

Town of Colebrook Connecticut



**ANNUAL REPORT
of the Town Offices
for the year ending
June 30th, 2006**

April 21st, 2007

A tribute to Coach Louie Jasmin Sr.
25 years of dedication to sports



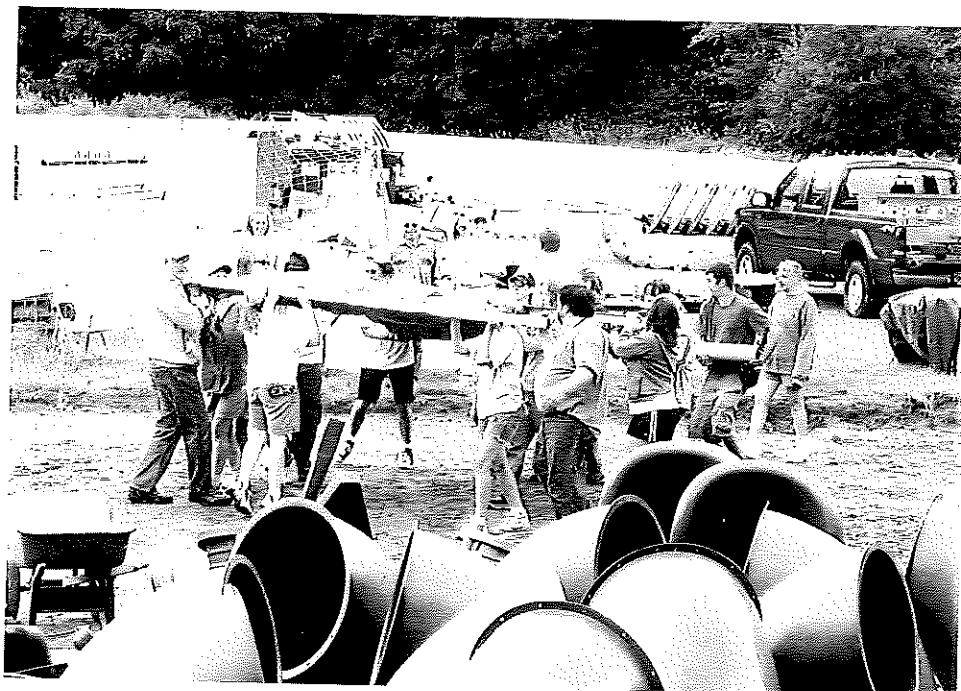
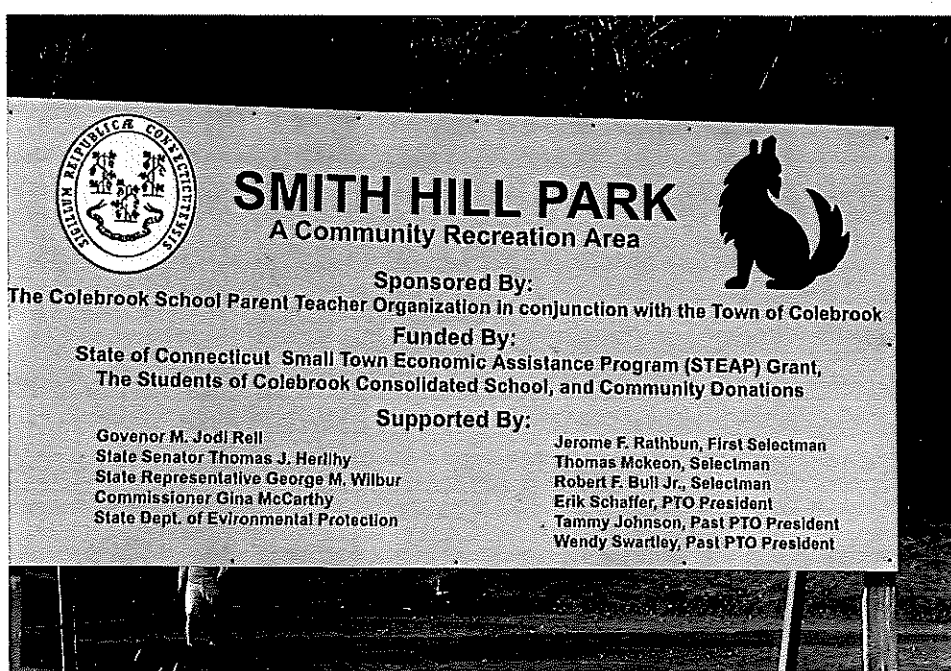
Standing left to right:

*John ("Jay") O'Dell, Louis Jasmin Jr., Bill Hughes,
Louis Jasmin Sr., Mike Coleman, Mike Sullivan*

A message from your First Selectman

As I reflect on the past years activities, accomplishments, and a vision for the future, one thing clearly stands out – cooperation. A community is only as good as its residents. No one person or group can make things happen without cooperation and at times, compromise. Over the past four years, many town wide events have truly illustrated this – our 225th celebration, our community Halloween party and most recently, our Smith Hill Park project. These were truly extraordinary activities that brought out the very best Colebrook has to offer. As Colebrook moves forward, our community needs a clear vision of where we want to go in the future. Our town boards, staffed with dedicated volunteers, are working very hard on this vision. It is always difficult to balance town needs and finances. As with our personal budgets, there never seems to be enough money to do everything. As communities around us experience growth, we need to determine what amount of growth is right for Colebrook without negatively affecting the towns resources – our school, our highway department, and our fire and emergency response departments, to name a few. Anyone who thinks that volunteerism is a thing of the past hasn't seen Colebrook in action. We mustn't lose sight of what attracted us here in the first place – change will happen and change can be a positive thing as long as it fits with our goals for the future. As I move on to the next chapter in my life, I want to express my gratitude to all the residents of Colebrook for allowing me to serve you. While we may not always have agreed, we worked through the issues, not losing sight of the best interests of Colebrook residents. Thank you to one and all. Jerry Rathbun.





TOWN OFFICIALS

OFFICE/INCUMBENT

TERM

BOARD OF SELECTMEN

Jerome F. Rathbun, First Selectman
Robert F. Bull, Jr., Selectman
Thomas D. McKeon, Selectman

11/22/05 – 11/20/07
11/22/05 – 11/20/07
11/22/05 – 11/20/07

TOWN CLERK AND REGISTRAR OF VITAL STATISTICS

Debra L. McKeon
N. Joyce Nelson, Assistant
Eleanor E. Russo, Assistant
Joan M. Durant, Assistant

01/02/06 – 01/07/08
01/02/06 – 01/07/08
01/02/06 – 01/07/08
01/02/06 – 01/07/08

TOWN TREASURER

John E. Burrows

11/22/05 – 11/20/07

TAX COLLECTOR

Laura M. Bartlett

11/22/05 – 11/20/07

BOARD OF FINANCE

Ronald J. Aubel, Chairman
Leon J. Carper
Thomas R. Corvo
James Millar, Jr.
Corrine C. Pollock
Theodore V. Wilber

11/18/03 – 11/17/09
11/20/01 – 11/20/07
11/18/03 – 11/17/09
11/08/05 – 11/20/07
11/22/05 – 11/22/11
11/22/05 – 11/22/11

BOARD OF EDUCATION

Bradley N. Bremer, Chairman
Claudette M. Baril
Sherri P. Gray
Jeanne R. Jones
Gregory P. Nichols
Katherine E. Riberdy
Susan Read Stanton

11/18/03 – 11/20/07
11/22/05 – 11/17/09
11/22/05 – 11/17/09
11/18/03 – 11/20/07
11/18/03 – 11/20/07
11/18/03 – 11/20/07
11/22/05 – 11/17/09

SUPERINTENDENT/PRINCIPAL

David Wittmer

ASSESSORS

Janice McKie, CCMA II, Assessor
Joan M. Durant, Clerk

BOARD OF ASSESSORS

William E. Nelson, Jr., Chairman
Edward A. Allen
Geraldine M. Kassel

Photographs Courtesy of: Robert Grigg

OFFICE/INCUMBENT**TERM****BOARD OF ASSESSMENT APPEALS**

Mark A. Lett, Chairman	11/22/05 – 11/17/09
Nadia M. Corvo	11/22/05 – 11/17/09
Janet H. Rathbun	11/18/03 – 11/20/07

CONSTABLES

H. Spencer Coleman	11/22/05 – 11/20/07
Christopher L. Johnstone	11/22/05 – 11/20/07
John H. Lossin	11/22/05 – 11/20/07
Gerald J. Peters	11/22/05 – 11/20/07

REGISTRARS OF VOTERS

Catherine M. Andersen, Republican	01/03/07 – 01/07/09
Inge M. Gomez, Democratic	01/03/07 – 01/07/09

JUSTICES OF THE PEACE

Ronald J. Aubel	01/03/05 – 01/05/09
Mary L. Baker	01/03/05 – 01/05/09
Barbara B. Case	01/03/05 – 01/05/09
Sally A. Coleman	01/03/05 – 01/05/09
Ralph W. Hazen, Jr.	01/03/05 – 01/05/09
Joanne M. Jasmin	01/03/05 – 01/05/09
Peter J. Kennedy	01/03/05 – 01/05/09
William E. Nelson, Jr.	01/03/05 – 01/05/09
John P. Parisi	01/03/05 – 01/05/09
Linda J. Raciborski	01/03/05 – 01/05/09
Janet H. Rathbun	01/03/05 – 01/05/09
Eric G. Rochow	01/03/05 – 01/05/09
James E. Rogers	01/03/05 – 01/05/09
Astrid C. Tury	01/03/05 – 01/05/09
Harry E. White	01/03/05 – 01/05/09
Penelope F. White	01/03/05 – 01/05/09
Gloria M. Wilber	01/03/05 – 01/05/09
Vacancy	01/03/05 – 01/05/09
Vacancy	01/03/05 – 01/05/09
Vacancy	01/03/05 – 01/05/09

PLANNING AND ZONING COMMISSION

John C. Garrels, III, Chairman	10/04 – 10/07
Geraldine Ann Bowen	10/06 – 10/09
Howard G. Estock	10/05 – 10/08
Robert A. Suprenant	10/06 – 10/09
Theodore V. Wilber	10/05 – 10/08

ALTERNATES

David A. Bishop	10/04 – 10/07
George S. Bodycoat, Jr.	10/06 – 10/09
Edward G. Lord, III	10/05 – 10/08

OFFICE/INCUMBENT**TERM****ZONING BOARD OF APPEALS**

Fred P. Williams, Chairman

10/06 – 10/08

Thomas E. Lawton

10/05 – 10/07

Charles S. Whitney

10/05 – 10/07

Joseph J. Alciati, Sr.

10/06 – 10/08

Carol Ann Sherwood

10/06 – 10/07

ALTERNATES

Duncan G. Wilber

10/04 – 10/07

Robert R. Lauzier

10/05 – 10/08

Vacancy

10/06 – 10/09

INLAND WETLANDS COMMISSION

Thomas B. Stanton, Chairman

02/05 – 02/08

Thomas E. Adams

02/06 – 02/09

Kenneth Andresen

02/07 – 02/10

Michael F. Hurd

02/06 – 02/09

Raymond L. Swanton

02/05 – 02/08

ALTERNATES

Joseph R. Polidoro

05/07 – 05/10

Edna H. Travis

05/06 – 05/09

Duncan G. Wilber

05/05 – 05/08

CONSERVATION COMMISSION

Jonathan P. Thompson, Chairman

11/01/05 – 10/31/08

William S. Campbell

11/01/05 – 10/31/08

James L. Bickford

11/01/05 – 10/31/07

Linda G. Bickford

11/01/05 – 10/31/07

Gregory P. Millard

11/01/05 – 10/31/08

Leelaine R. Picker

11/01/05 – 10/31/08

Eric G. Rochow

11/01/06 – 10/31/09

Erik W. Shaffer

11/01/06 – 10/31/09

Raymond L. Swanton

11/01/05 – 10/31/08

Edna H. Travis

11/01/06 – 10/31/09

Vacancy

11/01/05 – 10/31/07

ALTERNATES

Geraldine Ann Bowen

11/01/05 – 10/31/07

Anthony Mirizzi

11/01/05 – 10/31/07

Shayne R. Young

11/01/05 – 10/31/07

LAND USE ADMINISTRATOR

Karl N. Nilsen

LAND USE SECRETARY

Karen Griswold Nelson

OFFICE/INCUMBENT**TERM****RECREATION BOARD**

Jeffrey T. Hodgkin, Chairman	10/05 – 10/08
Lisa Ann B. Fragale	10/06 – 10/09
Andrew L. Riberdy	10/05 – 10/08
Thomas D. McKeon	10/06 – 10/09
Robert E. Jasmin, III	10/06 – 10/09

HISTORIC DISTRICT COMMISSION

Joyce C. Hemingson, Chairman	10/04 – 10/09
John C. Putnam	10/03 – 10/08
James E. Rogers	10/06 – 10/10
Julia Andresen	10/06 – 10/11
John C. Garrels, III	10/06 – 10/07

ALTERNATES

Mary L. Baker	10/06 – 10/09
James L. Bickford	10/05 – 10/08
Vacancy	10/04 – 10/07

REGIONAL SCHOOL DISTRICT NO. 7

Theresa J. Kenneson	07/01/05 – 07/01/09
Kaye M. Sweeney	07/01/03 – 07/01/07

SENIOR AND COMMUNITY CENTER

Lynne A. Thibault, Director	738-9521
Alyse Bergersen, Nutrition Site	

BUILDING OFFICIAL

Donald F. Washburn	379-3359 ext. 201
--------------------	-------------------

FARMINGTON VALLEY HEALTH DISTRICT

1-800-909-3843

FIRE MARSHAL

Mark Melanson	379-3359 ext. 201
---------------	-------------------

EMERGENCY MANAGEMENT

Richard Tillotson	379-3359 ext. 201
-------------------	-------------------

BURNING PERMIT OFFICERS

Benjamin Bartlett	738-4151
Alan R. White	379-9037
Richard Wilber	379-1651

ANIMAL CONTROL OFFICER

William E. Nelson, Jr.	379-0004
------------------------	----------

JUDGE OF PROBATE (WINSTED)

Alan M. Barber, Esq.	379-5576
----------------------	----------

TOWN ATTORNEY

Charles E. Roraback, Esquire	489-6880
------------------------------	----------

CALENDAR OF MEETINGS

BOARD OF SELECTMEN

2 nd Monday of each month – Town Hall, 7:00 P.M.

BOARD OF FINANCE

3 rd Wednesday as necessary – Town Hall, 7:00 P.M.

BOARD OF EDUCATION

1st Wednesday of each month – Colebrook Consolidated School, 7:00 P.M.

PLANNING AND ZONING COMMISSION

2 nd Monday of each month – Town Hall, 7:00 P.M.

ZONING BOARD OF APPEALS

As necessary – Town Hall, 7:00 P.M.

INLAND WETLANDS COMMISSION

1st Monday of each month – Town Hall, 7:00 P.M.

CONSERVATION COMMISSION

2nd Sunday of each month – Town Hall, 8:30 A.M.

RECREATION BOARD

2nd Tuesday of each month – Town Hall, 6:30 P.M.

REGIONAL SCHOOL DISTRICT NO. 7

2nd and 4th Wednesdays of each month – Regional School, 7:15 P.M.
(Except July, August and December)

ANNUAL TOWN BUDGET MEETING

3rd Tuesday of May – Town Hall, 8:00 P.M.
(Budget Hearing at least two weeks before Town Meeting)

ANNUAL TOWN MEETING

3rd Monday of October – Town Hall, 8:00 P.M.

ELECTION DAY

Tuesday, November 6, 2007, 6:00 A.M. – 8:00 P.M.,
Town Hall, 2 nd Floor



Board of Selectmen (left to right):
Bob Bull, Tom McKeon, Jerry Rathbun



Robert E. King & Co., P.C.

Certified Public Accountants
Serving Businesses, Individuals, Nonprofits and Governments

Member of
American Institute of
Certified Public Accountants
Connecticut Society of
Certified Public Accountants

Telephone: (860) 379-0215
Fax: (860) 738-7555
www.kingcpas.com

December 19, 2006

To the Board of Finance of
The Town of Colebrook, CT

In planning and performing our audit of the financial statements of the Town of Colebrook, for the year ended June 30, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions concerning those matters. This letter does not affect our report dated December 19, 2006, on the financial statements of the Town of Colebrook, CT.

BUDGET

Observation and recommendation

We observed that budget variances are submitted for approval; however specific line item transfers naming the accounts to be transferred to and from should be approved to cover deficits.

Management response

The Board of Finance will correct this error in subsequent budget documents. In the future, the Board will also approve line-item transfers to amend the budget during the annual review of results.

SEPARATION OF DUTIES

Observation and recommendation

We observed that bank statements are being opened and reconciled by the Treasurer who performs many of the accounting functions. We recommend that all bank statements be opened, reviewed, and initialed by the First Selectman. Also, any bank accounts that the Treasurer does not perform a reconciliation for, should have a reconciliation submitted for review to the Treasurer on a monthly basis.

Management response

All bank statements reconciled by the Treasurer will first be opened, reviewed, and initialed by the First Selectman. Bank statement reconciliations performed by the Tax Collector and Town Clerk will be forwarded to the Treasurer for review. Reconciliations of the School accounts will be reviewed by the Superintendent.

PROPERTY TAXES RECEIVABLE

Observation and recommendation

The prior year ending balance of property taxes receivable reported by the tax collector's software is higher than the current year beginning balance. The balances should reconcile between periods. The Tax Collector should prepare an annual schedule of property taxes received and receivable that reconciles beginning and ending taxes receivable.

Management response

The discrepancy between the prior year closing and the current year opening balances is due to a difference in the way that the computer software calculates these balances. Steps will be taken to reconcile the discrepancy.

This report is intended solely for the information and use of the Board of Finance, management, and the Board of Selectmen and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert King", written in a cursive style.

Robert E. King & Co., P.C.

