

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

of the

**TOWN OF THOMASTON,
CONNECTICUT**

FOR THE YEAR ENDED

JUNE 30, 2017

PREPARED BY:

THE FINANCE DEPARTMENT

TRACY A. DECKER, FINANCE DIRECTOR

TOWN OF THOMASTON, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

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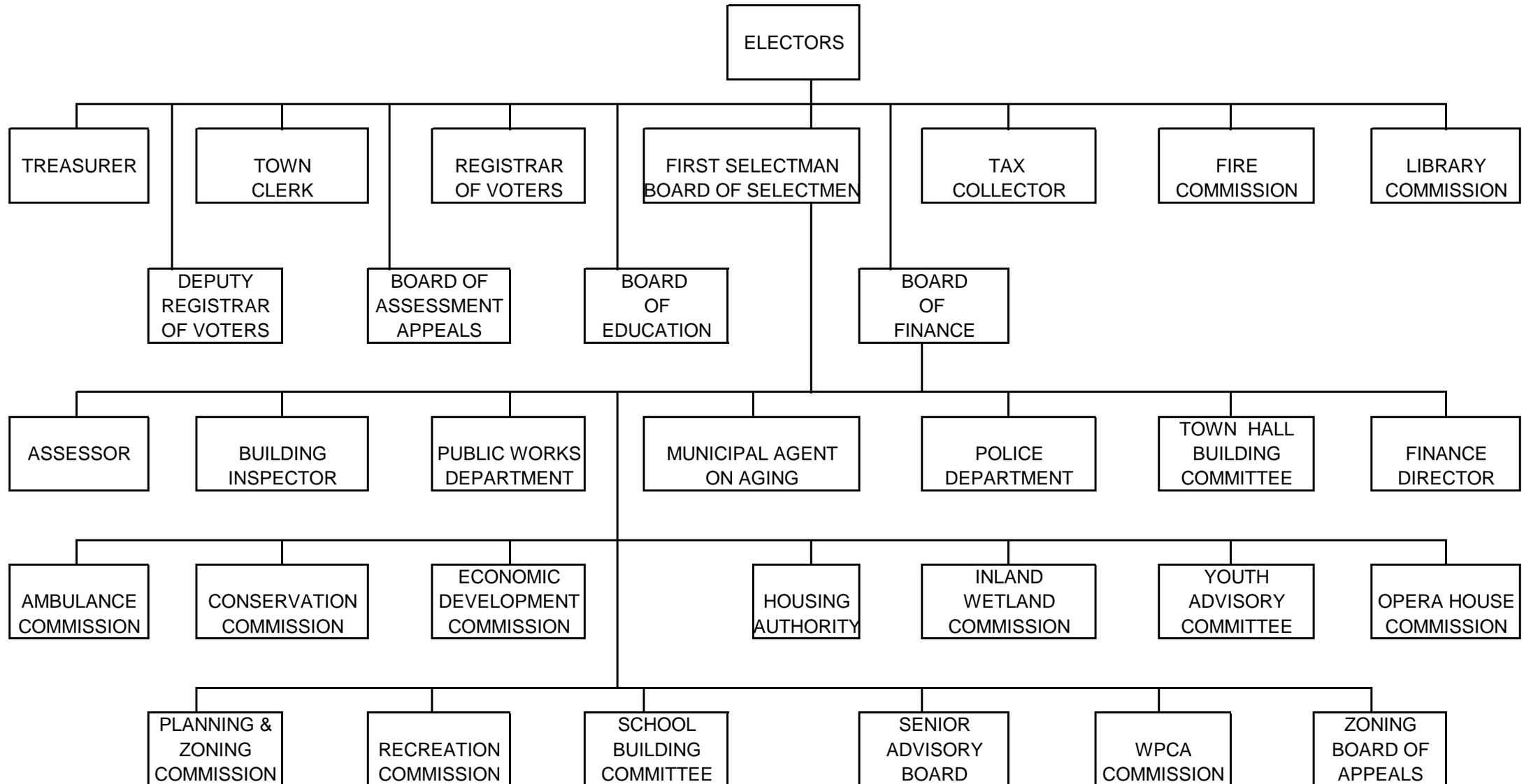
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Introductory Section

TOWN OF THOMASTON, CONNECTICUT

ORGANIZATIONAL CHART





Town of Thomaston
Finance Department
158 Main Street
Thomaston, Connecticut 06787
(860) 283-9678

January 11, 2018

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, 2017.

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 PKF O'Conner Davies, LLP. 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, 2017, 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 unmodified opinion that the Town of Thomaston's financial statements for the fiscal year ended June 30, 2017, 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, state mandated "Single Audit" designed to meet the special needs of state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited Town's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of state awards. These reports are available in the Town of Thomaston's separately issued 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 independent auditors' report.

Profile of the Town of Thomaston

The Town of Thomaston, located in Litchfield County, is a suburb consisting of 12 square miles and located 10 miles south of Torrington, Connecticut, 23 miles west of Hartford, Connecticut, with a population of 7,863. 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, a water pollution control facility, household waste collection and disposal, 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.

Local Economy and Major Initiatives

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

Local Economy

Thomaston is a residential community with a diversified manufacturing economic base. The Town's proximity to the Naugatuck River continues to be a major factor in its natural appeal to the development of certain types of industries.

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

The Town of Thomaston has made changes in its Plan of Development that permits the creation of an industrial park located on Reynolds Bridge Road adjacent to an area already zoned and in use by many small to medium size manufacturers. The area is contiguous to Route 8, a divided highway which permits easy access to freight transport. The developer of this industrial park has already constructed a 51 unit senior housing complex near the industrial park. There is currently a 47 unit active adult community under construction at 500 South Main Street by a local developer.

Local Economy

The former Star Manufacturing building located on Route 254 and the former CPI building on Watertown Road have been transformed into mixed use professional services and office space buildings. The developers took advantage of a tax assessment abatement ordinance that the Town of Thomaston has in place to assist with development.

Recently, a portion of the Town of Thomaston was deemed an enterprise zone allowing businesses in the Town to apply for both property and income tax incentives.

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

Also economically significant is the ongoing renovations of the town-owned Thomaston Opera House, which is considered to be one of the finest examples of Victorian/Gothic architecture in the state. In the past decade, the theater has undergone many improvements and restorations perpetuating its original function as a multipurpose cultural and recreational center for Litchfield County and Greater Waterbury. The Thomaston Opera House Commission leases the facility to a management company. A portion of each ticket sold is contributed to a fund for future restoration projects and the Town's Opera House Commission plans additional restoration projects in the upcoming year.

The Economic Development Commission's mission is to organize and promote sound economic growth in Thomaston by stimulating the expansion of existing business, attracting new enterprises and assuring a favorable community climate for new ideas and economic growth while respecting the character and history of the community. This nine member commission has been proactive in seeking business growth opportunities in Thomaston since its reestablishment. The Town has established a tax incentive program in order to attract, retain, and expand qualified businesses, to create employment opportunities, and to promote responsible economic growth to ensure Thomaston's future as a desirable community in which to live and work. Although developers have taken advantage of this ordinance in the past, all incentive agreements have since expired.

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

The Department of Economic and Community Development approved the reallocation of certain Small Cities federal funds the Town holds, which will benefit low to moderate income families and Americans with Disabilities. \$300,000 has been reallocated for housing rehabilitation for those who qualify. Many taxpayers have taken advantage of this program.

A ten year Plan of Conservation and Development was recently completed. The plan is intended to address all aspects of governmental services including economic development. One aspect of this plan is to establish goals and develop a plan for the Downtown Development District in conjunction with local merchants.

Local Economy

The Small Town Economic Assistance Program (STEAP) funds economic development, community conservation and quality of life projects for localities that are ineligible to receive Urban Action (CGS Section 4-66c) bonds. Public Act 05-194 allows an Urban Act Town that is not designated as a regional center under the State Plan of Conservation and Development to opt out of the Urban Action program and become a STEAP town for a period of four years.

The Town elected this option in 2006 and has since been awarded \$1,098,300 for sidewalk replacement, \$300,000 for the repair of Altair Avenue Bridge and culvert, \$100,000 for an emergency generator, \$500,000 towards a town-wide communication system and \$500,000 for the first phase of improvements to an athletic facility at Nystroms Park. The Town is currently seeking funding for additional projects including additional sidewalk replacement and a downtown parking area.

Thomaston's residential sector consists predominantly of single-family homes affordable across a broad range of income levels. Affordability and accessibility have been prime factors in the consistent levels of residential development. The Planning & Zoning Commission is reviewing an Incentive Housing Zone in an effort to encourage redevelopment of the downtown for commercial and residential uses.

Long-Term Financial Planning

Prepared as part of the annual budget process, a five year plan of capital improvement projects attempts to identify and provide a responsible funding/execution plan for public betterments to ensure a stable community infrastructure. The plan is designed to budget adequate reserves for replacement of obsolete equipment and vehicles and provide for the betterment of town-wide roads. The Town recently had an architectural/engineering firm perform an assessment of all town facilities. The results of this assessment will assist the capital improvement committee in prioritizing future capital needs.

The Town approved funds for various projects as follows: \$212,000 for engineering services related to Hickory Hill (the town has secured a LOTCIP grant for the reconstruction of this road but the town must provide engineered plans), \$2,460,000 for engineering and road repairs and reconstruction in the "web" area of Town, \$44,900 for a public works dump truck and \$2,350,000 for Phase II of the Nystroms Track and Tennis project.

Relevant Financial Policies

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Thomaston for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the twelfth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

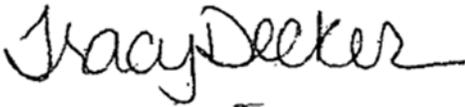
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Awards and Acknowledgements

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

The preparation of this report would not have been possible without the dedicated service of the finance staff and the cooperation of Town departments. My sincerest appreciation is extended to all of the contributing staff members. We also appreciate the professional service and assistance rendered by PKF O'Connor Davies, LLP.

Respectfully submitted,

A handwritten signature in black ink that reads "Tracy Decker". The signature is written in a cursive, flowing style.

Tracy A. Decker, CPA
Finance Director

TOWN OF THOMASTON, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2017

BOARD OF SELECTMEN

Edmond V. Mone, First Selectman
Bruce J. Barrett Sr., Selectman
Roger Perreault, Selectman

BOARD OF FINANCE

George Seabourne, Chairman
Stephen R. Turner
Michael S. Madow
Luke Freimuth
Thomas Duffany
Richard Sileo

TOWN DEPARTMENTS

Kenneth C. Hopkins, Jr., Treasurer
Tracy A. Decker, Finance Director
Todd Bendtsen, School Business Manager
Robert Dudek, Tax Assessor
Peggy K. Duffy, Tax Collector
Francine Coss, Superintendent of Schools
Glenn C. Clark, Superintendent of Highway
Richard Tingle, Superintendent of W.P.C.A.
Catherine P. Dupont, Town Clerk
Jeffrey Madden, Chief of Police
James O'Neil, Fire Chief
Robert V. Norton, Sr., Fire Marshal
Roger Natusch, Building Inspector
Martin Egan, Park and Recreation Director

AUDITORS

PKF O'Connor Davies, LLP



Government Finance Officers Association

**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, 2016

Executive Director/CEO

Financial Section

Independent Auditors' Report

Board of Finance
Town of Thomaston, Connecticut

Report on the Financial Statements

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 ("Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Board of Finance
Town of Thomaston, Connecticut**

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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, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post-employment benefit schedules on pages 12 through 23 and pages 77 through 87, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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, supplemental schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Board of Finance
Town of Thomaston, Connecticut**

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The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2018, on our consideration of the Town of Thomaston, Connecticut'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Thomaston, Connecticut's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
January 11, 2018



Town of Thomaston
Finance Department
158 Main Street
Thomaston, Connecticut 06787
(860) 283-9678

Management's Discussion and Analysis
For the Year Ended June 30, 2017

As management of the Town of Thomaston, CT ("Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town of Thomaston, CT for the fiscal year ended June 30, 2017.

Financial Highlights

- During the fiscal year, the Town implemented GASB 75 related to other post-employment benefits (OPEB) for the Town and Police and Firemen plans. GASB 75 requires that the net OPEB liability be recorded on the government-wide financial statements. The result of implementing GASB 75 was a prior period adjustment as of July 1, 2016 to record the net OPEB liability of \$26,024,293 and to remove the net OPEB obligation previously recorded of \$7,602,473. The current year OPEB expense was \$1,895,061 and the net OPEB liability at year end was \$21,231,621 for the Town Plan and \$6,010,952 for the Board of Education Plan.
- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$13,594,401 (*net position*). *Unrestricted net position*, the amount that may be used to meet the Town's ongoing obligations to citizens and creditors, was a deficit balance of \$19,669,339.
- The Town's total net position decreased by \$544,014. The decrease is substantially due to an increase in the OPEB liability of \$1,149,462 and amortization for deferred inflows related to both pension and OPEB of \$1,041,379, a reduction in other long-term debt of \$2,489,151 offset by an increase in bond anticipation notes of \$4,890,000 and a decrease in the pension liability of \$1,417,511. This was offset by the net increase in total assets of \$2,122,431 due primarily to the issuance of \$4,890,000 of additional bond anticipation notes for a road project and Phase II of the track project, of which approximately \$1,700,000 is recorded as construction in progress and the balance in investments.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,048,341, a decrease of \$1,708,265 in comparison with the prior year. This was mostly due to expenditures in the Capital or Non-Recurring fund for equipment, road, sewer and track projects that were financed through short term bond anticipation notes and have not been permanently financed yet.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,956,906, a decrease of \$383,417 in comparison with the prior year. This represents 10.4% of total general fund revenues.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Thomaston's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 position* and *statement of activities* report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, liabilities and deferred outflows and inflows of resources 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 position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these accounts being reported as net position. Over time, increases or decreases in net position 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 infrastructure, to assess the overall health of the Town.

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

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

Fund financial statements. The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town establishes many other funds to help it maintain control and manage money that has 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.

For governmental funds, information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general, debt service, small cities and the capital or nonrecurring fund all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements in Schedules 4 and 5 of 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.

Management's Discussion and Analysis (continued)

Fiduciary funds. The Town is the trustee, or fiduciary, for its employees' pension and OPEB plans. 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 position and changes in fiduciary net position (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 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 net pension and net OPEB liability and the progress in funding its obligation to provide pension and other post-employment 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 fund statements and schedules can be found in Schedules 4 through 6 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's combined net position decreased by 3.85% from a year ago - decreasing from \$14,138,415 to \$13,594,401.

Summary Statement of Net Position		
	2017	2016 (as restated)
Current and other assets	\$ 14,685,981	\$ 12,345,606
Capital assets (net)	62,695,877	62,913,820
Total assets	77,381,858	75,259,426
Total deferred outflows of resources	2,231,427	1,766,872
Long-term liabilities outstanding	52,419,432	55,186,823
Other liabilities	11,654,808	7,485,096
Total liabilities	64,074,240	62,671,919
Total deferred inflows of resources	1,944,644	215,964
Net position:		
Net investment in capital assets	32,655,352	38,387,002
Restricted	608,388	735,354
Unrestricted	(19,669,339)	(24,983,941)
TOTAL NET POSITION	\$ 13,594,401	\$ 14,138,415

Management's Discussion and Analysis (continued)

By far the largest portion of the Town's net position 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.

A portion of the Town's net position (4.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is the amount available to meet the Town's ongoing obligations to citizens and creditors.

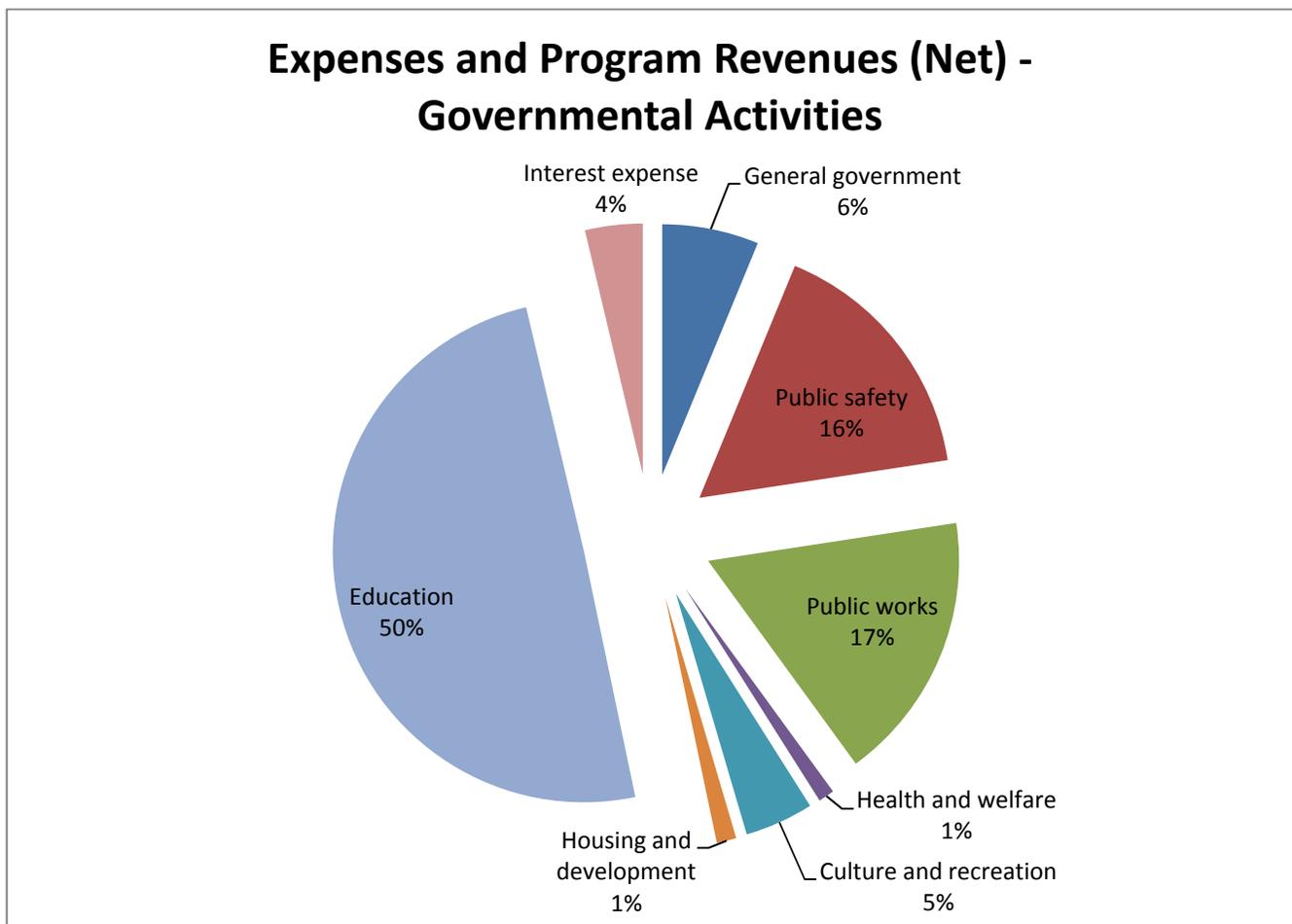
The Town's net position decreased by \$544,014. Key elements of this decrease are as follows:

Statement of Changes in Net Position		
	2017	2016
REVENUES:		
Program revenues:		
Charges for services	\$ 2,051,284	\$ 2,074,260
Operating grants and contributions	9,596,263	8,923,066
Capital grants and contributions	115,622	605,945
General revenues:		
Property taxes	18,906,623	18,347,627
Grants and contributions not restricted to specific programs	680,052	516,623
Investment income	86,423	62,240
Miscellaneous	56,172	65,734
TOTAL REVENUES	31,492,439	30,595,495
EXPENSES:		
General government	1,417,618	1,417,021
Public safety	3,558,258	3,326,695
Public works	5,126,370	4,781,865
Health and welfare	222,395	209,795
Culture and recreation	1,015,466	1,084,776
Housing and development	544,178	787,911
Education	19,401,777	18,527,836
Interest expense	750,391	703,177
TOTAL EXPENSES	32,036,453	30,839,076
(INCREASE) DECREASE IN NET POSITION	(544,014)	(243,581)
NET POSITION - JULY 1	14,138,415	32,803,816
RESTATEMENT FOR NET OPEB LIABILITY	-	(18,421,820)
NET POSITION - JUNE 30	\$ 13,594,401	\$ 14,138,415

Management's Discussion and Analysis (continued)

- Operating grants and contributions increased by \$673,197 (7.54%) due to an increase in the on-behalf amount for the Town's allocable share of the pension expense for the State Teachers' Retirement Plan offset by a decrease in Education Cost Sharing, Special Education Excess Cost and School Transportation grants.
- Capital grants and contributions decreased by \$490,323 (80.9%) due to school construction grant funds received for the school roofs received in 2016 but not 2017 and reductions in the amounts received for small cities and local bridge grants.
- Expenses increased by \$1,197,377 (3.9%) due primarily to increases in educational expenses and public works expenses for snow removal.

