,908
<u>NET ASSETS</u>				
Net Assets Held in Trust.....	\$ 4,964	\$ 1,912	\$ 1,032	\$ 7,908

TOWN OF THOMASTON, CONNECTICUT

PRIVATE-PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2005

	LEANDER SMITH AWARD	PEPIE WAGNER FUND	SETH THOMAS PRIZE FUND	TOTAL
ADDITIONS:				
Income from investments.....	\$ 77	\$ 12	\$ 23	\$ 112
DEDUCTIONS:				
Other.....	100	100		200
CHANGE IN NET ASSETS.....	(23)	(88)	23	(88)
NET ASSETS, JULY 1, 2004.....	4,987	2,000	1,009	7,996
NET ASSETS, JUNE 30, 2005.....	<u>\$ 4,964</u>	<u>\$ 1,912</u>	<u>\$ 1,032</u>	<u>\$ 7,908</u>

TOWN OF THOMASTON, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2005

	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005
<u>ASSETS</u>				
CASH:				
School Activities Fund.....	\$ 64,799	\$ 141,145	\$ 122,943	\$ 83,001
Recreation Commission.....	137	59,902	59,910	129
High School Athletic Council.....	6,228	43,295	48,883	640
Public School Internal Account.....	19,119	81,246	76,462	23,903
Performance Bond Fund.....	10,836	70		10,906
Public Library Staff Fund.....	248	13,081	11,509	1,820
Join Against Insensible Lawlessness.....	5,112	38		5,150
Class Reunions.....	2,947	10	517	2,440
Christmas Lights Fund.....	4,446	7,130	6,095	5,481
Police Recreation and Educational Fund.....	237	1,523	891	869
Railroad Museum Commission.....	4,980	831	150	5,661
Thomaston Police Explorers.....	19,558	9,769	8,279	21,048
TRIAD.....		4,411	2,580	1,831
Christmas Committee.....	2,178	10,484	10,630	2,032
TOTAL CASH.....	140,825	372,935	348,849	164,911
INVESTMENT:				
Tri-centennial Committee.....	3,125	88		3,213
TOTAL ASSETS.....	\$ 143,950	\$ 373,023	\$ 348,849	\$ 168,124
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE				
School Activities Fund.....	\$ 64,799	\$ 141,145	\$ 122,943	\$ 83,001
Recreation Commission.....	137	59,902	59,910	129
High School Athletic Council.....	6,228	43,295	48,883	640
Public School Internal Account.....	19,119	81,246	76,462	23,903
Performance Bond Fund.....	10,836	70		10,906
Tri-centennial Committee.....	3,125	88		3,213
Public Library Staff Fund.....	248	13,081	11,509	1,820
Join Against Insensible Lawlessness.....	5,112	38		5,150
Class Reunions.....	2,947	10	517	2,440
Christmas Lights Fund.....	4,446	7,130	6,095	5,481
Police Recreation and Educational Fund.....	237	1,523	891	869
Railroad Museum Commission.....	4,980	831	150	5,661
Thomaston Police Explorers.....	19,558	9,769	8,279	21,048
TRIAD.....		4,411	2,580	1,831
Christmas Committee.....	2,178	10,484	10,630	2,032
TOTAL LIABILITIES.....	\$ 143,950	\$ 373,023	\$ 348,849	\$ 168,124

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

TOWN OF THOMASTON, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
JUNE 30, 2005 AND 2004**

	2005	2004
<u>CAPITAL ASSETS:</u>		
Land.....	\$ 1,315,620	\$ 1,315,620
Construction in progress.....	9,052,848	2,232,720
Buildings.....	23,773,055	23,773,055
Land improvements.....	1,347,004	1,347,004
Machinery and equipment.....	5,529,738	5,044,888
Vehicles.....	2,289,194	2,350,416
Infrastructure.....	15,824,795	15,102,698
	<hr/>	<hr/>
TOTAL CAPITAL ASSETS.....	\$ 59,132,254	\$ 51,166,401
	<hr/> <hr/>	<hr/> <hr/>
<u>INVESTMENT IN CAPITAL ASSETS BY SOURCE:</u>		
Property taxes.....	21,377,703	20,914,360
General obligation bonds.....	20,442,096	16,631,773
State and Federal grants.....	11,000,373	7,998,835
Contributions.....	6,312,082	5,621,433
	<hr/>	<hr/>
TOTAL INVESTMENT IN CAPITAL ASSETS BY SOURCE.....	\$ 59,132,254	\$ 51,166,401
	<hr/> <hr/>	<hr/> <hr/>