TOWN OF COLEBROOK
Table of Contents
For the Year Ended June 30, 2006

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
 BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statements of Net Assets	9
Statement of Activities	10
Fund Financial Statements:	
Governmental Funds	
Balance Sheet	11
Statement of Revenues, Expenditures and Changes in Fund Balances	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Budgetary Comparison Schedule – General Fund	14
Fiduciary Funds	
Statement of Fiduciary Net Assets	15
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	16
Notes to Financial Statements	17
 SUPPLEMENTAL AND COMBINING INDIVIDUAL NONMAJOR FUND STATEMENTS AND SCHEDULES	
General Fund	
Statement of Revenues and Expenditures – Budget and Actual	30
Nonmajor Governmental Funds	
Combining Balance Sheet	34
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	35
Fiduciary Funds	
Combining Statement of Fiduciary Net Assets	36
Combining Statement of Revenues, Expenditures, and Changes in Fiduciary Net Assets	37
Combining Statement of Changes in Assets & Liabilities	38

TOWN OF COLEBROOK
Table of Contents
For the Year Ended June 30, 2006

	<u>Page</u>
Supplemental Schedules	
Schedule of Property Taxes Levied, Collected and Outstanding	39
Schedule of Debt Limitation	40
Board of Education Schedule of Expenditures – Budget and Actual	41
 COMPLIANCE REPORTS AND SUPPLEMENTARY SCHEDULES	
 Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	44
 Connecticut Single Audit	
Schedule of Expenditures of State Financial Assistance	46
Notes to the Schedule of Expenditures of State Financial Assistance	47
Report on Compliance with Requirements Applicable to Each Major Program, on Internal Control over Compliance in Accordance with the <i>State Single Audit Act</i> , and on the Schedule of Expenditures of State Financial Assistance	48
Schedule of Findings and Questioned Costs for the Year Ended June 30, 2006	50

ROBERT E. KING & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CONNECTICUT SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

170 HOLABIRD AVENUE
P.O. BOX 898
WINSTED, CT 06098

TELEPHONE (860) 379-0215
FAX (860) 738-7555

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance of
Town of Colebrook, Connecticut

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Town of Colebrook, CT, as of and for the year ended June 30, 2006, which collectively comprise the Town of Colebrook, CT's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Colebrook, CT's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from the Town of Colebrook, CT's 2005 financial statements and, in our report dated November 11, 2005, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Town of Colebrook, CT, as of June 30, 2006, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2006 on our consideration of The Town of Colebrook, CT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

The management's discussion and analysis on pages 3 through 8 and budgetary comparison information on page 14 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of

management regarding the methods of measurement and presentation of supplementary information. However, we did not audit the information and express no opinion on it.

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

Robert E. King & Co., P.C.

Robert E. King & Co., P.C.

December 19, 2006

TOWN OF COLEBROOK
Management Discussion and Analysis
For the Year Ended June 30, 2006

As management of the Town of Colebrook, CT, we offer readers of the Town of Colebrook, CT's financial statements this narrative overview and analysis of the financial activities of the Town of Colebrook, CT for the fiscal year ended June 30, 2006.

Financial Highlights

- The assets of the Town of Colebrook, CT exceeded its liabilities at the close of the most recent fiscal year by \$5,735,621 (net assets). Of this amount, \$2,579,689 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The Capital Projects fund had Restricted Net Assets that amounted to \$816. The remainder of the government's net assets is invested in capital assets.
- As of the close of the current fiscal year, the Town of Colebrook, CT's governmental funds reported combined ending fund balances of \$2,166,436, an increase of \$320,588 in comparison with the prior year and attributable chiefly to various revenues being higher than initially anticipated. Of this amount, \$1,557,209 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,539,072 or 33% percent of total General Fund expenditures. This fund balance represents the Town's reserve for future capital projects, as all assets of the capital projects fund have been obligated to finance current projects.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets are changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in future cash inflows (revenues) and outflows (expenditures.)

Both of the government-wide financial statements present functions of the Town of Colebrook, CT that are principally supported by tax revenues, grants and intergovernmental revenues (*governmental activities*). The governmental activities of the Town of Colebrook, CT include general government, public safety, highways, sanitation, health and welfare, recreation, and education. The town does not report any funds that carry-on business-type activities.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Colebrook, CT, like other state and local governments, uses fund accounting to ensure and

TOWN OF COLEBROOK
Management Discussion and Analysis
For the Year Ended June 30, 2006

demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Colebrook, CT can be divided into two categories: governmental funds and fiduciary funds.

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

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

The Town of Colebrook, CT maintains eight (8) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. The town also reports the Capital Improvement Fund as a major fund.

The Town of Colebrook, CT adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Colebrook, CT's own programs.

The basic fiduciary fund financial statements can be found on pages 15-16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-29 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Colebrook, CT, assets exceeded liabilities by \$5,735,621 at the close of the most recent fiscal year.

TOWN OF COLEBROOK
Management Discussion and Analysis
For the Year Ended June 30, 2006

	<u>2006</u>	<u>2005</u>
Current and Other Assets	\$ 2,500,501	\$ 2,238,261
Noncurrent Assets	115,874	144,198
Capital Assets	<u>4,509,906</u>	<u>4,385,102</u>
Total Assets	<u>7,126,281</u>	<u>6,767,561</u>
Other Liabilities	27,687	50,423
Long-Term Liabilities Outstanding	<u>1,362,973</u>	<u>1,495,480</u>
Total Liabilities	<u>1,390,660</u>	<u>1,545,903</u>
Net Assets:		
Invested in capital assets, net of related debt	3,155,116	2,889,622
Restricted	816	74,059
Unrestricted	<u>2,579,689</u>	<u>2,257,977</u>
Total Net Assets	<u>\$ 5,735,621</u>	<u>\$ 5,221,658</u>

The reserved portion of the Town of Colebrook, CT's net assets represents net assets restricted for capital projects. The balance of *unrestricted net assets* (\$2,579,689) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Colebrook, CT is able to report that all categories of net assets increased by \$513,963 during this fiscal year. This increase is primarily attributable to:

- An excess of anticipated revenues over expenses.
- Additional capital grants received.

TOWN OF COLEBROOK
Management Discussion and Analysis
For the Year Ended June 30, 2006

	<u>2006</u>	<u>2005</u>
Revenues:		
<i>General Revenues:</i>		
Property Taxes	\$ 4,192,156	\$ 4,013,195
Unrestricted Investment Income	89,317	42,319
Grants and Contributions	40,411	77,383
Other Income	9,455	9,009
Transfers In	-	2,688
<i>Program Revenues:</i>		
Charges for Services	154,764	129,951
Operating Grants and Contributions	669,907	512,553
Capital Grants and Contributions	330,150	478,853
Total Revenues	<u>5,486,160</u>	<u>5,265,951</u>
Expenditures:		
<i>Governmental Activities:</i>		
General Government	687,693	610,623
Public Safety	156,140	136,369
Public Works	461,067	437,878
Sanitation	171,938	176,737
Health and Welfare	131,146	105,211
Education	3,326,796	3,138,459
Other	37,417	81,662
Total Expenses	<u>4,972,197</u>	<u>4,686,939</u>
<i>Change in Net Assets</i>	<i>513,963</i>	<i>579,012</i>
<i>Beginning Net Assets</i>	<i>5,221,658</i>	<i>4,642,646</i>
Ending Net Assets	<u>\$ 5,735,621</u>	<u>\$ 5,221,658</u>

Governmental activities. Governmental activities increased the Town of Colebrook, CT's net assets by \$513,963.

Key elements of the activities are as follows:

Seventy-six percent (76%) of the revenues of the Town were derived from property taxes, followed by nineteen percent (19%) from grants and contributions, followed by three percent (3%) from charges for services, followed by two percent (2%) from investment and other income, and then less than one percent for other general revenues.

Major revenue factors included:

- Continued increase in the Town's portion of conveyance activities.
- State grant revenue that exceeded Town estimates.
- FEMA reimbursement for winter maintenance.
- Increased interest payments on Town accounts as a result of rising interest rates and more aggressive investment activity.
- Aggressive pursuit of long standing past due taxes.

For Governmental Activities, 67% of the Town's expenses relate to education and repayment of long-term debt for school construction, 6% relates to public safety and health and welfare, more than 9% relate to public works, and the remaining 18% relates to government, community services, administration and other areas.

TOWN OF COLEBROOK
Management Discussion and Analysis
For the Year Ended June 30, 2006

Major expense factors include:

- Unanticipated increases in fuel and energy costs.
- Unused vacation pay for two retiring employees.
- Reallocation of Paramedic Intercept costs.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the Town of Colebrook, CT'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 of Colebrook, CT's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Colebrook, CT's governmental funds reported combined ending fund balances of \$2,166,436, an increase of \$320,588 in comparison with the prior year. Ninety-six (96%) of this total amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the Town of Colebrook, CT. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1,539,072, which was the total fund balance. This represents an increase of \$236,945, mostly comprised of an increase in property tax collections.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents thirty-three percent (33%) of total General Fund expenditures.

General Fund Budgetary Highlights

- Budget transfers were necessary due to increased highway fuel costs, furnace repairs in the Town Hall, and Paramedic Intercept costs.
- Revenues continued to outpace expenses, resulting in a further increase in General Fund reserves.
- Town Clerk fees continue to be higher due to the conveyance tax rate.
- State grant revenue exceeded Town estimates.
- Road department line items realigned to better identify and control costs.
- No major additional appropriations were made to the original budget.

Capital Projects Fund Highlights

- Increase of \$6,981 in interest income in comparison with the prior year
- The Town implemented a system for closing out completed capital projects and returned unused funds to undesignated fund balance. These funds are available for future capital repairs.
- Decrease in intergovernmental revenue and capital expenditures due to the majority of the Wolford's Hill Bridge project being completed in the prior year.

Capital Asset and Debt Administration

Capital assets. The Town of Colebrook, CT's investment in capital assets for its governmental activities as of June 30, 2006, amounts to \$3,155,116 (net of accumulated depreciation and related

TOWN OF COLEBROOK
Management Discussion and Analysis
For the Year Ended June 30, 2006

debt). This investment in capital assets includes land and buildings, vehicles, machinery and equipment.

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

- Phone system replacement at Colebrook Consolidated School
- Addition of Wolfords Hill Road Bridge construction
- Lane construction for Flagg Hill Rd

	<u>2006</u>	<u>2005</u>
Land and Infrastructure	\$ 161,738	\$ 93,124
Construction in Progress	729,936	488,636
Buildings and Improvements	1,608,482	1,565,221
Vehicles	438,884	514,232
Machinery and equipment	216,076	228,409
Total	<u>\$ 3,155,116</u>	<u>\$ 2,889,622</u>

Additional information on the Town of Colebrook, CT's capital assets can be found in Note 4 on page 25 of this report.

Long-term debt. The Town of Colebrook, CT has the following obligations.

	<u>2006</u>	<u>2005</u>
General Obligation Bonds	\$ 1,275,000	\$ 1,405,000
Notes Payable	79,790	90,480
Compensated Absences	8,183	-
Total	<u>\$ 1,362,973</u>	<u>\$ 1,495,480</u>

Additional information on the Town of Colebrook, CT's long-term debt can be found in Note 6 on pages 27-28 of this report.

Economic Factors and Next Year's Budgets and Rates

- Uncertainty surrounding the increased conveyance tax rate.
- Increased energy costs.
- Increased highway materials costs.
- Possible decline in interest rates, adversely affecting return on Town investments.
- Renegotiation of trash hauling contract.
- Unpredictable increases in special education costs
- Possible rescinding of the motor vehicle tax.
- Capital needs and future maintenance of Colebrook Consolidated School and possible changes in State funding of school-related capital projects.

These factors were considered in preparing the Town of Colebrook, CT's budget for the 2006-2007 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$1,539,072.

Request for Information

This financial report is designed to provide a general overview of the Town of Colebrook, CT's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, Town of Colebrook, P.O. Box 5, Colebrook 06021.

TOWN OF COLEBROOK

Statements of Net Assets

June 30, 2006 and 2005

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
Assets		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 2,191,707	\$ 1,861,282
State and Federal Grants Receivable	6,030	15,618
Taxes Receivable	173,974	219,053
Interest Receivable	128,170	138,497
Other Receivables	-	3,191
Other Current Assets	620	620
Total Current Assets	<u>2,500,501</u>	<u>2,238,261</u>
<i>Noncurrent Assets:</i>		
State and Federal Grants Receivable	115,874	144,198
<i>Capital Assets:</i>		
Land and Infrastructure	823,060	581,760
Depreciable Buildings and Equipment, net	3,686,846	3,803,342
Total Assets	<u>7,126,281</u>	<u>6,767,561</u>
 Liabilities		
<i>Current Liabilities:</i>		
Accounts Payable	23,962	48,806
Deferred Revenue	2,552	-
Due to State of Connecticut	1,173	1,617
Total Current Liabilities	<u>27,687</u>	<u>50,423</u>
<i>Noncurrent Liabilities</i>		
Due within One Year	135,685	140,685
Due in More than One Year	1,227,288	1,354,795
Total Noncurrent Liabilities	<u>1,362,973</u>	<u>1,495,480</u>
Total Liabilities	<u>1,390,660</u>	<u>1,545,903</u>
 Net Assets		
Invested in Capital Assets, Net of Related Debt	3,155,116	2,889,622
Restricted	816	74,059
Unrestricted	2,579,689	2,257,977
Total Net Assets	<u>5,735,621</u>	<u>5,221,658</u>

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

TOWN OF COLEBROOK

Statement of Activities

For the Year Ended June 30, 2006

(With Comparative Totals for June 30, 2005)

Functions/Programs Primary Government:	Program Revenues				Net (expense)/revenue and changes in net assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					2006	2005
Governmental Activities						
General Government	\$ 687,693	\$ 115,585	\$ 20,139	\$ -	\$ (551,969)	\$ (515,562)
Public Safety	156,140	2,318	-	-	(153,822)	(133,896)
Highways	461,067	-	94,445	244,005	(122,617)	68,753
Sanitation	171,938	-	-	-	(171,938)	(176,737)
Health and Welfare	131,146	7,050	26,428	86,145	(11,523)	(53,165)
Education	3,335,593	29,811	537,692	-	(2,768,090)	(2,673,313)
Other	37,417	-	-	-	(37,417)	(81,662)
Total Governmental Activities	4,980,994	154,764	678,704	330,150	(3,817,376)	(3,565,582)
Total Primary Government	\$ 4,980,994	\$ 154,764	\$ 678,704	\$ 330,150	\$ (3,817,376)	\$ (3,565,582)
General Revenues:						
Property Taxes Levied for General Purposes					4,192,156	4,013,195
Unrestricted Investment Income					89,317	42,319
Grants and Contributions Not Restricted to Specific Purpose					40,411	77,383
Other Income					9,455	11,697
Total General Revenues					4,331,339	4,144,594
Change in Net Assets					513,963	579,012
Net Assets - Beginning					5,221,658	4,642,646
Net Assets - Ending					\$ 5,735,621	\$ 5,221,658

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

TOWN OF COLEBROOK
Balance Sheet
Governmental Funds
June 30, 2006
(With Comparative Totals for June 30, 2005)

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds	
				2006	2005
Assets					
Cash and Cash Equivalents	\$ 1,564,494	\$ 524,425	\$ 102,788	\$ 2,191,707	\$ 1,861,282
Taxes Receivable	173,974	-	-	173,974	219,053
Grants Receivable	856	-	5,174	6,030	15,618
Other Receivables	-	-	-	-	3,191
Interfund Receivables	4,045	-	1,048	5,093	1,628
Inventory	-	-	620	620	620
Total Assets	\$ 1,743,369	\$ 524,425	\$ 109,630	\$ 2,377,424	\$ 2,101,392
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ 22,577	\$ -	\$ 1,385	\$ 23,962	\$ 48,806
Due to State of Connecticut	-	-	1,173	1,173	1,617
Interfund Payables	1,048	-	4,045	5,093	1,628
Deferred Revenue-Taxes/Grants	180,672	-	88	180,760	203,493
Total Liabilities	204,297	-	6,691	210,988	255,544
Fund Balance:					
Reserved	-	-	84,802	84,802	74,679
Unreserved:					
Undesignated	1,539,072	-	-	1,539,072	1,302,127
Designated for Capital Improvements	-	318,104	-	318,104	449,440
Unreserved Reported in Nonmajor Funds:					
Special Revenue	-	-	18,137	18,137	18,377
Capital Projects	-	206,321	-	206,321	1,225
Total Fund Balance	1,539,072	524,425	102,939	2,166,436	1,845,848
Total Liabilities and Fund Balance	\$ 1,743,369	\$ 524,425	\$ 109,630		

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,509,906	4,385,102
Deferred revenue for property taxes are reported in the funds but accrued as revenue in the government-wide statements and added to net assets.	178,208	203,493
The governmental fund Balance Sheet includes revenues that will only be available to pay current period liabilities. Adjustments are necessary to accrue receivables of all earned revenues.	244,044	282,695
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,362,973)	(1,495,480)
Net assets of governmental activities	\$ 5,735,621	\$ 5,221,658

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

TOWN OF COLEBROOK

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2006

(With Comparative Totals for June 30, 2005)

	General	Capital	Nonmajor	Total Governmental Funds	
	Fund	Projects Fund	Funds	2006	2005
Revenues:					
Taxes	\$4,227,768	\$ -	\$ -	\$ 4,227,768	\$4,019,605
Investment Income	73,005	13,066	3,246	89,317	42,319
Fees and Charges	114,845	816	39,919	155,580	119,491
Intergovernmental Revenue	720,824	247,668	108,281	1,076,773	1,107,573
Other	3,099	-	6,356	9,455	11,697
Total Revenues	<u>5,139,541</u>	<u>261,550</u>	<u>157,802</u>	<u>5,558,893</u>	<u>5,300,685</u>
Expenditures:					
Current					
General Government	463,731	-	95,850	559,581	521,341
Public Safety	57,525	-	2,998	60,523	58,541
Highways	380,214	-	-	380,214	374,907
Senior Center	51,985	-	-	51,985	47,939
Health and Welfare	50,884	-	-	50,884	47,870
Miscellaneous	37,417	-	-	37,417	81,662
Sanitation	171,938	-	-	171,938	176,737
Education	3,220,414	-	48,079	3,268,493	3,074,215
Debt Service	216,796	-	3,909	220,705	221,245
Capital Outlay	-	436,565	-	436,565	678,224
Total Expenditures	<u>4,650,904</u>	<u>436,565</u>	<u>150,836</u>	<u>5,238,305</u>	<u>5,282,681</u>
Excess/(Deficiency) of Revenues Over Expenditures	488,637	(175,015)	6,966	320,588	\$ 18,004
Other Financing Sources/(Uses):					
Operating transfers out	(251,692)	-	-	(251,692)	(253,998)
Operating transfers in	-	250,000	1,692	251,692	253,998
Total other Financing Sources/(Uses)	<u>(251,692)</u>	<u>250,000</u>	<u>1,692</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	236,945	74,985	8,658	320,588	18,004
Fund Balance at Beginning of Year	<u>1,302,127</u>	<u>449,440</u>	<u>94,281</u>	<u>1,845,848</u>	<u>1,827,844</u>
Fund Balance End of Year	<u>\$ 1,539,072</u>	<u>\$ 524,425</u>	<u>\$ 102,939</u>	<u>\$ 2,166,436</u>	<u>\$ 1,845,848</u>