Expenses and Program Revenues (Net)

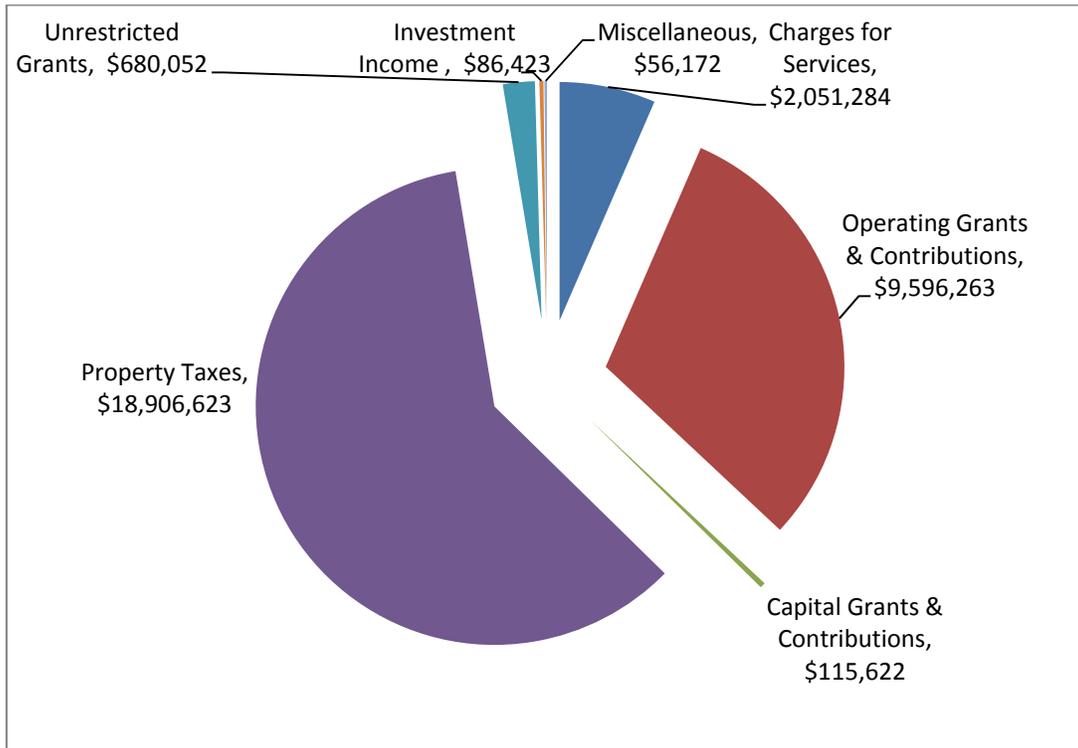


The above represents the percentage of net cost by function as presented in the statement of activities (Exhibit B). In most cases, the above chart represents the true cost of the departments because we have offset the costs by the revenues derived by those departments. For example, the net cost of Education of \$10,052,452 includes expenses of \$19,401,777 offset by charges for services of \$205,641, operating grants and contributions (including the Education Cost sharing grant) of \$9,142,752 and capital grants and contributions of \$932.

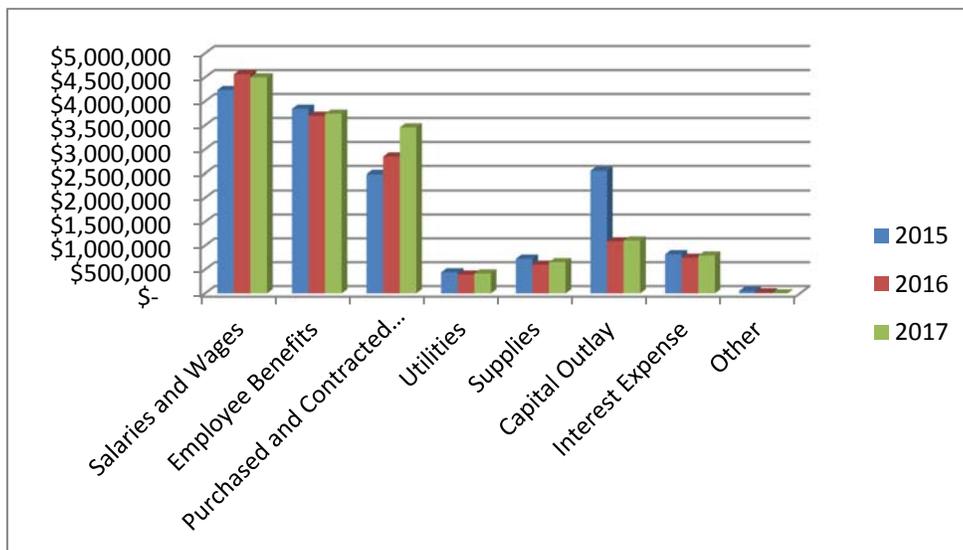
Management's Discussion and Analysis (continued)

The statement of activities requires that we report capital grants, which often offset capital outlay and not operating expenses. Therefore, in this particular case, capital grants tend to distort the net costs in the statement of activities. Based on capital grants received during the fiscal year, the net costs above are understated by \$33,072 in Culture and Recreation due to grants received to install fiber to the Library and towards the Nystrom's Track project, which were charged to capital outlay.

Revenues by Source



The chart above reflects the sources of revenue for the fiscal year, which provide the services the taxpayers of Thomaston receive. Property taxes of \$18,906,623 (60.0%) is the major source of revenue, followed by operating grants and contributions of \$9,596,263 (30.5%), charges for services of \$2,051,284 (6.5%), unrestricted grants of \$680,052 (2.2%) and capital grants and contributions of \$115,622 (0.4%). The remaining \$142,595 (0.5%) is made up of investment and miscellaneous income.



Management's Discussion and Analysis (continued)

The above chart was derived directly from the classification of expenses in the Town's chart of accounts on a government-wide basis excluding the Board of Education operating budget and the education grant fund for fiscal years 2017, 2016 and 2015. The overall trend is level spending. The increase in purchased and contracted services is due to engineering services for several projects (WPCA sewer lines, roads, track).

Capital outlay includes construction, building improvements, improvements to roads and other infrastructure assets, vehicles and machinery and equipment purchases. Purchased and contracted services include professional and technical services such as data processing, legal fees, repairs and maintenance, water, telephone, advertising, dues and rental of equipment. Supplies include general supplies, postage, gas, diesel and oil, sand and salt and other infrastructure materials.

Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,048,341. GASB 54 requires that fund balance be reported in one of five categories: nonspendable, restricted, committed, assigned or unassigned. The Town has a nonspendable balance of \$170,200 because it has been reserved to generate income to pay for the perpetual care of Kenea Park and the municipal cemetery and to generate income for various projects at the Fire Department. \$1,393,058 has been restricted, \$1,210,838 has been committed and \$1,591,931 has been assigned, leaving a balance of \$682,314 as unassigned.

The total fund balances decreased by \$1,708,265. This is due primarily to expenditures in the Capital or Nonrecurring fund that were funded by short-term notes recorded in the previous year.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,956,906. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund revenue. Unassigned fund balance represents 10.4% of total general fund revenues.

The fund balance of the Town's general fund increased \$189,317 during the current fiscal year. The Town had budgeted the use of prior year fund balance of \$102,266 to balance the fiscal 2016-2017 budget.

Management's Discussion and Analysis (continued)

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

TOWN OF THOMASTON			
GENERAL FUND			
	2017	2016	Increase (Decrease)
REVENUES:			
Property taxes.....	\$ 18,880,582	\$ 18,477,767	\$ 402,815
Charges for services.....	311,543	328,567	(17,024)
Intergovernmental.....	9,107,312	8,198,506	908,806
Income from investments.....	39,490	16,030	23,460
Other.....	55,369	65,734	(10,365)
TOTAL REVENUES.....	28,394,296	27,086,604	1,307,692
EXPENDITURES:			
General government.....	3,719,358	3,628,834	90,524
Public safety.....	1,719,481	1,616,224	103,257
Public works.....	1,785,656	1,566,665	218,991
Health and welfare.....	82,675	85,307	(2,632)
Culture and recreation.....	408,981	448,276	(39,295)
Housing and development.....	150,534	144,739	5,795
Education.....	17,115,585	15,809,352	1,306,233
Capital outlay.....	3,006	2,125	881
TOTAL EXPENDITURES.....	24,985,276	23,301,522	1,683,754
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES.....	3,409,020	3,785,082	(376,062)
OTHER FINANCING SOURCES (USES):			
Sale of capital assets.....	803		803
Transfer in.....	15,000	39,736	(24,736)
Transfer out.....	(3,235,506)	(3,549,412)	313,906
NET OTHER FINANCING SOURCES (USES).	(3,219,703)	(3,509,676)	289,973
NET CHANGE IN FUND BALANCES.....	\$ 189,317	\$ 275,406	\$ (86,089)

- Intergovernmental revenue increased by \$908,806 due to an increase in the on-behalf amount for the Town's allocable share of the pension expense for the State Teachers' Retirement Plan.
- Education expenditures increased by \$1,306,233 due to an increase in the on-behalf amount for the Town's allocable share of the pension expense for the State Teachers' Retirement Plan and budgeted increased spending.

Debt Service Fund. This fund accounts for financial resources to be used for current and future principal and interest payments for long-term debt. As part of the Town's Capital improvement policy, the Town committed to funding a minimum annual appropriation of \$2,800,000 into Debt Service to minimize a mill rate impact of an expected significant increase in debt service in future budget years. The assigned fund balance as of June 30, 2017 is \$916,931.

Small Cities Fund. The Small Cities fund provides residential loan assistance and commercial economic development loans to qualifying citizens and Town businesses. The Town started receiving Federal funds for this program in 1985. The Small Cities funded activities must meet one of three national objectives: (1) benefit low and moderate income persons; (2) aid in the prevention or elimination of slums or blight; or (3) meet community development needs having a particular urgency. The Town provided new residential loans in the amount of \$114,842. The ending loan balance was \$911,355 (net of an allowance for uncollectible loans). Restricted fund balance of \$954,870 is available for future loan assistance.

Capital or Nonrecurring Fund. This fund accounts for the financial revenues including resources from borrowing to be used for major capital asset construction and/or purchases and items, which are reserved for special purposes. A summary of the projects can be found in Note II.E. of the notes to financial statements. The capital or nonrecurring fund's expenditures exceeded its revenue and other financing sources by \$1,775,536, primarily due to expenditures funded with short term borrowing.

General Fund Budgetary Highlights

Transfers from contingency of \$100,000 were made during the year as follows:

- \$ 3,952 Transferred to Capital or Nonrecurring to purchase a shed at the Transfer Station.
- \$28,499 Transferred to various departments for contractual wage increases negotiated after the budget was adopted.
- \$67,549 To help defray year end overruns.

The transfer to help defray year end overruns came from:

Contingency	\$ 67,549
Treasurer	6,607
Insurance	33,200
Town Hall Building and Maintenance	14,633
Library	<u>2,925</u>
Total	<u>\$ 124,914</u>

Management's Discussion and Analysis (continued)

The following summarizes the year end overruns:

Board of Selectmen	\$ 1,098
Tax Assessor	1,233
Town Clerk	273
Social Security	446
Retiree Medical Insurance	17,044
Emergency Management	147
Police	3,070
Communications & Dispatch	8,026
Animal Control	10,335
Fire Protection	9,264
Highways and Streets	17,139
Street Lighting	2,046
Recreation	4,035
Snow & Ice	<u>50,758</u>
Total	<u>\$ 124,914</u>

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets amounts to \$62,695,877 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles, machinery and equipment, sewer lines, roads, bridges, sidewalks and system storm drains. The total decrease in the Town's investment in capital assets for the current fiscal year was \$217,943 (0.3%). This decrease is due largely to fewer capital expenditures offset by increased depreciation. 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.

Capital Assets - Net

	2017	2016
Land.....	\$ 1,341,961	\$ 1,315,620
Construction in progress.....	3,010,283	1,421,416
Buildings.....	31,564,571	32,554,652
Land improvements.....	477,584	506,231
Machinery and equipment.....	6,473,969	6,839,708
Intangible assets.....	-	1,208
Vehicles.....	1,477,028	1,491,875
Infrastructure.....	18,350,481	18,783,110
TOTAL.....	<u>\$62,695,877</u>	<u>\$62,913,820</u>

Management's Discussion and Analysis (continued)

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

- Several of last year's projects continued in 2016-2017 with increases to construction in progress: Roofing work continued at the Fire House (\$7,198), Nystrom's Track and Tennis project (\$430,759), Walnut Hill bridge (\$11,306) and sewer repairs/reconstruction in the "web" area of Town (\$765,244).
- New vehicles and equipment included a key fob system (\$9,590) and industrial washer/dryer (\$14,698) at the Fire House, two public works trucks (\$74,300), a truck body (\$26,642), a street sweeper (\$20,000), a lawnmower (\$11,011), a play scape at Reeve's Field (\$29,628) and the installation of fiber to the Library (\$22,350).
- The Hillside Cemetery Trust Fund purchase land adjacent to the cemetery (\$26,341).
- Additional items recorded as construction in progress include repairs and reconstruction of the roads in the "web" area of town (\$385,699), engineering of Hickory Hill Road (\$56,600) and construction of a security wall at Thomaston High School (\$43,945).

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

Long-term and short-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$19,860,000. All debt is backed by the full faith and credit of the Town. The remainder of the Town's debt represents notes totaling \$1,973,856 funded by the State of Connecticut Clean Water Fund, bond anticipation notes of \$7,800,000 and unamortized bond premium of \$676,512.

OUTSTANDING DEBT		
LONG-TERM AND SHORT TERM OBLIGATIONS		
	2017	2016
General obligation bonds.....	\$ 19,860,000	\$ 21,850,000
Notes.....	1,973,856	2,475,710
Bond anticipation notes.....	7,800,000	2,910,000
Bond premium.....	676,512	745,964
Total.....	\$ 30,310,368	\$ 27,981,674

In October 2014, Standard & Poor's assigned ratings of AA and SP-1 to the Town's general obligation bonds and bond anticipation notes, respectively, and affirmed its AA long-term rating on the Town's parity debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven 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 \$131,863,949, which is significantly in excess of the Town's outstanding general obligation debt.

Management's Discussion and Analysis (continued)

On May 3, 2017, the Town issued \$7,800,000 of bond anticipation notes for a fire truck (\$570,000), a pay-loader (\$137,500), a dump truck (\$150,000), WPCA phosphorous project (\$625,000), WPCA sewer lines in the web area (\$1,390,000), engineering for the web roads (\$212,000), reconstruction of the web roads (\$2,037,600), engineering for Hickory Hill (\$283,000), a dump truck (\$44,900) and Phase II of the Nystrom's project (\$2,350,000).

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town is currently 3.9%, which is a decrease from a rate of 4.9% a year ago. The Town's rate is favorable compared to the State rate of 5.1% and the Hartford Labor Market rate of 5.2%.
- The Town is under even greater fiscal pressure from voter opposition in the tax levy. Voter opposition remains regardless of the fact that the Town has no control over its significant revenue sources other than property taxes. The Town faces cost increases from contractual obligations and fixed costs as well as significant decreases in revenue from the State of Connecticut and failed budgets will only result in loss of services, personnel and infrastructure improvements.

These factors were considered in preparing the Town's budget for the 2017-2018 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Tracy Decker, CPA, Town of Thomaston, CT 158 Main Street, Thomaston, CT 06787.

Basic Financial Statements

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 595,524
Investments.....	11,883,469
Receivables:	
Property taxes.....	150,005
Assessments/use charges.....	59,512
Intergovernmental.....	194,908
Other.....	164,199
Other assets.....	17,204
	13,064,821
Total Current assets.....	
	13,064,821
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Investments.....	114,689
Permanently restricted:	
Investments.....	170,200
	284,889
Total Restricted assets.....	
	284,889
Receivables (net):	
Property taxes.....	184,831
Assessments/use charges.....	67,108
Loans.....	911,355
Intergovernmental.....	141,263
Notes.....	31,714
	1,336,271
Total Receivables (net).....	
	1,336,271
Capital assets (net of accumulated depreciation):	
Land.....	1,341,961
Construction in progress.....	3,010,283
Buildings.....	31,564,571
Land improvements.....	477,584
Machinery and equipment.....	6,473,969
Vehicles.....	1,477,028
Infrastructure.....	18,350,481
	62,695,877
Total Capital assets (net of accumulated depreciation).....	
	62,695,877
Total Noncurrent assets.....	
	64,317,037
TOTAL ASSETS.....	
	77,381,858
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charge on refunding.....	319,975
Deferred outflow related to pensions.....	400,151
Deferred outflow related to OPEB.....	1,511,301
	2,231,427
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	
	2,231,427

(Continued)

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

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable.....	\$ 620,745
Accrued payroll.....	373,732
Accrued interest payable.....	110,714
Unearned revenue.....	30,848
Bond anticipation notes.....	7,800,000
Bonds and notes payable.....	2,451,984
Capital lease payable.....	36,895
Compensated absences.....	146,419
Other liabilities.....	83,471
	<hr/>
Total Current liabilities.....	11,654,808
	<hr/>
Noncurrent liabilities:	
Bonds and notes payable and related liabilities.....	20,058,384
Capital lease payable.....	13,237
Net pension liability.....	4,193,474
Net OPEB liability.....	27,242,573
Compensated absences.....	829,710
Other liabilities.....	82,054
	<hr/>
Total Noncurrent liabilities.....	52,419,432
	<hr/>
TOTAL LIABILITIES.....	64,074,240
	<hr/>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflow related to pensions.....	502,161
Deferred inflow related to OPEB.....	1,442,483
	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	1,944,644
	<hr/>
<u>NET POSITION</u>	
Net investment in capital assets.....	32,655,352
Restricted for:	
Endowments:	
Nonexpendable.....	65,700
Expendable.....	43,119
Perpetual Care:	
Nonexpendable.....	104,500
Expendable.....	71,570
Sewer assessment.....	206,985
Education.....	99,382
Library.....	9,860
Other.....	7,272
Unrestricted.....	(19,669,339)
	<hr/>
TOTAL NET POSITION.....	\$ 13,594,401
	<hr/> <hr/>

(Concluded)

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

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET EXPENSES AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
General government.....	\$ 1,417,618	\$ 153,730	\$ 4,000	\$ 1,400	\$ (1,258,488)
Public safety.....	3,558,258	203,715	-	32,725	(3,321,818)
Public works.....	5,126,370	1,363,837	228,609	7,141	(3,526,783)
Health and welfare.....	222,395	859	-	10,755	(210,781)
Culture and recreation.....	1,015,466	62,326	3,218	53,650	(896,272)
Housing and development.....	544,178	61,176	217,684	9,019	(256,299)
Education.....	19,401,777	205,641	9,142,752	932	(10,052,452)
Interest expense.....	750,391	-	-	-	(750,391)
TOTAL.....	\$ 32,036,453	\$ 2,051,284	\$ 9,596,263	\$ 115,622	\$ (20,273,284)
GENERAL REVENUES:					
Property taxes.....					\$ 18,906,623
Grants and contributions not restricted to specific programs.....					680,052
Investment income.....					86,423
Miscellaneous.....					56,172
TOTAL GENERAL REVENUES.....					19,729,270
CHANGE IN NET POSITION.....					(544,014)
NET POSITION - JULY 1, 2016 (as restated).....					14,138,415
NET POSITION - JUNE 30, 2017.....					\$ 13,594,401

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

TOWN OF THOMASTON, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	GENERAL	DEBT SERVICE	SMALL CITIES	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Cash.....	\$ 269,254	\$ -	\$ 43,515	\$ -	\$ 282,755	\$ 595,524
Investments.....	10,530,108	77,159	-	36,990	1,524,101	12,168,358
Receivables, net:						
Property taxes.....	361,980	-	-	-	-	361,980
Assessments/use charges.....	-	-	-	-	109,087	109,087
Loans.....	-	-	911,355	-	-	911,355
Intergovernmental.....	-	-	-	-	48,740	48,740
Other.....	89,540	-	-	-	74,659	164,199
Due from other funds.....	222,455	839,772	-	5,725,243	227,655	7,015,125
Other assets.....	7,962	-	-	-	9,242	17,204
TOTAL ASSETS.....	\$ 11,481,299	\$ 916,931	\$ 954,870	\$ 5,762,233	\$ 2,276,239	\$ 21,391,572
<u>LIABILITIES</u>						
Accounts payable.....	\$ 321,964	\$ -	\$ -	\$ 232,098	\$ 66,683	\$ 620,745
Accrued payroll.....	335,979	-	-	-	37,753	373,732
Due to other funds.....	6,791,066	-	-	-	224,059	7,015,125
Unearned revenue.....	6,690	-	-	-	24,158	30,848
Bond anticipation notes.....	-	-	-	7,800,000	-	7,800,000
TOTAL LIABILITIES.....	7,455,699	-	-	8,032,098	352,653	15,840,450
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - property taxes.....	361,980	-	-	-	-	361,980
Unavailable revenue - sewer charges.....	31,714	-	-	-	109,087	140,801
TOTAL DEFERRED INFLOWS OF RESOURCES...	393,694	-	-	-	109,087	502,781
<u>FUND BALANCES</u>						
Nonspendable.....	-	-	-	-	170,200	170,200
Restricted.....	-	-	954,870	-	438,188	1,393,058
Committed.....	-	-	-	-	1,210,838	1,210,838
Assigned.....	675,000	916,931	-	-	-	1,591,931
Unassigned.....	2,956,906	-	-	(2,269,865)	(4,727)	682,314
TOTAL FUND BALANCES.....	3,631,906	916,931	954,870	(2,269,865)	1,814,499	5,048,341
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,481,299	\$ 916,931	\$ 954,870	\$ 5,762,233	\$ 2,276,239	\$ 21,391,572