TOWN OF THOMASTON, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 JUNE 30, 2005

	LAND	CONSTRUCTION IN PROGRESS	BUILDINGS	LAND IMPROVEMENTS	MACHINERY AND EQUIPMENT	VEHICLES	INFRASTRUCTURE	TOTAL
General government.....	\$ 750,320	\$	\$ 3,448,336	\$ 85,360	\$ 105,251	\$ 10,915	\$	\$ 4,400,182
Public safety.....	117,300		835,695	22,474	617,901	1,618,514		3,211,884
Public works.....	168,100		8,865,084	200,833	3,531,985	598,271	15,824,795	29,189,068
Health and Welfare.....						43,724		43,724
Culture and recreation.....	151,200		272,026	101,871	159,780	17,770		702,647
Housing and Development.....					46,462			46,462
Education.....	128,700	9,052,848	10,351,914	936,466	1,068,359			21,538,287
TOTAL.....	\$ 1,315,620	\$ 9,052,848	\$ 23,773,055	\$ 1,347,004	\$ 5,529,738	\$ 2,289,194	\$ 15,824,795	\$ 59,132,254

TOWN OF THOMASTON, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2005**

FUNCTION/ACTIVITY	BALANCE JULY 1, 2004	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2005
GENERAL GOVERNMENT:				
General government.....	\$ 816,881	\$ 6,000	\$	\$ 822,881
Finance.....	43,605			43,605
Town clerk.....	3,533,696			3,533,696
TOTAL GENERAL GOVERNMENT.....	4,394,182	6,000	-	4,400,182
PUBLIC SAFETY:				
Police department.....	526,828			526,828
Fire department.....	1,765,457			1,765,457
Communication.....	53,752			53,752
Ambulance.....	811,504			811,504
Canine control.....	54,343			54,343
TOTAL PUBLIC SAFETY.....	3,211,884	-	-	3,211,884
PUBLIC WORKS:				
Highway department.....	11,498,853	727,835	41,000	12,185,688
Hillside Cemetery.....	216,304	6,954	20,221	203,037
Sewer Department.....	16,780,130	31,448	11,234	16,800,344
TOTAL PUBLIC WORKS.....	28,495,287	766,237	72,455	29,189,069
HEALTH AND WELFARE:				
Minibus.....	43,724			43,724
PARKS AND RECREATION:				
Library.....	293,366			293,366
Opera House.....	29,701			29,701
Parks and recreation.....	368,280	11,300		379,580
TOTAL PARKS AND RECREATION.....	691,347	11,300	-	702,647
HOUSING AND DEVELOPMENT:				
Building Department.....	46,462			46,462
EDUCATION.....	14,283,515	7,264,383	9,612	21,538,286
GRAND TOTALS.....	\$ 51,166,401	\$ 8,047,920	\$ 82,067	\$ 59,132,254

Statistical Section

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

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

TABLE 2**TOWN OF THOMASTON, CONNECTICUT**

CHANGES IN NET ASSETS
 LAST THREE YEARS
 (UNAUDITED)

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

TOWN OF THOMASTON, CONNECTICUT

TABLE 3

GENERAL FUND EXPENDITURES BY FUNCTION AND OTHER FINANCING USES - BUDGETARY BASIS
JUNE 30, 2005
(UNAUDITED)

YEAR ENDED JUNE 30	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	HEALTH & WELFARE	CULTURE & RECREATION	HOUSING & DEVELOPMENT	EDUCATION	DEBT SERVICE	OTHER FINANCING USES	TOTAL
2005	\$ 2,877,278	\$ 1,305,327	\$ 1,303,322	\$ 116,645	\$ 445,735	\$ 103,077	\$ 11,968,284	\$ 1,899,272	\$ 1,585,667	\$ 21,604,607
2004	2,928,725	1,330,697	1,257,699	120,955	445,507	108,008	11,683,376	1,540,367	2,086,525	21,501,859
2003	2,509,117	1,258,993	1,280,783	100,606	425,632	105,520	11,085,088	1,836,526	1,493,222	20,095,487
2002	2,269,260	1,178,197	1,102,704	140,070	418,685	103,318	10,526,971	2,386,012	1,435,119	19,560,336
2001	1,828,122	1,118,698	1,226,704	134,892	393,827	107,362	9,814,060	1,871,789	1,654,335	18,149,789
2000	1,821,297	1,112,339	1,092,327	172,626	400,669	95,270	9,335,678	1,802,745	1,810,966	17,643,917
1999	1,545,513	1,036,233	1,181,973	165,606	366,321	99,580	8,906,883	1,018,747	1,592,327	15,913,183
1998	1,803,196	984,959	1,103,087	184,235	330,743	95,945	8,598,107	739,373	2,796,723	16,636,368
1997	1,748,724	934,704	1,040,933	159,855	320,957	93,851	8,296,825	830,278	1,686,480	15,112,607
1996	1,755,157	875,951	1,100,024	166,975	312,839	86,414	7,939,913	812,263	1,133,052	14,182,588

