

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

of the

**TOWN OF MANSFIELD,
CONNECTICUT**

FOR THE YEAR ENDED

JUNE 30, 2006

**PREPARED BY:
THE FINANCE DEPARTMENT**

JEFFREY H. SMITH, DIRECTOR OF FINANCE

TOWN OF MANSFIELD, CONNECTICUT

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Introductory Section

FINANCIAL MANAGEMENT GOALS

PREFACE

The Fiscal Performance Goals adopted by the Town Council on March 9, 1987, as amended November 25, 1996, represent an effort to establish written policies for guiding the Town's financial management practices. These goals are not intended in any way to limit the authority of the Council to act, but rather to form a framework within which to make financial decisions and to monitor financial activity in a consistent manner. The adoption of these goals will not restrict the Town Council's ability and responsibility to respond to emergency or service delivery needs above or beyond the suggested limitations herein established.

FINANCIAL REPORTING PERFORMANCE GOALS

- A policy of full and open disclosure of all financial activity will be adhered to.
- Records will be maintained on a basis consistent with accepted government accounting standards.
- The Director of Finance will prepare monthly, quarterly and annual financial reports, presenting a summary of financial activity by major types of funds and programs.
- The Comprehensive Annual Financial Report will be prepared in conformity with accounting principles generally accepted in the United States of America and governmental financial reporting practices.
- An independent public accounting firm will be employed to perform an annual audit of all funds, authorities, agencies and grant programs, and the annual audited report will be made available to the general public, bond and financial consultants, and other interested citizens and organizations. The audit will be completed and submitted to the Town Council within one hundred fifty (150) days of the close of the Town's fiscal year.

RESERVE PERFORMANCE GOALS

- A contingency account will be established annually in the operating budget to:
 - a. provide for settlement of pending labor contract negotiations;
 - b. provide for temporary funding of unforeseen needs of an emergency or nonrecurring nature;
 - c. permit orderly budgetary adjustments when revenues are lost through the action of other governmental bodies;
 - d. provide the local match for public or private grants; and
 - e. meet unexpected small increases in service delivery costs.
- The contingency account will be budgeted at a level sufficient to provide for settlement of pending labor contract negotiations plus an amount not to exceed one percent (0.5%) of the proposed Town budget. The Town's budget will be amended at the time such contingency funds are committed. The contingency account will be separate from the carryover fund balance.

FUND BALANCE GOALS

- A year-to-year carryover fund balance will be maintained in an amount necessary to maintain adequate cash flow and to prevent the demand for short-term borrowing. The undesignated fund balance should be at least three percent (3%) of the general fund operating budget and shall be separate from the contingency account. Fund balance in excess of the three percent goal should be used for balancing the proposed operating tax budget in the succeeding fiscal year.
- Increase the undesignated fund balance from three percent of the general fund operating budget to five percent.
- Establish a policy not to use fund balance as a source of financing future years operating budgets.
- Transfer any fund balance in excess of five percent to the CNR Fund for one-time expenditures.

CAPITAL IMPROVEMENTS PERFORMANCE GOALS

- Capital improvements will be based on long-range projected needs rather than on immediate needs, in order to minimize future maintenance, replacement and capital costs.
- All capital improvements should be made in accordance with the Town's five-year capital improvements program. The capital improvements program shall be revised annually.
- The development of the capital improvements program will be coordinated with the operating budget in order to maintain a reasonably stable total tax levy.
- Before submission to the Town Council, the Town Manager will identify the estimated cost and potential funding sources for each capital project proposed. Future operating costs associated with a proposed capital improvement will be estimated before a decision is made to implement a project.
- Federal, State and other intergovernmental and private funding sources will be sought out and used as available to assist in financing capital improvements.

INVESTMENT PERFORMANCE GOALS

- A cash flow analysis of all funds will be developed on a regular basis. Collections, deposits and disbursements of all funds will be scheduled in a way as to ensure maximum cash availability.
- Where permitted by law, cash from separate funds and sources will be pooled to maximize investment yields. Interest will be credited to the General Fund except where prohibited by law or where the source of the cash is from an individual or corporation to ensure performance. Interest will be credited to the Capital and Nonrecurring Expenditure Fund (CNR) on cash held in the CNR Fund and the Capital Fund. The interest income will be used for future capital projects or debt service.
- Investment policy will be consistent with State law and will provide for security of principal as well as needed liquidity.

DEBT PERFORMANCE GOALS

- Long-term debt will be limited to those capital improvements that should not be financed from current revenues.
- The maturity date for any debt will not exceed the reasonably expected useful life of the project so financed.
- The total direct general obligation debt will not exceed three percent (3%) of the full assessment value of taxable property.
- As a means of further minimizing the impact of debt obligations of the taxpayers:
 - a. long-term net debt will not exceed \$500 per capita; and
 - b. these limitations will not apply to any debt incurred for emergency purposes.
- The issuance of bond, tax and revenue anticipation notes will be avoided.
- Special assessments, revenue bonds and/or any other available self-liquidating debt measures will be used instead of general obligation bonds where and when possible and applicable.
- An official statement will be prepared to be used in connection with all sales of bonds and notes.
- Good relations will be maintained with financial and bond rating agencies, and a policy of full and open disclosure on every financial report and bond prospectus will be followed.

OPERATING EXPENDITURES PERFORMANCE GOALS

- The Town Manager will propose and the Town Council will adopt and maintain a balanced budget in which expenditures will not be allowed to exceed reasonable estimated resources and revenues.
- All current operation and maintenance expenses will be paid from the current revenue sources.
- The operating budget will provide for the adequate maintenance of capital assets and equipment.
- The budget will provide for adequate funding of all employee benefit programs and retirement systems.
- A budgetary control system will be maintained to enable adherence to the adopted budget. This will include a record keeping system to be adhered to by all programs and activities receiving annual Town Council appropriations.
- A system of regular monthly fiscal reports comparing actual revenues and expenditures to budgeted amounts will be prepared and maintained.
- An effective risk management program to minimize loss and reduce costs will be developed and implemented. The Town Manager will ensure that adequate insurance programs are in place, including unemployment and workers' compensation insurance.

OPERATING EXPENDITURES PERFORMANCE GOALS (CONTINUED)

- Delivery of services by other public and private organizations will be encouraged whenever and wherever greater efficiency and effectiveness can be expected. Technology and productivity advancements that will help reduce or avoid increasing personnel costs as a proportion of the total budget, that use available resources more productively and creatively, and that avoid duplication of effort and resources will be utilized.
- A Reserve Fund for Capital and Nonrecurring Expenditures will be maintained and will be adequately funded each year by a transfer from the General Fund Budget and by unanticipated one time revenues.

REVENUE PERFORMANCE GOALS

- A diversified and stable revenue system will be maintained as protection from short-run fluctuations.
 - Annual revenues will be estimated on an objective and reasonable basis. The Town Manager will develop a method to project revenues on a multi-year basis.
 - One time or special purpose revenues will be used only for capital expenditures or for expenditures required by the revenues and not to subsidize recurring personnel, operation or maintenance costs.
 - All user charges and fees will be annually re-evaluated at a level related to the cost of providing the services.
 - Appropriate expansion and diversification of the tax base will be encouraged and additional Federal and State revenues will be sought in order to reduce the reliance on the property tax as it affects individual homeowners.
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TOWN OF MANFIELD, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS

Town Council

Elizabeth Paterson, Mayor
Greg Haddad, Deputy Mayor
Alison Whitham Blair
Bruce Clouette
Alan Hawkins
Helen Koehn
Christopher Paulhus
Caroline Redding
Carl Schaefer