(Continued)

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

TOWN OF THOMASTON, CONNECTICUT

RECONCILIATION OF FUND BALANCE TO NET POSITION
JUNE 30, 2017

AMOUNTS REPORTED IN THE STATEMENT OF NET POSITION (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUNDS BALANCE SHEET DUE TO:

TOTAL FUND BALANCE (EXHIBIT C, PAGE 1).....	\$	5,048,341
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning capital assets.....	62,913,820
Current year additions (net of construction in progress).....	1,863,185
Depreciation expense.....	(2,081,128)

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

Property tax, sewer use and sewer assessment interest and lien accrual.....	147,389
School building grant receivable.....	287,431
Notes receivable (sewer charges).....	31,714
Allowance for doubtful accounts.....	(157,000)
Deferred charge on refunding.....	319,975
Deferred outflow related to pensions.....	400,151
Deferred outflow related to OPEB.....	1,511,301

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

Property tax, sewer use and sewer assessment receivable - accrual basis change.....	502,781
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SOME LIABILITIES AND DEFERRED INFLOWS, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Bonds and notes payable.....	(21,833,856)
Bond premiums.....	(676,512)
Capital lease payable.....	(50,132)
Net pension liability.....	(4,193,474)
Net OPEB liability.....	(27,242,573)
Compensated absences.....	(976,129)
Other liabilities.....	(165,525)
Accrued interest payable.....	(110,714)
Deferred inflow related to pensions.....	(502,161)
Deferred inflow related to OPEB.....	(1,442,483)

NET POSITION.....	\$	<u>13,594,401</u>
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(Concluded)

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

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL	DEBT SERVICE	SMALL CITIES	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property taxes.....	\$ 18,880,582	\$ -	\$ -	\$ -	\$ -	\$ 18,880,582
Charges for services.....	311,543	-	-	19,278	1,813,112	2,143,933
Intergovernmental.....	9,107,312	-	217,684	50,644	1,076,108	10,451,748
Contributions.....	-	-	-	34,645	56,444	91,089
Income from investments.....	39,490	2,337	272	58	13,396	55,553
Net change in fair value of investments.....	-	-	-	-	30,870	30,870
Other.....	55,369	-	-	-	-	55,369
TOTAL REVENUES.....	28,394,296	2,337	217,956	104,625	2,989,930	31,709,144
EXPENDITURES:						
Current:						
General government.....	3,719,358	-	-	87,604	7,094	3,814,056
Public safety.....	1,719,481	-	-	43,261	5,453	1,768,195
Public works.....	1,785,656	-	-	3,953	1,260,087	3,049,696
Health and welfare.....	82,675	-	-	-	87,791	170,466
Culture and recreation.....	408,981	-	-	7,553	97,048	513,582
Housing and development.....	150,534	-	255,591	11,212	-	417,337
Education.....	17,115,585	-	-	21,770	1,256,702	18,394,057
Debt service.....	-	3,311,111	-	24,918	-	3,336,029
Capital outlay.....	3,006	-	-	1,966,742	37,863	2,007,611
TOTAL EXPENDITURES.....	24,985,276	3,311,111	255,591	2,167,013	2,752,038	33,471,029
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	3,409,020	(3,308,774)	(37,635)	(2,062,388)	237,892	(1,761,885)
OTHER FINANCING SOURCES (USES):						
Capital lease.....	-	-	-	39,758	-	39,758
BAN premiums.....	-	13,059	-	-	-	13,059
Sale of capital assets.....	803	-	-	-	-	803
Transfers in.....	15,000	2,952,772	-	247,094	195,610	3,410,476
Transfers out.....	(3,235,506)	-	-	-	(174,970)	(3,410,476)
NET OTHER FINANCING SOURCES (USES).....	(3,219,703)	2,965,831	-	286,852	20,640	53,620
NET CHANGE IN FUND BALANCES.....	189,317	(342,943)	(37,635)	(1,775,536)	258,532	(1,708,265)
FUND BALANCES - JULY 1, 2016.....	3,442,589	1,259,874	992,505	(494,329)	1,555,967	6,756,606
FUND BALANCES - JUNE 30, 2017.....	\$ 3,631,906	\$ 916,931	\$ 954,870	\$ (2,269,865)	\$ 1,814,499	\$ 5,048,341

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

TOWN OF THOMASTON, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
(EXHIBIT B) ARE DIFFERENT DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ (1,708,265)

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.

Capital outlay.....	1,863,185
Depreciation expense.....	<u>(2,081,128)</u>

Total (217,943)

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.....	(150,900)
Notes receivable.....	(7,928)
Change in property tax, sewer use and sewer assessment receivable - accrual basis change.....	(50,795)
Change in property tax, sewer use and sewer assessment interest and lien revenue.....	<u>(7,885)</u>

Total (217,508)

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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Capital lease payable.....	(39,758)
Principal repayments:	
General obligation bonds.....	1,990,000
Notes payable.....	501,854
Capital lease payable.....	<u>37,055</u>

Total 2,489,151

(Continued)

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

TOWN OF THOMASTON, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

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:

Amortization of bond premium.....	\$ 69,452
Pension expense.....	1,417,511
OPEB expense.....	(1,149,462)
Compensated absences.....	40,649
Termination benefits.....	84,901
Other liabilities.....	(27,761)
Accrued interest payable.....	8,204
Amortization of deferred charges on refunding.....	(33,986)
Amortization of deferred outflows of resources.....	(1,012,760)
Amortization of deferred inflows of resources.....	<u>(286,197)</u>
Total	<u>(889,449)</u>
CHANGE IN NET POSITION (EXHIBIT B)	<u>\$ (544,014)</u>

(Concluded)

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

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 18,615,585	\$ 18,615,585	\$ 18,880,582	\$ 264,997
Charges for services.....	296,875	296,875	311,543	14,668
Intergovernmental.....	6,932,294	6,932,294	6,667,073	(265,221)
Income from investments.....	12,500	12,500	39,490	26,990
Other.....	10,000	10,000	55,369	45,369
TOTAL REVENUES.....	25,867,254	25,867,254	25,954,057	86,803
EXPENDITURES:				
Current:				
General government.....	4,022,587	3,897,821	3,719,358	178,463
Public safety.....	1,689,443	1,723,759	1,720,845	2,914
Public works.....	1,717,261	1,794,318	1,787,298	7,020
Health and welfare.....	88,197	88,637	82,675	5,962
Culture and recreation.....	408,584	416,729	408,981	7,748
Housing and development.....	151,549	152,404	150,534	1,870
Education.....	14,675,346	14,675,346	14,675,346	-
TOTAL EXPENDITURES.....	22,752,967	22,749,014	22,545,037	203,977
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	3,114,287	3,118,240	3,409,020	290,780
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	102,266	102,266	-	(102,266)
Sale of capital assets.....	-	-	803	803
Transfers in.....	15,000	15,000	15,000	-
Transfers out.....	(3,231,553)	(3,235,506)	(3,235,506)	-
NET OTHER FINANCING SOURCES (USES).....	(3,114,287)	(3,118,240)	(3,219,703)	(101,463)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	189,317	\$ 189,317
FUND BALANCE - JULY 1, 2016.....			3,442,589	
FUND BALANCE - JUNE 30, 2017.....			<u>\$ 3,631,906</u>	

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

TOWN OF THOMASTON, CONNECTICUTSTATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	PENSION TRUST FUND	OTHER POST- EMPLOYMENT BENEFITS TRUST FUND	PRIVATE- PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>				
Cash.....	\$ -	\$ -	\$ 868	\$ 403,690
Investments:				
Certificates of Deposit.....	-	-	6,616	4,407
Mutual Funds/Exchange Traded Funds:				
Money market	39,174	1,139	-	-
Equity.....	8,912,656	137,543	-	-
Bond.....	6,378,336	97,510	-	-
Real estate investment trusts.....	737,913	12,755	-	-
Total Investments.....	16,068,079	248,947	6,616	4,407
Due from broker.....	240,000			
TOTAL ASSETS.....	16,308,079	248,947	7,484	408,097
<u>LIABILITY</u>				
Accounts payable.....	-	-	-	408,097
<u>NET POSITION</u>				
Net position restricted for pension benefits, other post-employment benefits and other purposes.....	\$ 16,308,079	\$ 248,947	\$ 7,484	\$ -

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

TOWN OF THOMASTON, CONNECTICUTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	PENSION TRUST FUND	OTHER POST- EMPLOYMENT BENEFITS TRUST FUND	PRIVATE- PURPOSE TRUST FUNDS
ADDITIONS:			
Contributions:			
Employer.....	\$ 790,000	\$ 726,545	\$ -
Employees.....	175,704	-	-
Total contributions.....	965,704	726,545	-
Investment income (loss):			
Net change in fair value of investments.....	1,281,739	13,453	
Interest and dividends.....	474,981	5,531	44
Total investment income (loss).....	1,756,720	18,984	44
Less investment expenses.....	17,632	394	-
Net investment income (loss).....	1,739,088	18,590	44
TOTAL ADDITIONS.....	2,704,792	745,135	44
DEDUCTIONS:			
Benefits.....	1,007,682	701,545	-
Administration.....	29,092	416	-
Awards.....	-	-	400
TOTAL DEDUCTIONS.....	1,036,774	701,961	400
CHANGES IN NET POSITION.....	1,668,018	43,174	(356)
NET POSITION - JULY 1, 2016.....	14,640,061	205,773	7,840
NET POSITION - JUNE 30, 2017.....	\$ 16,308,079	\$ 248,947	\$ 7,484

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

TOWN OF THOMASTON, CONNECTICUTNOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

HISTORY AND ORGANIZATION

The Town of Thomaston, Connecticut ("Town") was incorporated July 6, 1875, and operates under the provisions of the General Statutes of the State of Connecticut. The legislative power of the Town is vested in a Board of Selectmen and the Town Meeting. The Town provides the following services: Public Safety (police, fire and ambulance), Public Works (streets and solid waste), Public Health and Welfare, Culture and Recreation (parks, programs and public library), Housing and Development (building and land use) and Education encompassing grades PreK-12.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *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 of 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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. Tax 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 tax revenues to be available if they are collected by the end of the current fiscal period. For reimbursement grants, the Town considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

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 *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, long-term debt, principal, interest and related costs.

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. Revenue consists of interest due on loan repayments and investment income.

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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Other Post-Employment Benefit Trust Fund* accounts for the activities of the Town OPEB Plan, which accumulates resources for retiree medical and life insurance benefits.

The *Private-Purpose Trust Funds* are used to account for resources legally held in trust for educational purposes.

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

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

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

Pensions and other post-employment benefits ("OPEB") - For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflow of resources related to pensions and OPEB and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town of Thomaston pension and OPEB plans and the Connecticut State Teachers' Retirement System ("TRS") have been determined on the same basis as they are reported by the Town of Thomaston pension and OPEB plans and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Deposits and Investments

Deposits - The Town considers cash as cash on hand, demand deposits and money market accounts.

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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

1. Deposits and Investments (Continued)

Pension fund investments may be invested in fixed income, equities and real estate. The target asset allocation is 40% fixed income, 55% equities and 5% real estate. There are also minimum and maximum target levels defined. Professional investment managers are employed to manage the assets allocated to them. The Retirement Plan Committee, as trustee of the pension plan, is responsible for overall investment policy.

Other post-employment benefits fund investment policy targets investment in equities of 70% and fixed income of 30%.

Method used to value investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

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

2. Receivables and Payables

a. Interfunds

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

b. Property Taxes and Other Receivables

In the government-wide financial statements, all trade, property tax, sewer use, sewer assessment and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 38 percent of outstanding receivable balances and are calculated based upon prior collections.

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

In the fund financial statements, all property taxes receivable at June 30, which have not been collected by June 30, have been recorded as a deferred inflows of resources 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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

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 acquisition 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 Town 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
Intangible assets	10
Vehicles	8-15
Infrastructure:	
Roads	50-75
Sewer lines	65
Storm drains	65

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions and OPEB for differences between expected and actual experience, changes in plan assumptions and for the net difference between projected and actual earnings on plan investments. The deferred outflows for differences between expected and actual experience, and changes in plan assumptions will be amortized over the average remaining service life of all plan members. The deferred outflows for the net difference between projected and actual earnings on plan investments will be amortized over a 5 year period.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

5. Deferred Outflows/Inflows of Resources (Continued)

The Town also reports a deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to pensions and OPEB for differences between expected and actual experience, changes in plan assumptions, and for the net difference between projected and actual earnings on plan investments. The deferred inflows for differences between expected and actual experience and changes in plan assumptions will be amortized over the average remaining service life of all plan members. The deferred inflows for the net difference between projected and actual earnings on plan investments will be amortized over a 5 year period.

The Town has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenue from several sources: property taxes, grants and user charges. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. 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. Board of Education employees are paid vacation on a fiscal year basis and, therefore, unused vacation lapses at June 30. 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. 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.

For employees other than certified teachers, sick leave accrues at the rate of 1¼ days per month, cumulative to a maximum of 100 days. Upon the death or retirement of an employee an amount will be due equal to the accumulated sick days times the rate of pay per day of such employee at the time of such death or retirement. Employees who resign or are terminated are not entitled to their unused sick days. Police officers hired after July 1, 2005 are entitled to 45% up to a maximum of 50 days; public works employees hired after January 1, 2006 are entitled to 50% up to a maximum of 50 days; and sewer and white collar employees hired after July 1, 2005 are not entitled to the benefit.

Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal yearend.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)****7. 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 position. Bond premiums and discounts 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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.

8. Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

9. Fund Equity and Net Position

In the government-wide financial statements, net position is classified into the following categories:

Net Investment in Capital Assets

This category presents the net position 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 Position

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

Unrestricted Net Position

The category presents the net position of the Town, which is not restricted.

In the fund financial statements, fund balances are classified into the following categories:

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

9. Fund Equity and Net Position (Continued)

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes established, modified or rescinded through resolutions approved by Town Meeting for capital and appropriation and Board of Finance for special revenue and other commitments.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the Board of Finance or a properly approved purchase order.

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Finance has provided otherwise in its commitment or assignment actions.

The Board of Finance adopted a minimum fund balance policy for the general fund. The policy is that Town Boards shall propose budgets that provide for the unassigned fund balance at fiscal year end to be not less than 5% nor more than 10% of the total operating general fund expenditures.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

10. Use of 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. Accordingly, actual results could differ from those estimates.

11. 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.
- 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 was no additional appropriation from fund balance during the year.
- Formal budgetary integration is employed as a management control device during the year.
- Except for encumbrance accounting and the on-behalf payment, the budget is prepared on the modified accrual basis of accounting.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (continued)

- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- 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.

B. Budget - GAAP Reconciliation

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

	<u>REVENUES</u>	<u>EXPENDITURES</u>
BALANCE, BUDGETARY BASIS, EXHIBIT F	\$ 25,954,057	\$ 22,545,037
State Teachers' Retirement on-behalf payment	<u>2,440,239</u>	<u>2,440,239</u>
BALANCE, GAAP BASIS, EXHIBIT D	<u>\$ 28,394,296</u>	<u>\$ 24,985,276</u>

C. Donor-Restricted Endowments

The Town has received certain endowments for the maintenance of the Hillside Cemetery and fire department operation purposes. The amounts are reflected in net position as restricted for endowments. Investment income (including appreciation) is approved for expenditure by the individual Boards. The amount of appreciation (depreciation) included in restricted fund balance of the Hillside Cemetery Trust was \$93,070.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

D. Capital Project Authorizations

The following is a summary of certain capital projects:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
Thomaston High School and Center School	<u>\$16,214,000</u>	<u>\$15,381,095</u>	<u>\$832,905</u>

TOWN OF THOMASTON, CONNECTICUT
NOTES TO 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:

	PROJECT AUTHORIZATION	CURRENT YEAR EXPENDITURES	CUMULATIVE EXPENDITURES	BALANCE
Assessors revaluation	\$ 567,137	\$ 59,715	\$ 547,137	\$ 20,000
Beautification projects	1,625	900	1,071	554
BOE projects	89,243	57,896	57,896	31,347
Bradstreet House	2,400	1,982	1,982	418
Christmas lights - reserve.....	12,000	-	10,000	2,000
Emergency shelter	11,319	673	9,371	1,948
Energy efficiency project	3,172,835	1,900	3,059,000	113,835
Fire Department projects.....	102,834	57,069	57,069	45,765
Grove Manor:chimney swift roost	29,462	7,962	29,605	(143)
Inland Wetland Engineering	1,500	3,250	3,250	(1,750)
Kenea Park clock restoration	16,000	-	-	16,000
K-9 donation reserve	10,412	-	9,904	508
Library projects	31,593	22,350	22,350	9243
Opera House renovation	55,395	3,791	55,395	-
Park bench wood repairs.....	1,125	-	889	236
Park & Recreation: Playground equipment.....	18,106	18,106	18,106	-
Police Department projects	297,643	28,652	282,484	15,159
Public Works Department projects	14,815,332	472,032	11,056,064	3,759,268
Roof engineering and repair.....	4,082,474	15,016	3,607,941	474,533
Senior center CT Community Foundation.....	1,400	880	880	520
Skate park proceeds	1,090	-	-	1,090
Town-wide sick pay reserve	877,387	-	840,398	36,989
Track Committee – Nystroms Park	3,273,308	430,759	1,320,763	1,952,545
Town Hall projects.....	497,667	25,989	388,565	109,102
Transfer station shed.....	3,953	3,953	3,953	-
TVAC projects	29,925	4,708	18,241	11,684
WPCA projects	2,046,884	765,244	1,304,129	742,755
Total.....	\$ 30,050,049	\$ 1,982,827	\$ 22,706,443	\$ 7,343,606

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

III. DETAILED NOTES

A. Cash and Investments

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. At year end, \$857,041 of the Town's bank balance of \$3,156,401 (including certificates of deposit and money market funds) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 580,281
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>276,760</u>
Total amount subject to custodial credit risk	<u>\$ 857,041</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

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	INVESTMENT MATURITIES (IN YEARS)				
	FAIR VALUE	N/A	LESS THAN 1	1-5 YEARS	5-10 YEARS
Mutual/Exchange Traded Funds:					
Money Market	\$ 40,313	\$ -	\$ 40,313	\$ -	\$ -
Equity	9,449,179	9,449,179			
Bond	6,475,845				6,475,845
Real Estate Investment Trust....	750,668	750,668			
Certificates of Deposit	237,920		237,920		
Bank Money Market Funds	4,178,452		4,178,452		
Pooled Fixed Income	7,275,853		7,275,853		
Common Stock	88,177	88,177			
TOTAL	<u>\$28,496,407</u>	<u>\$10,288,024</u>	<u>\$11,732,538</u>	<u>\$ -</u>	<u>\$6,475,845</u>

Fair value of Investments

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted prices; and
- Level 3: Unobservable inputs

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

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

The Town had the following recurring fair value measurement:

Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments by Fair Value Level			
<u>Mutual Funds/Exchange Traded Funds</u>			
Money Market.....	\$ 40,313	\$ 40,313	\$ -
Equity.....	9,449,179	9,449,179	\$ -
Bond.....	6,475,845	6,475,845	
Real Estate Investment Trust.....	750,668	750,668	
Common Stock.....	88,177	88,177	
Total Investments by fair value level.....	\$ 16,804,182	\$ 16,804,182	\$ -
<u>Other Investments</u>			
Certificates of Deposit.....	237,920		
Bank Money Market Funds.....	4,178,452		
Pooled Fixed Income.....	7,275,853		
Total Other Investments.....	11,692,225		
TOTAL INVESTMENTS.....	\$ 28,496,407		

Securities classified in Level 1 are valued using prices quoted in active markets for those securities.

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

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk in addition to abiding by State Statutes, which govern investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Foreign currency risk - The Town does not have a formal policy with respect the foreign currency risk. Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange.

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

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

The Town's investments subject to credit risk has average ratings by Standard & Poor's as follows:

AVERAGE RATING	MONEY MARKET MUTUAL FUNDS	BOND MUTUAL FUNDS	POOLED FIXED INCOME
AAA	\$ 40,313	\$ 3,316,161	\$7,275,853
AA			
A		889,146	
BBB		941,501	
BB		359,382	
B		598,062	
Below B		371,593	
TOTAL	\$ 40,313	\$ 6,475,845	\$7,275,853

Custodial credit risk - The Town does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 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 market funds.

The Town does not have any investments subject to custodial credit risk since the common stock is held in the Town's name.

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables in the Town's financial statements with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below.