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

TOWN OF COLEBROOK

Reconciliations of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Net Change in Fund Balances - Total Governmental Funds	\$ 320,588	\$ 18,004
Amounts reported for governmental activities in the Statement of Activities are different because:		
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 as depreciation expense.		
<i>Capital expenditures</i>	347,565	671,530
<i>Depreciation expense</i>	(212,126)	(208,288)
<i>Loss on Disposal of Fixed Assets</i>	(10,635)	-
Revenues in the Statement of Activities that do not provide current financial resources are reported as deferred revenues in the funds. Accordingly, an adjustment is necessary to reconcile amounts reported as interest receivable in the government-wide Statement of Net Assets and as deferred revenue in the fund Balance Sheet.		
<i>Deferred tax revenue</i>	(25,285)	5,179
<i>Deferred grant revenue</i>	-	-
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
<i>General Obligation Bond principal payments</i>	130,000	130,000
<i>Notes Payable principal payments</i>	10,690	2,500
Some receivables provide current financial resources to governmental funds, but reduce grant receivables in the Statement of Net Assets. These are the amounts of current economic resources reclassified as a balance sheet adjustment.		
<i>Current portion of long-term grant receivable</i>	(28,324)	(28,324)
<i>Net change in interest receivable</i>	(10,327)	(11,589)
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.		
	<u>(8,183)</u>	<u>-</u>
Change in net assets of governmental activities.	<u>\$ 513,963</u>	<u>\$ 579,012</u>

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

TOWN OF COLEBROOK
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2006

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Revenues:				
Taxes	\$ 4,111,005	\$ 4,111,005	\$ 4,214,901	\$ 103,896
Investment Income	27,998	27,998	72,991	44,993
Fees and Charges	55,766	55,766	94,324	38,558
Intergovernmental Revenue	616,338	616,338	625,383	9,045
Other	5,862	5,862	4,753	(1,109)
Appropriated from Surplus	-	13,166	-	(13,166)
Total Revenues	<u>4,816,969</u>	<u>4,830,135</u>	<u>5,012,352</u>	<u>182,217</u>
Expenditures:				
General Government	451,974	459,285	440,892	18,393
Public Safety	57,076	57,525	57,525	-
Highways	374,296	381,868	381,868	-
Town Hall Expenditures	33,500	32,505	32,505	-
Senior Center Expenditures	51,770	55,455	55,455	-
Health and Welfare	27,433	33,870	33,870	-
Miscellaneous	40,185	37,417	37,417	-
Refuse Disposal	165,000	171,938	171,938	-
Debt Service	220,539	216,796	216,796	-
Education	3,145,196	3,133,476	3,133,517	(41)
Capital Outlay	250,000	250,000	250,000	-
Total Expenditures	<u>4,816,969</u>	<u>4,830,135</u>	<u>4,811,783</u>	<u>18,352</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,569</u>	<u>\$ 200,569</u>

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

TOWN OF COLEBROOK
Fiduciary Funds
Statement of Fiduciary Net Assets
For the Year Ended June 30, 2006
(With Comparative Totals for June 30, 2005)

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
Assets				
Cash and Cash Equivalents	\$ -	\$ 44,637	\$ 44,637	\$ 54,288
Contributions Receivable	4,143	-	4,143	3,211
Investments	<u>224,043</u>	<u>-</u>	<u>224,043</u>	<u>204,004</u>
Total Assets	<u>228,186</u>	<u>44,637</u>	<u>272,823</u>	<u>261,503</u>
Liabilities				
Due to Beneficiaries	<u>-</u>	<u>44,637</u>	<u>44,637</u>	<u>54,288</u>
Total Liabilities	<u>-</u>	<u>44,637</u>	<u>44,637</u>	<u>54,288</u>
Net Assets				
Held in Trust for Pension Benefits	<u>228,186</u>	<u>-</u>	<u>228,186</u>	<u>207,215</u>
Total Net Assets	<u>\$ 228,186</u>	<u>\$ -</u>	<u>\$ 228,186</u>	<u>\$ 207,215</u>

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

TOWN OF COLEBROOK
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Years Ended June 30, 2006 and 2005

	Pension Trust Fund	
	<u>2006</u>	<u>2005</u>
Additions		
Contributions	\$ 23,005	\$ 22,936
Investment Income	<u>20,985</u>	<u>16,811</u>
Total Additions	<u>43,990</u>	<u>39,747</u>
 Deductions		
General Government	<u>23,019</u>	<u>13,634</u>
Total Deductions	<u>23,019</u>	<u>13,634</u>
 Change in Net Assets	20,971	26,113
 Net Assets - Beginning	<u>207,215</u>	<u>181,102</u>
Net Assets - Ending	<u>\$ 228,186</u>	<u>\$ 207,215</u>

The accompanying notes are an integral part of these financial statements.

ROBERT E. KING & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CONNECTICUT SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

170 HOLABIRD AVENUE
P.O. BOX 898
WINSTED, CT 06098

TELEPHONE (860) 379-0215
FAX (860) 738-7555

TOWN OF COLEBROOK, CT Notes to the Financial Statements For the Year Ended June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Colebrook, CT is a municipal corporation organized under state statutes. The form of government includes an elected Board of Selectmen and an elected Board of Finance. The Town provides the following services: general government services, public safety, public works, public health and welfare, refuse removal, and recreation. The Colebrook Consolidated School, whose operations are presented in the Town's financial statements, provides primary education services. Secondary education services are provided by Regional School District #7, of which the towns of Colebrook, New Hartford, Barkhamsted and Norfolk are members. Town appropriations to the school district are determined by a separate taxpayer approved budget and the percentage of Colebrook residents attending the District's schools.

The Legislative authority of the Town is vested in the Town Meeting. The First Selectman is the chief executive and chief administrative officer. Budget-making authority of the Town resides in the Board of Selectmen. The Board of Finance is responsible for revising the proposed budget and submitting the final budget to the Town Meeting. The Board of Finance is also responsible for establishing the annual tax rate. The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

The accounting and reporting policies of the Town relating to the funds included in the accompanying combined financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The more significant accounting policies of the Town are described below.

The Town's combined financial statements include the accounts of all Town controlled operations. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Town of Colebrook, CT (the primary government) and its component units. The basic criteria for inclusion of a component unit in a governmental unit's reporting entity for basic financial reporting is the exercise of oversight responsibility. Oversight responsibility is determined on the basis of financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public service. Currently, there are no entities considered component units of the Town. The Town includes all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the Town's executive and legislative branches.

The financial statements presented herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from the Town of Colebrook, CT. Based upon the foregoing criteria, the following organizations are not considered part of the Town and are excluded from the accompanying financial statements:

TOWN OF COLEBROOK
Notes to the Financial Statements
June 30, 2006

Regional School District No. 7 – The School District provides secondary educational services for the Towns of Colebrook, New Hartford, Barkhamsted, and Norfolk, Connecticut. The Town pays tuition and other fees to the school district on a per pupil basis. The financial statements include the operations of the local school system for primary and intermediate grades, which are controlled by the Town.

Colebrook Center Fire and Forge Fire Departments – Certain activities and allocations are included in the financial statements, except for the fundraising activities of the department, which are excluded.

Connecticut Teachers' Retirement Board – The State administers the pension plan for teachers. The Town does not make contributions to the teachers' plan nor does it exercise any control.

Government-wide and fund financial statements

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

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

Separate financial statements are provided for governmental funds 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.

Measurement focus, basis of accounting, and financial statements 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Exceptions to this general rule include: voluntary non-exchange transactions when all eligibility requirements have been met. Expenditures are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, and claims and judgments that are recorded only when payment is due.

Property taxes when levied, licenses, 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. All other revenue items are considered to be measurable and available only when cash is received by the government, or specifically identified.

TOWN OF COLEBROOK
Notes to the Financial Statements
June 30, 2006

The government reports the following major governmental funds:

The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another manner.

The *Capital Projects Fund* is used to account capital acquisition and improvements. This is a perpetual fund financed through annual budget appropriations.

Additionally, the government reports the following fund types:

Fiduciary Fund Types

Agency Funds account for monies held as a custodian for outside groups and agencies.

The *Pension Fund* reports amounts contributed by employees and the Town to the defined contribution plan.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Boards.

Amounts reported as *program revenues* include 1) charges to members and residents for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions.

When both restricted and unrestricted resources are available for certain expenses, the town expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

Estimates

The preparation of 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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents – The deposit of public funds is controlled by the Connecticut General Statutes. The Town maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds that may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates market value and have maturities of three months or less.

Receivables and Payables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Town has established an allowance for estimated uncollectible property taxes in the amount of \$5,000. The Town's property taxes are levied each July 1, on the assessed value listed on the prior October 1 Grant List for all taxable property located in the Town. Taxes are due and payable in two installments on July 1 and January 1 for real property and personal property and on July 1 for motor vehicles. Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through

TOWN OF COLEBROOK
Notes to the Financial Statements
June 30, 2006

September 30 and are payable in one installment due January 1. The Town files liens against property if taxes, which are due July 1, remain unpaid on the following February 1.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year-end. Delinquent taxes are considered fully collectible.

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, 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. Other trust funds may also invest in stocks, bonds, or other securities selected by the Trustee. The pension fund participants invest in various mutual funds provided by the Trustee.

Inventories – Inventories in the School Cafeteria Fund are reported at cost.

Advances to and from other funds - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets – Capital assets, which include equipment, fixtures, and other long-lived assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$2,500 (\$5,000 for buildings, infrastructure and land) and have an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Under the transition rules of GASB No. 34, the Town is not required to retroactively record infrastructure assets in the government-wide financial statements.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	20-50
Vehicles	5-10
Equipment	5-10
Infrastructure	20

Long-term obligations – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net

TOWN OF COLEBROOK
Notes to the Financial Statements
June 30, 2006

assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the

applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Long-term debt is recognized as a liability of a governmental fund when it is due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Fund equity – In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved balances for governmental funds represent the amount that has been legally identified for specific purposes. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, the restricted fund balances for governmental funds represent amounts restricted by state statute to be used for capital projects.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information and Accounting

The Town of Colebrook, CT follows these procedures in establishing the budgetary data reflected in the financial statements:

- A proposed operating budget is submitted for the fiscal year.
- Public hearings are conducted in the Town to obtain taxpayer comments.
- The budget is legally enacted through passage at a Town meeting. The operating budget includes proposed expenditures and the means of financing them.
- The Board of Finance is authorized to transfer budgeted amounts between departments within any fund; however, any additional appropriations exceeding \$20,000 over the total budget must be approved at a Town meeting.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- The General Fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for certain interfund transfers and timing of recording of taxes.
- All noncontinuing appropriations lapse at year-end. Capital appropriations do not lapse until completion of the applicable projects.
- Encumbrance accounting is not used.

Budgetary/GAAP Reconciliation

The Town of Colebrook, CT prepares its annual budget on a basis (budget basis), which differs in some respects from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the Town's method (budget basis) in the *Budgetary Comparison Schedule - General Fund* to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis are that property taxes are recorded

TOWN OF COLEBROOK
Notes to the Financial Statements
June 30, 2006

as revenues when received (budget) rather than available (GAAP) and certain interfund transfers are recorded as expenditures (budget) rather than operating transfers (GAAP). The budget as presented has been amended by the Board of Finance throughout the year.

Adjustments necessary to reconcile the budget basis to GAAP basis are presented below:

Entity differences: Include recognition of On-Behalf payments made by the Connecticut Teachers Retirement Board.

Basis Differences: Include reclassifications of interfund transfers, budgetary use of fund balance, and GAAP adjustments to property taxes.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/(Uses)</u>	<u>Net Change</u>
Balance, Budgetary Basis	\$ 5,012,352	\$ 4,811,783	\$ -	\$ 200,569
Revenue Adjustments for:				
Property Taxes Available	12,867	-	-	12,867
Fees & Charges	4,980	-	-	4,980
Other Revenues	109,342	-	-	109,342
Expenditure Adjustments for:				
Transfers Out	-	(251,692)	(251,692)	-
Other Expenditures	-	90,813	-	(90,813)
Balance, GAAP Basis	<u>\$ 5,139,541</u>	<u>\$ 4,650,904</u>	<u>\$ (251,692)</u>	<u>\$ 236,945</u>

Excess of Expenditures Over Appropriations

For the year ended June 30, 2006, expenditures exceeded appropriations in the Education department by \$41. This over-expenditure were funded by cost savings in other General Fund departments.

Risk Management

The Town is exposed to various risks of loss relating to liability, theft or impairment of assets, errors or omissions, injuries to employees and natural disasters. Commercial liability and property insurance coverage is purchased to protect against losses from these risks. Additionally, employee health coverage is purchased from a commercial carrier. The Town does not maintain a self-insurance fund. There was no significant reduction coverage from the prior year.

The Town belongs to the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool currently operating as a common risk management and insurance program for a comprehensive workers' compensation insurance program through its workers' compensation pool. The Town pays an annual premium to the pool for its coverage. The agreement for the formation of CIRMA provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event to an unlimited excess limit. The pooling agreement allows CIRMA to make additional assessments to make the pool self-sustaining. The Town cannot estimate the amount of such additional assessments and has not been notified that any assessments are forthcoming. CIRMA publishes its own financial report, which can be obtained from: CIRMA, 900 Chapel Street, New Haven, CT.

TOWN OF COLEBROOK
Notes to the Financial Statements
June 30, 2006

NOTE 3 – CASH EQUIVALENTS, INVESTMENTS, AND RECEIVABLES

Cash and Cash Equivalents

The deposits of public funds are controlled by the Connecticut General Statutes. The following is a summary of cash and cash equivalents at June 30, 2006 and 2005:

	Government Funds	Fiduciary Funds	Totals 2006	2005
Demand Accounts	\$ 519,674	\$ 23,287	\$ 542,961	\$ 376,244
Sub Total	519,674	23,287	542,961	376,244
Short Term Investment Fund	1,304,689	-	1,304,689	1,284,731
MBIA CLASS Fund	335,025	21,350	356,375	214,518
Money Market Fund	200	-	200	185
Other Cash Equivalents	32,119	-	32,119	39,892
Total Cash and Cash Equivalents	<u>\$ 2,191,707</u>	<u>\$ 44,637</u>	<u>\$ 2,236,344</u>	<u>\$ 1,915,570</u>

Detailed Cash Notes on all Funds

Deposits and Investments

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2006, \$381,185 of the Town's demand bank balance of \$530,752 was exposed to custodial credit risk as follows:

	<u>Demand Accounts</u>
Uninsured and uncollateralized	\$ 328,110
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	<u>53,075</u>
Total	<u>\$ 381,185</u>

At year-end, the town's carrying amount of deposits was \$542,961 and the bank balance was \$530,752. Of the bank balance, Federal Depository Insurance Corporation covered \$155,074.

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, 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. Trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee.

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 limits the investment choices further than the State Statutes listed above. Credit ratings were not available for the Town's investments.

TOWN OF COLEBROOK
Notes to the Financial Statements
June 30, 2006

Custodial Credit Risk. This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town's money market and state-administered pooled investments are not subject to custodial credit risk, as the Town's investment is not directly exposed to custodial credit risk. Pension fund investments consists of annuities and mutual funds and are not exposed to custodial credit risk because they are direct contractual investments and are not securities.

	<u>2006</u>	<u>2005</u>
Mutual Funds	\$ 26,076	\$ 20,392
Flexible Annuities	<u>197,967</u>	<u>183,612</u>
Total	<u>\$224,043</u>	<u>\$204,004</u>

Receivables

Receivables as of year-end for the town's individual major funds and non-major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General <u>Fund</u>	Non-major <u>Funds</u>	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
Property Taxes *	\$ 173,974	\$ -	\$ 173,974	\$ 219,053
Grants Receivable	856	5,174	6,030	15,618
Other Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,191</u>
Net Total Receivables	<u>\$ 174,830</u>	<u>\$ 5,174</u>	<u>\$ 180,004</u>	<u>\$ 237,862</u>

*Property taxes receivable are shown net of \$5,000 allowance for uncollectible accounts.

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

Deferred Property Taxes	\$178,208
Deferred Grant Revenue	2,552

Government-wide financial statements include receivables that will not provide current financial resources. These additional assets include interest receivable of \$128,170 and a long-term grant receivable of \$115,874.