Martin H. Berliner
Town Manager

Matthew W. Hart
Assistant Town Manager

Jeffrey H. Smith
Director of Finance

Cheryl A. Trahan
Controller/Treasurer

Irene La Pointe
Assessor

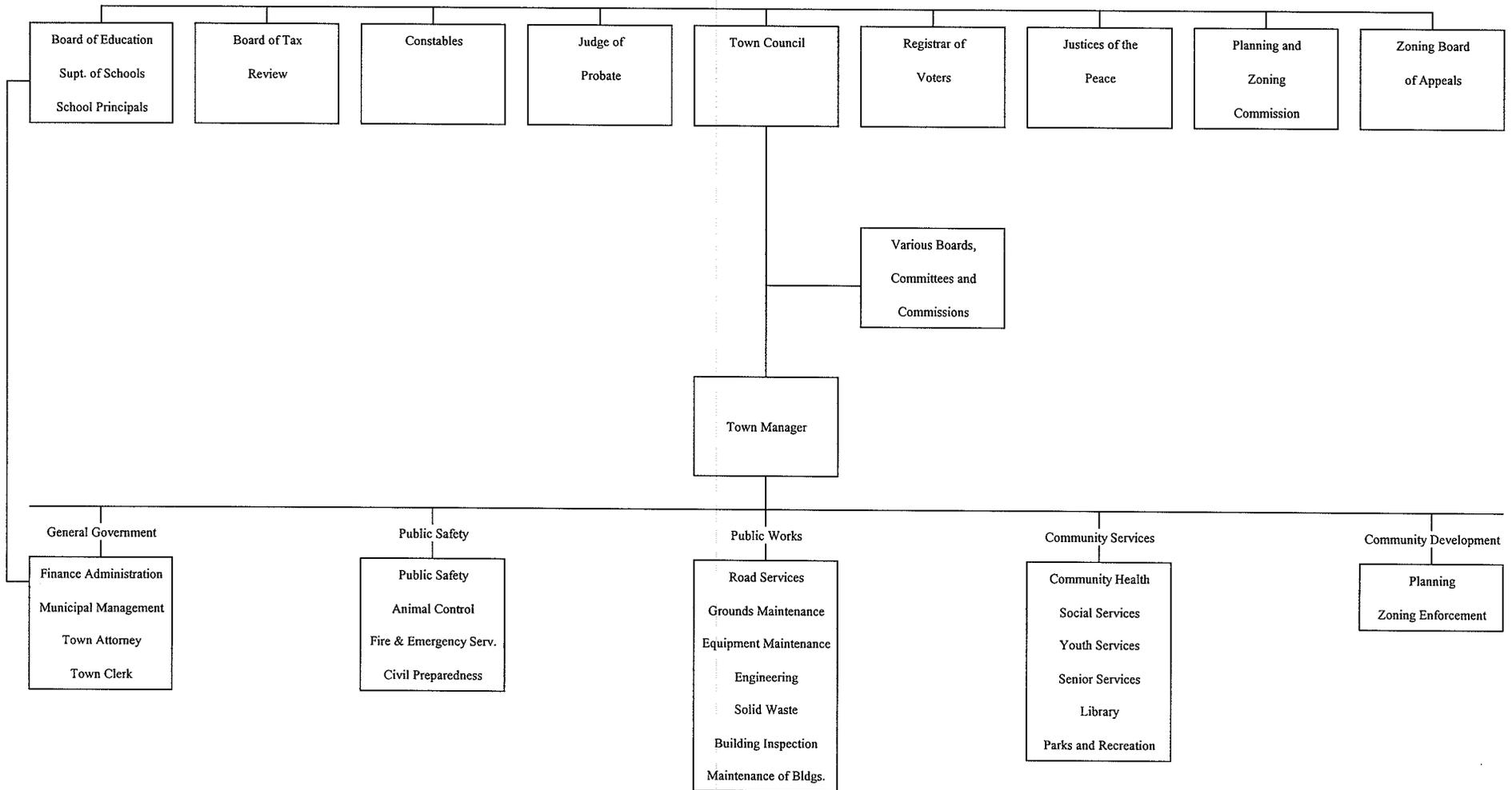
Christine Gamache
Collector of Revenue

Jo-Anne Roberts
Information Technology Manager

TOWN OF MANSFIELD, CONNECTICUT

ORGANIZATIONAL CHART

Electors



Financial Section

INDEPENDENT AUDITORS' REPORT

Town Council
Town of Mansfield, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Mansfield, Connecticut, as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Mansfield, Connecticut, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

The Management Discussion and Analysis on pages __ through __ is not a required part of the basic financial statements but is supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

December __, 2006

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mansfield, Connecticut's basic financial statements. The introductory section and the accompanying financial information listed as supplemental schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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.

Farmington, Connecticut

December __, 2006

Basic Financial Statements

TOWN OF MANSFIELD, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2006

	PRIMARY GOVERNMENT			COMPONENT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	UNIT MANSFIELD DISCOVERY DEPOT, INC.
ASSETS				
Current assets:				
Cash.....	\$ 112,073	\$	\$ 112,073	\$ 200
Investments.....	8,457,766	527,621	8,985,387	249,495
Receivables:				
Property taxes.....	295,606		295,606	
Intergovernmental.....	397,742		397,742	
Loans.....	52,091		52,091	
Other.....	439,464	78,373	517,837	
Other assets.....	30,810		30,810	
Bond issue costs.....	6,185		6,185	
Total current assets.....	9,791,737	605,994	10,397,731	249,695
Noncurrent assets:				
Restricted assets:				
Temporarily restricted:				
Investments.....	282		282	
Permanently restricted:				
Investments.....	352,343		352,343	
Total restricted assets.....	352,625	-	352,625	-
Receivables (net):				
Property taxes.....	281,778		281,778	
Intergovernmental.....	286,012		286,012	
Loans.....	968,900		968,900	
Total receivables (net).....	1,536,690	-	1,536,690	-
Other noncurrent assets:				
Bond issue costs.....	43,290		43,290	
Capital assets (net of accumulated depreciation):				
Land.....	4,151,772	74,798	4,226,570	
Construction in progress.....	3,393,813		3,393,813	
Land improvements.....	927,319		927,319	
Buildings.....	22,580,765	38,619	22,619,384	
Improvements other than buildings.....	214,314		214,314	
Machinery and equipment.....	1,296,159	127,035	1,423,194	
Vehicles.....	1,298,216		1,298,216	
Infrastructure.....	33,693,805		33,693,805	
Pump station.....		124,085	124,085	
Sewer distribution system.....		452,661	452,661	
Total Capital assets (net of accumulated depreciation).....	67,556,163	817,198	68,373,361	-
Total noncurrent assets.....	69,488,768	817,198	70,305,966	-
TOTAL ASSETS.....	79,280,505	1,423,192	80,703,697	249,695

(Continued)

TOWN OF MANSFIELD, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2006

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	MANSFIELD DISCOVERY DEPOT, INC.
LIABILITIES				
Current liabilities:				
Cash overdraft.....	\$ 313,125	\$	\$ 313,125	\$
Accounts payable.....	1,572,524	116,645	1,689,169	857
Accrued liabilities.....	1,351,508		1,351,508	9,822
Accrued interest payable.....	21,664		21,664	
Unearned revenue.....	270,690		270,690	
Total current liabilities.....	3,529,511	116,645	3,646,156	10,679
Noncurrent liabilities:				
Long-term liabilities due within one year.....	1,381,103	13,229	1,394,332	
Long-term liabilities due in more than one year.....	5,955,267	139,688	6,094,955	
Total Noncurrent liabilities.....	7,336,370	152,917	7,489,287	-
TOTAL LIABILITIES.....	10,865,881	269,562	11,135,443	10,679
NET ASSETS				
Invested in capital assets, net of related debt.....	63,774,998	817,198	64,592,196	
Restricted for:				
Capital projects.....	24,216		24,216	
Perpetual care:				
Nonexpendable.....	346,991		346,991	
Endowments:				
Nonexpendable.....	1,652		1,652	
Expendable.....	282		282	
Debt service.....	71,079		71,079	
Other purposes.....	71,936		71,936	
Unrestricted.....	4,123,470	336,432	4,459,902	239,016
TOTAL NET ASSETS.....	\$ 68,414,624	\$ 1,153,630	\$ 69,568,254	\$ 239,016

(Concluded)

TOWN OF MANSFIELD, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET EXPENSES AND CHANGES IN NET ASSETS			COMPONENT UNIT MANSFIELD DISCOVERY DEPOT, INC.
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
GOVERNMENTAL ACTIVITIES:								
General government.....	\$ 2,536,868	\$ 461,599	\$ 8,210	\$ 40,797	\$ (2,026,262)	\$	\$ (2,026,262)	\$
Public safety.....	2,838,970	67,067	20,660	43,695	(2,707,548)		(2,707,548)	
Public works.....	4,335,002	596,219	186,038	805,549	(2,747,196)		(2,747,196)	
Community services.....	4,465,428	1,824,775	234,861	(45,500)	(2,451,292)		(2,451,292)	
Community development.....	454,273	88,093			(366,180)		(366,180)	
Education.....	29,003,912	702,052	10,902,915		(17,398,945)		(17,398,945)	
Interest expense.....	236,932				(236,932)		(236,932)	
TOTAL GOVERNMENTAL ACTIVITIES.....	43,871,385	3,739,805	11,352,684	844,541	(27,934,355)	-	(27,934,355)	-
BUSINESS-TYPE ACTIVITIES:								
Sewer Department.....	162,587	190,000				27,413	27,413	
Transfer Station.....	992,637	944,101				(48,536)	(48,536)	
TOTAL BUSINESS-TYPE ACTIVITIES.....	1,155,224	1,134,101	-	-	-	(21,123)	(21,123)	-
TOTAL PRIMARY GOVERNMENT.....	\$ 45,026,609	\$ 4,873,906	\$ 11,352,684	\$ 844,541	\$ (27,934,355)	\$ (21,123)	\$ (27,955,478)	\$ -
COMPONENT UNIT:								
Mansfield Discovery Depot, Inc.....	\$ 1,048,659	\$ 808,058	\$ 254,599	\$	\$	\$	\$	\$ 13,998
GENERAL REVENUES:								
Property taxes.....					\$ 19,421,660	\$	\$ 19,421,660	\$
Grants and contributions not restricted to specific programs.....					9,244,886		9,244,886	
Investment income.....					571,794		571,794	
Miscellaneous.....					140,750	2,325	143,075	
TOTAL GENERAL REVENUES.....					29,379,090	2,325	29,381,415	-
CHANGE IN NET ASSETS.....					1,444,735	(18,798)	1,425,937	13,998
NET ASSETS - JULY 1, 2005.....					66,969,889	1,172,428	68,142,317	225,018
NET ASSETS - JUNE 30, 2006.....					\$ 68,414,624	\$ 1,153,630	\$ 69,568,254	\$ 239,016