	PROPERTY TAXES		
	TAXES	INTEREST & LIEN FEES	TOTAL
Current Portion	\$ 114,590	\$ 35,415	\$ 150,005
Long-term Portion	\$ 247,390	\$ 87,441	\$ 334,831
Less Allowance for Uncollectibles	(100,000)	(50,000)	(150,000)
Net Long-term Portion.....	\$ 147,390	\$ 37,441	\$ 184,831

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

III. **DETAILED NOTES (CONTINUED)**

B. **Receivables (Continued)**

	SEWER USE/ASSESSMENTS			CDBG LOANS
	CHARGES	INTEREST & LIEN FEES	TOTAL	
Current Portion	\$ 48,686	\$ 10,826	\$ 59,512	\$ -
Long-term Portion	\$ 60,401	\$ 13,707	\$ 74,108	\$ 1,011,355
Less Allowance for Uncollectibles	(5,500)	(1,500)	(7,000)	(100,000)
Net Long-term Portion.....	<u>\$ 54,901</u>	<u>\$ 12,207</u>	<u>\$ 67,108</u>	<u>\$ 911,355</u>

C. **Capital Assets**

Capital asset activity for the year was as follows:

	BALANCE JULY 1, 2016	INCREASES	DECREASES	BALANCE JUNE 30, 2017
<u>Capital Assets, not being depreciated:</u>				
Land.....	\$ 1,315,620	\$ 26,341	\$ -	\$ 1,341,961
Construction in progress	1,421,416	1,588,867		3,010,283
Total capital assets, not being depreciated	<u>2,737,036</u>	<u>1,615,208</u>	<u>-</u>	<u>4,352,244</u>
<u>Capital assets, being depreciated:</u>				
Buildings.....	43,741,896			43,741,896
Land improvements.....	1,441,764			1,441,764
Machinery and equipment.....	12,715,843	87,277		12,803,120
Intangible assets	24,165			24,165
Vehicles.....	3,765,460	160,700		3,926,160
Infrastructure	<u>25,791,243</u>			<u>25,791,243</u>
Total capital assets, being depreciated	<u>87,480,371</u>	<u>247,977</u>	<u>-</u>	<u>87,728,348</u>
Total capital assets.....	<u>90,217,407</u>	<u>1,863,185</u>	<u>-</u>	<u>92,080,592</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	11,187,244	990,081		12,177,325
Land improvements.....	935,533	28,647		964,180
Machinery and equipment.....	5,876,135	453,016		6,329,151
Intangible assets	22,957	1,208		24,165
Vehicles.....	2,273,585	175,547		2,449,132
Infrastructure	<u>7,008,133</u>	<u>432,629</u>		<u>7,440,762</u>
Total accumulated depreciation.....	<u>27,303,587</u>	<u>2,081,128</u>	<u>-</u>	<u>29,384,715</u>
Total Capital Assets, being depreciated, net ...	<u>60,176,784</u>	<u>(1,833,151)</u>	<u>-</u>	<u>58,343,633</u>
Capital Assets, net	<u>\$ 62,913,820</u>	<u>\$ (217,943)</u>	<u>\$ -</u>	<u>\$ 62,695,877</u>

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

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

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

General government	\$ 116,559
Public safety	255,885
Public works	833,240
Culture and recreation.....	42,442
Education	<u>833,002</u>
Total Depreciation Expense.....	<u>\$ 2,081,128</u>

Construction Commitments

At year end, the Town's commitments with contractors were as follows:

<u>Project Description</u>	<u>Commitment</u>
Nystrom's Track	\$ 1,515,735
Road – web project	2,196,485
Hickory Hill.....	226,400

D. Interfund Accounts

1. Interfund Payables and Receivables

The amounts due from and due to other funds were as follows:

<u>MAJOR FUNDS:</u>	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<u>GENERAL FUND:</u>			
Debt Service Fund	N/A	\$	\$ 839,772
Capital or Nonrecurring Fund.....	N/A		5,723,639
Sewer Commission Usage Fund	N/A		43,565
Education Grant Fund	N/A	72,995	
Transfer Station Fund	N/A	63,372	
Recreation Fund.....	N/A		12,281
Gift Fund.....	N/A		250
EMS Fund	N/A	15,000	
Capital Projects Fund.....	N/A		171,559
Edith Kenea Park & Tree Fund.....	N/A	1,197	
Hillside Cemetery Trust Fund	N/A	<u>69,891</u>	
TOTAL GENERAL FUND		<u>222,455</u>	<u>6,791,066</u>
<u>DEBT SERVICE FUND.....</u>			
	General Fund	<u>839,772</u>	-
Capital or Nonrecurring	General Fund	5,723,639	
Capital or Nonrecurring	Capital Projects Fund	<u>1,604</u>	
TOTAL CAPITAL OR NONRECURRING.....		<u>5,725,243</u>	-

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

III. **DETAILED NOTES (CONTINUED)**

D. **Interfund Accounts (Continued)**

1. **Interfund Payables and Receivables (Continued)**

	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
NONMAJOR FUNDS:			
SPECIAL REVENUE FUND:			
Sewer Commission Usage Fund	General Fund	\$ 43,565	\$
Education Grant Fund	General Fund		72,995
Transfer Station Fund	General Fund		63,372
Recreation Fund	General Fund	12,281	
Gift Fund	General Fund	250	
EMS Fund	General Fund		15,000
		<u>56,096</u>	<u>151,367</u>
TOTAL SPECIAL REVENUE FUNDS			
CAPITAL PROJECTS FUND:			
Capital Projects Fund	Capital or Nonrecurring		1,604
Capital Projects Fund	General Fund	171,559	
		<u>171,559</u>	<u>1,604</u>
TOTAL CAPITAL PROJECTS FUND			
PERMANENT FUNDS:			
Edith Kenea Park & Tree Fund	General Fund		1,197
Hillside Cemetery Trust Fund	General Fund		69,891
		<u>-</u>	<u>71,088</u>
TOTAL PERMANENT FUNDS			
TOTAL NONMAJOR FUNDS		<u>227,655</u>	<u>224,059</u>
GRAND TOTAL		<u>\$ 7,015,125</u>	<u>\$ 7,015,125</u>

The Debt Service fund interfund balance is a result of amounts invested with General Fund monies. The capital projects balances relate to the timing of the payment of vendor invoices and the reimbursement of the general fund. All other 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 FINANCIAL STATEMENTS (CONTINUED)

III. **DETAILED NOTES (CONTINUED)**

D. **Interfund Accounts (Continued)**

2. **Interfund Transfers**

A summary of interfund transfers for the fiscal year is as follows:

	<u>CORRESPONDING FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
MAJOR FUNDS:			
GENERAL FUND:			
Debt Service Fund	N/A	\$	\$ 2,952,772
Capital or Nonrecurring Fund	N/A		247,094
Social Service Crisis Fund	N/A		1,000
EMS Fund	N/A	15,000	
Capital Projects Fund	N/A		8,640
Hillside Cemetery Trust Fund	N/A		26,000
TOTAL GENERAL FUND		15,000	3,235,506
DEBT SERVICE FUND	General Fund	2,952,772	-
CAPITAL OR NONRECURRING FUND	General Fund	247,094	-
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Sewer Commission Usage Fund	Capital Projects Fund		159,970
Social Service Crisis Fund	General Fund	1,000	
EMS Fund	General Fund		15,000
TOTAL SPECIAL REVENUE FUNDS		1,000	174,970
CAPITAL PROJECTS FUND:			
Capital Projects Fund	General Fund	8,640	
Capital Projects Fund	Sewer Commission Usage Fund	159,970	
TOTAL CAPITAL PROJECTS FUND		168,610	-
PERMANENT FUNDS:			
Hillside Cemetery Trust Fund	General Fund	26,000	-
TOTAL NONMAJOR FUNDS		195,610	174,970
GRAND TOTAL		\$ 3,410,476	\$ 3,410,476

Transfers are used to account for the financing by the General Fund of various programs and activities in the Special Revenue Funds, Debt Service, Capital Projects and Capital or Nonrecurring Fund. In turn, the EMS Fund offsets its budget by transferring money to the general fund. surpluses (deficits) in the Sewer Commission Usage fund are transferred to (from) the WPCA Repair and Replacement Fund.

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

III. DETAILED NOTES (CONTINUED)

E. Short-Term Obligations - Bond Anticipation Notes

The Town uses bond anticipation notes ("BANs") during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity was as follows:

PURPOSE	BALANCE JULY 1, 2016	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2017
Various capital projects	\$2,910,000	\$7,800,000	\$2,910,000	\$7,800,000

The BANs carry an interest rate of 0.99% and mature in October 2017.

In October 2017, the Town issued \$7,620,000 of bond anticipation notes that mature in July 2018 and carry a coupon interest rate of 1.24%.

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, 2016 (As restated)	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2017	CURRENT PORTION
BONDS/NOTES									
General Purpose:									
Refunding bond	\$ 417,938	02/05/10	08/15/18	1.50-3.00%	\$ 128,760	\$	\$ 43,660	\$ 85,100	\$ 42,920
Refunding bond	140,008	12/21/10	12/01/22	2.00-4.00	72,877		11,693	61,184	11,693
Improvement bond	4,570,571	05/01/13	05/01/33	2.00-4.00	3,844,472		235,691	3,608,781	231,213
Improvement bond	5,725,000	11/01/14	11/01/34	3.00-4.00	5,435,000		290,000	5,145,000	290,000
Refunding bond	5,809,500	05/19/15	02/01/30	3.00-4.00	5,377,500		382,500	4,995,000	342,000
Total General Purpose					14,858,609	-	963,544	13,895,065	917,826
Schools:									
Refunding bond	2,402,062	02/05/10	08/15//18	1.50-3.00	741,240		251,340	489,900	247,080
Refunding bond	6,244,960	12/21/10	12/01/22	2.00-4.00	3,250,617		521,537	2,729,080	521,537
Improvement bond	2,164,429	05/01/13	05/01/33	2.00-4.00	1,870,528		104,309	1,766,219	108,787
Improvement bond	300,000	11/01/14	11/01/34	3.00-4.00	240,000		60,000	180,000	60,000
Refunding bond	645,500	05/19/15	02/01/30	3.00-4.00	597,500		42,500	555,000	38,000
Total Schools					6,699,885	-	979,686	5,720,199	975,404
Sewer:									
Clean water	9,091,656	02/28/02	03/31/21	2.00	2,475,710		501,854	1,973,856	511,984
Refunding bond	556,000	12/21/10	12/01/22	2.00-4.00	291,506		46,770	244,736	46,770
Total Sewer					2,767,216	-	548,624	2,218,592	558,754
TOTAL BONDS/NOTES					24,325,710	-	2,491,854	21,833,856	2,451,984
PREMIUMS					745,964		69,452	676,512	-
TOTAL BOND/NOTES AND RELATED LIABILITIES					25,071,674	-	2,561,306	22,510,368	2,451,984
CAPITAL LEASE PAYABLE					47,429	39,758	37,055	50,132	36,895
NET PENSION LIABILITY					5,610,985	1,258,189	2,675,700	4,193,474	-
NET OPEB LIABILITY					26,024,293	2,340,678	1,122,398	27,242,573	-
COMPENSATED ABSENCES					1,016,778	30,673	71,322	976,129	146,419
TERMINATION BENEFITS (SEVERANCE)					250,426		84,901	165,525	83,471
TOTAL LONG-TERM OBLIGATIONS					\$ 58,021,585	\$ 3,669,298	\$ 6,552,682	\$ 55,138,201	\$ 2,718,769

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

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

All long-term liabilities are generally liquidated by the General Fund.

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
2018	\$ 1,940,000	\$ 615,769	\$ 511,984	\$ 34,796	\$ 142,451	\$ 3,717
2019	1,910,000	549,406	522,318	24,462	139,995	1,268
2020	1,620,000	487,481	532,861	13,919		
2021	1,560,000	430,731	406,693	3,397		
2022	1,415,000	384,681				
2023	1,405,000	340,131				
2024	1,395,000	298,212				
2025	1,385,000	255,875				
2026	980,000	214,800				
2027	975,000	185,400				
2028	965,000	157,050				
2029	965,000	128,975				
2030	965,000	99,500				
2031	610,000	69,413				
2032	610,000	50,426				
2033	610,000	32,126				
2034	275,000	13,235				
2035	275,000	4,470				
TOTALS	\$19,860,000	\$ 4,317,681	\$ 1,973,856	\$ 76,574	\$ 282,446	\$ 4,985

2. Statutory Debt Limitations

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

CATEGORY	DEBT LIMIT	NET	
		INDEBTEDNESS	BALANCE
General purpose.....	\$ 42,384,841	\$21,695,065	\$ 20,689,776
Schools.....	84,769,682	5,437,753	79,331,929
Sewers.....	70,641,401	244,736	70,396,665
Urban renewal.....	61,222,548		61,222,548
Pension deficit.....	56,513,121		56,513,121

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

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

2. Statutory Debt Limitations (Continued)

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$131,863,949.

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 \$282,446 for bond principal is reflected as deductions in the computation of net indebtedness.

3. Capital Leases

The Town is committed under capital leases for vehicles. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Vehicles totaling \$115,989, net of accumulated depreciation of \$65,539, are recorded under the leases as. This year, \$22,668 was included in depreciation expense.

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.

Year Ending <u>June 30,</u>	
2018	\$ 39,900
2019	14,031
Less amount representing interest	<u>(3,799)</u>
Present value of minimum lease payments	<u>\$ 50,132</u>

4. Termination Benefits

The Board of Education provides severance benefit payments to eligible former employees. Benefits are paid annually based on the retirement agreement for each employee and are payable through 2019. The benefits were paid from the General Fund Board of Education department.

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

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

5. Authorized/Unissued Bonds

The amount of authorized, unissued bonds is 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 renovations	6,530,000	6,400,000	130,000
Altair Avenue Bridge project	220,000	106,572	113,428
Public works trucks	324,460	309,316	15,144
Refunding bonds	9,000,000	6,945,000	2,055,000
Seven Year Road Program	10,674,500	10,674,112	388
WPCA Upgrade – Phosphorus effluent limits	725,000	100,000	625,000
Communication system	3,975,000	3,475,000	500,000
Municipal building roofs	3,998,400	2,250,000	1,748,400
Fire truck	600,000	-	600,000
Payloader	150,000	-	150,000
Dump truck	194,900	-	194,900
Refunding bonds	7,000,000	6,455,000	545,000
Phase I Roadway Improvements	3,270,000	-	3,270,000
Hickory Hill Road	283,000	-	283,000
Road design	212,000	-	212,000
Phase II Thomaston Track Facility	2,350,000	-	2,350,000
TOTAL	\$ 62,798,867	\$ 49,832,462	\$ 12,966,405

The Wastewater Treatment plant, Black Rock School renovations, Altair Avenue Bridge project, Seven Year Road Program, Communication System and public works trucks are completed, and the Town does not intend to issue any bonds for the amounts authorized and unissued.

G. Restricted Net Position

The amount of restricted net position, which was restricted by enabling legislation, totaled \$260,388.

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

III. DETAILED NOTES (CONTINUED)

H. Fund Balances

Fund balances are composed of the following:

	GENERAL FUND	DEBT SERVICE	SMALL CITIES	CAPITAL OR NON- RECURRING	NONMAJOR FUNDS	TOTAL
<u>NONSPENDABLE:</u>						
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ 170,200	\$ 170,200
<u>RESTRICTED:</u>						
Cemetery maintenance.....	-	-	-	-	71,570	71,570
School lunch operations.....	-	-	-	-	99,382	99,382
Library operations.....	-	-	-	-	9,860	9,860
Park maintenance.....	-	-	-	-	42,019	42,019
Other.....	-	-	-	-	8,372	8,372
Revolving loan program.....	-	-	954,870	-	-	954,870
Sewer assessment.....	-	-	-	-	206,985	206,985
TOTAL RESTRICTED.....	-	-	954,870	-	438,188	1,393,058
<u>COMMITTED:</u>						
Fire department - training.....	-	-	-	-	6,318	6,318
Public safety - EMS.....	-	-	-	-	178,563	178,563
Cemetery maintenance.....	-	-	-	-	349,163	349,163
Other.....	-	-	-	-	8,695	8,695
Recreation programs.....	-	-	-	-	13,227	13,227
Approved CNR projects.....	-	-	-	-	654,872	654,872
TOTAL COMMITTED.....	-	-	-	-	1,210,838	1,210,838
<u>ASSIGNED:</u>						
Subsequent year's budget.....	675,000	-	-	-	-	675,000
Future debt service payments.....	-	916,931	-	-	-	916,931
TOTAL ASSIGNED.....	675,000	916,931	-	-	-	1,591,931
<u>UNASSIGNED:</u>						
.....	2,956,906	-	-	(2,269,865)	(4,727)	682,314
TOTAL.....	\$ 3,631,906	\$ 916,931	\$ 954,870	\$ (2,269,865)	\$ 1,814,499	\$ 5,048,341

I. Deficit fund balances

The Transfer Station fund had a deficit fund balance at year end of \$4,727.

The deficit will be reduced or eliminated in future years as amounts are received for charges for services and transfers from the general fund.

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

IV. SUPPLEMENTAL and 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 for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes.

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

The Town is a self-insured provider of claims under C.G.S. 7-433c, the Heart and Hypertension Act.

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.

C. Pension Plan

1. Plan Description

Plan Administration

The Town administers the Town of Thomaston Retirement Plan - a single-employer defined benefit pension plan that provides pensions for any person who has completed or is expected to complete a Year of Participation Service with a minimum of 1,250 hours and is employed by the employer, including the school nurse and paid elected officials. The plan was established through an ordinance at a Town Meeting and may be amended by the Board of Selectmen per Article IX of the Pension Plan. The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial statements as a pension trust fund. The plan does not issue stand-alone financial statements.

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

1. Plan Description (Continued)

Management of the plan is vested in the Retirement Committee, which consists of four members appointed by the Board of Selectmen.

Plan membership

At January 1, 2017, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	67
Inactive plan members entitled to but not yet receiving benefits.	19
Active plan members	<u>67</u>
Total	<u>153</u>

This plan was closed to new entrants in 2010. At that time, employees became eligible for participation in the Town's 457(b) deferred compensation plan.

2. Benefit Provisions

The plan provides retirement, disability and death benefits. Retirement benefits for Town employees are calculated as 2% of final average compensation times credited service for benefit accrual purposes, to a maximum of 50% of final average compensation. Town plan members employed after January 1, 1998 with 25 years of credited service can retire at the earlier of age 65 or 25 years of credited service. For Town plan members employed before January 1, 1998, they can retire at the earlier of age 55 and 10 years of credited service or the completion of 25 years of credited service. Town plan members with 10 years of credited service are eligible to receive an actuarially reduced benefit at age 55.

Retirement benefits for Police are calculated as 2.25% of final average compensation times credited service for benefit accrual purposes to a maximum of 67.5% of final average compensation. Police plan members can retire at full benefits at age 50 and the completion of 10 years of credited service, or the completion of 25 years of credited service.

All plan members are eligible for disability benefits after 10 years of service who become disabled. Disability retirement benefits are determined in the same manner as retirement benefits and are paid as an annuity, reduced by any workers' compensation payments. Death benefits will be paid if a member reaches age 55 and has at least 10 years of service. For a surviving spouse, the death benefit will be equal to 50% of the accrued benefit. If a participant dies without a surviving spouse, the beneficiary will receive a payment equal to the participant's net amount of contributions.

A plan member who leaves Town service may withdraw his or her net contributions. A plan member who completes 10 years of service may choose to receive his normal retirement benefit at the date of termination and commencing at his normal retirement age.

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

2. Benefit Provisions (Continued)

A plan member's retirement benefit may be increased, by majority vote of the Thomaston Retirement Committee, for cost of living adjustments. Such benefit increase may be reviewed every year in accordance with past practices to determine the amount of cost of living increase, if any, to be granted.

3. Contributions

Article IV of the Pension Plan provides that employees make mandatory contributions of 2 – 8% as required by their respective collective bargaining agreements or by their employment agreement with the employer.

The Town is required to contribute the amount determined by the actuary, considering the member contributions.

The average active member contribution rate was 5.2% of annual base compensation, and the Town's average contribution rate was 19.5% of annual payroll.

4. Investments

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Committee by a majority vote of its members. It is the policy of the Town's Retirement Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following is the Board's adopted asset allocation policy:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	40%
Domestic Equities	35%
International Equities	20%
Real Estate	<u>5%</u>
Total	<u>100%</u>

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

5. Concentrations

There were no investments in any one organization that represents 5% or more of the pension plan's net position.

6. Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.71%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

7. Net Pension Liability

The components of the net pension liability were as follows:

Total pension liability	\$20,501,553
Plan fiduciary net position	<u>(16,308,079)</u>
Net pension liability	<u>\$ 4,193,474</u>
Plan fiduciary net position as percentage of the total pension liability	<u>79.55%</u>

8. Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age
Asset valuation method	Fair value
Post-retirement increases	None
Inflation	2.25%
Salary increase	4.00%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Mortality rates	Based on the RP 2014+ Mortality with social security generational improvement scale from 2006

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

8. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	6.85%
International Equity	7.48%
Fixed Income	3.36%
Real Estate	6.35%
Cash	0.00%

The weighted average expected rate of return is 7.26%.

9. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

10. Changes in the Net Pension Liability

The Town's net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2016	\$ 20,251,046	\$ 14,640,061	\$ 5,610,985
Service cost	357,930	-	357,930
Interest	1,407,359	-	1,407,359
Differences between expected and actual experience	(414,928)	-	(414,928)
Changes in assumptions	(92,172)	-	(92,172)
Contributions - employer	-	790,000	(790,000)
Contributions - member	-	175,704	(175,704)
Net investment income	-	1,739,088	(1,739,088)
Benefit payments, including refunds of member contributions	(1,007,682)	(1,007,682)	-
Administrative expenses	-	(29,092)	29,092
Net change	250,507	1,668,018	(1,417,511)
Balance at June 30, 2017	\$ 20,501,553	\$ 16,308,079	\$ 4,193,474

The changes in assumptions had a minimal impact on the required contribution.

11. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.00% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$6,296,523	\$4,193,474	\$2,286,085

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

12. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year, the Town recognized pension expense of \$118,554. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 433,032
Changes in assumptions	151,902	69,129
Net difference between projected and actual earnings on pension plan investments	248,249	-
Total	\$ 400,151	\$ 502,161
Net amount of deferred inflows and outflows		\$ (102,010)

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2018	\$102,939
2019	17,458
2020	(84,623)
2021	<u>(137,784)</u>
Total	<u>\$ (102,010)</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive, which is also 5 years.

IV. OTHER INFORMATION (CONTINUED)**D. Pension Plan – Connecticut State Teachers’ Retirement Plan****1. Plan Description**

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers’ Retirement System (TRS) - a cost sharing multiple-employer defined benefit pension plan administered by the Teachers’ Retirement Board (TRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

2. Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers’ compensation cannot exceed 75% of average annual salary.

3. Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers’ Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (School Districts) - School District employers are not required to make contributions to the plan.

Employees - Effective July 1, 1992, each teacher is required to contribute 6% of their salary for the pension benefit.

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

IV. OTHER INFORMATION (CONTINUED)

D. Pension Plan – Connecticut State Teachers’ Retirement Plan (Continued)

4. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town’s proportionate share of the net pension liability	\$ -
State’s proportionate share of the net pension liability associated with the Town	<u>22,376,509</u>
Total	<u>\$ 22,376,509</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town has no proportionate share of the net pension liability.

For the fiscal year, the Town recognized pension expense and revenue of \$2,440,239 for on-behalf amounts for the benefits provided by the State.

5. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.5%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table projected with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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

IV. OTHER INFORMATION (CONTINUED)

D. Pension Plan – Connecticut State Teachers’ Retirement Plan (Continued)

5. Actuarial Assumptions (Continued)

Future cost-of-living increases- For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers’ Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers’ Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Core fixed income	7.0%	1.3%
High yield bonds	5.0%	3.9%
Emerging market bond	5.0%	3.7%
Inflation linked bond fund	3.0%	1.0%
Cash	<u>6.0%</u>	0.4%
Total	<u>100.0%</u>	

IV. OTHER INFORMATION (CONTINUED)**D. Pension Plan – Connecticut State Teachers’ Retirement Plan (Continued)****6. Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

8. Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers’ Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2016.

E. Other Post-Employment Benefits Plan**1. Plan Description****a. Plan administration**

The Town administers two single-employer, post-retirement healthcare plans: Town (Police, Sewer, Highway, Non-Union and White Collar) and the Board of Education (Administrators, AFSCME, Non-Union, Superintendent, Teachers and Non-Union Cafeteria). The Board of Education plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. The Town plan is accounted for in a trust. The Board of Education plan is not currently accounted for in a trust. The Town plan does not issue a stand-alone financial report.

b. Benefit provided

The Town plan provides for medical and dental benefits for all eligible retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Benefits are provided by a third party insurer and the full cost of benefits is covered by the plan.

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

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefits Plan (Continued)

1. Plan Description (Continued)

c. Employer Contributions

The Town's recommended contributions are actuarially determined on an annual basis using the entry age normal method. The Town and Board of Education's total plan contributions were \$726,545 and \$174,221, respectively.

d. Employee Contributions

There are no employee contributions to the Town and Board of Education plans.

Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement Plan. These teachers are required to contribute the cost of the insurance to the Town.

e. Employees Covered by Benefit Terms

As of July 1, 2016 for Town and Board of Education, the plans' membership consisted of:

	<u>Town</u>	<u>Board of Education</u>
Retirees and beneficiaries currently receiving benefits	51	18
Active plan members	19	86
TOTAL	<u>70</u>	<u>104</u>

2. Investments

a. Investment Policy

The OPEB plans' policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Town's Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy for the Town Plan:

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

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

2. Investments (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap	37.50%
Fixed Income	30.00%
Short Duration	10.00%
International Developed	8.00%
US Mid/Small Cap	7.50%
Real Estate	5.00%
International Emerging	2.00%
Cash	0.00%
	<hr/>
Total	<u>100.00%</u>

3. Concentrations

There were no investments in any one organization that represents 5% or more of the OPEB plans' net position.

4. Rate of Return

The annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 3.97% for the Town OPEB Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Net OPEB Liability – Town and Board of Education Plans

The components of the net OPEB liability were as follows:

	<u>Town Plan</u>	<u>Board of Education Plan</u>
Total OPEB liability	\$ 21,480,568	\$ 6,010,952
Plan fiduciary net position	<u>248,947</u>	<u>-</u>
Net OPEB liability	<u>\$ 21,231,621</u>	<u>\$ 6,010,952</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>1.2%</u>	<u>0.0%</u>

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

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

6. Actuarial Methods and Other Inputs

The total OPEB liability for the plans was determined based upon a July 1, 2016 actuarial valuation using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage
Asset valuation method	Fair Value
 <u>ACTUARIAL ASSUMPTIONS:</u>	
Discount rate - Town	5.60%
Discount rate - Board of Education	3.56%
Projected healthcare cost increases:	
Inflation	2.25%
Initial	9.00%
Ultimate	4.50%

The discount rate was based on the Standard and Poors municipal bond 20 year high grade index as of the measurement date. The discount rate increased from 5.33% to 5.60% for the Town Plan and decreased from 4.50% to 3.56% for the Board of Education Plan since the prior measurement date.

The healthcare cost rates reverted back to the initial rate of 9.00% and an ultimate rate of 4.50% since the prior measurement date.

Mortality rates were based on the SOA RPH-2016 Total Dataset Headcount-Weighted Mortality Table fully generational using Scale MP-2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric means real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

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

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

6. Actuarial Methods and Other Inputs (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap	7.80%
Fixed Income	4.40%
Short Duration	2.85%
International Developed	7.80%
US Mid/Small Cap	8.25%
Real Estate	6.65%
International Emerging	8.75%
Cash	2.60%

Inflation is estimated to be 3.50%

7. Discount Rate

The final equivalent discount rate used to measure the total OPEB liability was 5.60% for the Town Plan. For the Town Plan, the projection of cash flows used to determine the discount rate assumed that the Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Town Plan's long-term real rate of return is expected to be 7.00% but the plan investments are insufficient to pay for future benefits. Therefore the 20 year tax exempt general obligation municipal bond rate as of June 30, 2017 of 3.56% is used once the plan assets are exhausted resulting in the final equivalent rate of 5.60%

The Board of Education plan has no plan assets and therefore the discount rate used to measure the total OPEB liability is the 20 year tax exempt general obligation municipal bond rate as of June 30, 2017 of 3.56%. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

8. Changes in the Net OPEB Liability

The Town's net OPEB liability was measured at June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The changes in net OPEB liability for each plan for the fiscal year were as follows:

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

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

8. Changes in the Net OPEB Liability (Continued)

<u>Town Plan</u>	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2016	\$ 18,890,944	\$ 205,773	\$ 18,685,171
Service cost	219,329	-	219,329
Interest	1,001,418	-	1,001,418
Differences between expected and actual experience	2,266,952	-	2,266,952
Changes in assumptions	(196,530)	-	(196,530)
Contributions - employer	-	726,545	(726,545)
Net investment income	-	18,590	(18,590)
Benefit payments, including refunds of member contributions	(701,545)	(701,545)	-
Administrative expenses	-	(416)	416
Net change	2,589,624	43,174	2,546,450
Balance at June 30, 2017	\$ 21,480,568	\$ 248,947	\$ 21,231,621

9. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Net OPEB Liability	1% Decrease 4.60%	Discount Rate 5.60%	1% Increase 6.60%
Town Plan	\$ 24,512,433	\$ 21,231,621	\$ 18,589,028
	1% Decrease 2.56%	Discount Rate 3.56%	1% Increase 4.56%
Board of Education Plan	\$ 6,920,411	\$ 6,010,952	\$ 5,266,152

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

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

10. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

	1% Decrease 8.00% decreasing to 3.50%	Discount Rate 9.00% decreasing to 4.50%	1% Increase 10.00% decreasing to 5.50%
<u>Net OPEB Liability</u>			
Town OPEB Plan	<u>\$ 18,557,753</u>	<u>\$ 21,231,621</u>	<u>\$ 24,527,583</u>
	1% Decrease 8.00% decreasing to 3.50%	Discount Rate 9.00% decreasing to 4.50%	1% Increase 10.00% decreasing to 5.50%
<u>Net OPEB Liability</u>			
Board of Education OPEB Plan	<u>\$ 5,217,706</u>	<u>\$ 6,010,952</u>	<u>\$ 6,996,932</u>

11. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – Town and Board of Education Employees' Plans (continued)

For the fiscal year the Town recognized OPEB expense of \$1,895,061 for Town and \$361,075 for Board of Education. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Town Plan</u>		
<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,511,301	\$ -
Changes in assumptions	-	131,020
Net difference between projected and actual earnings on plan investments	-	2,212
Total	<u>\$ 1,511,301</u>	<u>\$ 133,232</u>
Net amount of deferred inflows and outflows		<u>\$ 1,378,069</u>

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

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefit Plan (Continued)

11. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – Town and Board of Education Employees’ Plans (continued)

<u>Board of Education Plan</u>		
<u>Description of Outflows/Inflows</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 817,182
Changes in assumptions	-	492,069
Total	<u>\$ -</u>	<u>\$ 1,309,251</u>
Net amount of deferred inflows and outflows		<u>\$ (1,309,251)</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years for both plans. Experience losses (gains) are amortized over the average remaining service period of active and inactive participants, which was 6.5 years for the Town Plan and 7.8 years for the Board of Education Plan.

Amounts reported as deferred outflows (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Town Plan	Board of Education Plan
2018	\$ 689,588	\$ (187,036)
2019	689,587	(187,036)
2020	(553)	(187,036)
2021	(553)	(187,036)
2022	-	(187,036)
Thereafter	-	(374,071)
Total	<u>\$ 1,378,069</u>	<u>\$ (1,309,251)</u>

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

IV. OTHER INFORMATION (CONTINUED)

F. Prior Period Adjustment

The government-wide net position was restated as follows due to the implementation of GASB Statement 75 which requires the Town to record the net OPEB liability in the government wide financials statements:

	<u>Government - Wide</u>
Net position as previously reported at June 30, 2016	\$ 32,560,235
To remove net OPEB obligation previously recorded	7,602,473
To record beginning net OPEB liability (NOL)	<u>(26,024,293)</u>
Net position as restated at July 1, 2016	<u>\$ 14,138,415</u>

**Required
Supplementary
Information**

TOWN OF THOMASTON, CONNECTICUT

TOWN OF THOMASTON RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
LAST FOUR YEARS (1)SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	2017	2016	2015	2014
Total pension liability:				
Service cost	\$ 357,930	\$ 387,724	\$ 363,897	\$ 401,270
Interest	1,407,359	1,365,722	1,295,503	1,269,639
Differences between expected and actual experience	(414,928)	(110,825)	(265,689)	(19,597)
Changes of assumptions	(92,172)	-	607,611	-
Benefit payments, including refunds of member contributions	<u>(1,007,682)</u>	<u>(1,028,327)</u>	<u>(1,015,713)</u>	<u>(1,059,644)</u>
Net change in total pension liability	250,507	614,294	985,609	591,668
Total pension liability - July 1	<u>20,251,046</u>	<u>19,636,752</u>	<u>18,651,143</u>	<u>18,059,475</u>
Total pension liability - June 30 (a)	<u>\$ 20,501,553</u>	<u>\$ 20,251,046</u>	<u>\$ 19,636,752</u>	<u>\$ 18,651,143</u>
Plan fiduciary net position:				
Contributions - employer	\$ 790,000	\$ 800,000	\$ 830,000	\$ 924,999
Contributions - member	175,704	159,545	167,530	153,778
Net investment income	1,739,088	134,539	366,071	1,902,564
Benefit payments, including refunds of member contributions	(1,007,682)	(1,028,327)	(1,015,713)	(1,059,644)
Administrative expenses	<u>(29,092)</u>	<u>(35,932)</u>	<u>(35,337)</u>	<u>(31,839)</u>
Net change in plan fiduciary net position	1,668,018	29,825	312,551	1,889,858
Plan fiduciary net position - July 1	<u>14,640,061</u>	<u>14,610,236</u>	<u>14,297,685</u>	<u>12,407,827</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 16,308,079</u>	<u>\$ 14,640,061</u>	<u>\$ 14,610,236</u>	<u>\$ 14,297,685</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 4,193,474</u>	<u>\$ 5,610,985</u>	<u>\$ 5,026,516</u>	<u>\$ 4,353,458</u>

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF THOMASTON, CONNECTICUT

TOWN OF THOMASTON RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
LAST FOUR YEARS (1)SCHEDULE OF NET PENSION LIABILITY

	2017	2016	2015	2014
Total pension liability	\$ 20,501,553	\$ 20,251,046	\$ 19,636,752	\$ 18,651,143
Plan fiduciary net position	<u>(16,308,079)</u>	<u>(14,640,061)</u>	<u>(14,610,236)</u>	<u>(14,297,685)</u>
Net pension liability	<u>\$ 4,193,474</u>	<u>\$ 5,610,985</u>	<u>\$ 5,026,516</u>	<u>\$ 4,353,458</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>79.55%</u>	<u>72.29%</u>	<u>74.40%</u>	<u>76.66%</u>
Covered payroll	<u>\$ 3,369,027</u>	<u>\$ 3,415,672</u>	<u>\$ 3,309,461</u>	<u>\$ 3,285,183</u>
Net pension liability as a percentage of covered payroll	<u>124.47%</u>	<u>164.27%</u>	<u>151.88%</u>	<u>132.52%</u>

SCHEDULE OF INVESTMENT RETURNS

	2017	2016	2015	2014
Annual money weighted rate of return, net investment expense	<u>12.71%</u>	<u>0.83%</u>	<u>1.89%</u>	<u>15.34%</u>

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF THOMASTON, CONNECTICUT

TOWN OF THOMASTON RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS

SCHEDULE OF CONTRIBUTIONS

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL
2017	\$ 657,455	\$ 790,000	\$ 132,545	\$ 3,369,027	23.45%
2016	714,209	800,000	85,791	3,415,672	23.42%
2015	741,399	830,000	88,601	3,309,461	25.08%
2014	734,912	924,999	190,087	3,285,183	28.16%
2013	824,021	895,000	70,979	3,381,120	26.47%
2012	852,964	913,000	60,036	3,805,200	23.99%
2011	820,223	946,555	126,332	3,838,262	24.66%
2010	882,428	1,015,078	132,650	4,122,857	24.62%
2009	880,798	753,078	(127,720)	4,311,802	17.47%
2008	703,728	719,078	15,350	4,158,634	17.29%

TOWN OF THOMASTON, CONNECTICUT

TOWN OF THOMASTON RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
LAST FOUR YEARS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of benefit terms
Changes of assumptions
Method and assumptions used in calculations of actuarially determined contribution

2016- effective July 1, 2016, the white collar, highway and non-union contribution rate will increase to 6.5%
2015 - The mortality table for police, public works, WPCA and highway members has been updated to RP-2014 blue collar mortality with social security generational improvement scale from 2006. The mortality table for all other members and beneficiaries has been update to the RP-2014 total mortality with social security generational improvement scale from 2006.
The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2017, six months prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method
Amortization Method
Asset Valuation Method
Inflation
Salary Increases
Investment Rate of Return
Mortality

Entry age
Level dollar, 20 years closed
Fair value of assets on the measurement date adjusted for a five year phase in of gains and losses of plan assets
2.25%
4.00%, average, including inflation
7.00%, net of pension plan investment expense, including inflation
Based on the RP 2014+ Mortality with social security generational improvement security generational improvement

TOWN OF THOMASTON, CONNECTICUT

STATE TEACHERS' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE YEARS (3)SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2017	2016	2015
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>22,376,509</u>	<u>18,724,328</u>	<u>17,306,889</u>
Total	<u>\$ 22,376,509</u>	<u>\$ 18,724,328</u>	<u>\$ 17,306,889</u>
Town's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	(2) <u>N/A</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

SCHEDULE OF CONTRIBUTIONS

	2017	2016	2015
Contractually required contribution (1)	(1) \$ -	\$ -	(1) \$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	(2) <u>N/A</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net pension liability

(3) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF THOMASTON, CONNECTICUT

STATE TEACHERS' RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST THREE YEARS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of benefit terms

None

Changes of assumptions

- 2016:**
1. Reduce the inflation assumption from 3.00% to 2.75%.
 2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
 3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
 4. Slightly modify the merit portion of the salary scale.
 5. Reduce the payroll growth assumption from 3.75% to 3.25%.
 6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
 7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
 8. Increase rates of withdrawal.
 9. Decrease rates of disability for males.

Actuarial Cost Method

Entry age

Amortization Method

Level percent of salary, closed

Remaining Amortization Period

21.4 years

Asset Valuation Method

4 year smoothed market

Inflation

2.75%

Salary Increases

3.25%-6.00%, average, including inflation

Investment Rate of Return

8.00%, net of pension plan investment expense, including inflation

TOWN OF THOMASTON, CONNECTICUT

TOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017 (1)SCHEDULE OF CHANGES IN NET OPEB LIABILITY

Total OPEB LIABILITY:	
Service cost	\$ 219,329
Interest	1,001,418
Difference between expected and actual experience	2,266,952
Changes in assumptions	(196,530)
Benefit payments, including refunds of member contributions	<u>(701,545)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	2,589,624
Total OPEB LIABILITY - JULY 1	<u>18,890,944</u>
Total OPEB LIABILITY - JUNE 30 (a)	<u>21,480,568</u>
PLAN FIDUCIARY NET POSITION:	
Contributions - employer	726,545
Net investment income	18,590
Benefit payments, including refunds of member contributions	(701,545)
Administrative expenses	<u>(416)</u>
NET CHANGE IN FIDUCIARY NET POSITION	43,174
PLAN FIDUCIARY NET POSITION - JULY 1	<u>205,773</u>
PLAN FIDUCIARY NET POSITION - JUNE 30 (b)	<u>\$ 248,947</u>
NET OPEB LIABILITY - JUNE 30 (a)-(b)	<u>\$ 21,231,621</u>

(1) This schedule is intended to present information for 10 years.
Additional years will be presented as they become available.

TOWN OF THOMASTON, CONNECTICUT

BOARD OF EDUCATION OTHER POST-EMPLOYMENT BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017 (1)SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

Total OPEB liability:	
Service cost	\$ 342,342
Interest	205,769
Difference between expected and actual experience	(933,922)
Changes in assumptions	(562,365)
Benefit payments, including refunds of member contributions	<u>(174,221)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(1,122,397)
Total OPEB liability - July 1	<u>7,133,349</u>
Total OPEB liability - June 30	<u><u>\$ 6,010,952</u></u>

- (1) This schedule is intended to present information for 10 years.
Additional years will be presented as they become available.

TOWN OF THOMASTON, CONNECTICUT

TOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017 (1)SCHEDULE OF NET OPEB LIABILITY

Total OPEB liability	\$ 21,480,568
Plan fiduciary net position	<u>(248,947)</u>
Net OPEB liability	<u>\$ 21,231,621</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>1.16%</u>
Covered payroll	<u>\$ 3,369,027</u>
Net OPEB liability as a percentage of covered payroll	<u>630.20%</u>

SCHEDULE OF INVESTMENT RETURNS

Annual money weighted rate of return, net of investment expense	<u>3.97%</u>
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(1) This schedule is intended to present information for 10 years.
Additional years will be presented as they become available.

TOWN OF THOMASTON, CONNECTICUT

OTHER POST-EMPLOYMENT BENEFIT PLANS

REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE YEARS (1)**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>TOWN PLAN</u>					
<u>Fiscal Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution excess (deficiency)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2017	\$ 1,151,113	\$ 726,545	\$ (424,568)	\$ 2,664,332	27.3%
2016	1,558,534	685,657	(872,877)	2,546,003	26.9%
2015	1,480,136	631,108	(849,028)	2,471,848	25.5%
2014	1,249,797	652,571	(597,226)	2,310,927	28.2%
2013	1,225,729	607,716	(618,013)	2,243,618	27.1%
2012	1,059,036	514,196	(544,840)	2,400,858	21.4%
2011	1,045,568	582,499	(463,069)	2,330,960	25.0%
2010	1,071,050	499,864	(571,186)	N/A	N/A
2009	1,026,727	475,073	(551,654)	N/A	N/A
<u>BOARD OF EDUCATION PLAN</u>					
<u>Fiscal Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution excess (deficiency)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2017	\$ 548,111	\$ 174,221	\$ (373,890)	N/A	N/A
2016	444,515	170,062	(274,453)	7,280,013	2.3%
2015	456,347	156,020	(300,327)	7,067,974	2.2%
2014	414,469	188,015	(226,454)	7,458,734	2.5%
2013	434,272	181,447	(252,825)	7,241,489	2.5%
2012	495,837	159,683	(336,154)	7,846,462	2.0%
2011	514,993	164,335	(350,658)	7,617,924	2.2%
2010	534,839	186,177	(348,662)	N/A	N/A
2009	507,023	171,098	(335,925)	N/A	N/A

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

N/A - Not available

TOWN OF THOMASTON, CONNECTICUT

TOWN OF THOMASTON OTHER POST-EMPLOYMENT BENEFIT PLANS

REQUIRED SUPPLEMENTARY INFORMATION
LAST FOUR YEARS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of benefit terms

None

Changes of assumptions

2017 -The discount rate changed from 5.33% to 5.60% for the Town and from 4.50% to 3.56% for the Board of Education.