TOWN OF COLEBROOK
Notes to the Financial Statements
June 30, 2006

NOTE 4 – GENERAL FIXED ASSETS

The following is a summary of net changes in fixed assets for the fiscal year ending June 30, 2006:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 93,124	\$ -	\$ -	\$ 93,124
Construction in Progress	488,636	241,300	-	729,936
Total capital assets, not being depreciated	<u>581,760</u>	<u>241,300</u>	<u>-</u>	<u>823,060</u>
Capital assets, being depreciated:				
Buildings & Improvements	4,095,492	2,900	(13,835)	4,084,557
Infrastructure	-	68,614	-	68,614
Vehicles	1,252,151	7,138	-	1,259,289
Machinery and Equipment	406,610	27,614	(16,500)	417,724
Total capital assets being depreciated	<u>5,754,253</u>	<u>106,266</u>	<u>(30,335)</u>	<u>5,830,184</u>
Less accumulated depreciation for:				
Buildings & Improvements	1,034,791	89,693	(3,199)	1,121,285
Vehicles	737,919	82,486	-	820,405
Machinery and Equipment	178,201	39,947	(16,500)	201,648
Total accumulated depreciation	<u>1,950,911</u>	<u>212,126</u>	<u>(19,699)</u>	<u>2,143,338</u>
Total capital assets, being depreciated, net	<u>3,803,342</u>	<u>(105,860)</u>	<u>(10,636)</u>	<u>3,686,846</u>
Governmental activities capital assets, net	<u>\$ 4,385,102</u>	<u>\$ 135,440</u>	<u>\$ (10,636)</u>	<u>\$ 4,509,906</u>

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

Governmental Activities:	<u>2006</u>	<u>2005</u>
General Government	\$ 43,509	\$ 43,855
Public Works	60,762	58,664
Public Safety	63,560	63,403
Health and Welfare	9,402	9,402
Education	34,893	32,964
Total Depreciation Expense	<u>\$ 212,126</u>	<u>\$ 208,288</u>

NOTE 5 – PENSION PLANS

Connecticut State Teacher's Retirement System

Certified teachers in the Town of Colebrook, CT are eligible to participate in the State of Connecticut's Teacher's Retirement System, a multiple-employer, and an employer's noncontributory public employee's retirement system. A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. Members are required to contribute seven percent of their annual salary to the system as required by section 10-183b(7) C.G.S. The State contributes amounts based on actuarial estimates. The State's aggregate

TOWN OF COLEBROOK
Notes to the Financial Statements
June 30, 2006

contribution to the plan for the fiscal year ended June 30, 2006 for all participating local governments was \$396,248,844.

The amount of the contribution allocable to the Town was estimated to be \$50,628, and has been recognized as a government grant and an education expenditure in the General Fund. For the year ended June 30, 2006, teachers for the Town of Colebrook, CT contributed \$88,519 to the plan. The Town does not contribute to the system nor does it have any legal obligation for benefits. The Board of Education payroll is \$913,064 and the current covered payroll is \$702,000.

Town Employees

The Town of Colebrook, CT adopted and administers a defined contribution pension plan (Town of Colebrook Employees Pension Plan) to provide benefits at retirement to employees of the Town. All full-time employees having attained age 21 are eligible to participate in the plan on the first of July nearest the completion of twenty-four months of service.

An eligible employee is one who has worked a minimum of 1,800 hours during the plan year, and who is actively employed as of the annual plan valuation date.

At July 1, 2006, there were 8 plan members. The Town is required to contribute an amount equal to 5% of annual covered payroll. A provision has been included to allow pre-tax employee contributions up to 100% of compensation or a maximum of \$13,000 annually. Employees over 50 are eligible for a "catch-up" contribution of \$4,000 in 2005-2006 and \$5,000 in 2006-2007. Income accumulated tax-free until distribution from the plan.

Vesting percentages, based on years of services, are as follows:

<u>Years of Service</u>	<u>Vesting %</u>
Less than 3	0%
3 but less than 4	20%
4 but less than 5	40%
5 but less than 6	60%
6 but less than 7	80%
7 or more	100%

The Town's required 5% contribution was \$11,676, of which \$3,275 was accrued to the Pension Trust Fund and there were benefit payouts this year which totaled \$23,019. Participant contributions for the year were \$11,329, of which \$868 was accrued.

At June 30, 2006, membership in the Plan consisted of:

Current employees:

Fully or partially vested	
Town	5
Board of Education	2
Terminated	
Town	1
Total	<u>8</u>

Contributions are placed into individual participant accounts, where the funds are invested in mutual funds at the employees' discretion. Each participant has ownership of his or her respective accounts. Plan provisions and contribution requirements are established and may be amended by the Town of Colebrook, CT.

TOWN OF COLEBROOK
Notes to the Financial Statements
June 30, 2006

Significant Accounting Policies

Basis of Accounting. Financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

NOTE 6 – LONG-TERM OBLIGATIONS

Long-Term Obligation Activity

General Obligation Bonds are direct obligations and pledge the full faith and credit of the town. The funds were used for the acquisition and construction of major capital facilities. The General Fund and Post Office Fund have historically been used to liquidate other long-term liabilities.

Changes in long-term obligations for the year ended June 30, 2006, are as follows:

	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities					
91 General Obligation Bond	7.70%	\$ 455,000	\$ -	\$ 80,000	\$ 375,000
03 General Obligation Bond	4.25%	950,000	-	50,000	900,000
Milbrook Loan	6.00%	65,480	-	8,190	57,290
Post Office Loan	5.125%	25,000	-	2,500	22,500
Compensated Absences		-	8,183	-	8,183
Total		<u>\$ 1,495,480</u>	<u>\$ 8,183</u>	<u>\$ 140,690</u>	<u>\$ 1,362,973</u>

Interest expense on general obligation bonds and notes was charged to functions/programs of the primary government as follows:

Governmental Activities:	<u>2006</u>	<u>2005</u>
General Government	\$ 1,409	\$ 1,538
Highway Dept.	3,581	4,057
Public Safety	10,395	12,195
Education	24,255	28,455
Town Hall	40,375	42,500
Total Interest Expense	<u>\$ 80,015</u>	<u>\$ 88,745</u>

TOWN OF COLEBROOK
Notes to the Financial Statements
June 30, 2006

Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2006 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 135,685	\$ 71,319
2008	135,685	62,786
2009	135,685	54,253
2010	135,685	45,719
2011	135,685	37,185
2012-2016	276,370	118,689
2017-2021	250,000	63,750
2022-2025	<u>150,000</u>	<u>12,750</u>
Total	<u>\$ 1,354,795</u>	<u>\$ 466,451</u>

Current Portion of Long-Term Debt

The following is a detailed listing of long-term obligations due within one year:

1991 G. O. Bond	\$ 75,000
2003 G. O. Bond	50,000
Notes Payable	<u>10,685</u>
Total	<u>\$ 135,685</u>

NOTE 7 – CONTINGENT LIABILITIES

The town is contingently liable on Regional School District No. 7 serial bonds and leases payable. The amount (11.86 percent) attributed to the Town of Colebrook, CT is \$988,116.

NOTE 8 – INTERFUND ACCOUNTS

At June 30, 2006, interfund balances were as follows:

<u>Due From:</u>	<u>Due To:</u>		<u>Totals</u>	
	<u>Nonmajor Funds</u>	<u>General Fund</u>	<u>2006</u>	<u>2005</u>
General Fund	\$ 1,048	\$ -	\$ 1,048	\$ 1,628
Nonmajor	-	4,045	4,045	-
Total	<u>\$ 1,048</u>	<u>\$ 4,045</u>	<u>\$ 5,093</u>	<u>\$ 1,628</u>

The amount due from the General Fund to Nonmajor funds represents funds held in the General Fund for Historic Document Preservation and for Education Grants.

The amount due to the General Fund from Nonmajor funds represents funds owed to the General Fund from the Education Grants fund for expenses paid on behalf of the fund.

TOWN OF COLEBROOK
Notes to the Financial Statements
June 30, 2006

Interfund Transfers for the year are summarized below:

<u>Transfers From and Purpose</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
General Fund				
<i>Budgeted Expenditure</i>	\$ 250,000	\$ 1,692	\$ 251,692	\$ 251,500
<i>Reimbursed Expenditure</i>	-	-	-	2,498
	<u>\$ 250,000</u>	<u>\$ 1,692</u>	<u>\$ 251,692</u>	<u>\$ 253,998</u>

Transfers are used to account for unrestricted revenues from the general fund used to finance various programs accounted for in other funds in accordance with budget authorizations.

NOTE 9 – FUND BALANCES / NET ASSETS

The following net assets were restricted at June 30,

	<u>2006</u>	<u>2005</u>
<i>Governmental Activities</i>	\$ 816	\$ -

The following balances were reserved at June 30,

<i>Governmental Funds</i>		
Nonmajor Funds: Cemetery	\$ 84,182	\$ 74,059
Nonmajor Funds: School Cafeteria	620	620
Total	<u>\$ 84,802</u>	<u>\$ 74,679</u>

The following balances were designated at June 30,

<i>Governmental Funds</i>		
Capital Projects Fund	\$ 524,425	\$ 449,440
Total	<u>\$ 524,425</u>	<u>\$ 449,440</u>

The following funds had deficit fund balances at year-end:

<i>Governmental Funds</i>		
Nonmajor Funds: Dog Fund	\$ (1,882)	\$ (1,210)

NOTE 10 – PENSION TRUST FUND

Starting in the year ended June 30, 2006, the Town's defined contribution plan is reported in the financial statements as the Pension Trust Fund (a fiduciary fund).

- THIS PAGE INTENTIONALLY LEFT BLANK -

TOWN OF COLEBROOK
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2006

page 1 of 4

	Original Budget	Amended Budget	Actual	Variance- Favorable/ (Unfavorable)
REVENUES				
Taxes:				
Property Taxes	\$ 4,111,005	\$ 4,111,005	\$ 4,176,668	\$ 65,663
Interest and Liens	-	-	38,233	38,233
Total Taxes	<u>4,111,005</u>	<u>4,111,005</u>	<u>4,214,901</u>	<u>103,896</u>
Intergovernmental Revenue:				
Senior Center Grants	8,000	8,000	8,560	560
Telephone Access Line Tax Share	23,340	23,340	15,541	(7,799)
Education Cost Sharing	410,273	410,273	420,273	10,000
School Transportation	8,939	8,939	8,604	(335)
Adult Education	283	283	296	13
Special Education	-	-	819	819
State and Federal Property	4,010	4,010	4,587	577
Town Aid Roads	60,108	60,108	84,207	24,099
Pequot Funds	11,546	11,546	15,205	3,659
Elderly and Veterans Property Tax Relief	11,767	11,767	13,308	1,541
Totally Disabled	-	-	338	338
Manufacturer's Machinery & Equip. Tax Relief	-	-	6,151	6,151
School Construction Grant	39,301	39,301	36,984	(2,317)
Homeland security Local Share	12,986	12,986	-	(12,986)
LOCIP	25,785	25,785	-	(25,785)
FEMA	-	-	10,238	10,238
Other Receipts	-	-	272	272
Total Intergovernmental Revenue	<u>616,338</u>	<u>616,338</u>	<u>625,383</u>	<u>9,045</u>
Other Revenues:				
Town Operations	55,766	55,766	94,324	38,558
Interest Income	27,998	27,998	72,991	44,993
Miscellaneous	5,862	5,862	4,753	(1,109)
Total Other Revenues	<u>89,626</u>	<u>89,626</u>	<u>172,068</u>	<u>82,442</u>
Total Revenues	<u>\$ 4,816,969</u>	<u>\$ 4,816,969</u>	<u>\$ 5,012,352</u>	<u>\$ 195,383</u>
Other Financing Sources:				
Fund Balance Designated to Finance Budget	-	13,166	-	(13,166)
Total Revenues	<u>\$ 4,816,969</u>	<u>\$ 4,830,135</u>	<u>\$ 5,012,352</u>	<u>\$ 182,217</u>

See accountant's report.

TOWN OF COLEBROOK
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2006

page 2 of 4

	Original Budget	Amended Budget	Actual	Variance- Favorable/ (Unfavorable)
EXPENDITURES				
General Government:				
Salary-First Selectman	\$ 26,000	\$ 26,000	\$ 26,000	\$ -
Salary-2ND & 3RD Selectmen	1,200	1,200	1,200	-
COST	750	790	790	-
Selectmen's Expense	1,200	1,140	1,140	-
Probate Court	1,400	1,835	1,835	-
Elections	6,424	7,296	7,296	-
Board of Finance	400	1,485	1,485	-
Board of Assessors	16,900	7,575	7,575	-
Assessor's Expense	1,100	1,205	1,205	-
Assessor's Mapping	500	-	-	-
Board of Assessment Appeals	400	338	338	-
Tax Collector	16,975	16,975	16,975	-
Tax Collector Expense	3,600	3,127	3,127	-
Treasurer	5,305	5,305	5,305	-
Treasurer Expense	300	207	207	-
Town Attorney	2,500	968	968	-
Town Clerk	27,850	33,621	33,621	-
Town Clerk Expense	1,700	1,694	1,694	-
Assistant Town Clerk	3,500	1,667	1,667	-
Building Inspector	9,695	9,695	9,695	-
Building Inspector's Expense	820	560	560	-
Farmington Valley Health District	5,479	5,479	5,479	-
Planning and Zoning Commission	2,750	1,123	1,123	-
Zoning Board of Appeals	300	153	153	-
Inland-Wetlands Agency	2,750	1,731	1,731	-
Town Secretary	28,274	30,686	30,686	-
Land Use Sec'y/Enf. Officer	22,500	26,790	26,790	-
Social Security	37,080	30,068	30,068	-
Pension Contribution	13,390	10,251	10,251	-
Employee Medical Insurance	93,700	94,340	94,340	-
Insurance (CIRMA)	67,000	88,725	70,332	18,393
Tax Refund	400	-	-	-
Recreation Board	21,250	18,099	18,099	-
Town Hall Admin. Support	17,932	18,507	18,507	-
Auditor	10,650	10,650	10,650	-
Total General Government Expenses	451,974	459,285	440,892	18,393
Public Safety:				
Fire Marshal	3,826	3,826	3,826	-
Fire Marshal Expense	100	-	-	-
Fire Protection	37,000	37,000	37,000	-

See accountant's report.

TOWN OF COLEBROOK
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2006

page 3 of 4

	Original Budget	Amended Budget	Actual	Variance- Favorable/ (Unfavorable)
Constables	\$ 150	\$ 140	\$ 140	\$ -
911	16,000	16,559	16,559	-
Total Public Health and Welfare	57,076	57,525	57,525	-
Highways:				
Wages	148,538	151,839	151,839	-
Overtime	23,458	20,157	20,157	-
Town Garage Fuel and Lubricants	17,000	27,042	27,042	-
Town Vehicle Parts and Repairs	31,500	35,508	35,508	-
Winter Maintenance	60,000	61,084	61,084	-
Road Improvement	76,000	72,197	72,197	-
Street Lights	1,000	951	951	-
Utilities	7,300	5,474	5,474	-
Garage Maintenance	4,500	2,941	2,941	-
Tree Removal	5,000	4,675	4,675	-
Total Highways	374,296	381,868	381,868	-
Town Hall Expenditures:				
Office Supplies	7,000	7,324	7,324	-
Town Hall/Community Hall Util.	14,000	9,396	9,396	-
Town Hall Maintenance	10,000	13,583	13,583	-
Miscellaneous	2,000	2,096	2,096	-
General Assistance (Welfare)	500	106	106	-
Total Town Hall	33,500	32,505	32,505	-
Senior Center Expenditures:				
Senior Center Utilities	4,405	4,057	4,057	-
Senior Center Maintenance	3,616	4,131	4,131	-
Senior Center Miscellaneous	250	287	287	-
Senior Center Coordinator	16,744	17,350	17,350	-
Site Manager and Helper	19,212	18,743	18,743	-
Heat, Stove and Hot Water	4,367	4,319	4,319	-
Van & Driver	3,176	6,568	6,568	-
Total Senior Center	51,770	55,455	55,455	-
Health and Welfare:				
Vital Statistics	50	26	26	-
Foothills Nursing	6,671	7,161	7,161	-
Susan B. Anthony	875	875	875	-
Winsted Ambulance	4,700	4,700	4,700	-

See accountant's report.

TOWN OF COLEBROOK
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2006

page 4 of 4

	Original Budget	Amended Budget	Actual	Variance- Favorable/ (Unfavorable)
Elderly Nutrition Program	\$ 1,320	\$ 1,319	\$ 1,319	\$ -
Elderly Transit Program	-	52	52	-
Regional Mental Health	167	167	167	-
Paramedic Intercept	6,650	12,570	12,570	-
Norfolk Ambulance	4,500	4,500	4,500	-
Colebrook First Responders	2,500	2,500	2,500	-
Total Health	27,433	33,870	33,870	-
Miscellaneous:				
Libraries	13,000	13,000	13,000	-
Cemeteries	3,605	2,074	2,074	-
Data Processing	14,000	13,355	13,355	-
Winsted YSB	2,500	2,500	2,500	-
Lawn Maintenance	5,100	5,300	5,300	-
LHCEO	792	-	-	-
Farmington River Watershed	188	188	188	-
Mapping: Micro Filming	1,000	1,000	1,000	-
Total Miscellaneous	40,185	37,417	37,417	-
Refuse Disposal:				
Town's Refuse/Recycle	165,000	171,938	171,938	-
Total Refuse Disposal	165,000	171,938	171,938	-
Debt Service	220,539	216,796	216,796	-
Education:				
Colebrook School Budget	1,474,618	1,474,618	1,474,659	(41)
Northwest Regional # 7	1,670,578	1,658,858	1,658,858	-
Total Education	3,145,196	3,133,476	3,133,517	(41)
Provision for Uncollected Taxes	-	-	-	-
Capital Improvements				
Capital Expenditures	250,000	250,000	250,000	-
	250,000	250,000	250,000	-
Total Expenditures	4,816,969	4,830,135	4,811,783	18,352
Excess of Revenues over Expenditures	\$ -	\$ -	\$ 200,569	\$ 200,569

See accountant's report.