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

TOWN OF MANSEFIELD, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	GENERAL	MANSFIELD DISCRETIONARY FUND	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash.....	\$ 111,473	\$	\$	\$ 600	\$ 112,073
Investments.....	3,994,287	151,188	1,523,690	1,045,648	6,714,813
Restricted Investments.....				352,625	352,625
Receivables:					
Property taxes.....	500,106				500,106
Sewer assessments.....				18,100	18,100
Intergovernmental.....	26,000		38,539	37,741	102,280
Loans.....		1,041,828			1,041,828
Other.....	95,505		140,000	35,380	270,885
Due from other funds.....	322,492				322,492
Other.....				7,727	7,727
TOTAL ASSETS.....	\$ 5,049,863	\$ 1,193,016	\$ 1,702,229	\$ 1,497,821	\$ 9,442,929
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Cash overdraft.....	\$ 313,125	\$	\$	\$	\$ 313,125
Accounts and other payables.....	832,324		171,447	88,642	1,092,413
Accrued liabilities.....	862,862		8,646		871,508
Due to other funds.....	735,679		745	243,021	979,445
Unearned revenue.....	572,244	1,041,828	140,000	169,259	1,923,331
TOTAL LIABILITIES.....	3,316,234	1,041,828	320,838	500,922	5,179,822
FUND BALANCES:					
Reserved for:					
Encumbrances.....	71,936				71,936
Commitments.....			24,216		24,216
Debt service.....				71,079	71,079
Perpetual care.....				346,991	346,991
Endowments.....				1,652	1,652
Unreserved, reported in:					
General fund.....	1,661,693				1,661,693
Special revenue funds.....		151,188		632,094	783,282
Capital projects funds.....			1,357,175		1,357,175
Debt service funds.....				(55,199)	(55,199)
Endowments.....				282	282
TOTAL FUND BALANCES.....	1,733,629	151,188	1,381,391	996,899	4,263,107
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 5,049,863	\$ 1,193,016	\$ 1,702,229	\$ 1,497,821	\$ 9,442,929

(Continued)

TOWN OF MANSEFIELD, CONNECTICUT

RECONCILIATION OF FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2006

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET. THE DETAILS OF THIS DIFFERENCE ARE AS FOLLOWS:

TOTAL FUND BALANCE (EXHIBIT C, PAGE 1).....	\$ 4,263,107
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:	
Beginning net capital assets and current additions.....	69,492,672
Depreciation expense.....	(1,936,509)
OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS:	
Property tax and sewer assessment interest and lien accrual.....	139,799
Property tax, sewer assessment and community development block grant loan receivable - accrual basis change.....	1,634,541
School building grant receivable.....	581,474
Allowance for doubtful accounts.....	(83,358)
Bond issue costs.....	49,475
INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COST OF INSURANCE AND MANAGEMENT SERVICES TO INDIVIDUAL DEPARTMENTS:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....	2,673,684
Less net capital assets reported above.....	(1,042,227)
SOME LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:	
Beginning long-term liabilities and current year additions.....	(9,848,822)
Long-term liability payments.....	2,512,452
Accrued interest payable.....	(21,664)
NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 68,414,624</u>

(Concluded)

TOWN OF MANSFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	GENERAL	MANSFIELD DISCRETIONARY FUND	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property taxes.....	\$ 19,380,701	\$	\$	\$	\$ 19,380,701
Intergovernmental.....	17,706,288		569,361	3,030,114	21,305,763
Investment income.....	420,493	8,410		105,675	534,578
Charges for services.....	924,356	16,265		2,759,663	3,700,284
Contributions.....			43,500	147,147	190,647
Other local revenues.....			27,900	7,762	35,662
TOTAL REVENUES.....	38,431,838	24,675	640,761	6,050,361	45,147,635
EXPENDITURES:					
Current:					
General government.....	1,389,592			56,200	1,445,792
Public safety.....	2,400,021			23,744	2,423,765
Public works.....	2,505,746			172,559	2,678,305
Community services.....	1,504,867			2,132,802	3,637,669
Community development.....	296,701	103,011			399,712
Townwide expenditures.....	2,647,899				2,647,899
Education.....	27,262,086			1,824,084	29,086,170
Capital outlay.....			2,250,753		2,250,753
Debt service.....				1,046,239	1,046,239
TOTAL EXPENDITURES.....	38,006,912	103,011	2,250,753	5,255,628	45,616,304
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	424,926	(78,336)	(1,609,992)	794,733	(468,669)
OTHER FINANCING SOURCES (USES):					
Transfers in.....	152,500		1,131,132	801,500	2,085,132
Transfers out.....	(500,500)		(10,988)	(1,809,632)	(2,321,120)
NET OTHER FINANCING SOURCES (USES)....	(348,000)	-	1,120,144	(1,008,132)	(235,988)
NET CHANGE IN FUND BALANCES.....	76,926	(78,336)	(489,848)	(213,399)	(704,657)
FUND BALANCES - JULY 1, 2005.....	1,656,703	229,524	1,871,239	1,210,298	4,967,764
FUND BALANCES - JUNE 30, 2006.....	\$ 1,733,629	\$ 151,188	\$ 1,381,391	\$ 996,899	\$ 4,263,107

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

TOWN OF MANSFIELD, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ (704,657)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay.....	1,968,986
Depreciation expense.....	(1,936,509)
Net increase in capital assets of internal service funds.....	(68,842)

Total	(36,365)
-------------	----------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the Statement of Activities:

School building grant receipts.....	(330,379)
Increase in property tax and sewer assessment receivable - accrual basis change.....	28,079
Increase in property tax and sewer assessment interest and lien revenue.....	3,309
Increase in property tax and sewer assessment allowance for doubtful accounts.....	3,592

Total	(295,399)
-------------	-----------

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

Principal repayments:	
General obligation bonds.....	830,000

(Continued)

TOWN OF MANSFIELD, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

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:

Compensated absences (net).....	\$	82,361
Accrued interest payable.....		2,912
Early retirement incentives (net).....		334,912
Amortization of bond premium.....		1,228
Amortization of bond issuance costs.....		(6,185)
Amortization of deferred charges.....		(18,648)
Postemployment benefits obligation.....		<u>273,526</u>
 Total		 <u>670,106</u>
 Internal Service Funds are used by management to charge costs of insurances and management services to individual departments.....		 <u>943,834</u>
 The net revenue of the activities of the Internal Service Funds is reported with governmental activities.....		 <u>37,216</u>
 CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B).....	 \$	 <u>1,444,735</u>

(Concluded)

TOWN OF MANSFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 19,382,040	\$ 19,382,040	\$ 19,380,701	\$ (1,339)
Intergovernmental.....	16,179,540	16,782,040	16,829,364	47,324
Investment income.....	260,000	400,000	420,493	20,493
Charges for services.....	925,770	925,770	924,356	(1,414)
Other local revenues.....	5,300	5,300		(5,300)
TOTAL REVENUES.....	36,752,650	37,495,150	37,554,914	59,764
EXPENDITURES:				
Current:				
General government.....	1,340,775	1,389,886	1,389,886	-
Public safety.....	2,415,970	2,401,467	2,401,468	(1)
Public works.....	2,365,985	2,508,582	2,508,582	-
Community services.....	1,535,190	1,508,057	1,508,057	-
Community development.....	304,890	296,701	296,701	-
Townwide expenditures.....	2,081,080	2,648,789	2,648,789	-
Education.....	26,360,760	26,360,760	26,359,840	920
TOTAL EXPENDITURES.....	36,404,650	37,114,242	37,113,323	919
EXCESS OF REVENUES OVER EXPENDITURES.....	348,000	380,908	441,591	60,683
OTHER FINANCING SOURCES (USES):				
Transfers in.....	152,500	152,500	152,500	-
Transfers out.....	(500,500)	(533,408)	(500,500)	32,908
NET OTHER FINANCING SOURCES (USES).....	(348,000)	(380,908)	(348,000)	32,908
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	93,591	\$ 93,591
FUND BALANCE - JULY 1, 2005.....			1,568,102	
FUND BALANCE - JUNE 30, 2006.....			\$ 1,661,693	