The payroll growth assumption was changed from 3.0% to 4.0%

Health care trend rates were reset to 9.0% -4.5% increasing the liability of the Town

Mortality table has been updated from SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2014 to SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016.

The actuarial cost method has been updated from Projected Unit Credit to Entry Age Normal level percent.

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level percent

Asset Valuation Method

Fair Value

Investment Rate of Return -Town and Board of Ed

5.60% and 3.56% respectively

Healthcare Inflation rate - Initial

9.00%

Healthcare Inflation rate - Ultimate

4.50%

Inflation rate

3.50%

Mortality

SOA RPH-2016 Total Dataset Headcount-Weighted Mortality Table fully generational using Scale MP-2016

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, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Taxes.....	\$ 18,191,580	\$ 18,191,580	\$ 18,544,708	\$ 353,128
Prior year taxes.....	275,000	275,000	175,286	(99,714)
Interest and lien fees.....	112,500	112,500	121,410	8,910
Housing authority in lieu of taxes.....	19,339	19,339	21,663	2,324
Telecommunications property tax.....	17,166	17,166	17,515	349
TOTAL PROPERTY TAXES.....	18,615,585	18,615,585	18,880,582	264,997
CHARGES FOR SERVICES:				
Building permits.....	55,000	55,000	51,339	(3,661)
Conveyance tax.....	35,000	35,000	48,426	13,426
Special duty police reimbursements.....	60,000	60,000	53,170	(6,830)
Accident reports.....	300	300	610	310
Gun permits.....	10,000	10,000	5,865	(4,135)
Vendor permits.....	300	300	485	185
Zoning and land use fees.....	7,500	7,500	9,837	2,337
Minibus fares.....	500	500	859	359
Recreation - Nystroms.....	3,675	3,675	3,675	-
Other licenses, fees and permits.....	1,000	1,000	-	(1,000)
Fingerprinting.....	500	500	480	(20)
Town of Litchfield - Sewer upgrade.....	8,867	8,867	7,928	(939)
Dam patrol.....	16,733	16,733	16,883	150
Alarm violations.....	-	-	1,300	1,300
Parking fines.....	1,000	1,000	1,795	795
Dog fines and fees.....	3,500	3,500	6,235	2,735
Rent of Tower.....	78,000	78,000	79,058	1,058
Rent of Opera House.....	15,000	15,000	15,000	-
PA 09-229 LOCIP project funding.....	-	-	8,598	8,598
TOTAL CHARGES FOR SERVICES.....	296,875	296,875	311,543	14,668
INTERGOVERNMENTAL:				
Property tax relief - state owned property.....	5,728	5,728	5,728	-
Property tax relief - circuit breaker.....	64,862	64,862	66,512	1,650
Property tax relief - Veterans' exemption.....	10,896	10,896	11,069	173
Property tax relief - totally disabled.....	1,076	1,076	829	(247)
Property tax relief - Municipal revenue sharing.....	158,888	158,888	158,888	-
Property tax relief - Municipal grant in aid.....	395,346	395,346	395,346	-
Federal PILOT - land authorization.....	118	118	1,557	1,439
LOCIP.....	215,875	215,875	-	(215,875)
Education cost sharing.....	5,665,106	5,665,106	5,613,346	(51,760)
School construction grants.....	150,900	150,900	150,900	-
Special education excess cost.....	-	-	51	51
Mashantucket Pequot	40,123	40,123	40,123	-
Town Aid Road.....	223,376	223,376	222,724	(652)
TOTAL INTERGOVERNMENTAL.....	6,932,294	6,932,294	6,667,073	(265,221)

(Continued)

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
INCOME FROM INVESTMENTS.....	\$ 12,500	\$ 12,500	\$ 39,490	\$ 26,990
OTHER:				
Recycling rebates.....	5,000	5,000	-	(5,000)
Miscellaneous.....	5,000	5,000	55,369	50,369
TOTAL OTHER.....	10,000	10,000	55,369	45,369
TOTAL REVENUES.....	25,867,254	25,867,254	25,954,057	86,803
OTHER FINANCING SOURCES:				
Appropriation of fund balance.....	102,266	102,266	-	(102,266)
Sale of capital assets.....	-	-	803	803
Transfers in:				
EMS Fund.....	15,000	15,000	15,000	-
TOTAL OTHER FINANCING SOURCES.....	117,266	117,266	15,803	(101,463)
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 25,984,520	\$ 25,984,520	\$ 25,969,860	\$ (14,660)

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
Board of Selectmen.....	\$ 114,438	\$ 116,514	\$ 116,514	\$ -
Elections.....	28,830	29,001	25,208	3,793
Board of Finance.....	2,400	2,400	1,331	1,069
Treasurer.....	182,859	177,109	167,784	9,325
Computer information systems.....	49,851	49,851	35,185	14,666
Independent audit.....	57,550	57,550	52,050	5,500
Legal.....	95,000	95,000	90,416	4,584
Tax collector.....	112,932	114,983	110,358	4,625
Tax assessor.....	123,612	127,419	127,419	-
Board of Assessment Appeals.....	3,150	3,150	3,000	150
Insurance.....	430,463	397,263	397,263	-
Town Hall operations and maintenance.....	242,306	227,673	227,673	-
Town Clerk.....	56,487	57,684	57,684	-
Probate court.....	4,150	4,150	4,150	-
Social security.....	225,000	227,471	227,471	-
Pension - Town employees.....	570,790	570,790	545,682	25,108
Pension - Volunteer Firefighters and Ambulance.....	126,000	126,000	120,200	5,800
Medical / life insurance.....	797,971	797,971	694,214	103,757
Retirees medical insurance.....	690,955	707,999	707,999	-
Council of governments.....	2,949	2,949	2,863	86
CT Conference of Municipalities.....	4,894	4,894	4,894	-
Contingency.....	100,000	-	-	-
TOTAL GENERAL GOVERNMENT.....	4,022,587	3,897,821	3,719,358	178,463
PUBLIC SAFETY:				
Police.....	1,091,420	1,094,490	1,094,490	-
Emergency management.....	10,650	10,797	10,797	-
Communications and dispatch.....	298,654	310,154	310,154	-
Fire protection.....	161,969	171,233	171,233	-
Fire marshal.....	26,136	26,136	25,768	368
Ambulance.....	68,300	68,300	66,000	2,300
Tree removal.....	15,000	15,000	14,754	246
Animal control.....	17,314	27,649	27,649	-
TOTAL PUBLIC SAFETY.....	1,689,443	1,723,759	1,720,845	2,914
PUBLIC WORKS:				
Highways.....	589,065	613,318	613,318	-
Town Aid Road.....	223,376	223,376	223,376	-
Snow and ice removal.....	147,550	198,308	198,308	-
Street lighting.....	68,750	70,796	70,796	-
Fire hydrants.....	186,000	186,000	184,773	1,227
Solid waste and recycling.....	490,320	490,320	484,650	5,670
Groundwater remediation.....	12,200	12,200	12,077	123
TOTAL PUBLIC WORKS.....	1,717,261	1,794,318	1,787,298	7,020

(Continued)

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
HEALTH AND WELFARE:				
Medical services.....	\$ 7,115	\$ 7,115	\$ 2,497	\$ 4,618
Torrington Area Health District.....	42,103	42,103	42,103	-
Northwest Regional Mental Health Board.....	845	845	845	-
Social services.....	18,173	18,613	18,603	10
Elderly nutrition.....	4,126	4,126	4,125	1
Susan B. Anthony project.....	2,000	2,000	2,000	-
Central Naugatuck Valley Regional Action Council....	-	-	-	-
Minibus.....	12,835	12,835	12,229	606
Veterans' administration.....	1,000	1,000	273	727
TOTAL HEALTH AND WELFARE.....	88,197	88,637	82,675	5,962
CULTURE AND RECREATION:				
Recreation programs.....	88,500	94,032	94,032	-
Memorial Day.....	1,750	1,750	1,750	-
Public Library.....	318,334	320,947	313,199	7,748
TOTAL CULTURE AND RECREATION.....	408,584	416,729	408,981	7,748
HOUSING AND DEVELOPMENT:				
Conservation Commission.....	1,795	1,795	1,795	-
Economic Development Commission.....	2,000	2,000	1,142	858
Housing, Land Use and Development.....	146,954	147,809	146,797	1,012
Brownfields.....	800	800	800	-
TOTAL HOUSING AND DEVELOPMENT.....	151,549	152,404	150,534	1,870
EDUCATION.....	14,675,346	14,675,346	14,675,346	-
TOTAL EXPENDITURES.....	22,752,967	22,749,014	22,545,037	203,977
OTHER FINANCING USES:				
Transfers out:				
Debt Service Fund.....	2,800,000	2,800,000	2,800,000	-
Debt Service Fund (Education).....	152,772	152,772	152,772	-
Hillside Cemetery Trust Fund.....	26,000	26,000	26,000	-
Capital or Nonrecurring	243,141	247,094	247,094	-
Seth Thomas/Bradstreet House.....	8,640	8,640	8,640	-
Social Service Crisis Fund.....	1,000	1,000	1,000	-
TOTAL OTHER FINANCING USES.....	3,231,553	3,235,506	3,235,506	-
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 25,984,520	\$ 25,984,520	\$ 25,780,543	\$ 203,977

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
 REPORT OF TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2017

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2016	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	COLLECTIONS			UNCOLLECTED TAXES JUNE 30, 2017
			ADDITIONS	DEDUCTIONS			NET TAXES COLLECTED	INTEREST & LIENS	TOTAL	
2001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,197	\$ 1,197	\$ -
2002	-	-	-	-	-	-	-	1,851	1,851	-
2003	-	-	-	-	-	-	-	806	806	-
2004	-	-	-	-	-	-	-	1,106	1,106	-
2005	-	-	-	-	-	-	-	922	922	-
2006	-	-	-	-	-	-	-	586	586	-
2007	-	-	-	-	-	-	-	406	406	-
2008	9,284	-	241	-	87	9,438	755	651	1,406	8,683
2009	9,227	-	91	-	238	9,080	187	102	289	8,893
2010	10,271	-	-	162	624	9,485	104	245	349	9,381
2011	17,680	-	-	197	1,479	16,004	1,787	1,361	3,148	14,217
2012	34,958	-	-	199	2,702	32,057	4,440	2,214	6,654	27,617
2013	59,044	-	19	3,256	3,128	52,679	21,383	7,737	29,120	31,296
2014	212,874	-	809	5,494	3,313	204,876	150,209	31,004	181,213	54,667
Total Prior Years	353,338	-	1,160	9,308	11,571	333,619	178,865	50,188	229,053	154,754
2015		18,793,451	41,834	82,478	8,148	18,744,659	18,537,433	71,221	18,608,654	207,226
TOTAL	\$ 353,338	\$ 18,793,451	\$ 42,994	\$ 91,786	\$ 19,719	\$ 19,078,278	\$ 18,716,298	\$ 121,409	\$ 18,837,707	\$ 361,980

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.

Transfer Station Fund

To account for all revenues and expenditures associated with the operations of the Town transfer station.

Fire Marshal Fund

To account for fees charged for investigations and permits. The monies will be used for education and training.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Neighborhood Assistance Program

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

Thomaston Opera House

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

Public Library

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

Recreation Fund

To account for the revenues and expenditures associated with athletic and cultural programs for residents of all ages.

Public Safety

To account for the revenues and expenditures associated with the D.A.R.E. program and other substance abuse grants and to account for the revenues associated with the Town's participation in the Statewide Narcotics Task Force.

Gift Fund

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

Social Services Crisis Fund

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

EMS Fund

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

Capital Project Funds

Capital project funds account for financial resources to be used for the construction or acquisition of capital equipment or facilities.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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.

Edith Kenea Park and Tree Fund

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

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, 2017

SPECIAL REVENUE FUNDS

	SEWER COMMISSION USAGE FUND	SEWER COMMISSION ASSESSMENT & APPROPRIATION FUND	SCHOOL LUNCH FUND	EDUCATION GRANT FUND	TOWN CLERK PRESERVATION FUND	TRANSFER STATION FUND	FIRE MARSHAL FUND	NEIGHBORHOOD ASSISTANCE PROGRAM	THOMASTON OPERA HOUSE	PUBLIC LIBRARY	RECREATION FUND
<u>ASSETS</u>											
Cash.....	\$ 128	\$ 24,375	\$ 68,835	\$ 87,622	\$ 7,272	\$ -	\$ 1,956	\$ 807	\$ 946	\$ 9,860	\$ -
Investments.....		182,610				66,929					
Receivables:											
Assessments/use charges.....	109,087										
Intergovernmental.....			24,489	24,251							
Other.....				28,100							
Due from other funds.....	43,565										12,281
Other assets.....			9,242								
TOTAL ASSETS.....	\$ 152,780	\$ 206,985	\$ 102,566	\$ 139,973	\$ 7,272	\$ 66,929	\$ 1,956	\$ 807	\$ 946	\$ 9,860	\$ 12,281
<u>LIABILITIES</u>											
Accounts payable.....	\$ 33,830	\$ -	\$ 3,184	\$ 19,479	\$ -	\$ 2,199	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll.....	9,863			26,514		74					
Due to other funds.....				72,995		63,372					
Unearned revenue.....				18,147		6,011					
TOTAL LIABILITIES.....	43,693	-	3,184	137,135	-	71,656	-	-	-	-	-
<u>DEFERRED INFLOWS OF RESOURCES</u>											
Unavailable revenue - sewer charges.....	109,087										
<u>FUND BALANCES</u>											
Nonspendable.....											
Restricted.....	-	206,985	99,382		7,272					9,860	
Committed.....				2,838			1,956	807	946		12,281
Assigned.....						(4,727)					
TOTAL FUND BALANCES.....	-	206,985	99,382	2,838	7,272	(4,727)	1,956	807	946	9,860	12,281
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 152,780	\$ 206,985	\$ 102,566	\$ 139,973	\$ 7,272	\$ 66,929	\$ 1,956	\$ 807	\$ 946	\$ 9,860	\$ 12,281

TOWN OF THOMASTON, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	SPECIAL REVENUE FUNDS				TOTAL SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	PERMANENT FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PUBLIC SAFETY	GIFT FUND	SOCIAL SERVICES CRISIS FUND	EMS FUND			EDITH KENEAN PARK AND TREE FUND	FIRE DEPARTMENT TRUST FUND	HILLSIDE CEMETERY TRUST FUND	TOTAL PERMANENT FUNDS	
ASSETS											
Cash.....	\$ -	\$ 4,811	\$ 649	\$ -	\$ 207,261	\$ 48,311	\$ -	\$ -	\$ 27,183	\$ 27,183	\$ 282,755
Investments.....	3,555		147	147,004	400,245	444,071	93,216	16,800	569,769	679,785	1,524,101
Receivables:											
Assessments/use charges.....					109,087					-	109,087
Intergovernmental.....					48,740					-	48,740
Other.....				46,559	74,659					-	74,659
Due from other funds.....		250			56,096	171,559				-	227,655
Other assets.....					9,242					-	9,242
TOTAL ASSETS.....	\$ 3,555	\$ 5,061	\$ 796	\$ 193,563	\$ 905,330	\$ 663,941	\$ 93,216	\$ 16,800	\$ 596,952	\$ 706,968	\$ 2,276,239
LIABILITIES											
Accounts payable.....	\$ -	\$ -	\$ -	\$ -	\$ 58,692	\$ 7,465	\$ -	\$ -	\$ 526	\$ 526	\$ 66,683
Accrued payroll.....					36,451				1,302	1,302	37,753
Due to other funds.....				15,000	151,367	1,604	1,197		69,891	71,088	224,059
Unearned revenue.....					24,158					-	24,158
TOTAL LIABILITIES.....	-	-	-	15,000	270,668	9,069	1,197	-	71,719	72,916	352,653
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - sewer charges.....					109,087						109,087
FUND BALANCES											
Nonspendable.....					-		50,000	15,700	104,500	170,200	170,200
Restricted.....					323,499		42,019	1,100	71,570	114,689	438,188
Committed.....	3,555	5,061	796	178,563	206,803	654,872			349,163	349,163	1,210,838
Assigned.....											(4,727)
TOTAL FUND BALANCES.....	3,555	5,061	796	178,563	525,575	654,872	92,019	16,800	525,233	634,052	1,814,499
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,555	\$ 5,061	\$ 796	\$ 193,563	\$ 905,330	\$ 663,941	\$ 93,216	\$ 16,800	\$ 596,952	\$ 706,968	\$ 2,276,239

TOWN OF THOMASTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS										
	SEWER COMMISSION USAGE FUND	SEWER COMMISSION ASSESSMENT & APPROPRIATION FUND	SCHOOL LUNCH FUND	EDUCATION GRANT FUND	TOWN CLERK PRESERVATION FUND	TRANSFER STATION FUND	FIRE MARSHAL FUND	NEIGHBORHOOD ASSISTANCE PROGRAM	THOMASTON OPERA HOUSE	PUBLIC LIBRARY	RECREATION FUND
REVENUES:											
Charges for services.....	\$ 1,348,541	\$ 20,000	\$ 205,641	\$	\$ 2,648	\$ 24,514	\$ 895	\$	\$	\$	\$ 51,464
Intergovernmental.....			150,422	912,583	4,000					3,218	
Contributions.....				26,111					160	19,356	
Income from investments.....		1,491			7	90	2		1		
TOTAL REVENUES.....	1,348,541	21,491	356,063	938,694	6,655	24,604	897	-	161	22,574	51,464
EXPENDITURES:											
Current:											
General government.....					7,094						
Public safety.....							640				
Public works.....	1,188,571					33,819					
Culture and recreation.....								500	28,111	47,999	
Education.....			302,812	938,845							
Capital outlay.....											11,522
TOTAL EXPENDITURES.....	1,188,571	-	302,812	938,845	7,094	33,819	640	-	500	28,111	59,521
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	159,970	21,491	53,251	(151)	(439)	(9,215)	257	-	(339)	(5,537)	(8,057)
OTHER FINANCING SOURCES (USES):											
Transfers in.....											
Transfers out.....	(159,970)										
NET OTHER FINANCING SOURCES (USES).....	(159,970)	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	-	21,491	53,251	(151)	(439)	(9,215)	257	-	(339)	(5,537)	(8,057)
FUND BALANCES, JULY 1, 2016.....	-	185,494	46,131	2,989	7,711	4,488	1,699	807	1,285	15,397	20,338
FUND BALANCES, JUNE 30, 2017.....	\$ -	\$ 206,985	\$ 99,382	\$ 2,838	\$ 7,272	\$ (4,727)	\$ 1,956	\$ 807	\$ 946	\$ 9,860	\$ 12,281

(Continued)

TOWN OF THOMASTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS				TOTAL SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	PERMANENT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	PUBLIC SAFETY	GIFT FUND	SOCIAL SERVICES CRISIS FUND	EMS FUND			EDITH KENEA PARK AND TREE FUND	FIRE DEPARTMENT TRUST FUND	HILLSIDE CEMETERY TRUST FUND		TOTAL PERMANENT FUNDS
REVENUES:											
Charges for services.....	\$ -	\$ -	\$ -	\$ 96,559	\$ 1,750,262	\$ 40,024	\$ -	\$ -	\$ 22,826	\$ 22,826	\$ 1,813,112
Intergovernmental.....					1,070,223	5,885				-	1,076,108
Contributions.....			10,755		56,382	62				-	56,444
Income from investments.....	8	5	3	634	2,241	1,771	584	176	8,624	9,384	13,396
Net change in fair value of investments.....					-				30,870	30,870	30,870
TOTAL REVENUES.....	8	5	10,758	97,193	2,879,108	47,742	584	176	62,320	63,080	2,989,930
EXPENDITURES:											
Current:											
General government.....					7,094					-	7,094
Public safety.....	4,813				5,453					-	5,453
Public works.....					1,222,390	37,697				-	1,260,087
Health and welfare.....			12,574		12,574				75,217	75,217	87,791
Culture and recreation.....					76,610	19,937	501			501	97,048
Education.....					1,241,657	15,045				-	1,256,702
Capital outlay.....					11,522				26,341	26,341	37,863
TOTAL EXPENDITURES.....	4,813	-	12,574	-	2,577,300	72,679	501	-	101,558	102,059	2,752,038
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(4,805)	5	(1,816)	97,193	301,808	(24,937)	83	176	(39,238)	(38,979)	237,892
OTHER FINANCING SOURCES (USES):											
Transfers in.....			1,000		1,000	168,610			26,000	26,000	195,610
Transfers out.....				(15,000)	(174,970)	-				-	(174,970)
NET OTHER FINANCING SOURCES (USES)...	-	-	1,000	(15,000)	(173,970)	168,610	-	-	26,000	26,000	20,640
NET CHANGE IN FUND BALANCES.....	(4,805)	5	(816)	82,193	127,838	143,673	83	176	(13,238)	(12,979)	258,532
FUND BALANCES, JULY 1, 2016.....	8,360	5,056	1,612	96,370	397,737	511,199	91,936	16,624	538,471	647,031	1,555,967
FUND BALANCES, JUNE 30, 2017.....	\$ 3,555	\$ 5,061	\$ 796	\$ 178,563	\$ 525,575	\$ 654,872	\$ 92,019	\$ 16,800	\$ 525,233	\$ 634,052	\$ 1,814,499

TOWN OF THOMASTON, CONNECTICUT

SEWER COMMISSION USAGE FUND
 SCHEDULE OF SEWER USE CHARGES RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2017

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FISCAL YEAR	UNCOLLECTED BALANCE JULY 1, 2016	CURRENT YEAR BILLING	CORRECTIONS		ADJUSTED USER CHARGES COLLECTIBLE	COLLECTIONS			UNCOLLECTED BALANCE JUNE 30, 2017
			ADDITIONS	DEDUCTIONS		USE CHARGES	INTEREST & LIENS	TOTAL	
2005	\$ 235	\$ -	\$ -	\$ 235	\$ -	\$ -	\$ -	\$ -	\$ -
2006	235	-	-	235	-	-	-	-	-
2007	295	-	-	295	-	-	-	-	-
2008	462	-	-	462	-	-	69	69	-
2009	957	-	-	638	319	319	459	778	-
2010	2,164	-	-	924	1,240	1,240	1,551	2,791	-
2011	2,922	-	-	288	2,634	2,352	2,163	4,515	282
2012	4,832	-	-	1,014	3,818	2,558	2,300	4,858	1,260
2013	7,986	-	-	454	7,532	5,657	3,357	9,014	1,875
2014	17,630	-	-	418	17,212	14,492	8,094	22,586	2,720
2015	40,379	-	-	766	39,613	32,499	12,568	45,067	7,114
2016	82,499	-	-	358	82,141	65,370	15,559	80,929	16,771
Total Prior Years	160,596	-	-	6,087	154,509	124,487	46,120	170,607	30,022
2017	-	1,244,236	93	-	1,244,329	1,165,264	12,075	1,177,339	79,065
TOTAL	\$ 160,596	\$ 1,244,236	\$ 93	\$ 6,087	\$ 1,398,838	\$ 1,289,751	\$ 58,195	\$ 1,347,946	\$ 109,087

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 Fund

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.