TOWN OF COLEBROOK
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2006

SPECIAL REVENUE FUNDS

	<u>Post Office Fund</u>	<u>Dog Fund</u>	<u>School Cafeteria Fund</u>	<u>Cemetery Fund</u>	<u>Historical Document Fund</u>	<u>Education Grants Fund</u>	<u>Total</u>
Assets							
Cash and Cash Equivalents	\$ 15,991	\$ 676	\$ 1,921	\$ 84,182	\$ -	\$ 18	\$ 102,788
Grants Receivable	-	-	1,129	-	-	4,045	5,174
Interfund Receivables	-	-	-	-	978	70	1,048
Inventory	-	-	620	-	-	-	620
Total Assets	<u>\$ 15,991</u>	<u>\$ 676</u>	<u>\$ 3,670</u>	<u>\$ 84,182</u>	<u>\$ 978</u>	<u>\$ 4,133</u>	<u>\$ 109,630</u>
Liabilities							
Accounts Payable	\$ -	\$ 1,385	\$ -	\$ -	\$ -	\$ -	\$ 1,385
Deferred Revenue	-	-	-	-	-	88	88
Interfund Payable	-	-	-	-	-	4,045	4,045
Due to State of CT	-	1,173	-	-	-	-	1,173
Total Liabilities	<u>-</u>	<u>2,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,133</u>	<u>6,691</u>
Fund Balances							
Reserved	-	-	620	84,182	-	-	84,802
Unreserved:							
Designated	-	-	-	-	-	-	-
Undesignated	15,991	(1,882)	3,050	-	978	-	18,137
Total Fund Balances	<u>15,991</u>	<u>(1,882)</u>	<u>3,670</u>	<u>84,182</u>	<u>978</u>	<u>-</u>	<u>102,939</u>
Total Liabilities and Fund Balances	<u>\$ 15,991</u>	<u>\$ 676</u>	<u>\$ 3,670</u>	<u>\$ 84,182</u>	<u>\$ 978</u>	<u>\$ 4,133</u>	<u>\$ 109,630</u>

See accountant's report.

TOWN OF COLEBROOK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	
	Post Office Fund	Dog Fund	School Cafeteria Fund	Cemetery Fund	Historical Document Fund	Education Grants Fund	Small Cities Bus Fund	Total
Revenues								
Investment Income	\$ 265	\$ 8	\$ -	\$ 2,973	\$ -	\$ -	\$ -	\$ 3,246
Fees and Charges	-	2,318	29,811	7,050	740	-	-	39,919
Intergovernmental Revenues	-	-	6,339	-	7,000	8,797	86,145	108,281
Other	6,030	-	226	100	-	-	-	6,356
Total Revenues	6,295	2,326	36,376	10,123	7,740	8,797	86,145	157,802
Expenditures								
General Government	90	-	-	-	8,390	-	87,370	95,850
Public Safety	-	2,998	-	-	-	-	-	2,998
Education	-	-	39,282	-	-	8,797	-	48,079
Debt Service	3,909	-	-	-	-	-	-	3,909
Total Expenditures	3,999	2,998	39,282	-	8,390	8,797	87,370	150,836
Net Changes in Fund Balances Before Other Financing Sources/(Uses)	2,296	(672)	(2,906)	10,123	(650)	-	(1,225)	6,966
Other Financing Sources/(Uses)								
Transfers In	-	-	1,692	-	-	-	-	1,692
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	1,692	-	-	-	-	1,692
Changes in Fund Balances	2,296	(672)	(1,214)	10,123	(650)	-	(1,225)	8,658
Fund Balances - Beginning	13,695	(1,210)	4,884	74,059	1,628	-	1,225	94,281
Fund Balances - Ending	\$ 15,991	\$ (1,882)	\$ 3,670	\$ 84,182	\$ 978	\$ -	\$ -	\$ 102,939

See accountant's report.

TOWN OF COLEBROOK
Combining Statement of Fiduciary Net Assets
For the Year Ended June 30, 2006

		Agency Funds			
	<u>Pension Trust Fund</u>	<u>Recreation Board Fund</u>	<u>School Activities Fund</u>	<u>Senior Citizen Center</u>	<u>Total</u>
Assets:					
Cash and Cash Equivalents	\$ -	\$ 3,566	\$ 18,859	\$ 22,212	\$ 44,637
Investments	224,043	-	-	-	224,043
Contribution Receivable	4,143	-	-	-	4,143
Total Assets	<u>\$ 228,186</u>	<u>\$ 3,566</u>	<u>\$ 18,859</u>	<u>\$ 22,212</u>	<u>\$ 272,823</u>
Liabilities:					
Due to Beneficiaries	-	3,566	18,859	22,212	44,637
Due to Others	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>3,566</u>	<u>18,859</u>	<u>22,212</u>	<u>44,637</u>
Fund Balances:					
Held in Trust for Pension Benefits	228,186	-	-	-	228,186
Total Fund Balances	<u>228,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,186</u>
Total Liabilities and Fund Balances	<u>\$ 228,186</u>	<u>\$ 3,566</u>	<u>\$ 18,859</u>	<u>\$ 22,212</u>	<u>\$ 272,823</u>

See accountant's report.

TOWN OF COLEBROOK
Combining Statement of Revenues, Expenditures, and Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2006

	<u>Pension Trust</u>
Revenues:	
Employer Contributions	\$ 11,676
Employee Contributions	11,329
Earnings from Investments	<u>20,985</u>
Total Revenues	<u>43,990</u>
 Expenditures:	
General Government	<u>23,019</u>
Total Expenditures	<u>23,019</u>
 Excess (Deficiency) of Revenues Over Expenditures	 20,971
 Fund Balances, Beginning of Year	 <u>207,215</u>
Fund Balances, End of Year	<u>\$ 228,186</u>

See accountant's report.

TOWN OF COLEBROOK
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2006

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2006</u>
RECREATION FUND				
Assets:				
Cash	<u>\$ 4,146</u>	<u>\$ 8,271</u>	<u>\$ 8,851</u>	<u>\$ 3,566</u>
Liabilities:				
Due to Beneficiaries	<u>\$ 4,146</u>	<u>\$ 8,271</u>	<u>\$ 8,851</u>	<u>\$ 3,566</u>
SCHOOL ACTIVITIES FUND				
Assets:				
Cash	<u>\$ 17,845</u>	<u>\$ 15,691</u>	<u>\$ 14,677</u>	<u>\$ 18,859</u>
Liabilities:				
Due to Beneficiaries	<u>\$ 17,845</u>	<u>\$ 15,691</u>	<u>\$ 14,677</u>	<u>\$ 18,859</u>
SENIOR CENTER FUND				
Assets:				
Cash	<u>\$ 32,297</u>	<u>\$ 13,947</u>	<u>\$ 24,032</u>	<u>\$ 22,212</u>
Liabilities:				
Due to Beneficiaries	<u>\$ 29,609</u>	<u>\$ 13,947</u>	<u>\$ 21,344</u>	<u>\$ 22,212</u>
Due to Others	<u>2,688</u>	<u>-</u>	<u>2,688</u>	<u>-</u>
	<u>\$ 32,297</u>	<u>\$ 13,947</u>	<u>\$ 24,032</u>	<u>\$ 22,212</u>
TOTAL ASSETS				
Cash	<u>\$ 54,288</u>	<u>\$ 37,909</u>	<u>\$ 47,560</u>	<u>\$ 44,637</u>
	<u>\$ 54,288</u>	<u>\$ 37,909</u>	<u>\$ 47,560</u>	<u>\$ 44,637</u>
TOTAL LIABILITIES				
Due to Beneficiaries	<u>\$ 51,600</u>	<u>\$ 37,909</u>	<u>\$ 44,872</u>	<u>\$ 44,637</u>
Due to Others	<u>2,688</u>	<u>-</u>	<u>2,688</u>	<u>-</u>
	<u>\$ 54,288</u>	<u>\$ 37,909</u>	<u>\$ 47,560</u>	<u>\$ 44,637</u>

See accountant's report.

TOWN OF COLEBROOK

Schedule of Property Taxes Levied, Collected, and Outstanding
For the Year Ended June 30, 2006

	Out- Standing 07/01/05	Current Lewy	Additions	Deductions	Collectable Taxes	Receipt of Taxes	Receipt of Interest, Liens, and Legal Fees	Total Receipts	Transfers (to)/from Suspense	Out- Standing 06/30/06
List of										
10/1:										
2004	\$ 90,214	\$ 4,161,786	\$ 18,946	\$ 19,563	\$ 4,161,169	\$ 4,088,916	\$ 13,156	\$ 4,102,072	\$ -	\$ 72,253
2003	\$ 36,271	-	-	1,688	88,526	61,231	12,609	73,840	-	27,295
2002	17,423	-	2	1,205	35,068	24,959	8,913	33,872	-	10,109
2001	7,532	-	6	1,165	16,264	7,721	2,958	10,679	-	8,543
2000	9,586	-	324	827	7,029	592	604	1,196	-	6,437
1999	7,830	-	4	331	9,259	1,781	(987)	794	-	7,478
1998	7,403	-	-	660	7,170	473	(173)	300	-	6,697
1997	5,389	-	-	70	7,333	342	447	789	-	6,991
1996	5,121	-	-	379	7,117	108	182	290	-	7,009
1995	4,822	-	-	368	5,021	50	85	135	-	4,971
1994	4,452	-	-	360	4,761	49	93	142	-	4,712
1993	7,024	-	-	277	4,545	6	12	18	-	4,539
1992	2,429	-	-	-	4,452	21	47	68	-	4,431
1991		-	-	-	7,024	135	328	463	-	6,889
1990		-	-	-	2,429	1,810	1,824	3,634	-	619
	\$ 212,992	\$ 4,161,786	\$ 19,282	\$ 26,893	\$ 4,367,167	\$ 4,188,194	\$ 40,098	\$ 4,228,292	\$ -	\$ 178,973

TOWN OF COLEBROOK

Schedule of Debt Limitation

June 30, 2006

Total Tax Collections for the Year

Taxes	\$ 4,188,194
-------	--------------

Reimbursement for Loss on:

Tax Relief for the Elderly	9,082
----------------------------	-------

Base	\$ 4,197,276
-------------	---------------------

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>
Debt Limitation:				
2 1/4 times base	\$ 9,443,871	\$ -	\$ -	\$ -
4 1/2 times base	-	18,887,742	-	-
3 3/4 times base	-	-	15,739,785	-
3 1/4 times base	-	-	-	13,641,147
	<u>9,443,871</u>	<u>18,887,742</u>	<u>15,739,785</u>	<u>13,641,147</u>
Total Debt Limitation	<u>9,443,871</u>	<u>18,887,742</u>	<u>15,739,785</u>	<u>13,641,147</u>

Indebtedness:

Bonds payable	1,012,500	262,500	-	-
Loans Payable	79,790	-	-	-
Allocated to Regional School District Debt	-	988,116	-	-
Less: Grants Receivable	-	(115,874)	-	-
	<u>1,092,290</u>	<u>1,134,742</u>	<u>-</u>	<u>-</u>
Total Indebtedness	<u>1,092,290</u>	<u>1,134,742</u>	<u>-</u>	<u>-</u>

Debt limitation in excess of

outstanding and authorized debt	<u>\$ 8,351,581</u>	<u>\$ 17,753,000</u>	<u>\$ 15,739,785</u>	<u>\$ 13,641,147</u>
---------------------------------	---------------------	----------------------	----------------------	----------------------

Note: In no case should this total indebtedness exceed
seven times the base of \$4,197,276 or \$29,380,932

See accountant's report.

TOWN OF COLEBROOK

page 1 of 3

Board of Education
Statement of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2006

	Original Budget	Amended Budget	Actual	Variance- Favorable/ (Unfavorable)
Salaries:				
<i>Certified Personnel:</i>				
Supt-Principal	\$ 92,855	\$ 92,855	\$ 92,855	\$ -
Teachers	620,127	548,801	536,687	12,114
Substitutes	13,000	8,000	11,149	(3,149)
Head Teacher	1,500	1,500	1,500	-
Extra Hours	500	500	1,258	(758)
Media Specialist	-	71,326	71,326	-
<i>Non-certified:</i>				
Aide	54,359	54,531	53,921	610
Computer Technician	2,500	2,500	2,500	-
Substitutes	-	5,000	3,713	1,287
School Nurse	28,917	28,917	28,917	-
Librarian	11,480	11,308	11,243	65
Administrative Asst.	31,161	31,161	31,161	-
Bookkeeper	25,416	25,416	25,416	-
Custodian / Full	33,053	33,053	33,053	-
Custodian / Part	8,162	8,162	7,546	616
Custodial Overtime	1,000	1,000	819	181
Total Salaries	924,030	924,030	913,064	10,966
Employee Benefits:				
Medical Insurance	113,850	113,850	104,506	9,344
Dental Insurance	9,680	9,680	8,971	709
Life Insurance	3,605	3,605	3,347	258
Disability	324	324	316	8
Comp. FICA	14,195	14,195	14,066	129
Medicare	10,140	10,140	10,224	(84)
Supt/Princ. Retire.	6,732	6,732	8,076	(1,344)
Pension	12,561	12,561	3,211	9,350
Retirement Incentive	14,002	14,002	14,002	-
Tuition Reimbursement	5,000	5,000	5,000	-
Annuity	-	-	9,350	(9,350)
Unused Sick Days	2,363	2,363	-	2,363
Total Employee Benefits	192,452	192,452	181,069	11,383

See accountant's report.

TOWN OF COLEBROOK

page 2 of 3

Board of Education

Statement of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2006

	Original Budget	Amended Budget	Actual	Variance- Favorable/ (Unfavorable)
Purchased Services:				
Adm. Seminars	\$ -	\$ -	\$ 70	\$ (70)
Computer Support	6,000	6,000	49	5,951
Staff Seminars (Workshops)	5,000	5,000	2,444	2,556
Noncertified Dev.	250	250	-	250
Test & Scoring	1,000	1,000	-	1,000
Legal Fees	1,200	1,200	1,465	(265)
Bank Fees	-	-	1	(1)
Audit Services	2,300	2,300	2,345	(45)
Doctor	350	350	1,390	(1,040)
Therapists	7,000	7,000	7,092	(92)
Fingerprinting	-	-	16	(16)
<i>Purchased Property Services:</i>				
Water/Water Coolers	1,500	1,500	1,482	18
Well Monitor	1,200	1,200	1,200	-
<i>Repair and Maintenance Services:</i>				
Cleaning Services	1,000	1,000	1,370	(370)
Building Maint. & Repairs	2,000	2,000	3,535	(1,535)
Bldg. Insp./Asbestos	1,000	1,000	1,893	(893)
Equipment Repairs	1,000	1,000	5,338	(4,338)
Service Contracts	6,000	6,000	3,663	2,337
<i>Student Transportation:</i>				
Regular Local	67,297	67,297	67,297	-
Special Education	7,000	7,000	17,212	(10,212)
<i>Communication:</i>				
Telephone	3,300	3,300	3,108	192
Cell Phone	170	170	164	6
Postage	1,500	1,500	1,202	298
Internet	300	300	205	95
Cable	-	-	10	(10)
Advertising	800	800	244	556
<i>Travel-Other Transportation:</i>				
Travel	1,200	1,200	1,244	(44)
<i>Miscellaneous Purchased Services:</i>				
Adult Education	1,000	1,000	1,030	(30)
Education Service in CT	50,000	50,000	55,845	(5,845)
Vaccines	100	100	-	100
Shared Services/Outplacement	134,700	134,700	136,582	(1,882)
Total Purchased Services	304,167	304,167	317,496	(13,329)

See accountant's report.

TOWN OF COLEBROOK

page 3 of 3

Board of Education

Statement of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Favorable/ (Unfavorable)</u>
PURCHASES:				
Supplies and Materials:				
Office Supplies	\$ 1,200	\$ 1,200	\$ 1,096	\$ 104
Teaching Supplies	990	990	125	865
Testing	79	79	84	(5)
A.V. Supplies	328	328	136	192
Computer Supplies	2,000	2,000	643	1,357
Custodial Supplies	3,800	3,800	4,780	(980)
Health Supplies	1,155	1,155	790	365
Bd. of Ed. Supplies	100	100	37	63
Library Supplies	400	400	179	221
School Supplies	1,260	1,260	1,317	(57)
Consortium Bid Supplies	2,000	2,000	2,805	(805)
Lunch Program Supplies	-	-	411	(411)
Energy:				
Electricity	14,400	14,400	16,802	(2,402)
Propane Gas	2,200	2,200	526	1,674
Heating Oil	16,000	16,000	26,022	(10,022)
Textbooks & Periodicals:				
Textbooks	604	604	57	547
Workbooks	2,311	2,311	667	1,644
Library Books	1,500	1,500	967	533
Magazines	400	400	326	74
Teacher Guides	187	187	12	175
Spanish Supplies	500	500	17	483
Music Supplies	885	885	328	557
Art Supplies	850	850	511	339
Phys. Ed. Supp.	220	220	201	19
Total Purchases	<u>53,369</u>	<u>53,369</u>	<u>58,839</u>	<u>(5,470)</u>
Capital Outlay:				
Furnishings	<u>-</u>	<u>-</u>	<u>1,944</u>	<u>(1,944)</u>
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>1,944</u>	<u>(1,944)</u>
Other Objects:				
Dues & Fees	500	500	2,225	(1,725)
Miscellaneous	<u>100</u>	<u>100</u>	<u>22</u>	<u>78</u>
Total other Objects	<u>600</u>	<u>600</u>	<u>2,247</u>	<u>(1,647)</u>
Total Board of Education	<u>\$ 1,474,618</u>	<u>\$ 1,474,618</u>	<u>\$ 1,474,659</u>	<u>\$ (41)</u>

See accountant's report.

- THIS PAGE INTENTIONALLY LEFT BLANK -

ROBERT E. KING & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CONNECTICUT SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

170 HOLABIRD AVENUE
P.O. BOX 898
WINSTED, CT 06098

TELEPHONE (860) 379-0215
FAX (860) 738-7555

REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Finance of the
The Town of Colebrook, CT

We have audited the financial statements of the Town of Colebrook, CT as of and for the year ended June 30, 2006, and have issued our report thereon dated December 19, 2006. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Town of Colebrook, CT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered The Town of Colebrook's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Town of Colebrook in a separate letter dated December 19, 2006.

This report is intended solely for the information and use of the Board of Selectmen, the State of Connecticut Office of Policy and Management, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert E. King & Co., P.C.