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

TOWN OF MANSFIELD, CONNECTICUT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	MAJOR FUND	NONMAJOR FUND	TOTALS	INTERNAL SERVICE FUNDS
	SEWER OPERATING FUND	SOLID WASTE DISPOSAL		
ASSETS				
Current assets:				
Investments.....	\$ 410,748	\$ 116,873	\$ 527,621	\$ 1,742,953
Accounts receivable.....	54,394	23,979	78,373	168,579
Due from other funds.....			-	237,107
Other.....			-	23,083
Total current assets.....	465,142	140,852	605,994	2,171,722
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Land.....	66,298	8,500	74,798	145,649
Construction in progress.....			-	48,663
Land improvements.....			-	241,282
Buildings.....		38,619	38,619	97,104
Equipment.....		127,035	127,035	509,529
Pump station.....	124,085		124,085	
Sewer distribution system.....	452,661		452,661	
Total capital assets (net of accumulated depreciation).....	643,044	174,154	817,198	1,042,227
TOTAL ASSETS.....	1,108,186	315,006	1,423,192	3,213,949
LIABILITIES				
Current liabilities:				
Accounts payable.....	18,272	98,373	116,645	56,374
Accrued claims payable.....			-	480,000
Due to other funds.....			-	3,891
Landfill post closure liability.....		4,000	4,000	
Compensated absences.....		9,229	9,229	
Total current liabilities.....	18,272	111,602	129,874	540,265
Noncurrent liabilities:				
Landfill post closure liability.....		112,000	112,000	
Compensated absences.....		27,688	27,688	
Total noncurrent liabilities.....	-	139,688	139,688	-
TOTAL LIABILITIES.....	18,272	251,290	269,562	540,265
NET ASSETS				
Invested in capital assets.....	643,044	174,154	817,198	1,042,227
Unrestricted.....	446,870	(110,438)	336,432	1,631,457
TOTAL NET ASSETS.....	\$ 1,089,914	\$ 63,716	\$ 1,153,630	\$ 2,673,684

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

TOWN OF MANSFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	MAJOR FUND	NONMAJOR FUND	TOTALS	INTERNAL SERVICE FUNDS
	SEWER OPERATING FUND	SOLID WASTE DISPOSAL		
OPERATING REVENUES:				
Sewer charges.....	\$ 190,000	\$ -	\$ 190,000	\$ -
Garbage collection fees.....	-	772,541	772,541	-
Tipping fees.....	-	23,611	23,611	-
Transfer station fees.....	-	86,905	86,905	-
Sale of recyclables.....	-	61,044	61,044	-
Premiums.....	-	-	-	6,210,337
Charges for services.....	-	-	-	411,997
Sales.....	-	-	-	195,194
Rental income.....	-	-	-	175,765
Contributions.....	-	-	-	900
Other revenues.....	598	1,727	2,325	105,088
TOTAL OPERATING REVENUES.....	190,598	945,828	1,136,426	7,099,281
OPERATING EXPENSES:				
Wages and fringe benefits.....	-	245,147	245,147	240,710
Administration.....	-	-	-	612,193
Medical claims.....	-	-	-	4,297,986
Workers' compensation.....	-	-	-	360,085
Repairs & maintenance.....	-	-	-	195,458
Supplies, materials & rentals.....	-	-	-	240,545
Software & related communication costs.....	-	-	-	141,719
Utilities.....	-	-	-	133,440
Contract pickup.....	-	317,694	317,694	-
Sewer billings.....	124,309	-	124,309	-
Supplies and services.....	14,442	32,991	47,433	-
Dumping fees.....	-	366,517	366,517	-
Depreciation.....	23,836	30,288	54,124	169,299
TOTAL OPERATING EXPENSES.....	162,587	992,637	1,155,224	6,391,435
OPERATING INCOME (LOSS).....	28,011	(46,809)	(18,798)	707,846
NONOPERATING REVENUES:				
Investment income.....	-	-	-	37,216
INCOME (LOSS) BEFORE TRANSFERS.....	28,011	(46,809)	(18,798)	745,062
TRANSFERS:				
Transfers in.....	-	-	-	235,988
CHANGE IN NET ASSETS.....	28,011	(46,809)	(18,798)	981,050
TOTAL NET ASSETS - JULY 1, 2005.....	1,061,903	110,525	1,172,428	1,692,634
TOTAL NET ASSETS - JUNE 30, 2006.....	\$ 1,089,914	\$ 63,716	\$ 1,153,630	\$ 2,673,684

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

TOWN OF MANSFIELD, CONNECTICUT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	MAJOR FUND	NONMAJOR FUND	TOTALS	INTERNAL SERVICE FUNDS
	SEWER OPERATING FUND	SOLID WASTE DISPOSAL		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers.....	\$ 183,600	\$ 942,617	\$ 1,126,217	\$ 862,706
Premiums received.....			-	6,203,808
Payments to vendors.....	(137,992)	(684,067)	(822,059)	(1,559,256)
Payments for claims.....			-	(4,297,986)
Payments to employees.....		(236,222)	(236,222)	(240,710)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	45,608	22,328	67,936	968,562
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds.....			-	235,988
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets.....			-	(238,141)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income.....			-	37,216
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	45,608	22,328	67,936	1,003,625
CASH AND CASH EQUIVALENTS - JULY 1, 2005.....	365,140	94,545	459,685	739,328
CASH AND CASH EQUIVALENTS - JUNE 30, 2006.....	\$ 410,748	\$ 116,873	\$ 527,621	\$ 1,742,953
RECONCILIATION TO BALANCE SHEET CASH:				
Cash and cash equivalents per above.....	\$ 410,748	\$ 116,873	\$ 527,621	\$ 1,742,953
Cash equivalents reported as investments.....	(410,748)	(116,873)	(527,621)	(1,742,953)
BALANCE SHEET CASH.....	\$ -	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 28,011	\$ (46,809)	\$ (18,798)	\$ 707,846
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation.....	23,836	30,288	54,124	169,299
(Increase) decrease in:				
Accounts receivable.....	(6,998)	(3,211)	(10,209)	(32,767)
Due from other funds.....			-	92,094
Other.....			-	(5,218)
Increase (decrease) in:				
Accounts payable.....	759	37,135	37,894	33,983
Due to other funds.....			-	3,325
Compensated absences.....		8,925	8,925	
Landfill postclosure liability.....		(4,000)	(4,000)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 45,608	\$ 22,328	\$ 67,936	\$ 968,562

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

TOWN OF MANSFIELD, CONNECTICUTSTATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	POSTEMPLOYMENT HEALTHCARE TRUST FUND	AGENCY FUNDS
<u>ASSETS</u>		
CASH.....	\$	\$ 51,080
INVESTMENTS, AT FAIR VALUE:		
Pooled fixed income.....		630,478
Bond mutual funds.....	139,445	
Equity mutual funds.....	141,974	
TOTAL INVESTMENTS.....	281,419	630,478
ACCOUNTS RECEIVABLE.....		6,240
DUE FROM OTHER FUNDS.....		522,409
TOTAL ASSETS.....	281,419	1,210,207
<u>LIABILITIES</u>		
LIABILITIES:		
Accounts payable.....		1,209,842
Due to other funds.....	98,307	365
TOTAL LIABILITIES.....	98,307	1,210,207
<u>NET ASSETS</u>		
NET ASSETS HELD IN TRUST FOR POSTEMPLOYMENT HEALTHCARE PURPOSES.....	\$ 183,112	\$ -

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

EXHIBIT K

TOWN OF MANSFIELD, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2006

	POST- EMPLOYMENT HEALTHCARE TRUST FUND
<hr/>	
ADDITIONS:	
Contributions:	
Employer.....	\$ 40,000
Investment income:	
Net appreciation in fair value of investments.....	<u> 7,497</u>
TOTAL ADDITIONS.....	47,497
DEDUCTIONS:	
Benefits.....	<u> 23,064</u>
CHANGE IN NET ASSETS.....	24,433
NET ASSETS - JULY 1, 2005.....	<u> 158,679</u>
NET ASSETS - JUNE 30, 2006.....	<u><u> \$ 183,112</u></u>

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

TOWN OF MANSFIELD, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

HISTORY AND ORGANIZATION

The Town of Mansfield, Connecticut (Town) was incorporated in 1702, covers an area of approximately 45.1 square miles, and has been the home of the University of Connecticut since 1881.

The Town of Mansfield operates under the provisions of its Charter and the General Statutes of the State of Connecticut. The legislative power of the Town is vested in a Town Council and the Town Meeting. The Town Manager, who is the chief executive officer, superintends the concerns of the Town. The Town Council is responsible for presenting fiscal operating budgets to the Town Meeting for approval. The Board of Education is responsible for the operation of the school system.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support; likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable.

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

Discretely Presented Component Unit

The Mansfield Discovery Depot, Inc. is included in the Town's Comprehensive Annual Financial Report as a discretely presented component unit since the Depot is financially accountable to the Town due to the Town Council's approval authority over budget increases in excess of \$10,000. The organization is reported in a separate column to emphasize that it is legally separate from the Town. The agency appoints its own board, of which two of the members are also members of the Town Council. Mansfield Discovery Depot, Inc. accounts for federal and state funds, local contributions and participants' fees for the operation of a child day care center.