OPEB Trust Fund

To account for the Town's other post-employment benefit plan, which provides medical and life insurance benefits to retirees.

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).

FIDUCIARY FUNDS (CONTINUED)

Agency Funds (Continued)

School Activities Fund

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

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.

Athletic Pay to Participate

To account for the collection and payments related to athletic activities at the schools. Funding is provided by fees from individuals participating in 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.

Public Library Staff Fund

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

Join Against Insensible Lawlessness

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

Class Reunions

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

Christmas Lights Fund

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

Police Recreation and Educational Fund

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

Railroad Museum Commission

To account for donations to be used in for the benefit of the Railroad Museum.

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.

Thomaston Police Explorers

To account for the revenue and expenditures associated with education and training of the Police Explorers.

Car Show

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

TRIAD

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

Christmas Committee

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

Noah Rogozinski Playground Fund

To account for donations that will be used to replace broken and worn out playground equipment.

Substance Abuse Prevention Fund

To account for donations that will be used to fund the substance abuse prevention program for the Town.

Greenway Committee

To account for donations received for the Town's green initiatives.

Tri-centennial Committee

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

TOWN OF THOMASTON, CONNECTICUT

PRIVATE-PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2017

	LEANDER SMITH AWARD	PEPIE WAGNER FUND	SETH THOMAS PRIZE FUND	TOTAL
<u>ASSETS</u>				
Cash.....	\$ -	\$ 868	\$ -	\$ 868
Investments.....	5,545	-	1,071	6,616
TOTAL ASSETS.....	5,545	868	1,071	7,484
<u>NET POSITION</u>				
Net position restricted for awards.....	\$ 5,545	\$ 868	\$ 1,071	\$ 7,484

TOWN OF THOMASTON, CONNECTICUT

PRIVATE-PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017

	LEANDER SMITH AWARD	PEPPIE WAGNER FUND	SETH THOMAS PRIZE FUND	TOTAL
ADDITIONS:				
Investment income.....	\$ 30	\$ 1	\$ 13	\$ 44
DEDUCTIONS:				
Awards.....	-	400	-	400
CHANGES IN NET POSITION.....	30	(399)	13	(356)
NET POSITION, JULY 1, 2016.....	5,515	1,267	1,058	7,840
NET POSITION, JUNE 30, 2017.....	<u>\$ 5,545</u>	<u>\$ 868</u>	<u>\$ 1,071</u>	<u>\$ 7,484</u>

TOWN OF THOMASTON, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2017

	BALANCE JULY 1, 2016	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2017
<u>ASSETS</u>				
CASH:				
School Activities Fund.....	\$ 112,346	\$ 82,457	\$ 67,659	\$ 127,144
High School Athletic Council.....	13,203	16,321	12,707	16,817
Athletic Pay to Participate.....	50,624	4,216	6,413	48,427
Public School Internal Account.....	112,466	38,947	14,817	136,596
Public Library Staff Fund.....	2,788	4,530	5,921	1,397
Join Against Insensible Lawlessness.....	5,307	5	-	5,312
Class Reunions.....	826	1	-	827
Christmas Lights Fund.....	25,922	13,968	9,323	30,567
Police Recreation and Educational Fund.....	5,025	3,927	4,566	4,386
Railroad Museum Commission.....	3,770	1,809	612	4,967
Recreation Commission.....	18,917	56,827	60,393	15,351
Thomaston Police Explorers.....	3,048	3,395	4,719	1,724
Car Show.....	5,517	16,598	19,860	2,255
TRIAD.....	1,821	2	-	1,823
Christmas Committee.....	4,924	-	4,924	-
Noah Rogozinski Playground Fund.....	6,511	4	5,090	1,425
Substance Abuse Prevention Fund.....	565	-	-	565
Greenway Committee.....	4,053	54	-	4,107
TOTAL CASH.....	377,633	243,061	217,004	403,690
INVESTMENTS:				
Tri-centennial Committee.....	4,374	33	-	4,407
TOTAL ASSETS.....	<u>\$ 382,007</u>	<u>\$ 243,094</u>	<u>\$ 217,004</u>	<u>\$ 408,097</u>
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
School Activities Fund.....	\$ 112,346	\$ 82,457	\$ 67,659	\$ 127,144
High School Athletic Council.....	13,203	16,321	12,707	16,817
Athletic Pay to Participate.....	50,624	4,216	6,413	48,427
Public School Internal Account.....	112,466	38,947	14,817	136,596
Public Library Staff Fund.....	2,788	4,530	5,921	1,397
Join Against Insensible Lawlessness.....	5,307	5	-	5,312
Class Reunions.....	826	1	-	827
Christmas Lights Fund.....	25,922	13,968	9,323	30,567
Police Recreation and Educational Fund.....	5,025	3,927	4,566	4,386
Railroad Museum Commission.....	3,770	1,809	612	4,967
Recreation Commission.....	18,917	56,827	60,393	15,351
Thomaston Police Explorers.....	3,048	3,395	4,719	1,724
Car Show.....	5,517	16,598	19,860	2,255
TRIAD.....	1,821	2	-	1,823
Christmas Committee.....	4,924	-	4,924	-
Noah Rogozinski Playground Fund.....	6,511	4	5,090	1,425
Substance Abuse Prevention Fund.....	565	-	-	565
Greenway Committee.....	4,053	54	-	4,107
Tri-centennial Committee.....	4,374	33	-	4,407
TOTAL LIABILITIES.....	<u>\$ 382,007</u>	<u>\$ 243,094</u>	<u>\$ 217,004</u>	<u>\$ 408,097</u>

Statistical Section

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

CONTENTS

FINANCIAL TRENDS (TABLES 1 - 4)

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

REVENUE CAPACITY (TABLES 5 - 7)

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

DEBT CAPACITY (TABLES 8 - 11)

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

DEMOGRAPHIC AND ECONOMIC INFORMATION (TABLES 12 - 13)

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

OPERATING INFORMATION (TABLES 14 - 16)

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

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

TABLE 1

TOWN OF THOMASTON, CONNECTICUT

NET POSITION BY COMPONENT
LAST TEN YEARS (1)
(UNAUDITED)

	FISCAL YEAR ENDED JUNE 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net investment in capital assets.....	\$ 32,655,352	\$ 38,387,002	\$ 35,802,178	\$ 32,848,325	\$ 32,134,289	\$ 32,469,999	\$ 30,913,796	\$ 25,851,843	\$ 25,467,102	\$ 27,183,637
Restricted for:										
Endowments:										
Nonexpendable.....	65,700	65,700	95,700	95,700	95,700	95,700	95,700	200,200	200,200	200,200
Expendable.....	43,119	42,860	13,170	13,502	13,329	12,772	12,593	1,823	1,109	425
Perpetual Care:										
Nonexpendable.....	104,500	104,500	104,500	104,500	104,500	104,500	104,500	104,500	104,500	104,500
Expendable.....	71,570	71,570	71,570	71,570	71,570	71,570	71,570	40,894		
Public safety.....	-	-	-	38,365	58,365	58,365	120,000	90,000	60,000	30,000
Housing and development.....	-	195,991	169,072	183,242	317,089	233,177	183,905	212,196		
Sewer assessment.....	206,985	185,494	130,651	177,277	173,322	168,203	189,889	237,002	211,000	217,229
Education.....	99,382	46,131	-	-	-	-	-	-	-	-
Library.....	9,860	15,397	-	-	-	-	-	-	-	-
Other.....	7,272	7,744	47,158	25,960	25,909	41,023	112,944	77,495	-	-
Unrestricted.....	(19,669,339)	(6,562,121)	(3,630,183)	(2,296,658)	1,418,992	260,607	1,823,160	7,399,655	8,605,088	7,105,859
TOTAL NET POSITION.....	\$ 13,594,401	\$ 32,560,268	\$ 32,803,816	\$ 31,261,783	\$ 34,413,065	\$ 33,515,916	\$ 33,628,057	\$ 34,215,608	\$ 34,648,999	\$ 34,841,850

(1) Only fiscal year 2010 and forward were fully restated for the impact of GASB 54.

TABLE 2

TOWN OF THOMASTON, CONNECTICUT

CHANGES IN NET POSITION
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR ENDED JUNE 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
EXPENSES:										
General government.....	\$ 1,417,618	\$ 1,417,021	\$ 1,468,054	\$ 1,662,601	\$ 1,718,977	\$ 1,792,675	\$ 1,668,332	\$ 1,737,840	\$ 1,667,898	\$ 1,697,981
Public safety.....	3,558,258	3,326,695	3,164,883	2,817,840	2,531,191	2,645,588	2,350,689	2,429,014	2,403,832	2,205,660
Public works.....	5,126,370	4,781,865	4,907,857	4,523,074	4,590,427	4,264,949	4,297,830	4,258,496	4,345,216	3,953,285
Health and welfare.....	222,395	209,795	203,022	189,646	142,874	82,192	102,826	86,991	142,079	176,275
Culture and recreation.....	1,015,466	1,084,776	1,034,470	856,538	873,818	849,888	1,054,447	1,224,333	1,418,346	1,404,087
Housing and development.....	544,178	787,911	460,058	384,582	255,635	208,886	235,491	351,387	271,461	197,298
Education.....	19,401,777	18,527,836	17,988,363	17,715,754	18,236,951	17,893,897	18,141,755	17,516,144	17,620,403	19,045,383
Interest expense.....	750,391	703,177	675,831	778,821	695,454	1,011,416	655,789	777,173	718,142	760,841
TOTAL EXPENSES.....	32,036,453	30,839,076	29,902,538	28,928,856	29,045,327	28,749,491	28,507,159	28,381,378	28,587,377	29,440,810
PROGRAM REVENUES:										
Charges for services:										
General government.....	153,730	145,299	149,298	143,897	132,663	112,966	34,561	46,806	47,646	113,248
Public safety.....	203,715	219,899	243,508	158,884	144,636	178,532	157,914	148,106	158,988	130,819
Public works.....	1,363,837	1,378,548	1,314,456	1,216,145	1,207,400	1,174,669	1,167,243	1,155,344	1,161,218	1,154,767
Health and welfare.....	859	723	473	444	596	915	755	885	1,816	1,866
Culture and recreation.....	62,326	61,159	54,212	50,645	55,195	51,091	156,737	354,639	411,361	393,855
Housing and development.....	61,176	78,967	68,995	69,425	57,044	55,659	41,689	57,543	61,149	56,508
Education.....	205,641	189,665	188,604	213,589	221,288	243,921	273,660	297,431	330,850	312,213
Operating grants and contributions.....	9,596,263	8,923,066	8,450,907	8,781,136	9,515,488	8,860,269	8,342,648	8,437,791	8,348,877	10,403,236
Capital grants and contributions.....	115,622	605,945	2,230,932	655,034	299,942	386,186	564,196	311,838	715,950	555,629
TOTAL PROGRAM REVENUES.....	11,763,169	11,603,271	12,701,385	11,289,199	11,634,252	11,064,208	10,739,403	10,810,383	11,237,855	13,122,141
NET EXPENSES.....	(20,273,284)	(19,235,805)	(17,201,153)	(17,639,657)	(17,411,075)	(17,685,283)	(17,767,756)	(17,570,995)	(17,349,522)	(16,318,669)
GENERAL REVENUES:										
Property taxes.....	18,906,623	18,347,627	18,156,595	18,118,289	17,679,388	16,785,654	16,549,427	16,452,886	16,444,961	15,506,863
Grants and contributions not restricted to specific programs..	680,052	516,623	521,843	517,874	509,956	691,072	457,793	500,552	514,848	399,510
Investment income.....	86,423	62,240	34,434	64,153	47,706	49,314	89,062	90,133	89,454	228,647
Miscellaneous.....	56,172	65,734	30,314	31,362	71,174	47,102	83,923	94,033	107,408	256,730
TOTAL GENERAL REVENUES.....	19,729,270	18,992,224	18,743,186	18,731,678	18,308,224	17,573,142	17,180,205	17,137,604	17,156,671	16,391,750
CHANGE IN NET POSITION.....	\$ (544,014)	\$ (243,581)	\$ 1,542,033	\$ 1,092,021	\$ 897,149	\$ (112,141)	\$ (587,551)	\$ (433,391)	\$ (192,851)	\$ 73,081

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

	FISCAL YEAR ENDED JUNE 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GENERAL FUND:										
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,932	\$ -	\$ -	\$ -
Assigned.....	675,000	102,266	160,000	250,000	315,000	84,533	153,207	350,000	273,000	250,000
Unassigned.....	2,956,906	3,340,323	3,007,183	2,890,109	2,701,438	2,240,778	1,766,537	1,626,920	1,554,869	1,743,007
TOTAL GENERAL FUND.....	3,631,906	3,442,589	3,167,183	3,140,109	3,016,438	2,325,311	2,170,676	1,976,920	1,827,869	1,993,007
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable.....	170,200	170,200	1,050,267	1,279,423	1,305,819	1,306,788	1,366,650	1,303,437	1,351,772	1,326,688
Restricted.....	1,393,058	1,361,668	531,621	509,916	659,584	585,110	690,901	573,765	728,726	1,252,866
Committed.....	1,210,838	1,016,604	1,037,766	930,964	2,520,150	558,852	3,047,788	5,578,523	780,549	899,188
Assigned.....	916,931	1,259,874	1,380,309	1,086,043	1,179,720	363,589	309,413	112,784	-	-
Unassigned.....	(2,274,592)	(494,329)		(109,805)	(2,505,405)	(1,980,505)	(179,998)	203,085	(488,523)	1,137,653
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	1,416,435	3,314,017	3,999,963	3,696,541	3,159,868	833,834	5,234,754	7,771,594	2,372,524	4,616,395
GRAND TOTAL.....	\$ 5,048,341	\$ 6,756,606	\$ 7,167,146	\$ 6,836,650	\$ 6,176,306	\$ 3,159,145	\$ 7,405,430	\$ 9,748,514	\$ 4,200,393	\$ 6,609,402

TOWN OF THOMASTON, CONNECTICUT

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

	FISCAL YEAR ENDED JUNE 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
REVENUES:										
Property taxes.....	\$ 18,880,582	\$ 18,477,767	\$ 18,337,484	\$ 18,134,271	\$ 17,943,306	\$ 16,932,230	\$ 16,858,253	\$ 16,525,756	\$ 16,138,322	\$ 15,488,705
Charges for services.....	2,143,933	2,140,092	2,064,253	1,864,263	1,826,482	1,817,625	1,840,244	2,048,914	2,164,402	2,125,660
Intergovernmental.....	10,451,748	10,053,041	11,090,040	10,023,755	9,815,369	9,730,818	9,496,291	9,380,430	9,627,289	11,424,372
Contributions.....	91,089	148,692	275,701	109,013	684,800	129,773	46,019	67,190	155,075	129,857
Income from investments.....	55,553	28,086	20,924	19,144	47,709	49,314	89,061	90,133	117,301	260,567
Net change in fair value of investments.....	30,870	34,154	13,510	45,009	-	-	-	-	(39,572)	-
Other.....	55,369	57,426	30,314	31,361	79,912	47,104	83,923	94,033	107,409	268,748
TOTAL REVENUES.....	31,709,144	30,939,258	31,832,226	30,226,816	30,397,578	28,706,864	28,413,791	28,206,456	28,270,226	29,697,909
EXPENDITURES:										
Current:										
General government.....	3,814,056	3,678,660	3,737,170	3,517,321	3,412,749	3,343,498	3,390,754	3,250,801	3,096,831	3,176,283
Public safety.....	1,768,195	1,626,723	1,618,411	1,562,456	1,506,881	1,536,180	1,345,780	1,489,274	1,470,060	1,513,799
Public works.....	3,049,696	2,786,773	2,995,295	3,000,019	2,758,011	2,686,572	2,637,989	2,658,236	2,710,550	2,754,083
Health and welfare.....	170,466	152,747	153,566	150,984	126,396	64,551	88,257	72,358	98,539	118,260
Culture and recreation.....	513,582	541,350	532,772	504,198	502,030	494,639	623,821	863,441	1,021,600	1,045,793
Housing and development.....	417,337	658,758	319,731	294,715	159,504	115,834	145,477	280,865	228,556	153,805
Education.....	18,394,057	17,368,884	16,903,635	17,181,062	17,361,746	17,148,470	16,781,904	16,623,775	16,536,919	18,514,871
Debt service:										
Principal.....	2,321,469	2,445,679	2,246,275	2,174,261	1,777,286	1,604,385	1,663,002	1,788,959	1,556,043	1,650,416
Interest.....	1,014,560	1,014,560	1,014,560	1,014,560	1,014,560	1,014,560	1,014,560	1,014,560	1,014,560	1,014,560
Capital outlay.....	2,007,611	1,176,861	2,399,439	6,258,365	5,842,077	4,960,660	3,176,564	2,385,154	2,957,302	1,304,774
TOTAL EXPENDITURES.....	33,471,029	31,450,995	31,920,854	35,657,941	34,461,240	32,969,349	30,868,108	30,427,423	30,690,960	31,246,644
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,761,885)	(511,737)	(88,628)	(5,431,125)	(4,063,662)	(4,262,485)	(2,454,317)	(2,220,967)	(2,420,734)	(1,548,735)
OTHER FINANCING SOURCES (USES):										
Capital lease.....	39,758	73,298	-	54,085	127,645	-	-	-	-	-
Issuance of bonds (BANS).....	-	-	-	6,025,000	6,735,000	-	-	7,520,000	-	-
Issuance of refunding bonds.....	-	-	6,455,000	-	-	-	6,945,000	2,820,000	-	-
Payment to refunding bond escrow.....	-	-	(6,654,127)	-	-	-	(7,239,828)	(2,800,000)	-	-
Premiums.....	13,059	19,591	618,251	12,384	218,178	16,200	406,061	229,088	11,725	-
Sale of capital assets.....	803	8,308	-	-	-	-	-	-	-	-
Transfers in.....	3,410,476	3,727,326	3,843,788	3,679,843	3,247,341	3,059,313	3,113,769	2,928,843	400,038	687,897
Transfers out.....	(3,410,476)	(3,727,326)	(3,843,788)	(3,679,843)	(3,247,341)	(3,059,313)	(3,113,769)	(2,928,843)	(400,038)	(687,897)
NET OTHER FINANCING SOURCES (USES).....	53,620	101,197	419,124	6,091,469	7,080,823	16,200	111,233	7,769,088	11,725	-
NET CHANGE IN FUND BALANCES.....	\$ (1,708,265)	\$ (410,540)	\$ 330,496	\$ 660,344	\$ 3,017,161	\$ (4,246,285)	\$ (2,343,084)	\$ 5,548,121	\$ (2,409,009)	\$ (1,548,735)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....	10.55%	11.05%	11.05%	10.85%	9.76%	9.40%	9.67%	10.02%	9.27%	8.88%

TOWN OF THOMASTON, CONNECTICUT

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

YEAR ENDED JUNE 30	GRAND LIST	REAL ESTATE		PERSONAL PROPERTY			TOTALS		RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE	TOTAL DIRECT TAX RATE	
		NET ASSESSED VALUE	ESTIMATED ACTUAL VALUE	NET MOTOR VEHICLE ASSESSED VALUE	NET PERSONAL PROPERTY ASSESSED VALUE	TOTAL ASSESSED VALUE	ESTIMATED ACTUAL VALUE	NET ASSESSED VALUE			ESTIMATED ACTUAL VALUE
2017	2015	\$ 450,597,961	\$ 643,711,373	\$ 57,313,798	\$ 38,226,764	\$ 95,540,562	\$ 136,486,517	\$ 546,138,523	\$ 780,197,890	70.00%	34.07
2016	2014	448,599,342	640,856,203	55,901,286	35,731,216	91,632,502	130,903,574	540,231,844	771,759,777	70.00%	33.63
2015	2013	447,896,489	639,852,127	54,890,395	31,130,613	86,021,008	122,887,154	533,917,497	762,739,281	70.00%	33.63
2014	2012	449,149,304	641,641,863	54,777,754	35,497,126	90,274,880	128,964,114	539,424,184	770,605,977	70.00%	33.13
2013	* 2011	449,210,250	641,728,929	53,773,376	35,292,409	89,065,785	127,236,836	538,276,035	768,965,765	70.00%	32.83
2012	2010	534,078,455	762,969,221	49,779,666	31,009,992	80,789,658	115,413,797	614,868,113	878,383,018	70.00%	26.98
2011	2009	531,306,915	759,009,879	48,395,826	28,115,433	76,511,259	109,301,799	607,818,174	868,311,678	70.00%	26.54
2010	2008	530,861,248	758,373,211	49,207,621	32,209,631	81,417,252	116,310,360	612,278,500	874,683,571	70.00%	26.28
2009	2007	530,980,243	758,543,204	51,973,790	30,347,036	82,320,826	117,601,180	613,301,069	876,144,384	70.00%	26.28
2008	* 2006	532,561,507	760,802,153	50,779,210	32,014,158	82,793,368	118,276,240	615,354,875	879,078,393	70.00%	24.99

* Revaluation performed

TABLE 6

TOWN OF THOMASTON, CONNECTICUT

PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

TAXPAYER	2017			2008		
	(1) ASSESSMENT	RANK	PERCENT OF NET TAXABLE GRAND LIST	(1) ASSESSMENT	RANK	PERCENT OF NET TAXABLE GRAND LIST
Albea (formerly Rexam)	\$ 9,487,410	1	1.73%	\$ 4,734,222	3	0.77%
Connecticut Light & Power Co.	9,004,100	2	1.64%	4,829,880	2	0.78%
Thomaston Savings Bank	3,800,630	3	0.69%	2,733,420	8	0.44%
Yankee Gas Services Company	3,638,100	4	0.66%	N/A	N/A	N/A
Connecticut Water Company	3,490,260	5	0.64%	3,233,466	5	0.53%
Thomaston Valley Village	3,005,450	6	0.55%	N/A	N/A	N/A
GLC Associates One, LLC	2,724,210	7	0.50%	3,081,500	6	0.50%
Summit Corp of America	2,639,990	8	0.48%	5,603,240	1	0.91%
Tyler Properties	2,405,900	9	0.44%	2,636,630	9	0.43%
Subs Realty (formerly Oneglia)	2,238,040	10	0.41%	3,366,660	4	0.55%
WL Real Estate Company	N/A	N/A	N/A	2,824,520	7	0.46%
Whyco Technologies, Inc.	N/A	N/A	N/A	2,579,702	10	0.42%
Totals	<u>\$ 42,434,090</u>		<u>7.74%</u>	<u>\$ 35,623,240</u>		<u>4.91%</u>

Source: Town Assessor Department.