Robert E. King Co., P.C.
December 19, 2006

TOWN OF COLEBROOK
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2006

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>State Grant Program Identification Number</u>	<u>Expenditures</u>
State Dept. of Education		
Adult Education	11000-SDE64000-17030	\$ 296
Child Nutrition Program	11000-SDE64000-16072	674
Connecticut State Library		
Historic Preservation	12060-CSL66094-35150	7,000
Department of Transportation		
Town Aid Road	12001-DOT57131-17036	84,207
Local Bridge Program	21010-DOT57000-42313	40,578
Office of the State Comptroller		
State Owned Real Property	11000-OSC15910-17004	4,306
Mashuntucket Pequot	12009-OSC15910-17005	15,205
Boat Grant	12027-OSC15910-40211	272
Office of Policy and Management		
Property Tax Relief:		
Totally Disabled	11000-OPM20600-17018	338
Veteran's Exemptions	11000-OPM20600-17024	4,226
Elderly Exemptions	11000-OPM20600-17018	9,082
LOCIP	12050-OPM20600-40254	22,527
Manufacturer's M&E-PILOT	11000-OPM20600-17031	6,151
Small Town Economic Assistance Program	12052-OPM20100-42767	<u>17,000</u>
Total State Financial Assistance before exempt programs		<u>\$ 211,862</u>

EXEMPT PROGRAMS

Department of Education		
Education Cost Sharing	11000-SDE64000-17041	\$ 420,273
Excess Cost-Student Based	11000-SDE64000-17047	819
Transportation of School Children	11000-SDE64000-17027	8,604
School Construction Grants	13010-SDE64000-40901	<u>36,984</u>
Total Exempt Programs		<u>466,680</u>
Total State Financial Assistance		<u>\$ 678,542</u>

See notes to schedule.

ROBERT E. KING & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CONNECTICUT SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

170 HOLABIRD AVENUE
P.O. BOX 898
WINSTED, CT 06098

TELEPHONE (860) 379-0215
FAX (860) 738-7555

TOWN OF COLEBROOK State Financial Assistance Programs Notes to the Schedule For the Year Ended June 30, 2006

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Colebrook, through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including the construction and maintenance of public roads.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles of the Town of Colebrook, CT conform to accounting principles generally accepted in the United States of America as applicable to Governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The fund financial statements contained in the Town of Colebrook, CT's annual audit report are prepared on the modified accrual basis of accounting. Under this method revenues are recognized when they become measurable and available while expenditures are generally recognized when the related fund liability is incurred.

The government-wide financial statements are prepared on the accrual basis of accounting. Under this method revenues are recorded when earned while expenses are recorded when a liability is incurred.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

ROBERT E. KING & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CONNECTICUT SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

170 HOLABIRD AVENUE
P.O. BOX 898
WINSTED, CT 06098

TELEPHONE (860) 379-0215
FAX (860) 738-7555

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT, AND ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

To the Board of Finance of the
Town of Colebrook, CT

Compliance

We have audited the compliance of the Town of Colebrook, CT with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2006. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town of Colebrook's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Colebrook's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Colebrook's compliance with those requirements.

In our opinion, the Town of Colebrook complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2006.

Internal Control over Compliance

The management of the Town of Colebrook is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act.

Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Colebrook as of and for the year ended June 30, 2006, and have issued our report thereon dated December 19, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Colebrook, CT's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and the use of the Board of Selectmen, Management of the Town of Colebrook, CT, the State of Connecticut Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert E. King & Co., P.C.

Robert E. King & Co., P.C.
December 19, 2006

ROBERT E. KING & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CONNECTICUT SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

170 HOLABIRD AVENUE
P.O. BOX 898
WINSTED, CT 06098

TELEPHONE (860) 379-0215
FAX (860) 738-7555

TOWN OF COLEBROOK, CT Schedule of Findings and Questioned Costs For the Year Ended June 30, 2006

I. SUMMARY OF AUDIT RESULTS

Financial Statements

We audited the financial statements of the Town of Colebrook, CT as of and for the year ended June 30, 2006 and issued our unqualified report thereon dated December 19, 2006.

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

We have issued an unqualified opinion relating to compliance for major State programs.

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

☐ Yes ☒ No

- The following schedule reflects the major programs included in the audit:

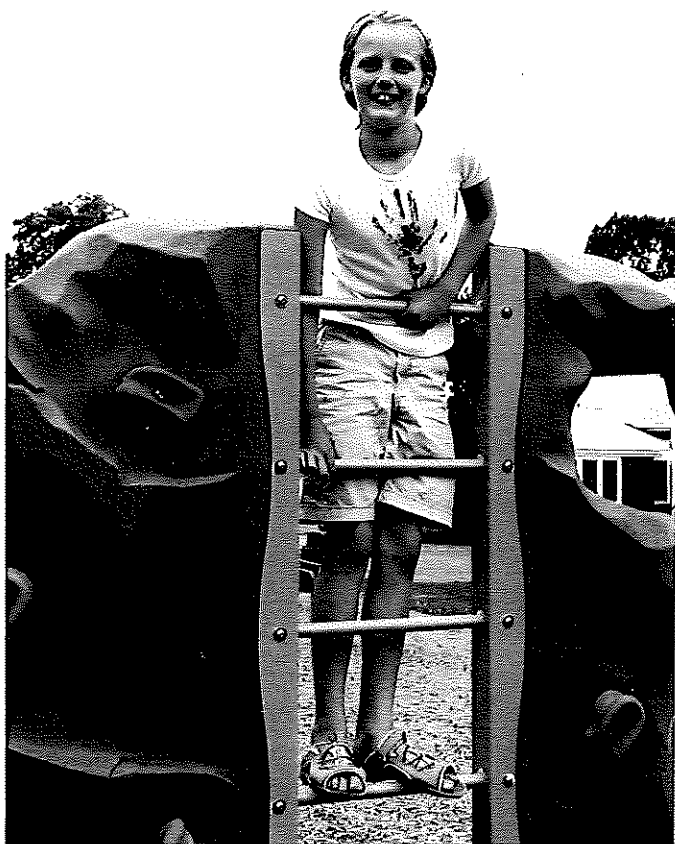
<u>State Grantor And Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Transportation:		
Town Aid Road	12001-DOT57000-17036	\$84,207
Local Bridge Program	21010-DOT57000-42313	\$40,578

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated December 19, 2006, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no reportable conditions.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

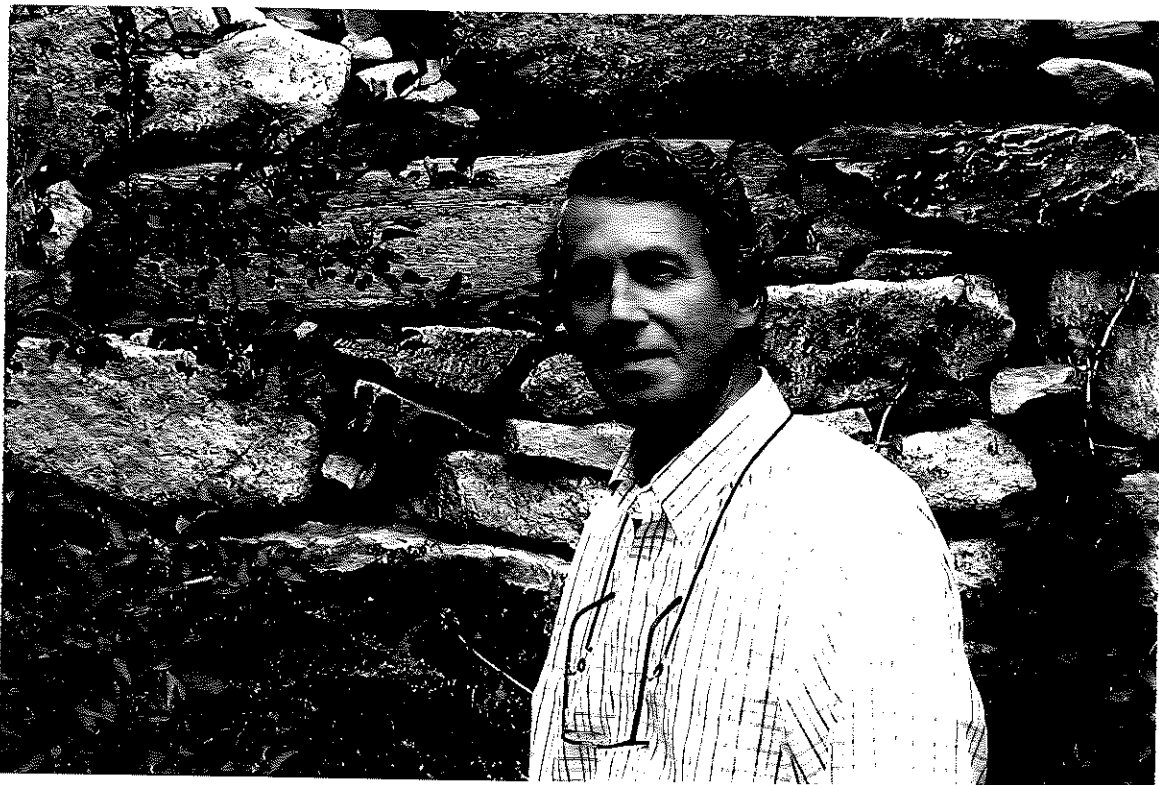
- No findings or questioned costs are reported relating to State financial assistance programs.



Treasurer

The Treasurer serves as the Town's in-house banker and accountant, monitoring all Town income and expenses and ensuring the proper accounting of both. The Treasurer manages and reconciles the Town's checking and investment accounts, and provides timely financial reports to the Selectmen, Board of Finance, affiliated Town organizations, accountants and auditors.

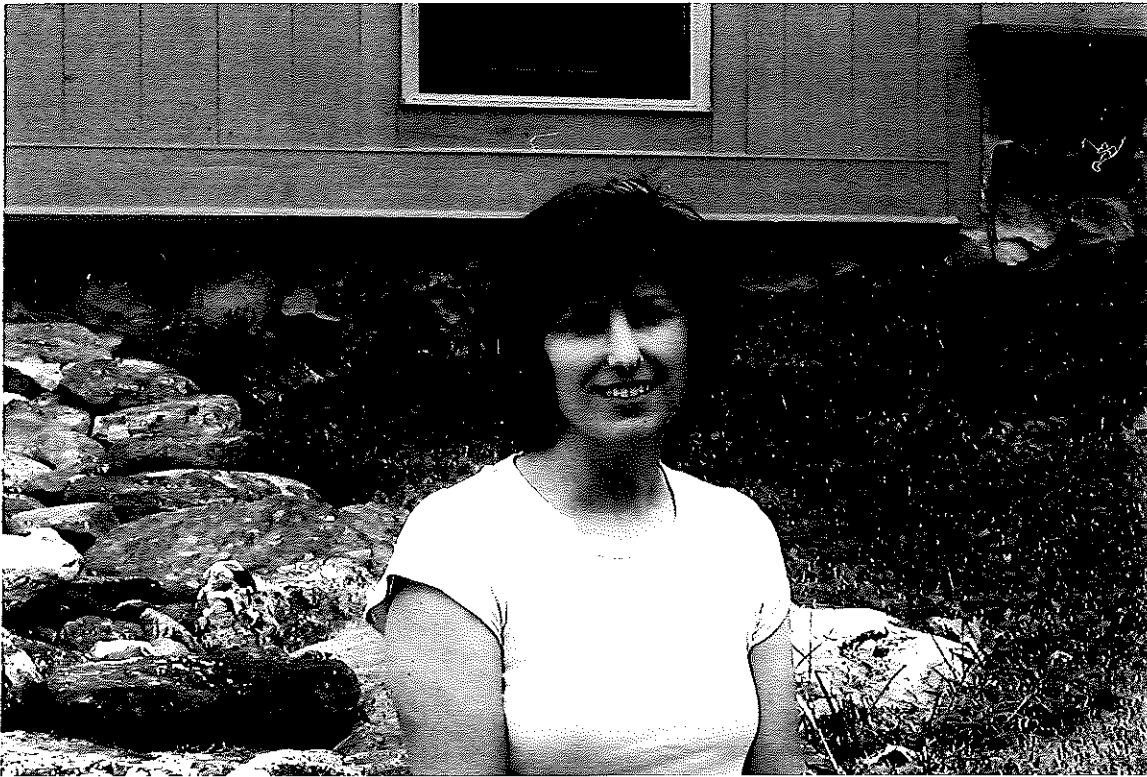
John Burrows ("Jeb") has served as Town Treasurer since November 2005. While the position is part time, Jeb rarely misses a day at Town Hall. "As the Town has grown, the Treasurer's function has become more complex, and the accounting process more sophisticated. There's no room for error in this work. Every question needs the right answer. Every problem needs the right solution."



John Burrows

Tax Collector

The Collector is an administrator in that she organizes, directs, and coordinates the collection activities of the municipality. The Collector is responsible for running an office with concern for the bottom line – the collection rate; for case management; for accuracy and accounts in balance; for the security of the office and its personnel; and for the quality of the personal contact with taxpayers. For the past 2 years Laura has attended the necessary classes to become a Certified Connecticut Municipal Collector. She will receive her certification in the fall of 2007 after completing her three year work requirement. This is a part-time elected position, which she has filled since November 2004. Office hours are posted or you can reach her at 379-3359 Ext. 204.



Laura Bartlett

The Colebrook Senior & Community Center

Located in the heart of Colebrook, the mission of the Colebrook Senior & Community Center is to provide services as needed & requested to residents & members of the community at large to use & enjoy. This includes partnering with other community organizations as well as providing a recreational safe haven for all ages, offering educational, cultural & recreational activities, programs, & services. The Colebrook Sr/Community Center realizes its 9th anniversary in 2007.

The Center is open Mondays, Tuesdays, Thursdays, & Fridays from 9:00AM to 3:00PM, & Wednesdays 10:00AM to 2:00PM. For special activities, events, or meetings, the Center will open upon request. With a fully equipped kitchen & large main room, it is a convenient location for a variety of functions. Games, puzzles, a large screen television with VCR, a stereo system, piano, sewing machines, computers, daily newspapers, magazines, periodicals, & other reading resources are available daily for your use. The center offers a free lending library consisting of hard & soft cover books, audiotapes, & videos. We encourage people to utilize, borrow & add to our growing resource area. The Center may also be rented for private parties, & gatherings.

Nutritious warm meals are served at noontime by reservation on Mondays, Tuesdays, & Thursdays with special meals on Fridays inclusive of monthly Brunch, pot luck, restaurant review lunch trip & a special gourmet meal. All ages are welcomed. This is a popular social hour for family & friends. Take out and deliveries are available. Coffee Hour is Monday, Tuesday, & Wednesday mornings beginning at 10:00. Thanks to Winsted Health Center Helping Hands Chore Service is available to assist elderly persons needing help with chores around the house... Transportation is available & provided thanks to an agreement with Northwest Transit, the Town of Colebrook, and a state grant. Any one in need or desire of a ride to the center for activities or events, shopping, town meetings, or appointments may utilize this viable service.

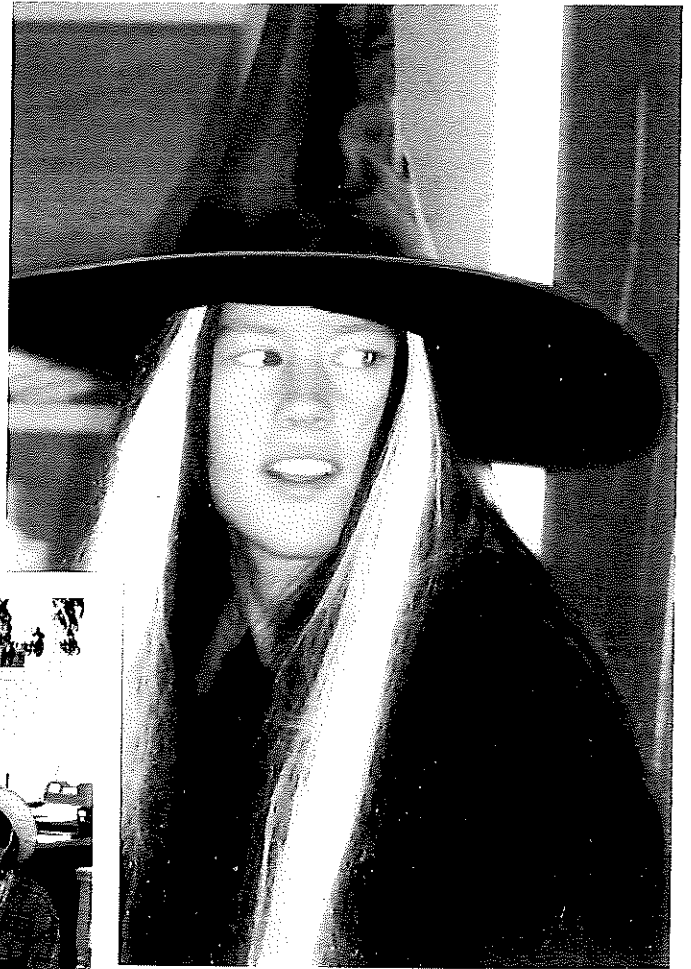
Regularly scheduled programs include weekly needlecrafts, weigh-ins, yoga w/certified instructor, quilting, & cards. Monthly activities include excursion trips, blood pressure and cholesterol screenings, health talks, evening cash bingo, lunch with a class from Colebrook School, entertainment, foot clinics, scrapbooking, community pot lucks with the presentation of an interesting or exciting topic, educational programs, certification classes, skin screenings, crafts, & cultural programs. Throughout the summer we offer programs run by Sr. volunteers for the children. Membership is not required, but does have its benefits.

Throughout the year, a variety of events occur. We participate annually in the Colebrook Labor Day Fair, & hold a Turkey Dinner each Fall. The Holiday Craft Fair & café every December is always a success. An annual Chicken BBQ in April as well as an annual quiche sale are successful & enjoyed by all. Cookie tins are made up & distributed to special folk during the holidays. We team w/the Boy & Girl Scouts who send Valentines to Colebrook Seniors, display seasonal decorations, & assist during events. May brings us the Mother's Day Tea & Volunteer Brunch to honor those who give from their hearts to assist us in serving the community & each other. We have coordinated w/fellow organizations in town and compiled an annual Community Calendar, and are working on a monthly Community Newsletter. We are available for anyone in the community from new residents to concerned relatives, to assist in any way we can.