TABLE 4**TOWN OF THOMASTON, CONNECTICUT**

GENERAL FUND REVENUES BY SOURCE AND OTHER FINANCING SOURCES - BUDGETARY BASIS
 JUNE 30, 2005
 (UNAUDITED)

YEAR ENDED JUNE 30	PROPERTY TAXES	CHARGES FOR SERVICES	INTER- GOVERNMENTAL	INVESTMENT INCOME	OTHER	OTHER FINANCING SOURCES	TOTAL
2005	\$ 13,980,389	\$ 381,122	\$ 6,012,057	\$ 143,934	\$ 65,576	\$ 1,158,069	\$ 21,741,147
2004	13,385,994	342,175	5,853,765	69,294	57,975	1,889,691	21,598,894
2003	12,865,405	253,821	6,115,764	48,163	46,398	886,742	20,216,293
2002	12,035,417	241,147	6,289,238	107,465	32,851	751,664	19,457,782
2001	11,119,515	248,071	5,930,893	205,628	103,932	616,906.00	18,224,945
2000	10,540,948	336,634	5,521,613	204,424	91,802	810,437	17,505,858
1999	9,877,918	219,653	5,109,011	307,608	254,608	716,886	16,485,684
1998	9,727,275	185,146	4,760,746	226,488	513,281	1,887,447	17,300,383
1997	9,460,946	235,384	4,962,037	121,887	74,461	788,038	15,642,753
1996	8,694,732	199,520	4,537,075	82,950	207,243	719,390	14,440,910

TABLE 5**TOWN OF THOMASTON, CONNECTICUT**PROPERTY TAX RATES, LEVIES AND COLLECTIONS
JUNE 30, 2005
(UNAUDITED)

YEAR ENDED JUNE 30	(1) (2) TAX RATE IN MILLS	GRAND LIST OF OCTOBER 1,	TOTAL ADJUSTED TAX LEVY	NET CURRENT TAX COLLECTIONS	PERCENT OF CURRENT LEVY COLLECTED	NET DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	TOTAL TAX COLLECTIONS AS A PERCENTAGE OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES	OUTSTANDING DELINQUENT TAXES AS A PERCENT OF ADJUSTED LEVY
2005	37.18	2003	\$ 14,043,736	\$ 13,487,766	96.0%	\$ 264,271	\$ 13,752,037	97.9%	\$ 1,207,723	8.6%
2004	35.50	2002	13,439,939	12,901,856	96.0%	205,144	13,107,000	97.5%	1,030,858	7.7%
2003	33.80	2001	12,695,152	12,262,233	96.6%	317,778	12,580,011	99.1%	722,527	5.7%
2002	32.20	2000	11,780,931	11,517,712	97.8%	215,091	11,732,803	99.6%	559,190	4.7%
2001	* 30.60	1999	10,904,055	10,642,688	97.6%	222,937	10,865,625	99.6%	548,989	5.0%
2000	27.25	1998	10,286,990	10,049,750	97.7%	298,527	10,348,277	100.6%	523,831	5.1%
1999	26.44	1997	9,756,256	9,520,851	97.6%	208,007	9,728,858	99.7%	593,549	6.1%
1998	26.44	1996	9,524,670	9,314,215	97.8%	193,230	9,507,445	99.8%	577,037	6.1%
1997	25.05	1995	8,925,917	8,708,619	97.6%	489,332	9,197,951	103.0%	571,863	6.4%
1996	23.80	1994	8,365,525	8,039,211	96.1%	338,413	8,377,624	100.1%	864,938	10.3%

* Revaluation Grand List of October 1, 1999

(1) There are no overlapping of tax rates.