(1) The net taxable grand list as of October 1, 2015 and 2006 totaled \$547,676,208 and \$615,374,875, respectively.

N/A - Not available and/or not applicable.

TOWN OF THOMASTON, CONNECTICUT

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

YEAR ENDED JUNE 30	(1) (2) TOTAL TAX RATE IN MILLS	GRAND LIST OF OCTOBER 1,	TOTAL ADJUSTED TAX LEVY	NET CURRENT TAX COLLECTIONS	PERCENT OF CURRENT LEVY COLLECTED	TOTAL COLLECTIONS TO DATE			
						COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS	PERCENTAGE OF LEVY COLLECTED	CURRENT DELINQUENT BALANCE
2017	34.07	2015	\$ 18,744,659	\$ 18,537,433	98.9%	\$ -	\$ 18,537,433	98.9%	\$ 207,226
2016	33.63	2014	18,294,050	18,081,176	98.8%	158,207	18,081,176	98.8%	54,667
2015	33.63	2013	18,080,787	17,844,146	98.7%	205,345	18,049,491	99.8%	31,296
2014	33.13	2012	17,879,100	17,614,927	98.5%	236,556	17,851,483	99.8%	27,617
2013	* 32.83	2011	17,645,073	17,364,941	98.4%	265,915	17,630,856	99.9%	14,217
2012	26.98	2010	16,626,776	16,324,968	98.2%	292,427	16,617,395	99.9%	9,381
2011	26.54	2009	16,462,140	16,192,962	98.4%	260,285	16,453,247	99.9%	8,893
2010	26.28	2008	16,070,948	15,687,137	97.6%	375,128	16,062,265	99.9%	8,683
2009	26.28	2007	16,017,616	15,511,321	96.8%	506,295	16,017,616	100.0%	-
2008	* 24.99	2006	15,325,961	14,907,955	97.3%	418,006	15,325,961	100.0%	-

Source: Town Audit Reports.

* Revaluation performed

(1) There are no overlapping of tax rates.

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

TOWN OF THOMASTON, CONNECTICUT

RATIOS OF OUTSTANDING LONG-TERM OBLIGATIONS BY TYPE
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	GENERAL LONG-TERM OBLIGATIONS OUTSTANDING						PERCENTAGE OF PERSONAL INCOME	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS/BOND ANTICIPATION NOTES	PREMIUMS	CLEAN WATER NOTES	CAPITAL LEASE PAYABLE	TOTAL			
2017	\$ 19,860,000	\$ 676,512	\$ 1,973,856	\$ 50,132	\$ 22,560,500	0.33%	\$ 2,964	
2016	21,850,000	745,964	2,475,710	47,429	25,119,103	0.29%	3,296	
2015	23,985,000	815,417	3,021,140	24,527	27,846,084	0.24%	3,624	
2014	25,545,000	608,756	3,566,374	84,890	29,805,020	0.22%	3,791	
2013	21,290,000	664,948	4,100,821	91,120	26,146,889	0.25%	3,324	
2012	16,000,000	582,448	4,624,694	-	21,207,142	0.31%	2,659	
2011	17,425,000	632,036	5,138,202	-	23,195,238	N/A	2,941	
2010	18,715,000	353,311	5,641,550	-	24,709,861	N/A	3,168	
2009	12,410,000	134,374	6,134,939	122,009	18,801,322	0.36%	2,405	
2008	13,645,000	144,525	6,618,567	240,811	20,648,903	N/A	2,610	

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

N/A Information not available.

Note: There is no overlapping debt.

TOWN OF THOMASTON, CONNECTICUTRATIO OF LONG-TERM DEBT TO NET ASSESSED VALUE AND LONG-TERM DEBT PER CAPITA
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	(1) POPULATION	(2) NET ASSESSED VALUE	(3) LONG-TERM DEBT AND RELATED LIABILITIES	RATIO OF BONDED DEBT/NOTES TO NET ASSESSED VALUE	DEBT PER CAPITA
2017	7,595	\$ 546,138,523	\$ 22,510,368	4.12%	\$ 2,964
2016	7,621	540,231,844	25,071,674	4.64%	3,290
2015	7,683	533,917,497	27,821,557	5.21%	3,621
2014	7,862	539,424,184	29,720,130	5.51%	3,780
2013	7,838	538,276,035	26,055,769	4.84%	3,324
2012	7,975	614,868,113	21,207,142	3.45%	2,659
2011	7,887	607,818,174	23,195,238	3.82%	2,941
2010	7,801	612,278,500	24,709,861	4.04%	3,168
2009	7,766	613,301,069	18,679,313	3.05%	2,405
2008	7,818	615,354,875	20,408,092	3.32%	2,610

Sources:

(1) CT Health Department.

(2) Town Assessor's Department.

(3) From Table 8.

TOWN OF THOMASTON, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374 (b)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017
(UNAUDITED)

Total tax collections (including interest and lien fees) for current year					<u>\$ 18,837,707</u>
DEBT LIMITATION:	GENERAL PURPOSE	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
2 1/4 times base.....	\$ 42,384,841	\$ -	\$ -	\$ -	\$ -
4 1/2 times base.....	-	84,769,682	-	-	-
3 3/4 times base.....	-	-	70,641,401	-	-
3 1/4 times base.....	-	-	-	61,222,548	-
3 times base.....	-	-	-	-	56,513,121
TOTAL DEBT LIMITATION.....	<u>42,384,841</u>	<u>84,769,682</u>	<u>70,641,401</u>	<u>61,222,548</u>	<u>56,513,121</u>
INDEBTEDNESS:					
Bonds payable.....	13,895,065	5,720,199	244,736	-	-
Bond anticipation notes.....	7,800,000	-	-	-	-
Less: School building grants.....	-	(282,446)	-	-	-
TOTAL INDEBTEDNESS.....	<u>21,695,065</u>	<u>5,437,753</u>	<u>244,736</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT	<u>\$ 20,689,776</u>	<u>\$ 79,331,929</u>	<u>\$ 70,396,665</u>	<u>\$ 61,222,548</u>	<u>\$ 56,513,121</u>
The total net indebtedness above amounts to:					<u>\$ 27,377,554</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:					<u>\$ 131,863,949</u>

Note: There is no overlapping debt.

TOWN OF THOMASTON, CONNECTICUTLEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	DEBT LIMIT	NET DEBT APPLICABLE TO LIMIT	LEGAL DEBT MARGIN	TOTAL NET DEBT APPLICABLE
2017	\$ 131,863,949	\$ 27,377,554	\$ 104,486,395	20.76%
2016	127,094,254	24,477,554	103,876,768	19.26%
2015	128,082,052	24,205,284	103,876,768	18.90%
2014	126,610,372	25,993,009	100,617,363	20.53%
2013	125,550,264	24,245,997	101,304,267	19.31%
2012	117,980,709	18,686,529	99,294,180	15.84%
2011	118,368,957	16,296,459	102,072,498	13.77%
2010	114,583,798	17,452,561	97,131,237	15.23%
2009	112,410,347	15,826,028	96,584,319	14.08%
2008	107,773,680	12,089,494	245,797,526	4.69%

TABLE 12

TOWN OF THOMASTON, CONNECTICUT

DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	(1) POPULATION	(2) PERSONAL INCOME	(5) PER CAPITA INCOME	(2) MEDIAN AGE	(2) EDUCATION LEVEL IN YEARS OF SCHOOLING	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT PERCENTAGE
2017	7,595	(5)	(5)	43	High School 37% Some College 32%	897	3.9%
2016	7,621	\$ 73,679	(5)	44	High School 35% Some College 36%	895	4.9%
2015	7,683	67,426	(5)	43	High School 35% Some College 35%	856	4.5%
2014	7,862	64,982	(5)	43	High School 35% Some College 35%	941	5.8%
2013	7,838	66,197	(5)	44	High School 35% Some College 58%	1,004	8.0%
2012	7,975	66,197	(5)	44	High School 35% Some College 58%	1,010	8.5%
2011	7,887	(5)	(5)	(5)	(5)	1,114	8.2%
2010	7,801	(5)	(5)	(5)	(5)	1,186	8.6%
2009	7,766	67,558	(5)	(5)	(5)	1,216	9.4%
2008	7,818	(5)	(5)	(5)	(5)	1,259	6.3%

Sources:

- (1) State of Connecticut, Department of Public Health and Addiction Services.
- (2) Connecticut Economic Resource Center, Inc.
- (3) Thomaston Board of Education.
- (4) Connecticut Labor Department - Research and Statistics.
- (5) Information not available.

TABLE 13

TOWN OF THOMASTON, CONNECTICUT

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

EMPLOYER	2017			2008		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT
Albea (formerly Rexam)	379	1	8%	339	1	8%
State of Connecticut	N/A	2	-	87	8	2%
Town of Thomaston	217	3	5%	249	2	6%
Thomaston Savings Bank	192	4	4%	117	4	3%
Ward Leonard Electric, Inc.	135	5	3%	142	3	3%
UniMetal/ Quality Rolling & Deburring	131	6	3%	92	7	2%
Stewart Eyelets for Industry, Inc.	128	7	3%	101	6	2%
Summit Corporation of America	67	8	2%	102	5	2%
WHYCO Chromium, Inc	40	9	1%	79	9	2%
Stevens Co., Inc.	34	10	1%	67	10	2%
TOTAL	<u>1,323</u>		<u>30%</u>	<u>1,375</u>		<u>32%</u>
Total Town Employment	<u>4,459</u>			<u>4,452</u>		

SOURCE: Annual Town survey.

N/A - Company did not respond or information was unavailable, but number of employees in prior years supports ranking.

TOWN OF THOMASTON, CONNECTICUT

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

FUNCTION / PROGRAM	FULL-TIME EQUIVALENT EMPLOYEES AS OF JUNE 30										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
GENERAL GOVERNMENT:											
Selectmen.....	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Elections.....	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Treasurer.....	3.9	3.9	3.9	3.0	3.0	3.9	3.9	2.9	3.3	3.5	
Tax Collector.....	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.9	2.0	2.0	
Assessor/Assessment appeals.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	
Town Hall maintenance.....	1.3	1.3	1.5	1.5	1.4	1.5	1.0	1.0	1.1	1.0	
Town Clerk.....	1.7	1.7	1.7	1.7	1.5	1.7	1.6	1.6	1.7	1.7	
PUBLIC SAFETY:											
Police officers.....	13.5	13.3	13.1	13.4	11.6	11.7	11.4	12.3	12.5	13.2	
Dispatch.....	4.5	4.8	4.9	4.5	4.8	4.0	4.6	4.7	4.8	5.1	
Fire Marshall.....	0.7	0.1	0.1	0.1	0.1	0.6	0.6	0.6	0.6	0.6	
Animal control.....	1.1	1.1	1.1	1.1	1.2	1.1	1.1	1.1	1.1	1.2	
PUBLIC WORKS:											
Highway.....	7.2	8.0	7.0	7.0	8.0	6.0	7.0	8.1	8.8	9.0	
Solid waste and recycling.....	0.2	0.3	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.3	
Sewer plant.....	7.0	6.0	7.0	7.0	7.0	5.0	7.0	7.0	7.0	7.0	
Hillside Cemetery.....	1.8	1.9	1.8	1.7	1.9	1.7	1.5	1.0	1.6	1.3	
HEALTH AND WELFARE:											
Social services.....	0.5	0.5	0.5	0.5	0.0	0.0	0.0	0.0	1.0	1.7	
Minibus.....	0.2	0.4	0.2	0.2	0.4	0.4	0.4	0.4	0.4	0.4	
Veterans administration.....	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
CULTURE AND RECREATION:											
Recreation.....	1.6	1.8	2.0	1.6	1.6	3.5	2.4	2.3	2.4	2.8	
Public library.....	5.7	6.8	6.1	5.4	6.1	5.8	5.8	6.2	6.2	7.4	
Opera House.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	4.0	3.7	
HOUSING AND DEVELOPMENT:											
Housing, land use & development.....	2.3	2.5	2.5	2.1	2.1	2.5	2.0	2.3	2.3	2.1	
EDUCATION.....	158.5	141.7	136.5	162.8	163.5	165.9	164.1	160.7	161.1	180.8	
TOTAL.....	217.1	201.5	195.6	219.3	220.0	221.0	220.1	220.3	225.7	248.9	

SOURCE: Actual payroll data.

TOWN OF THOMASTON, CONNECTICUT

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

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GENERAL GOVERNMENT										
PUBLIC SAFETY:										
Fire:										
Emergency responses.....	298	270	265	239	266	436	367	268	240	338
Fires extinguished.....	30	38	39	26	17	43	26	27	40	57
Police:										
Incidents.....	36,136	35,807	39,126	37,715	32,646	33,503	33,523	33,299	34,946	35,162
Accidents.....	296	307	353	347	195	217	230	206	248	216
Physical arrests.....	380	385	629	565	236	258	161	165	257	155
Traffic violations.....	1,201	922	898	853	841	949	952	1,001	867	922
PUBLIC WORKS:										
Street resurfacing (miles).....	0.0	0.0	3.0	2.0	0.0	0.0	0.0	0.0	2.38	5.00
Streets rebuilt (miles).....	0.0	0.0	0.0	0.0	4.86	4.86	4.31	3.12	0.66	1.14
PARKS AND RECREATION:										
Athletic field permits issued.....	31	38	42	40	41	46	51	44	55	55
Number of recreation programs.....	29	34	32	34	36	34	29	27	26	25
HEALTH AND WELFARE:										
Number of elderly serviced.....	98	146	109	86	N/A	N/A	N/A	N/A	N/A	1,012
Number of families serviced.....	274	185	162	150	N/A	N/A	N/A	N/A	N/A	2,612
Number of disabled serviced.....	82	98	87	60	N/A	N/A	N/A	N/A	N/A	626
LIBRARY:										
Total print items.....	39,253	39,327	40,285	40,885	40,637	41,243	40,137	42,804	44,541	46,260
Total non-print items.....	7,102	7,060	6,876	6,291	5,991	5,775	8,095	6,366	11,578	8,221
Circulation.....	58,218	63,700	70,396	75,418	80,528	80,371	86,380	95,354	93,826	89,305
Interlibrary borrows.....	2,698	3,497	3,346	3,605	3,537	3,662	3,210	3,429	3,432	2,408
Interlibrary loans.....	2,068	2,259	2,275	2,427	3,003	3,391	3,467	3,298	3,289	2,392
EDUCATION:										
Enrollment:										
High School.....	428	408	417	412	438	460	518	559	547	582
Middle School.....	205	216	206	237	256	227	256	267	278	296
Elementary Schools.....	264	271	233	292	310	323	340	360	391	381
Total.....	897	895	856	941	1,004	1,010	1,114	1,186	1,216	1,259
SEWER FUND:										
Average daily sewage treatment										
(million gallons).....	0.810	0.834	0.98	0.989	0.924	0.871	0.937	0.992	0.982	0.864
Residential customers.....	265	2,635	2,635	2,700	2,695	2,619	2,613	2,600	2,600	2,594
Commercial & Industrial Customers.....	134	131	129	128	130	130	128	134	131	136
Manhole repair as part of I/I reduction.....	-	20	6	9	42	48	80	80	62	6
SOLID WASTE & RECYCLING:										
CRRA tonnage (annual).....	2,534	2,400	2,462	2,506	3,069	3,817	4,226	4,284	4,724	4,961

SOURCES: Various Town Departments.

N/A - Data not available.

TOWN OF THOMASTON, CONNECTICUT
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN YEARS
 (UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GENERAL GOVERNMENT:										
Election voting machines.....	2	2	2	2	2	2	2	2	2	2
Vehicles.....	1	1	1	2	2	2	1	1	1	1
PUBLIC SAFETY:										
Fire and ambulance stations.....	2	2	2	2	2	2	2	2	2	2
Police stations.....	1	1	1	1	1	1	1	1	1	1
Police vehicles.....	11	11	11	11	8	8	10	10	10	10
Fire trucks.....	4	4	5	5	7	7	7	7	7	7
Ambulances.....	2	2	2	2	2	2	2	2	2	2
Other emergency vehicles.....	5	5	5	6	6	6	6	6	6	6
PUBLIC WORKS:										
Miles of Streets:										
Paved.....	41.25	41.25	41.25	41.25	41.25	41.25	41.00	41.00	41.00	41.00
Accepted.....	41.25	41.25	41.25	41.25	41.25	41.25	41.00	41.00	41.00	41.00
Private.....	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.03	0.03
State Highway.....	64.89	64.89	64.89	64.89	64.89	64.89	64.89	64.89	64.89	64.89
Miles of Sidewalks.....	10.88	10.88	10.88	10.88	10.88	10.88	10.88	10.88	10.88	10.88
Miles of Sewer:										
Storm.....	95.25	95.25	95.25	95.25	95.25	95.25	95.25	95.25	95.00	95.00
Sanitation.....	50.50	50.50	50.50	50.50	50.50	50.50	50.50	50.50	50.50	50.50
Dump trucks.....	9	10	10	10	10	10	10	10	10	10
Other public works vehicles & heavy equipment.....	28	28	28	28	27	27	27	27	27	27
HEALTH AND WELFARE:										
Minibus.....	1	1	1	1	1	1	1	1	1	1
CULTURE AND RECREATION:										
Acres of park land.....	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Hardball baseball diamonds.....	1	1	1	1	1	1	1	1	1	1
Youth baseball diamonds.....	5	5	5	5	5	5	5	5	5	5
Basketball courts.....	1	1	1	3	3	3	3	3	3	3
Soccer fields.....	3	3	3	3	3	3	3	3	3	3
Nature areas.....	1	1	1	1	1	1	1	1	1	1
Picnic areas.....	1	1	1	1	1	1	1	1	1	1
Playgrounds.....	4	4	4	7	7	7	7	7	7	7
Public beach.....	1	1	1	1	1	1	1	1	1	1
Public greens.....	3	3	3	3	3	3	3	3	3	3
Tennis courts.....	6	6	6	3	3	3	3	3	3	3
Public indoor theatres.....	1	1	1	1	1	1	1	1	1	1
Public library.....	1	1	1	1	1	1	1	1	1	1
EDUCATION:										
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of elementary schools.....	1	1	1	1	1	1	1	1	1	1

SOURCES: Various Town Departments.