The Town of Mansfield is the designated Local Agency pursuant to a Master Contract with the State of Connecticut, dated May 17, 1974, between the Town and the State of Connecticut. Under the terms of the Master Contract, the Town has entered into a Delegate Agency Contract with Mansfield Discovery Depot, Inc. to carry out the program. The facilities in which Mansfield Discovery Depot, Inc. operates are owned by the Town, and the operations of the child day care center benefit primarily Town residents.

Mansfield Discovery Depot, Inc. does not issue separate audited financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The Town reports the following major governmental funds:

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

The *Mansfield Discretionary Fund* accounts for the activity of the prior community development block grants.

The *Capital Projects Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases.

The Town reports the following major proprietary fund:

The *Sewer Operating Fund* accounts for the activities of the Town's sewer operations.

Additionally, the Town reports the following fund types:

The *Internal Service Funds* account for risk financing activities for insurance benefits as allowed by GASB Statement No. 10 and for management services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

The *Postemployment Healthcare Trust Fund* accounts for the accumulation of resources to pay retiree medical benefits.

The *Agency Funds* account for monies held on behalf of students and employees and amounts held for performance related activities.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town also has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer operating enterprise fund, of the solid waste disposal enterprise fund, and of the Town's internal service funds are charges to customers for sales and services. The sewer operating fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Component Unit - The Mansfield Discovery Depot, Inc. is accounted for using the accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned and expenses are recognized when a liability is incurred.

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

Investments - Both the Town and the component unit's eligible investments are governed by State of Connecticut Statutes which, in general, allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital and nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**C. Assets, Liabilities, and Net Assets or Equity (Continued)****1. Deposits and Investments (Continued)**

Investments for the Town and the component unit are reported at fair value. State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. The balance of the pooled fixed income investments were invested in a 2a-7 like pool which operates under state statutes. The fair value of the position in the pool is the same as the value of the pool shares.

2. Receivables and Payables**a. Interfunds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

b. Property Taxes and Other Receivables

In the government-wide financial statements, all property tax, sewer use, sewer assessment, and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 11 percent of outstanding receivable balances at June 30, 2006, and are calculated based upon prior collections.

In the fund financial statements, property tax revenues are recognized when levied to the extent that they become available. Available means collected within the current fiscal year or within 60 days after the end of the fiscal year. Property taxes not expected to be collected during the available period are recorded as deferred revenue.

Property taxes become an enforceable lien on October 1. Aggrieved parties may appeal to the Board of Tax Review, which must hear their petition during the month of February, following the lien date. The Board of Tax Review must render a final opinion no later than March 15. Property taxes are levied on July 1 and are due and payable in two installments; July 1 for the first half and January 1 for the second half. Property taxes receivable, net of an allowance for uncollectibles, are recorded as of the levy date. All bills under \$50 are due in full July 1. Motor vehicle taxes are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Certificates of continuing lien are filed against delinquent real estate taxes within the first year after the first installment of the tax. Real property valuations are established by the Assessor's office and reflect 70 percent of 2004 fair market values. Motor vehicle valuations reflect 70 percent of current retail value on the assessment date.

Loan receivables consist of Community Development Block Grant loans. The Town provides low interest loans for residential rehabilitation.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Restricted Assets

The Cemetery and Local School funds are restricted to expenditure of the investment income only for the donor-designated purpose.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities' columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	15-75
Improvements other than buildings	15-35
Equipment	5-50
Roads	80-100
Bridges	75
Pump station	15
Sewer lines	50
Rolling stock - vehicles	8-25

5. Compensated Absences

A limited amount of vacation earned may be accumulated by employees until termination of their employment, at which time they are paid for accumulated vacation. Unused sick leave may be accumulated for certain employees up to 180 days, until termination, retirement or death, at which time payments will be made. Certain employees of the Board of Education may elect to retire early, in which case annual compensation will be one-fifth of the employee's salary at the time of retirement payable for a maximum of five consecutive years.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Long-Term Obligations

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

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

7. Fund Equity and Net Assets

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

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

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

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

Unrestricted Net Assets

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

8. Estimates

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

9. Reclassifications

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

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Budget Policies - The procedures for establishing the budgetary data reported in the financial statements are as follows:

- The Town legally adopts an annual budget for the General Fund and Capital Nonrecurring Special Revenue Fund. Formal budgetary integration is employed by the Town Council as a management control device during the year for the General Fund.

The Capital Projects Fund employs a project length budget, which is approved by the Annual Town Meeting.

- Prior to March 1, each department head, office, agency, board or commission of the Town, supported wholly or in part from Town funds, shall submit budget requests in the form requested by the Town Manager so as to indicate the programs, activities, and work accomplished in the current fiscal year and to be accomplished during the ensuing year. These shall be accompanied by detailed estimates of expenditures to be made and of revenues other than taxes to be collected during the ensuing fiscal year, along with such other information as may be requested by the Council or the Manager.
- Prior to April 1, the Town Manager shall present to the Council a budget consisting of:
 1. A budget message outlining the financial situation of the Town government and describing the important features of the budget plan;
 2. The budget of the Board of Education as submitted to the Manager, along with whatever analysis or comments the Manager wishes to provide;
 3. Statements of the Manager's proposed operating program and expenditures for the Town functions and Town-supported functions, other than those of the Board of Education, along with comparisons of amounts expended in the last completed fiscal year and estimated amounts to be expended in the current fiscal year;
 4. Information on amounts of revenue other than property taxes collected, by source, in the last completed fiscal year, estimates for the current and for the ensuing year, along with information and estimates regarding property tax revenues for the same periods;
 5. Statements of the condition and estimated condition of the Town's funds and of the debt service obligations of the Town, proposed capital improvements to be undertaken during the ensuing fiscal year or later years, and the proposed methods of financing them; and
 6. Such other information as will assist the Council and the Town Meeting in deciding on an annual appropriation and a capital improvements program.
- The Council shall hold at least one public hearing on the budget during the month of April and shall adopt a proposed budget, including a recommended appropriation act, by May 1, which shall be published in a newspaper in general circulation in the Town at least five days prior to the annual Town Meeting for budgeting consideration.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

- An annual Town Meeting for budget consideration shall be held on the second Tuesday in May. This meeting shall consider the budget presented to it by the Council and may approve or lower any item, but may not raise the amount of such item. If the annual Town Meeting fails to adopt a budget, the budget will be returned to the Council for its consideration. The Council shall return the same or a revised budget to a Town Meeting called by the Council for a date no later than ten days after the annual meeting, at which the Town Meeting may approve or lower any item. Should the Town Meeting then fail or refuse to adopt a budget, the budget appropriation last proposed by the Council shall be in full effect.
- The level at which expenditures may not legally exceed appropriations without Council and/or Town Meeting approval is at the department level for the General Fund and at the fund level for the Special Revenue Fund. Management cannot legally amend or make additional appropriations once the budget has been approved. Transfers between departments or new appropriations up to .5 percent of the annual budget may be made by the Council. Transfers between departments or new appropriations in amounts between .5 percent and 1 percent of the annual budget may be approved by consecutive actions of the Council and a Town Meeting, which shall be called by the Council following its action on the new spending proposal.

An appropriation of over 1 percent of the annual budget for an additional expenditure at the department level not provided for in the annual budget may be approved by consecutive favorable actions of the Council and a referendum of the electors of the Town at a special or regular election of the Town, as one or the other may be determined by the Council. There were \$742,500 of additional appropriations to the General Fund budget, funded by additional revenue sources. ~

- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Town Council and, if necessary, Town Meeting approval.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Fund. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year. Encumbered appropriations in the general fund are not reappropriated in the ensuing year's budget, but are carried forward.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Budget - GAAP Reconciliation

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

	<u>GENERAL FUND</u>		
	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>FUND BALANCE</u>
Balance - Budgetary Basis, Exhibit F - June 30, 2006	\$ 37,554,914	\$ 37,113,323	\$ 1,661,693
Encumbrances outstanding at June 30, 2005, liquidated during the year ended June 30, 2006		63,277	
Encumbrances outstanding at June 30, 2005, charged to budgetary expenditures during the year ended June 30, 2006.....		(71,936)	71,936
Encumbrances outstanding at June 30, 2005, still outstanding June 30, 2006.....		25,324	
Teachers' Retirement System on-behalf payment.....	<u>876,924</u>	<u>876,924</u>	
Balance - GAAP Basis Exhibit D - June 30, 2006	<u>\$ 38,431,838</u>	<u>\$ 38,006,912</u>	<u>\$ 1,733,629</u>

C. Donor Restricted Endowments

The Town has received certain endowments for the maintenance and improvement of cemeteries and local schools. The amounts are reflected in net assets as restricted for other purposes. Investment income (including depreciation of \$19,263) is approved for expenditure by the individual Boards responsible for each fund.