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

TABLE 6

TOWN OF THOMASTON, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 JUNE 30, 2005
 (UNAUDITED)

YEAR ENDED JUNE 30	GRAND LIST	REAL ESTATE		PERSONAL PROPERTY			TOTALS			RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE
		ASSESSED VALUE	ESTIMATED ACTUAL VALUE	MOTOR VEHICLE ASSESSED VALUE	PERSONAL PROPERTY ASSESSED VALUE	TOTAL ASSESSED VALUE	ESTIMATED ACTUAL VALUE	GROSS ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
2005	2003	\$ 301,626,770	\$ 430,895,386	\$ 46,025,767	\$ 49,844,828	\$ 95,870,595	\$ 136,957,993	\$ 397,497,365	\$ 567,853,379	70.00%
2004	2002	299,255,170	427,507,386	47,867,321	52,447,580	100,314,901	143,307,001	399,570,071	570,814,387	70.00%
2003	2001	295,263,695	421,805,279	45,815,638	52,499,062	98,314,700	140,449,571	393,578,395	562,254,850	70.00%
2002	2000	289,911,945	414,159,921	44,241,852	57,020,516	101,262,368	144,660,526	391,174,313	558,820,447	70.00%
2001	* 1999	284,038,596	405,769,423	40,916,172	48,631,019	89,547,191	127,924,559	373,585,787	533,693,982	70.00%
2000	1998	311,710,846	445,301,209	36,495,608	49,274,801	85,770,409	122,529,156	397,481,255	567,830,365	70.00%
1999	1997	306,760,376	438,229,109	34,504,969	41,403,976	75,908,945	108,441,350	382,669,321	546,670,459	70.00%
1998	1996	303,087,566	432,982,237	33,499,990	40,204,693	73,704,683	105,292,404	376,792,249	538,274,641	70.00%
1997	1995	301,415,316	430,593,309	31,918,773	37,098,222	69,016,995	98,595,707	370,432,311	529,189,016	70.00%
1996	1994	298,526,211	426,466,016	27,614,823	35,794,039	63,408,862	90,584,089	361,935,073	517,050,105	70.00%

* Revaluation Grand List of October 1, 1999

TABLE 7**TOWN OF THOMASTON, CONNECTICUT**

PRINCIPAL TAXPAYERS
 JUNE 30, 2005
 (UNAUDITED)

TAXPAYER	(1) ASSESSMENT	PERCENT OF NET TAXABLE GRAND LIST
Summit Corporation of America	\$ 5,977,391	1.59%
Connecticut Light & Power Co.	4,451,444	1.19%
Connecticut Water Company	3,289,426	0.88%
Oneglia Family Trust	2,903,600	0.77%
GLC Associates	2,451,440	0.65%
Rexam Cosmetic Packaging	2,351,411	0.63%
Whyco Technologies, Inc.	2,159,600	0.58%
Yankee Gas Services Co.	2,144,068	0.57%
Thomaston Savings Bank	2,096,148	0.56%
Consumer Programs Incorporated	2,059,642	0.55%
	\$ 29,884,170	7.97%

(1) The net taxable grand list as of October 1, 2003 totaled \$375,351,717.

TABLE 8**TOWN OF THOMASTON, CONNECTICUT**SEWER ASSESSMENT BILLINGS AND COLLECTIONS
JUNE 30, 2005
(UNAUDITED)

YEAR ENDED JUNE 30	ASSESSMENTS RECEIVABLE JULY 1	BILLINGS	ADJUSTMENTS	COLLECTIONS	(1) ASSESSMENTS RECEIVABLE JUNE 30
2005	\$	\$ 18,000	\$	\$ 18,000	\$
2004		24,000		24,000	-
2003		13,500		13,500	-
2002		13,500		13,500	-
2001	306	42,000		42,306	-
2000	1,309	137,366		138,369	306
1999	11,292	68,000		77,983	1,309
1998	47,486	39,000		75,194	11,292
1997	84,482	25,500		62,496	47,486
1996	126,076		(2,773)	38,821	84,482

(1) Assessments receivable represents amounts being paid over a maximum of ten years and delinquent accounts, excluding delinquent interest.