We hold fundraisers, apply for grants, & request private donations in order to keep our town taxes down. We strive to sustain the Colebrook Senior & Community Center in providing resources to people the community at large that we all know & love, that we want to raise our children & families in, & hope to grow old in together. Please do not hesitate to let us know how we may serve you personally, or the community as a whole, even better. We are here for you.

Lynne Thibault, Director Phone: 860.738.9521 Email: lthibault@colebrooktownhall.org

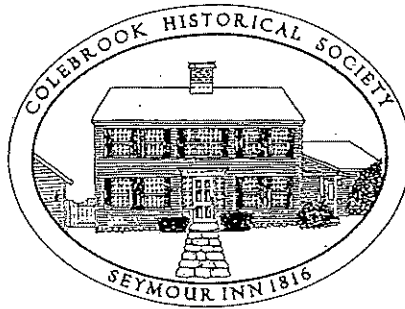
Colebrook Senior/Community Center
CCS 6th grade Luncheon



CSCC Kindergarten
Halloween Party
October 2007

Holiday
Craft
Fair
2006





March 2007

"History must stay open, it is all humanity"
William Carlos Williams

It has been another productive year at the Seymour Inn, the home of the Colebrook Historical Society in the center of Colebrook. We continue to reach out to the community we serve, welcoming and encouraging all to make use of the Society's resources. We hosted a holiday open house, and several special receptions and lectures in the newly renovated "Gathering Room." Formerly the town hall office, the Gathering Room was also used for meetings by town organizations and for the children's Halloween celebration. All the while, the painting and scraping continued!

This season we are expanding our music concert series with the Joseph Firecrow concert in March, the annual Rockwell concert in July and on October 20, Guy Wolff will perform 19th century American music on guitar and banjo. Our roster of seasonal exhibits ably directed by our historian, Robert Grigg, promises to engage and inform. The Colebrook River Community comes to life in our opening exhibit. The collection of vintage logging photographs, on view at the Norfolk Library last year in a collaborative effort with the Norfolk Historical Society, will be featured in our own exhibit this year. Late summer the Society will display works by local artisans.

However, there is still much to be done. Interior restoration work is an ongoing project. The electrical system needs upgrading. We are developing a computerized cataloguing system for the Society's collection and exploring ways to provide broader and more efficient access to genealogical materials. We also want to develop a lecture and event program and to provide signage for the Rock School.

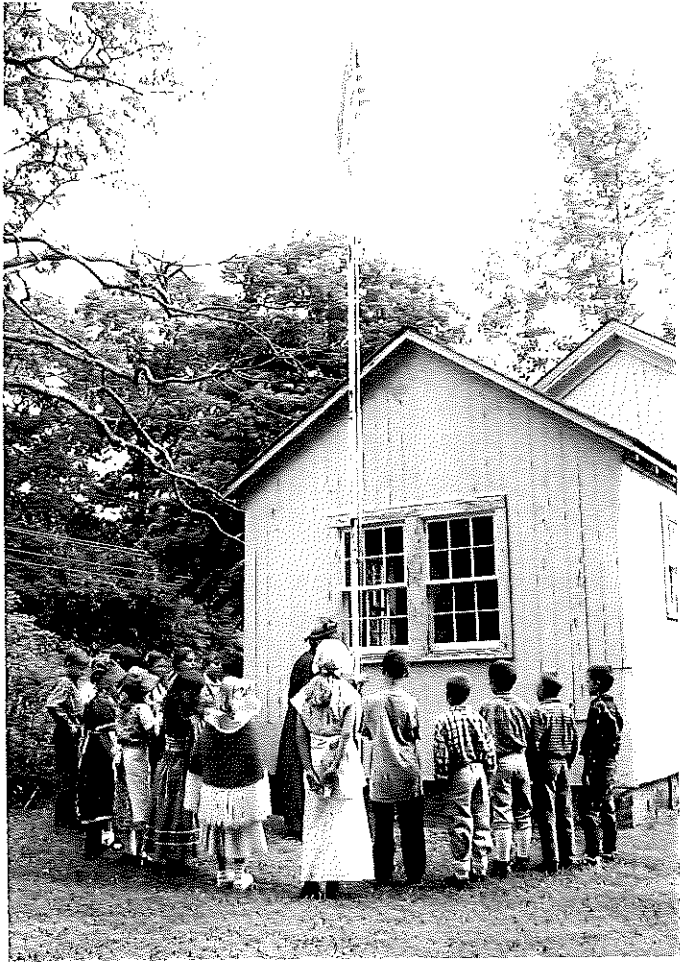
We invite you to partner with us in pursuit of a shared goalthe preservation of Colebrook's history for the enrichment of our civic life. It is only through your generosity and support that the important work of the Colebrook Historical Society can continue.

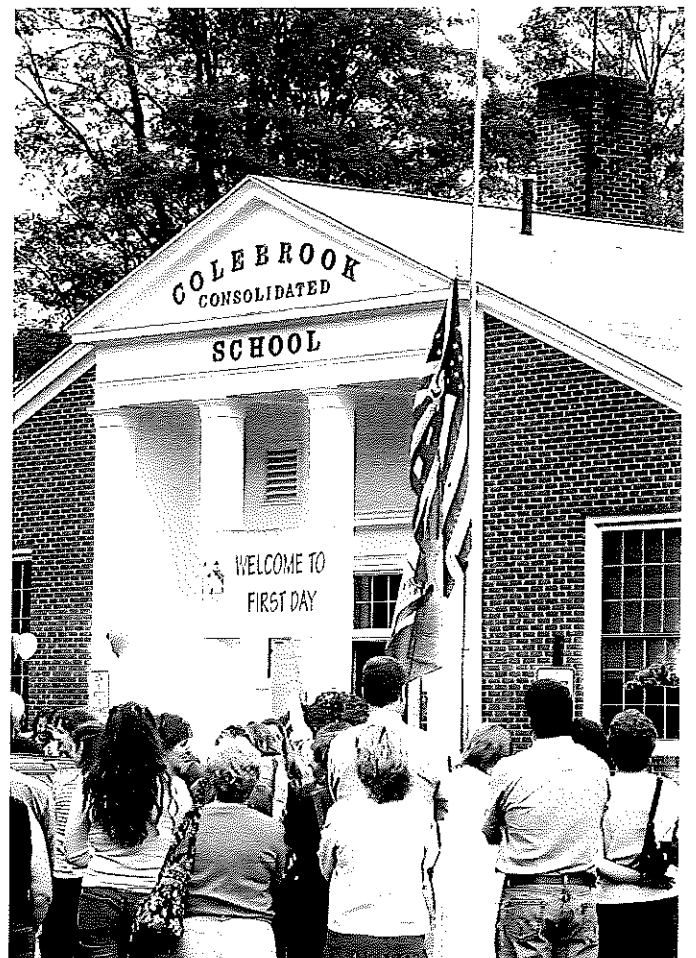
Thank you for your consideration.

Sincerely,

Julie *Jan*
Julie Andresen & Jan Rathbun
Co-Presidents

Rock School
Colebrook Consolidated School 3rd grade
June 2007





COLEBROOK FIRE DEPARTMENT

Forge Company
300 Colebrook River Road
Winsted, CT 06098
860-379-1551

Center Company
31 Bunnell Street
P.O. Box 82
Colebrook, CT 06021
860-370-8989

August 8, 2007

Colebrook Residents:

The Colebrook Fire Department responded to 62 emergency calls for the first seven months of 2007. We have several new members, including several junior members. New members are always encouraged, and if interested you are welcome to visit either station on Tuesday evening during our practices.

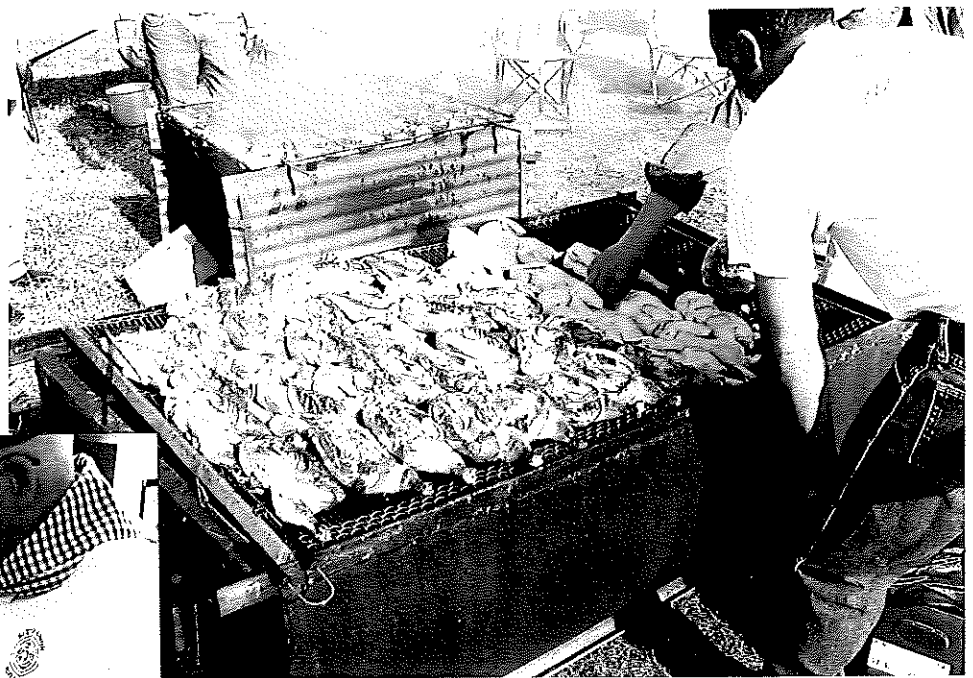
We have participated in regional and mutual aid drills. Norfolk hosted a large scale regional drill and Colebrook was an essential part in assisting them. The participation with mutual aid Fire Departments is vital for emergency calls. Colebrook hopes to host a large regional drill in the Center of Town in the late fall.

Colebrook Center has purchased a Ranger (ATV) and they are in the process of setting it up for brush fires and rescue situations. Forge has purchased a small water craft for water rescues. Both departments are working together to update there equipment and fire training skills.

We had many calls this spring because of all the rain we had. Fire Department personal were called out for many hours for cellar pump outs.

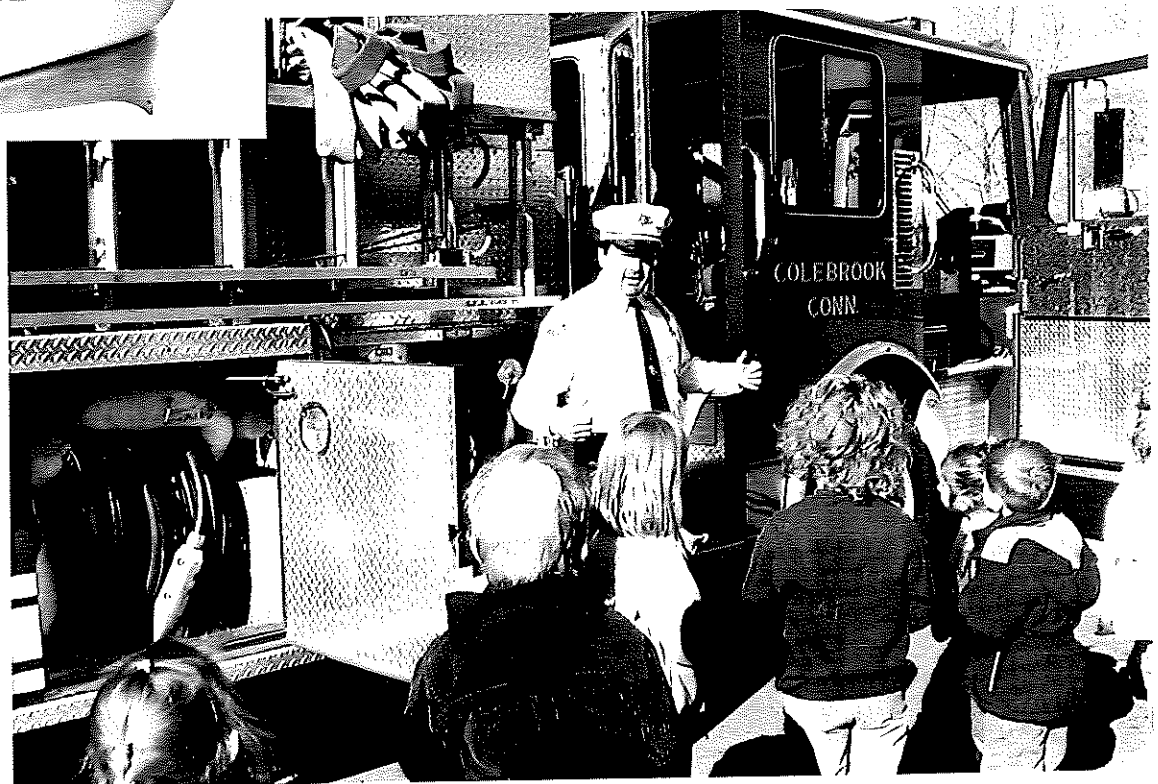
We wish to thank everyone that attended the Colebrook Fire Departments 4th Annual Steak Bake at Maaser Park. Your continued support is greatly appreciated. We hope to see you also at the Colebrook Fair.

Benjamin Bartlett, Chief
Colebrook Volunteer Fire Department



**Colebrook Senior/Community Center
Chicken Barbeque
2007**

**Fire Safety Day
Colebrook Consolidated School**



August 7, 2007

The Colebrook First Responder Program is moving forward into its third year of service to the town. In 2006, we responded to approximately ninety calls. In the first seven months of 2007 we have answered nearly sixty calls, exceeding the estimated numbers at the inception of the program.

In the short time that the program has been functioning we have been fortunate to acquire a 1996 Dodge Durango to use as a "fly car"(known as Squad 4) that allows us to respond to calls with all of the necessary equipment to meet any needs on our arrival at an incident. Through the generosity of the Colebrook Fire Department side of our team, civic organizations and thoughtful individuals we have been able to update and make improvements to Squad 4 including a new warning light system and siren.

We have also procured additional A.E.D.'s (Automatic External Defibrillators) that have been issued to our emergency personnel to use in responding to incidents involving a cardiac arrest. Having this equipment significantly increases our chances of reviving a person suffering a major cardiac event.

We look forward to continuing to serve Colebrook as well as meeting the town's changing needs through continued training, education and further development of the program thereby making Colebrook Fire an even stronger asset to the town.

Respectfully submitted,

Jay C Nanni EMT-B
Administrator
Colebrook First Responders



**April 2007
Nor'easter**



LITCHFIELD HILLS COUNCIL OF ELECTED OFFICIALS

The Litchfield Hills Council of Elected Officials provides a forum for regional cooperation and planning in the Greater Torrington area. The LHCEO's policy board consists of the Mayors and First Selectmen from the eleven member towns of Barkhamsted, Colebrook, Goshen, Hartland, Harwinton, Litchfield, Morris, New Hartford, Norfolk, Torrington, and Winchester. The LHCEO meets regularly to discuss issues of intermunicipal concern, promote regional cooperation, and direct various regional planning activities. Serving as officers this year were New Hartford First Selectman William Baxter as Chairman, Morris First Selectman Philip Birkett as Vice Chairman, Goshen First Selectman Robert Valentine as Secretary, and Litchfield First Selectman Leo Paul as Treasurer. The LHCEO is based at the Goshen Town Hall and has two employees.

Major activities of the LHCEO this year included the following:

1) Planning and Coordination

A variety of issues of regional significance were discussed at the monthly meetings of the LHCEO including: affordable housing, municipal homeland security priorities, municipal ethics legislation, recycling opportunities, maintaining services for the elderly, DEP street sweeping guidelines, the electronic voting machine mandate, and various other legislative issues. In addition to the LHCEO's regular monthly meetings, several special meetings of the LHCEO were also held in cooperation with the Northwestern Connecticut Council of Governments and area legislators to discuss local legislative priorities.

The LHCEO continued to serve as a Census Data Center and responded to numerous requests for demographic, economic, and housing data. To facilitate this function, the LHCEO updated its popular publication entitled "Profile of the Litchfield Hills Region" this year. The LHCEO also reviewed and commented on over 40 referrals of proposed zoning changes or development proposals near municipal borders this fiscal year, as required by state statute.

The LHCEO continued to administer the Litchfield Hills Façade Improvement Program this year, which provides a financial incentive for area businesses to improve the exterior appearance of their buildings. Over 150 businesses in the region have now benefited from this popular program.

The LHCEO also completed Phase Two of the "Naugatuck River Greenway Assessment" this year, which identifies improvement measures along a 5-mile segment of the Naugatuck River in Litchfield and Harwinton. The LHCEO received a Special Achievement award from the Connecticut Greenways Council this year for its work on Phase One of the Naugatuck River Greenway Assessment in Torrington, Litchfield and Harwinton.

The LHCEO was also awarded funding this year from the CT Office of Emergency Management and Homeland Security to help coordinate the activities of the Northwestern CT/Litchfield Hills Public Safety Task Force. The Task Force was established to provide a broad-based forum for discussing regional domestic preparedness issues and opportunities. LHCEO staff time was also devoted this year to preparing a Natural Hazards Mitigation Plan for the regional area with funding from the CT DEP.

2) Transportation Planning

The LHCEO continued to help administer the Rural Collector funding program for several area towns. Projects are currently underway in Hartland, Harwinton, and Litchfield. The LHCEO receives an annual allocation of \$192,000 for this important local road improvement program, and additional towns are scheduled to receive funding under this program in the years ahead.

The Litchfield Hills Road Foreman Association met several times this year to discuss issues in local road maintenance such as DEP's sand sweeping guidelines and the use of new de-icing products such as MagicSalt.

The LHCEO also continued its active support for federal and state funding to build a new transit center for the Northwestern CT Transit District. Several meetings were held with ConnDOT officials this year to discuss procedures for pursuing this project.