D. Deficit Fund Balances

The following individual fund had a deficit fund balance at June 30, 2006:

<u>Debt Service Fund</u>	
Compensated absences fund.....	<u>\$ 55,199</u>

The deficit should be reduced in future years as additional transfers are received from the general fund.

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

III. DETAILED NOTES

A. Cash and Investments

1. Deposits - Custodial Credit Risk - 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, \$659,640 of the Town's bank balance of \$813,020 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized.....	\$ 75,964
Uninsured and collateral held by the pledging bank's Trust department, not in the Town's name.....	<u>583,676</u>
Total amount subject to custodial credit risk.....	<u>\$ 659,640</u>

2. Investments - At June 30, 2006, the Town's investments (including the component unit) consisted of the following:

TYPE OF INVESTMENT	FAIR VALUE	N/A	INVESTMENT MATURITIES (in years)		
			LESS THAN 1	1-5	5-10
Mutual funds:					
Equity mutual funds.....	\$ 200,849	\$ 200,849	\$	\$	\$
Government bonds.....	423,801				423,801
Corporate bond mutual funds.....	62,365			2,058	60,307
Money market mutual funds.....	59,825		59,825		
Pooled fixed income.....	9,732,457		9,732,457		
U.S. treasury notes.....	20,107		10,055	10,052	
TOTAL.....	<u>\$ 10,499,404</u>	<u>\$ 200,849</u>	<u>\$ 9,802,337</u>	<u>\$ 12,110</u>	<u>\$ 484,108</u>

Component Unit

At June 30, 2006, \$249,495 was invested in pooled fixed income, which has a maturity of less than one year.

Primary Government and Component Unit

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

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

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

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

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

2. Investments (Continued)

AVERAGE RATING	POOLED FIXED INCOME	MONEY MARKET MUTUAL FUNDS	CORPORATE BOND MUTUAL FUNDS	GOVERNMENT BOND MUTUAL FUNDS
AAA.....	\$ 9,732,457	\$ 54,938	\$	\$ 281,827
AA.....			17,481	
BAA.....			44,884	
Unrated/U.S. government.....		4,887		141,974
TOTAL	\$ 9,732,457	\$ 59,825	\$ 62,365	\$ 423,801

Component Unit

The investment in pooled fixed income has a credit rating of AAA.

Custodial credit risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town's investments are subject to custodial credit risk as follows:

	TOTAL	LESS INSURED AMOUNTS	AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK
Equity mutual funds	\$ 200,850	\$ 200,850	\$
Government bonds	423,801	423,801	
Corporate bond fund.....	62,366	62,366	
Money market mutual funds.....	59,825	59,825	
Pooled fixed income.....	9,732,458		9,732,458
U.S. treasury notes.....	20,107	20,107	
TOTAL	\$ 10,499,407	\$ 766,949	\$ 9,732,458

B. Receivables

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

	PROPERTY TAXES			CDBG LOANS
	TAXES	INTEREST & LIEN FEES	TOTAL	
Current Portion	\$ 216,376	\$ 79,230	\$ 295,606	\$ 52,091
Long-term Portion	\$ 283,730	\$ 60,569	\$ 344,299	\$ 989,737
Less Allowance for Uncollectibles	(46,677)	(15,844)	(62,521)	(20,837)
Net Long-term Portion	\$ 237,053	\$ 44,725	\$ 281,778	\$ 968,900

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

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

III. DETAILED NOTES (CONTINUED)

B. Receivables (Continued)

DEFERRED REVENUE:	
Delinquent property taxes receivable (general fund).....	\$ 431,213
Special assessments not yet due (special revenue fund).....	18,000
Loan receivable not yet earned (special revenue fund).....	1,041,828
Contributions receivable not yet earned (capital projects fund).....	140,000
Contributions receivable not yet earned (special revenue fund).....	21,500
UNEARNED REVENUE:	
Advance tax collections (general fund).....	141,031
Unearned revenue on park and recreation fees (special revenue fund).....	120,678
Grant draw downs prior to meeting all eligibility requirements (special revenue fund).....	8,981
TOTAL UNEARNED REVENUE FOR GOVERNMENTAL FUNDS.....	\$ 1,923,331

C. Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

Primary Government

	BALANCE JULY 1, 2005	INCREASES	DECREASES	BALANCE JUNE 30, 2006
<u>Governmental Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land.....	\$ 4,152,772	\$	\$	\$ 4,151,772
Construction in progress.....	2,203,936	1,221,962	32,085	3,393,813
Total Capital Assets, not being Depreciated.....	6,355,708	1,221,962	32,085	7,545,585
<u>Capital Assets, being Depreciated:</u>				
Land improvements.....	1,046,646			1,046,646
Buildings.....	32,905,866	32,085		32,937,951
Improvements other than buildings.....	382,839			382,839
Machinery and equipment.....	3,367,691	295,644		3,663,335
Vehicles.....	2,557,697	130,700		2,688,397
Infrastructure.....	46,963,229	320,680		47,283,909
Total Capital Assets, being Depreciated.....	87,223,968	779,109		88,003,077
Total Capital Assets.....	93,579,676	2,001,071	32,085	95,548,662
<u>Less Accumulated Depreciation for:</u>				
Land improvements.....	83,179	36,148		119,327
Buildings.....	9,500,931	856,255		10,357,186
Improvements other than buildings.....	152,332	16,193		168,525
Machinery and equipment.....	2,106,171	261,005		2,367,176
Vehicles.....	1,213,823	176,358		1,390,181
Infrastructure.....	12,999,554	590,550		13,590,104
Total Accumulated Depreciation.....	26,055,990	1,936,509	-	27,992,499
Total Capital Assets, being Depreciated, net.....	61,167,978	(1,157,400)	-	60,010,578
Governmental Activities Capital Assets, net.....	\$ 67,523,686	\$ 64,562	32,085	\$ 67,556,163

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

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

	BALANCE JULY 1, 2005	INCREASES	DECREASES	BALANCE JUNE 30, 2006
<u>Business-Type Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land	\$ 74,798	\$	\$	\$ 74,798
<u>Capital Assets, being Depreciated:</u>				
Buildings.....	139,625			139,625
Equipment.....	401,232			401,232
Pump station	161,702			161,702
Sewer distribution system.....	1,152,126			1,152,126
Total Capital Assets, being Depreciated	1,854,685	-	-	1,854,685
Total Capital Assets.....	1,929,483	-	-	1,929,483
<u>Less Accumulated Depreciation for:</u>				
Buildings.....	92,463	8,543		101,006
Equipment.....	252,452	21,745		274,197
Pump station	34,726	2,891		37,617
Sewer distribution system.....	678,520	20,945		699,465
Total Accumulated Depreciation.....	1,058,161	54,124	-	1,112,285
Total Capital Assets, being Depreciated, net	796,524	(54,124)	-	742,400
Business-Type Activities Capital Assets, net.....	\$ 871,322	\$(54,124)	\$ -	\$ 817,198

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

<u>Governmental Activities:</u>	
General government.....	\$ 75,601
Public safety	20,073
Public works.....	811,084
Community services.....	302,525
Education.....	557,927
Capital assets held by Town's internal service funds are charged to the various functions based on their usage of the assets.....	169,299
Total Depreciation Expense - Governmental Activities	<u>\$ 1,936,509</u>
<u>Business-type Activities:</u>	
Sewer.....	\$ 23,826
Solid waste	30,288
Total Depreciation Expense - Business-Type Activities	<u>\$ 54,124</u>

Construction Commitments

The Town has active construction projects as of June 30, 2006. The projects include the Community Center. At year end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Commitment</u>
Community Center.....	<u>\$ 24,216</u>

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

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2006 is as follows:

<u>MAJOR FUND:</u>	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<u>GENERAL FUND:</u>			
Performance bonds.....	N/A	\$	\$ 522,409
Postemployment healthcare trust	N/A	98,307	
Health insurance.....	N/A		211,018
Management services	N/A		2,252
Compensated absences fund	N/A	224,185	
TOTAL GENERAL FUND		322,492	735,679
<u>MAJOR FUND – CAPITAL PROJECTS:</u>			
Capital projects	Health Insurance		745
<u>NONMAJOR FUNDS:</u>			
<u>SPECIAL REVENUE FUNDS:</u>			
Recreation program fund	Health Insurance		11,033
School cafeteria services fund.....	Health Insurance		7,803
TOTAL SPECIAL REVENUE FUNDS		-	18,836
<u>DEBT SERVICE FUND:</u>			
Compensated absences fund	General Fund		224,185
TOTAL NONMAJOR FUNDS		-	243,021
TOTAL GOVERNMENTAL FUNDS.....		322,492	979,445
<u>INTERNAL SERVICE FUNDS:</u>			
<u>Health insurance:</u>			
General fund.....	N/A	211,018	
Capital projects	N/A	745	
Recreation program fund.....	N/A	11,033	
School cafeteria services fund.....	N/A	7,803	
Mansfield downtown partnership.....	N/A	365	
Management services	N/A	3,891	
<u>Management services:</u>			
General fund.....	N/A	2,252	
Health insurance.....	N/A		3,891
TOTAL INTERNAL SERVICE FUNDS		237,107	3,891
<u>FIDUCIARY FUNDS:</u>			
Mansfield downtown partnership.....	Health Insurance		365
Performance bonds.....	General Fund	522,409	
Postemployment healthcare trust	General Fund		98,307
TOTAL FIDUCIARY FUNDS		522,409	98,672
GRAND TOTAL		\$ 1,082,008	\$ 1,082,008