TABLE 9**TOWN OF THOMASTON, CONNECTICUT**

RATIO OF LONG-TERM DEBT TO NET ASSESSED VALUE AND LONG-TERM DEBT PER CAPITA
 JUNE 30, 2005
 LAST TEN YEARS
 (UNAUDITED)

YEAR ENDED JUNE 30	(1) POPULATION	(2) NET ASSESSED VALUE	GENERAL OBLIGATION BONDED DEBT/NOTES	RATIO OF BONDED DEBT/NOTES TO NET ASSESSED VALUE	BONDED DEBT/NOTES PER CAPITA
2005	7,901	\$ 375,351,717	\$ 24,952,793	6.65%	\$ 3,158
2004	7,857	376,809,605	18,389,267	4.88%	2,340
2003	7,766	372,473,370	17,271,780	4.64%	2,224
2002	7,538	368,379,608	18,403,867	5.00%	2,441
2001	7,511	353,486,564	19,702,896	5.57%	2,623
2000	7,437	376,291,980	11,810,156	3.14%	1,588
1999	7,306	367,149,725	13,007,272	3.54%	1,780
1998	7,304	362,960,170	6,022,647	1.66%	825
1997	7,273	358,465,094	6,416,312	1.79%	882
1996	7,290	349,767,914	6,854,908	1.96%	940

(1) From Table 12.

(2) From Table 13.

TABLE 10**TOWN OF THOMASTON, CONNECTICUT**

RATIO OF DEBT SERVICE EXPENDITURES TO GENERAL FUND
EXPENDITURES - BUDGETARY BASIS
JUNE 30, 2005
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	PRINCIPAL	(2) INTEREST	TOTAL DEBT SERVICE	(1) TOTAL GENERAL FUND EXPENDITURES	RATIO OF NET DEBT SERVICE TO GENERAL FUND EXPENDITURES
2005	\$ 1,192,696	\$ 706,576	\$ 1,899,272	\$ 21,604,607	8.8%
2004	982,641	557,726	1,540,367	21,501,859	7.2%
2003	1,132,087	704,439	1,836,526	20,095,487	9.1%
2002	1,299,029	1,086,983	2,386,012	19,560,336	12.2%
2001	1,198,916	672,873	1,871,789	18,149,789	10.3%
2000	1,197,116	605,629	1,802,745	17,643,917	10.2%
1999	395,375	623,372	1,018,747	15,913,183	6.4%
1998	393,665	345,708	739,373	16,636,368	4.4%
1997	438,595	391,683	830,278	15,112,607	5.5%
1996	372,205	440,058	812,263	14,182,588	5.7%

(1) From Table 3 - includes other financing uses.

(2) Includes interest on bond anticipation notes and fiscal agent fees.

TOWN OF THOMASTON, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374 (b)
FOR THE YEAR ENDED JUNE 30, 2005

Total tax collections (including interest and lien fees) for current year.....	\$ 14,504,732
Reimbursement for revenue loss on Tax relief for elderly freeze.....	<u>9,551</u>
BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$ 14,514,283</u>

DEBT LIMITATION:	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
2 1/4 times base.....	\$ 32,657,137	\$	\$	\$	\$
4 1/2 times base.....		65,314,274			
3 3/4 times base.....			54,428,561		
3 1/4 times base.....				47,171,420	
3 times base.....					43,542,849
TOTAL DEBT LIMITATION.....	<u>32,657,137</u>	<u>65,314,274</u>	<u>54,428,561</u>	<u>47,171,420</u>	<u>43,542,849</u>
INDEBTEDNESS:					
Bonds payable.....	1,825,024	13,830,976	1,284,000		
Less: School Building grants.....		(2,160,236)			
TOTAL INDEBTEDNESS.....	<u>1,825,024</u>	<u>11,670,740</u>	<u>1,284,000</u>	-	-
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....	<u>\$ 30,832,113</u>	<u>\$ 53,643,534</u>	<u>\$ 53,144,561</u>	<u>\$ 47,171,420</u>	<u>\$ 43,542,849</u>

The total net indebtedness above amounts to \$ 14,779,764

In no event shall total indebtedness exceed seven time the base for debt limitation computatior \$ 101,599,981

There is no overlapping debt.

TABLE 12**TOWN OF THOMASTON, CONNECTICUT**

DEMOGRAPHIC STATISTICS
 JUNE 30, 2005
 (UNAUDITED)

YEAR ENDED JUNE 30	(1) POPULATION	(2) PER CAPITA INCOME	(2) MEDIAN AGE	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT PERCENTAGE
2005	7,901	(5)	(5)	1,298	5.2%
2004	7,857	(5)	(5)	1,318	4.8%
2003	7,766	(5)	(5)	1,310	6.1%
2002	7,538	(5)	(5)	1,257	5.5%
2001	7,511	(5)	(5)	1,258	4.0%
2000	7,437	\$ 24,799	37.8	1,257	2.6%
1999	7,306	(5)	(5)	1,205	3.4%
1998	7,304	(5)	(5)	1,209	3.6%
1997	7,273	(5)	(5)	1,197	5.6%
1996	7,290	(5)	(5)	1,116	5.3%

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

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

(3) Connecticut Department of Education.