3) Recycling and Household Hazardous Waste

In cooperation with the Northwestern Connecticut Council of Governments, the LHCEO continued to coordinate meetings of the "Litchfield Hills/Northwestern Connecticut Recycling Advisory Committee". This Committee oversees the regional recycling program and coordinates the scheduling of household hazardous waste collection days in the regional area. Two successful household hazardous waste collection days were held this year for area residents, along with a separate electronics collection day sponsored in cooperation with the Connecticut Resources Recovery Authority. The Committee also sponsored a backyard composter sales event, offering composters to area residents at a reduced price.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard Lynn", written in a cursive style.

Richard Lynn, AICP
Planning Director

Annual Report July 2006 – June 2007

Beardsley and Memorial Library

Serving the towns of Barkhamsted, Colebrook, and Winchester

40 Monroe Place

Winsted, CT 06098

Phone (860)379-6043 Fax (860)379-3621

Homepage www.beardsleyandmemorial.org

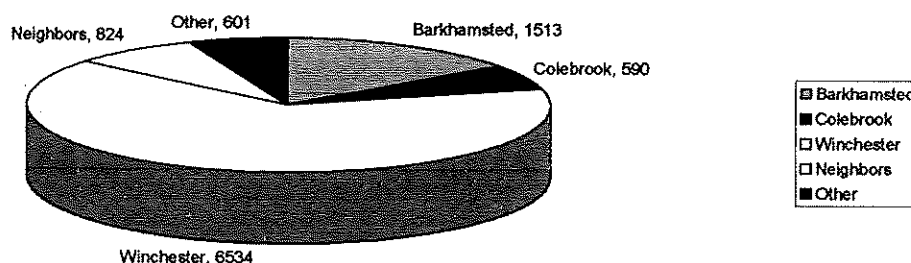
The mission of the Beardsley and Memorial Library is to enrich the lives of our patrons by promoting literacy, lifelong learning, and cultural enhancement to all generations of our diverse community.

The library community sadly said goodbye to Mary Lee Bulat as director of the Beardsley and Memorial Library this year. Mary Lee gave the Beardsley and Memorial Library Association nine years of dedicated service. The residents of Barkhamsted, Colebrook, and Winchester will remember her for her careful selection of library materials, her enthusiastic participation with our children's activities, and her interest in all of our residents. Mary Lee left the Beardsley and Memorial Library to pursue other interests. We wish her happiness in her new pursuits!

The dedicated library staff kept library services running smoothly while a new library director was hired. I came on board as library director after managing the Torrington Company's library for many years. I look forward to the challenge of running the library in a community in which I have lived in for so long!

We continue to welcome new library users daily as people learn about the scope of audio tapes, books, CD's, DVDs, videotapes, and electronic resources offered by the library. We proudly offer internet access on library computers, and wireless internet access for those who want to use their own laptop.

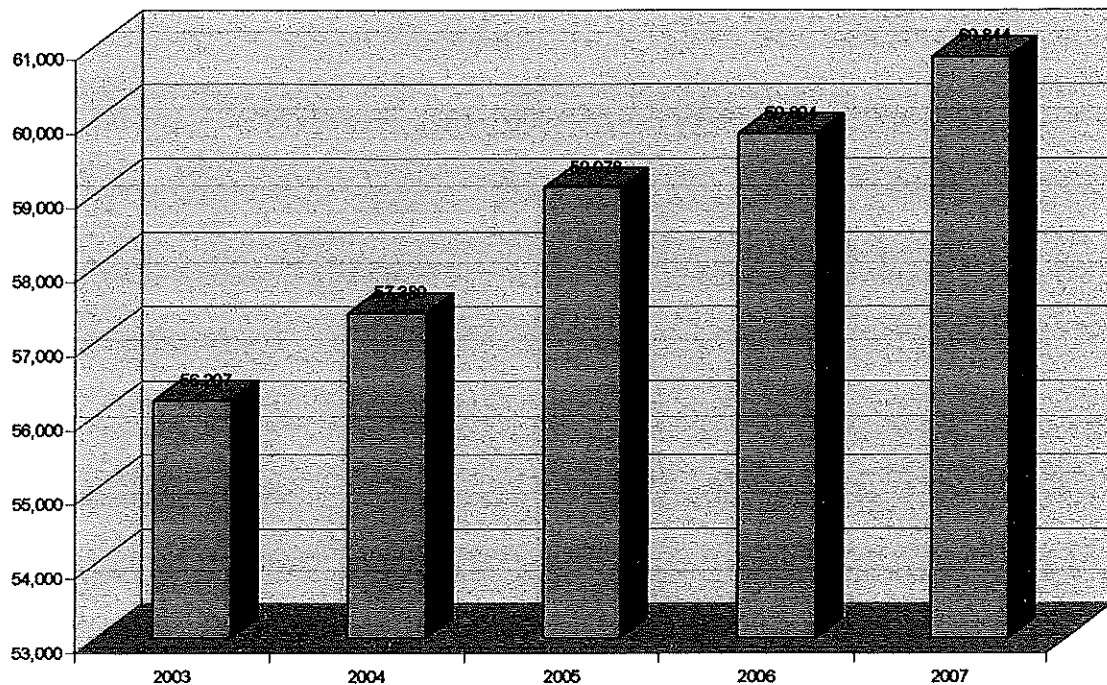
10,062 Library Members Come from the Three Towns that We Serve and Beyond



Programs offered at the library for both adults and children enrich the lives of our patrons. Both adults and children participate in our story times and children's craft programs. Adolescents participate weekly in our board game club. Our active summer reading program encourages literacy among school aged children as they select books around a theme and compete for prizes. To encourage the various populations that we serve to read, we visited schools and community groups, and hosted special programs. The Friends of the Library assisted us in reaching the elderly by delivering books to Chestnut Grove Housing Authority, The Glen Senior Housing, and Laurel Hill Healthcare. 767 people attended the special programs and meetings hosted at the library this year. Programs on Prudence Crandall, the Hillstead Museum, Sarah Lavieri, Jesse Meade, Reike, Dulcimers, Passport Day, Resume Writing, book discussions, and internet workshops were just some of the programs that the library hosted.

The library offers meeting rooms where community groups such as the 4-H, the Winsted Knitters, the Mystery Discussion Group, a Quilting Group, and others gather together to share common interests.

Items Available for Loan



Library services include interlibrary loan services, where materials owned by other libraries are loaned to Beardsley and Memorial Library for specific patrons. We offer access to audio tapes and DVDs made available by the State of Connecticut Library, and access to a photocopy machine and a fax service, where patrons may have items sent or received. Income tax forms were also available at the library this year.

The library continues to reach out to all age groups of our three towns with books, videos, audios, and programs as we encourage literacy and lifelong learning, and bring cultural events to the three town community that we serve.

I look forward to getting to know you in the coming year. Please stop by and share with me your interests and your ideas. Together, we will continue to make the library reflect and serve the wide variety of people that reside in our three towns.

Sincerely,

Linda Senkus, Director
Beardsley and Memorial Library
40 Monro Place
Winsted, CT 06098

**FOOTHILLS VISITING NURSE & HOME CARE, INC.
COLEBROOK TOWN REPORT 2005 – 2006**

Organized as the Winsted Visiting Nurse Assoc. in 1922 by the Red Cross, Foothills Visiting Nurse & Home Care, Inc. has been providing expert, compassionate home health care to the residents of Northwest Connecticut for 84 years. In 1973 the Public Health Nursing Associations of Barkhamsted and New Hartford merged with the Winsted Visiting Nurse Association to create Regional Health Services. In 1974 full services were provided to Colebrook and in 1979 Norfolk Public Health Services merged into this group. In 1991 our name changed to Foothills Visiting Nurse & Home Care, Inc.

Foothills is a State licensed, Medicare certified, CHAP accredited, non-profit VNA providing care 24 hours a day, 7 days a week. Foothills provides services in the areas of Skilled Nursing, Physical, Occupational and Speech Therapies, Medical Social Work, Hospice, IV Therapy, Dietary, Pediatrics and Wound Care. Bereavement Programs and Telemonitoring are also provided.

Foothills employs 60 people, 95% of whom reside locally in Northwest Connecticut.

Foothills is proud of its long-standing history with the Town of Colebrook.

27 persons from Colebrook received home health services from Foothills during the past year.

Foothills receives an annual allocation from the town to help defray the costs of providing free Health Promotion visits and Public Health Programs. Health Promotion is a program in which certain elderly at-risk patients, who normally live alone and no longer qualify for insurance benefits, are routinely monitored free of charge by one of our staff nurses.

Sixty-nine (69%) percent of all our patients were age 65 or older.

Foothills offers home cosmetology services by a licensed cosmetologist. Services include hair cuts/sets/permanents and manicures.

Foothills provides free space two and one half days per month for voucher distribution by WIC (Women, Infants and Children) Nutrition Program.

This past year Foothills was fortunate to be able to conduct 10 public flu and pneumonia clinics and administered 2,514 vaccines to mostly high risk individuals. All ages, 18 and older, were welcome to attend.

Foot Care Clinics are held every other month at the Community Center. They are currently open to persons 65 or older. Thirty-one (31) foot care procedures were performed. Blood Pressure and Cholesterol screenings are held monthly at the Community Center. Blood Pressure readings are

free of charge with Cholesterol Screenings costing \$5.00. One hundred six (106) blood pressures and 16 cholesterol screenings were performed in 2005 - 2006.

Semi-annual preschool Dental Clinics continue to be held at the Agency office. At this clinic a registered dental hygienist cleans teeth and applies fluoride. A nominal \$5.00 donation is suggested. Twenty-nine (29) children from area towns were seen this past year.

Since Foothills is a non-profit health agency, the Board of Directors serve on a voluntary basis and represent all the towns in which full services are provided. The representatives from Colebrook for 2005-2006 were: Theodore Vaill (since – 1977 current treasurer) Jan Rathbun (since - 1989) Joseph Polidoro, M.D. (since – 2002)

For other-than-full-service towns, Foothills provides part (therapeutic only) services to the towns of Canaan, Canton, Hartland, Harwinton, and Torrington.

Referrals for services are accepted from anyone and services are provided regardless of ability to pay, as long as contributions, grants and other appropriations are sufficient to cover these costs.



Michael Caselas, Executive Director

NORTHWEST CONSERVATION DISTRICT

1185 New Litchfield Street Torrington, CT 06790
ph 860 626 7222, fax 860 626 8833 www.conservect.org

Northwest Conservation District has been working since 1953 to promote the conservation and wise use of natural resources through education and technical services. 2006 was an extremely productive year for NCD working with our 34 municipalities on land planning and preservation. The results were more sensitive projects with lower impacts on our local land and water.

TECHNICAL SERVICES FOCUS ON LOWER IMPACT DEVELOPMENT

This past year NCD staff completed over 100 site inspections and site development reviews with recommendations for improvement. We also provided dozens of field inspections and consultations to local citizens seeking environmental information, referrals or technical assistance. Our latest watershed project was a survey of Northfield Brook in Litchfield and Thomaston to track down and solve pollution problems.

GETTING RESULTS IN LAND PRESERVATION AND NATURAL RESOURCE PLANNING

Our services to towns and land preservation groups grew especially rapidly. We were called on to provide many field surveys and reports to support acquisition of Open Space. These reports ranged from Soils and Plant Communities to Rare Habitats such as a Heron Rookery. We also produced specialized Planning Concept GIS Maps for use in land preservation. We even laid out nature trails best suited to the natural features of the land. When towns update their Plan of Conservation and Development, NCD assists with Technical Consultation, GIS Mapping, Field Work, Volunteer Training or Educational Programs.

We also formed a new partnership with the Candlewood Lake Authority to develop specialized GIS maps and databases for a shoreline management plan that will protect and improve water quality.

NATURAL RESOURCE EDUCATION IS THE KEY

Our Envirothon Program for High School students focused on Climate Change. Teams of students did incredible work to improve their own school's sustainability. The team from Housatonic Valley Regional was chosen to represent Connecticut at the North American Competition held in Manitoba and achieved 11th place out of 55 teams. Congratulations!

Other programs are geared to town land use commission members and staff as well as the many generous volunteers who serve on land trusts or watershed groups and the public. It is our goal to provide these individuals who make the important land use decisions with the best information and tools possible. Topics this year included Vernal Pools, Methods and Financing for Land Conservation and Smarter Planning to control Sprawl. Specialized land use training was also provided to Realtors and to Municipal Highway Crews with the goal of protecting local waters.

EARTH DAY PLANT SALE, FISH AND PONDS

Thousands of Native Plants, Evergreen Seedlings, Shrubs for Wildlife Habitat and Perennials were planted by local gardeners. With special funding from Howmet Casting, we were able to provide each town a free group of native trees or shrubs for Earth Day. In addition to our Spring and Fall Trout Stocking, this year we introduced Barley Straw to pond owners as an effective, natural solution for algae control.

MUNICIPAL SUPPORT Northwest Conservation is very grateful for the ongoing support of the municipalities we serve. We also energetically pursue grant funding and private donations.



Susan B. Anthony Project
SAFETY HEALING GROWTH

Office of the First Selectman
Town of Colebrook
P.O. Box 5
Colebrook, CT 06021

Dear Sirs, *Sam*

Susan B. Anthony Project has been providing free and confidential crisis services to victims of domestic violence and sexual assault for twenty-two years. We serve twenty towns in northwest Connecticut, including the Town of Colebrook.

Services available to Colebrook residents include a 24-hour crisis-line, counseling, advocacy, and support groups for victims of sexual assault and domestic violence and their families. Our emergency shelter is available to women and their children during times of crisis, and our victim advocate is with a victim in court on the morning following domestic violence arrests.

In addition to our crisis services, the Susan B. Anthony Project community education program reaches thousands every year offering prevention programs to school children as well as civic and community groups.

Sincerely,

Barbara Spiegel
Executive Director

PO Box 846
434 Prospect Street
Torrington, Connecticut 06790
860-489-3798 Voice/TDD
Fax: 860-482-6268
www.sbaproject.org
info@sbaproject.org

24 Hour Crisis Line
860-482-7133

Board of Directors

Marlene Smith
President

Ann Bott
Vice President

Debra Kenneson
Treasurer

Robert Berson
Secretary

Gayle C. Carr
Barbara Douglass
Saun Ellis
John Gergots
Lisa Horne
Donna E. Keane
Carissa Keepin
Vickie Patrick
Turi Rostad
Mary Schinke

Advisory Board

Claudette Baril
Regina Barreca
Millie Belfort
Louis G. Donne, Jr.
Elizabeth Keilty Donovan
John Donovan
Polly Doremus
Jeanne FitzGerald
Jessica Fowler
Lake Horne
Susan Jordan
Beth McCabe
Cynthia Quinn
Liana Savory
Ellen Tilotson

Executive Director
Barbara Spiegel

Established in 1983 to
promote the autonomy of
women and the safety of all
victims of domestic abuse/
sexual assault in northwest
Connecticut, as well as to
promote community action
toward ending domestic
violence and sexual abuse.

Dear Members and Friends of the YMCA,

The YMCA made great strides in 2006 in building strong kids, strong families and strong communities in Northwestern Connecticut. 2006 marks the third year in a row of strong fiscal performance. Collectively we served 19,027 members throughout the year.

The highlight for the YMCA has to be the development and adoption of a new five-year Strategic Plan. This plan resulted in a new mission statement, vision statement and five key goals- Fiscal Stability, Facility Development, Program Enhancement, Engaged Governance and Improved Communication. These will ensure that our YMCA will continue to thrive for the years to come.

As our facility infrastructures are important to implementing our mission, to that end over \$296,500 was invested in facility improvement projects and new equipment purchases at the Canaan, Winsted and Torrington locations. The Torrington branch installed a new circuit of Strive strength training equipment, refinished its gymnasium floor, installed new flooring in a childcare classroom, replaced three roofs (pool, gymnasium & mechanical), performed pool filtration plumbing replacement and created a new cycling studio stocked with new bikes.

The Winsted branch remodeled its George Case fitness center with new flooring and a new circuit of Strive strength training equipment, refinished its gymnasium, replaced locker room shower tile and installed a 2nd diving board. The Canaan branch continues to grow and expanded its fitness center by creating a new Cardio Center with new equipment, multiple-TVs and beautiful window views. In addition, new free-weight equipment was purchased and a new aerobic floor installed for fitness classes.

In 2006, the YMCA continued to provide critical social services programs to a growing number of residents.

Our Winchester Youth Service Bureau branch served over 646 at-risk youth.

The YMCA's Literacy Volunteers program tutored one-on-one 95 foreign speaking adult students in English as a Second Language (ESL) with over 100 volunteer tutors.

We provided safe housing & shelter for up to 74 people each day. Our 57 supportive-housing resident rooms in both facilities maintained 100% occupancy with only 25% turnover. Our 17-bed Winchester Emergency Shelter maintained 81% occupancy with an average bed use of 13.8 beds per night.

The YMCA's Board of Directors and Trustees conducted our most successful annual fund raising campaign to date, raising over \$88,000 to provide youth programs and financial assistance to disadvantaged youth and families. In 2006 1,215 individuals were able to participate in YMCA programs through YMCA financial assistance- at a cost of over \$175,600.

To all members, contributors, volunteers, participants and staff, we thank you for making 2006 our most successful years of service!

Bill Mascetti

President, Board of Directors

Greg Brisco

Chief Executive Director



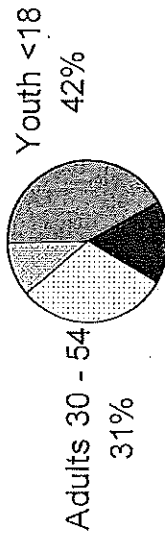
2006 Membership Report

2006 Member Demographics

49% Male - 51% Female

Adults 55+

11%



Adults 18 - 29

16%

Members by Service Area



COMMUNITY	Number	COMMUNITY	Number
Bantam	101	Norfolk	506
Barkhamsted	442	North Canaan	1,091
Colebrook	151	Pine Meadow	34
Cornwall	316	Riverton	124
East Canaan	169	Salisbury	273
Falls Village	445	Sharon	267
Goshen	313	Torrington	6,901
Harwinton	626	West Hartland	31
Lakeville	376	Winsted / Winch. Ctr	2,738
Litchfield	724	Sub-Total	17,133
Morris	188		
New Hartford	875	Out of Service Area	1,894
		Total People Served	19,027