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

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

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2006 is as follows:

<u>MAJOR FUND:</u>	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
GENERAL FUND:			
Performance bonds.....	N/A	\$	\$ 522,409
Postemployment healthcare trust.....	N/A	98,307	
Health insurance.....	N/A		211,018
Management services.....	N/A		2,252
Compensated absences fund.....	N/A	<u>224,185</u>	
TOTAL GENERAL FUND.....		<u>322,492</u>	<u>735,679</u>
MAJOR FUND – CAPITAL PROJECTS:			
Capital projects	Health Insurance		<u>745</u>
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Recreation program fund.....	Health Insurance		11,033
School cafeteria services fund.....	Health Insurance		<u>7,803</u>
TOTAL SPECIAL REVENUE FUNDS.....		<u>-</u>	<u>18,836</u>
DEBT SERVICE FUND:			
Compensated absences fund.....	General Fund		<u>224,185</u>
TOTAL NONMAJOR FUNDS		<u>-</u>	<u>243,021</u>
TOTAL GOVERNMENTAL FUNDS		<u>322,492</u>	<u>979,445</u>
INTERNAL SERVICE FUNDS:			
Health insurance:			
General fund.....	N/A	211,018	
Capital projects.....	N/A	745	
Recreation program fund.....	N/A	11,033	
School cafeteria services fund.....	N/A	7,803	
Mansfield downtown partnership	N/A	365	
Management services	N/A	3,891	
Management services:			
General fund.....	N/A	2,252	
Health insurance.....	N/A		<u>3,891</u>
TOTAL INTERNAL SERVICE FUNDS.....		<u>237,107</u>	<u>3,891</u>
FIDUCIARY FUNDS:			
Mansfield downtown partnership.....	Health Insurance		365
Performance bonds.....	General Fund	522,409	
Postemployment healthcare trust.....	General Fund		<u>98,307</u>
TOTAL FIDUCIARY FUNDS.....		<u>522,409</u>	<u>98,672</u>
GRAND TOTAL		<u>\$ 1,082,008</u>	<u>\$ 1,082,008</u>

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

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

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

2. Interfund Transfers (Continued)

	<u>CORRESPONDING FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
INTERNAL SERVICE FUNDS:			
Management services:			
Capital projects fund	N/A	\$ 10,988	\$
Capital nonrecurring fund	N/A	<u>225,000</u>	
TOTAL INTERNAL SERVICE FUNDS.....		<u>235,988</u>	-
GRAND TOTAL.....		<u>\$ 2,321,120</u>	<u>\$ 2,321,120</u>

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

E. Changes in Long-Term Obligations

1. Summary of Changes

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

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE	ADDITIONS	DEDUCTIONS	BALANCE	CURRENT PORTION
					JULY 1, 2005			JUNE 30, 2006	
BONDS:									
General Purpose:									
Improvement bond \$	225,000	10/15/89	06/15/07	6.75%-6.8%	\$ 20,000		15,000	5,000	5,000
Refunding bond ...	725,000	02/15/04	06/01/14	2.00-4.00	635,000		80,000	555,000	80,000
Taxable bond.....	2,590,000	02/15/04	06/01/13	1.32-5.00	<u>2,120,000</u>		220,000	1,900,000	220,000
Total General Purpose					<u>2,775,000</u>	-	315,000	2,460,000	305,000
Schools:									
Improvement bond	4,775,000	10/15/89	06/15/09	6.75%-6.8%	780,000		285,000	495,000	295,000
Improvement bond	2,525,000	06/15/90	06/15/09	6.5%-8.0%	425,000		125,000	300,000	100,000
Refunding bond .	940,000	02/15/04	06/01/14	2.00-4.00	<u>820,000</u>		105,000	715,000	105,000
Total Schools					<u>2,025,000</u>	-	515,000	1,510,000	500,000
TOTAL BONDS					4,800,000	-	830,000	3,970,000	805,000
BOND PREMIUM.....					11,048		1,228	9,820	
DEFERRED CHARGE ON REFUNDING.....					(167,828)		(18,648)	(149,180)	
TOTAL BONDS AND RELATED LIABILITIES					4,643,220		812,580	3,830,640	805,000
ACCRUED COMPENSATED ABSENCES.....					1,058,958	865,428	947,789	976,597	195,319
RETIREMENT BENEFIT.....					2,864,045	143,645	478,557	2,529,133	380,784
OTHER POSTEMPLOYMENT OBLIGATION.....					<u>273,526</u>		273,526	-	
TOTAL GENERAL LONG-TERM OBLIGATIONS					<u>\$ 8,839,749</u>	<u>\$1,009,073</u>	<u>\$2,512,452</u>	<u>\$ 7,336,370</u>	<u>\$1,381,103</u>

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

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

Enterprise Funds

	BALANCE JULY 1, 2005	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006	CURRENT PORTION
ACCRUED COMPENSATED ABSENCES.....	\$ 27,992	\$ 8,925	\$	\$ 36,917	\$ 9,229
LANDFILL CLOSURE/POSTCLOSURE.....	120,000		4,000	116,000	9,000
TOTAL GENERAL LONG-TERM OBLIGATIONS.....	<u>\$ 147,992</u>	<u>\$ 8,925</u>	<u>\$ 4,000</u>	<u>\$ 152,917</u>	<u>\$ 13,229</u>

Summary of Debt Service Requirements to Maturity

The annual requirements to amortize serial bonds outstanding at June 30, 2006, are as follows:

SCHOOLS

YEAR ENDING JUNE 30	PRINCIPAL	STATE REIMBURSE- MENT	NET PRINCIPAL PAYMENTS TO MATURITY	INTEREST	STATE REIMBURSE- MENT	NET INTEREST PAYMENTS TO MATURITY	NET DEBT SERVICE TO MATURITY
2007	\$ 500,000	\$ 262,724	\$ 237,276	\$ 75,573	\$ 32,738	\$ 42,835	\$ 280,111
2008	355,000	164,663	190,337	45,312	16,131	29,181	219,518
2009	235,000	99,288	135,712	24,913	5,930	18,983	154,695
2010	90,000		90,000	13,388		13,388	103,388
2011	85,000		85,000	10,912		10,912	95,912
2012	85,000		85,000	8,362		8,362	93,362
2013	80,000		80,000	5,600		5,600	85,600
2014	80,000		80,000	2,880		2,880	82,880
	<u>\$ 1,510,000</u>	<u>\$ 526,675</u>	<u>\$ 983,325</u>	<u>\$ 186,940</u>	<u>\$ 54,799</u>	<u>\$ 132,141</u>	<u>\$ 1,115,466</u>

GENERAL PURPOSE

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL	TOTAL NET DEBT SERVICE TO MATURITY
2007	\$ 305,000	\$ 100,909	\$ 405,909	\$ 686,020
2008	305,000	90,770	395,770	615,288
2009	295,000	79,290	374,290	528,984
2010	365,000	68,540	433,540	536,928
2011	370,000	53,853	423,853	519,765
2012	375,000	37,292	412,292	505,654
2013	380,000	20,300	400,300	485,900
2014	65,000	2,340	67,340	150,220
	<u>\$ 2,460,000</u>	<u>\$ 453,294</u>	<u>\$ 2,913,294</u>	<u>\$ 4,028,759</u>

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

State Reimbursement

Amounts in the State reimbursement columns are projected school construction grants to be received in the years subsequent to June 30, 2006, and represent principal and interest subsidies from the State of Connecticut.

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

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

Overlapping and Underlying Indebtedness

Mansfield is a member of Regional School District No.19, along with the towns of Ashford and Willington.

	AMOUNT OF AUTHORIZED BUT UNISSUED DEBT	AMOUNT OF OUTSTANDING DEBT	APPLICABLE GRANTS RECEIVABLE	NET DEBT OUTSTANDING	APPLICABLE % OF NET DEBT CHARGED TO TOWN	TOWN NET OVERLAPPING DEBT
Regional School District No.19	\$ -	\$21,385,000	\$14,947,891	\$ 6,437,109	52.28%	\$ 3,365,321

Prior Year Advance Refunding

In prior year, the Town has defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements. As of June 30, 2006, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$1,900,000.