(4) Connecticut Labor Department - Research and Statistics.

(5) Information not available.

TABLE 13**TOWN OF THOMASTON, CONNECTICUT**PROPERTY VALUE AND CONSTRUCTION
JUNE 30, 2005
(UNAUDITED)

YEAR ENDED JUNE 30	ASSESSED PROPERTY VALUE (1)							CONSTRUCTION VALUE (2)	
	RESIDENTIAL	COMMERCIAL AND INDUSTRIAL	LAND	PERSONAL PROPERTY	MOTOR VEHICLE	EXEMPTIONS	TOTAL	TOTAL UNITS	CONSTRUCTION VALUE
2005	\$ 231,654,167	\$ 55,464,555	\$ 14,475,248	\$ 50,036,368	\$ 46,223,495	\$ 22,502,116	\$ 375,351,717	684	\$ 8,839,000
2004	233,079,252	54,988,065	11,187,853	52,447,580	47,867,321	22,760,466	376,809,605	657	17,249,548
2003	227,457,556	56,027,575	11,778,564	52,499,062	45,815,638	21,105,025	372,473,370	431	6,591,642
2002	222,166,176	54,205,805	13,539,964	57,020,516	44,241,852	22,794,705	368,379,608	544	7,747,885
2001 *	214,605,727	54,840,491	14,592,378	48,631,019	40,916,172	20,099,223	353,486,564	537	9,079,667
2000	249,343,537	61,269,569	1,097,740	49,274,801	36,495,608	21,189,275	376,291,980	567	12,036,031
1999	244,547,707	61,113,459	1,099,210	41,403,976	34,504,969	15,519,596	367,149,725	567	20,427,056
1998	240,830,497	61,163,949	1,093,120	40,204,693	33,499,990	13,832,079	362,960,170	563	14,632,052
1997	239,526,057	60,849,409	1,039,850	37,098,222	31,918,773	11,967,217	358,465,094	468	5,479,946
1996	236,805,022	60,691,769	1,029,420	35,794,039	27,614,823	12,167,159	349,767,914	412	5,258,891

* Revaluation Grand List of October 1, 1999

(1) Thomaston Assessor Department.

(2) Thomaston Building Department.

TOWN OF THOMASTON, CONNECTICUT

MISCELLANEOUS STATISTICS
 JUNE 30, 2005
 (UNAUDITED)

Date of Incorporation.....July 6, 1875
 Form of Government.....Town Meeting
 Area of Town.....12.0 Square Miles

ROADWAYS

Miles of Streets:	
Paved.....	40.17
Accepted.....	40.17
Private.....	0.03
State Highway.....	64.89
Miles of Sidewalks.....	10.88
Miles of Sewer:	
Storm.....	70.00
Sanitation.....	50.00

RECREATION

Acres of park land.....	56
Hardball Baseball Diamonds.....	1
Youth Baseball Diamonds.....	5
Basketball Courts.....	3
Soccer Fields.....	3
Nature Areas.....	1
Picnic Areas.....	1
Playgrounds.....	7
Public Beach.....	1
Public Greens.....	3
Tennis Courts.....	3
Public Indoor Theatres.....	1

TOWN EMPLOYEES

Number of Full Time (Town).....	57
Number of Part-Time/Seasonal (Town).....	79
Number of Full Time (Education).....	139
Number of Part-Time/Seasonal (Education)..	153

ELECTIONS

Registered Voters.....	5,040
Votes Cast In:	
Last National Election.....	2,610
Last State Election.....	not available
Last Town Election.....	1,446
% of Registered Voters Voting In:	
Last National Election.....	51.8%
Last State Election.....	not available
Last Town Election.....	28.7%

POLICE PROTECTION

Police Vehicles.....	8
Police Officers (Full-time).....	13
Police Officers (Part-time).....	4
Civilian Personnel (Full-time).....	3
Civilian Personnel (Part-time).....	9
Motor Vehicle Violations & Warnings.....	1,994
Criminal Arrests.....	145

FIRE PROTECTION

Stations.....	1
Fire & Medical Vehicles.....	9
Career Personnel.....	0
Volunteer Personnel.....	60