2. Termination Benefits

The Town provides severance payments to teachers and certain administrators upon retirement. To qualify for benefits the employee must achieve age 70 with at least 15 years of service as a teacher in Mansfield. The Town funds the severance cost for the 46 eligible participants. The benefits will be paid in future years as the employees retire. The amounts are paid as incurred from the General Fund. During the fiscal year ended June 30, 2006, \$ _____ was paid for these benefits.

3. Statutory Debt Limitations

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

CATEGORY	DEBT LIMIT	NET INDEBTEDNESS	BALANCE
General purpose	\$ 43,307,372	\$ 2,460,000	\$ 40,847,372
Schools	86,614,745	4,348,645	82,266,100
Sewers	72,178,954		72,178,954
Urban renewal	62,555,093		62,555,093
Pension deficit	57,743,163		57,743,163

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$134,734,047.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$526,676 for bond principal are reflected as deductions in the computation of net indebtedness.

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

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

4. Authorized/Unissued Bonds

At June 30, 2006, the Town had no bonds authorized and unissued.

5. Landfill Closure and Post-Closure Care Costs (Solid Waste Nonmajor Enterprise Fund)

State and Federal laws and regulations require landfill closures to meet certain standards. The Town is in the process of finalizing an agreement with the State Department of Environmental Protection for final capping of the landfill. The landfill was covered in November 2004. The monitoring costs for the next 29 years at \$4,000 per year are \$116,000. These amounts are based on estimates which are subject to change due to inflation, technology or applicable laws and regulations. The liability as described above is recorded in the nonmajor enterprise solid waste disposal fund.

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to public officials and police liability, Board of Education liability, torts, theft of, damage to, and destruction of assets, errors or omissions, injuries to employees, and natural disasters. Except for medical insurance, the Town purchases commercial insurance for all risks of loss. Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The Mansfield Health Insurance Fund (the Fund), which has been recorded as an Internal Service Fund, was established to provide hospitalization and medical-surgical health coverage for all Town, Regional School District No. 19 and Mansfield Discovery Depot, Inc. employees. The fund is substantially funded by the Town's general fund, and Region 19 based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The program's general objectives are to formulate on behalf of the members a health insurance program at lower costs of coverage and to develop a systematic method to control health costs.

A third party administers the plan for which the Fund pays a fee. The Fund has purchased aggregate stop loss coverage at 125 percent of expected claims and individual stop loss coverage of \$100,000 per claim.

The claims liability reported is based upon the provisions of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

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

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

An analysis of the activity in the claims liability for the health insurance fund is as follows:

	CLAIMS PAYABLE <u>JULY 1</u>	CURRENT YEAR CLAIMS AND CHANGES IN <u>ESTIMATES</u>	CLAIM PAYMENTS	CLAIMS PAYABLE <u>JUNE 30</u>
2004-05.....	\$ 480,000	\$ 4,398,084	\$ 4,398,084	\$ 480,000
2005-06.....	480,000	4,297,986	4,297,986	480,000

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

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk-sharing pool. The Liability-Automobile-Property Pool provides general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

The Town, including Mansfield Discovery Depot, Inc., is also a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in coverage period 2005-06 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

Payments to the Workers' Compensation Pool are made through the workers' compensation insurance fund, which has been recorded as an internal service fund. This fund's general objectives are to formulate a systematic method to control premium costs.

B. Commitments and Litigation

The Town of Mansfield, Connecticut, its officers, employees, boards and commissions are defendants in a number of lawsuits. It is the opinion of the Town Attorney that pending actions will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

The Town has received financial assistance from numerous Federal and State agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the Town's financial statements.

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans

1. Municipal Employees' Retirement Fund

a. Plan Description

All Town employees participate in the Municipal Employees' Retirement System (MERS). MERS is the administrator of a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. The Pension Commission makes recommendations for plan provisions which are approved by the Board of Finance. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. MERS issues a publicly available financial report which may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

b. Plan Provisions

Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. All benefits vest after 10 years of continuous service. Members who retire after age 55 with 10 years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

c. Funding Policy

Covered employees are required by State Statute to contribute 2 1/4% of earnings upon which Social Security tax is paid, plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan.

The required and actual contributions for the years ended June 30, 2004, 2005 and 2006 were \$119,466, \$350,952 and \$486,998, respectively.

2. Postemployment Healthcare Trust Fund

a. Plan Description

Summary

The Town administers a Postemployment Healthcare Plan. The plan is included in the financial statements as a postemployment healthcare trust fund. The plan does not issue a stand alone financial report. Plan contribution requirements and benefits are established by collective bargaining agreements with Local 531 (police) employees, Local 760 employees, public works employees and nonunion administrative employees.

i. Classes of Employees Covered

The Postemployment Healthcare Trust Fund membership consisted of 34 active employees at June 30, 2006.

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

IV. OTHER INFORMATION (CONTINUED)**C. Pension Plans (Continued)****2. Postemployment Healthcare Trust Fund (Continued)****a. Plan Description (Continued)****ii. Benefit Provisions**

Employees covered by the above agreements are eligible for benefits when they retire from the Town, on or after attaining the age of 55 years, or upon completing 25 years of aggregate service provided such employee has had ten years of continuous service or fifteen years of aggregate service, or upon receiving a disability retirement under MERS B. Effective July 1, 1991, the benefit the Town would have paid eligible employees toward the cost of medical insurances was the greater of 35% of single premium on PPO plan or \$75 per month, \$100 per month for police retirees. Currently, there are 14 employees who meet the eligibility requirements and have begun to collect this benefit.

b. Summary of Significant Accounting Policies**i. Basis of Accounting**

The Postemployment Healthcare Trust Fund's financial statements are prepared on the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned and expenses (benefits) are recognized when due and payable in accordance with terms of the plan.

ii. Valuation of Investments

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments in any organization that represent 5% or more of net assets available for benefits.

c. Contributions**i. Employer**

The Town's contribution is funded on an annual basis by general fund appropriations. The Town's contribution was \$40,000 for the year ended June 30, 2006.

ii. Employee

There is no required participant contribution.

D. On-Behalf Payments

The amount recognized in the general fund intergovernmental revenues and education expenditures for contributions made by the State on behalf of the Town's teachers to the Connecticut State Teachers' Retirement System was \$876,924.

Supplemental Schedules

General Fund

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

TOWN OF MANSFIELD, CONNECTICUT

GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2006 AND 2005

	2006	2005		2006	2005
<u>ASSETS</u>			<u>LIABILITIES AND FUND BALANCE</u>		
Cash.....	\$ 111,473	\$ 93,782	LIABILITIES:		
Investments.....	3,994,287	3,839,968	Cash overdraft.....	\$ 313,125	\$ 652,996
Property taxes receivable.....	500,106	471,840	Accounts and other payables:		
Accounts receivable:			Accounts payable.....	578,308	163,375
Intergovernmental.....	26,000	22,500	Payroll deductions.....	237,412	298,971
Other.....	95,505	55,000	Due to State of Connecticut.....	16,604	13,498
Total Accounts receivable.....	121,505	77,500	Total Accounts and other payables.....	832,324	475,844
Due from other funds.....	322,492	354,000	Accrued liabilities.....	862,862	785,404
TOTAL ASSETS.....	\$ 5,049,863	\$ 4,837,090	Due to other funds.....	735,679	591,588
			Unearned revenue:		
			Advance tax collections.....	141,031	276,593
			Property taxes.....	431,213	397,962
			Total unearned revenue.....	572,244	674,555
			TOTAL LIABILITIES.....	3,316,234	3,180,387
			FUND BALANCE:		
			Reserved for encumbrances.....	71,936	88,601
			Unreserved and undesignated.....	1,661,693	1,568,102
			TOTAL FUND BALANCE.....	1,733,629	1,656,703
			TOTAL LIABILITIES AND FUND BALANCE.....	\$ 5,049,863	\$ 4,837,090

SCHEDULE 2

TOWN OF MANSFIELD, CONNECTICUT

GENERAL FUND
 SCHEDULE OF CHANGES IN FUND BALANCE - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
FUND BALANCE - JULY 1, 2005.....					\$ 1,568,102
REVENUES AND TRANSFERS IN:					
Total revenues and transfers in.....	\$ 36,905,150	\$ 37,647,650	\$ 37,707,414	\$ 59,764	
EXPENDITURES AND TRANSFERS OUT:					
Town.....	\$ 10,494,390	\$ 11,236,890	\$ 11,203,983	32,907	
Mansfield board of education.....	18,298,350	18,298,350	18,297,430	920	
Contribution to Region No. 19 board of education.....	8,112,410	8,112,410	8,112,410	-	
TOTAL EXPENDITURES AND TRANSFERS OUT.....	\$ 36,905,150	\$ 37,647,650	\$ 37,613,823	\$ 33,827	
NET CHANGE IN FUND BALANCE.....					<u>93,591</u>
FUND BALANCE - JUNE 30, 2006.....					<u>\$ 1,661,693</u>
FUND BALANCE (EXHIBIT C):					
Unreserved and undesignated.....					<u>\$ 1,661,693</u>

TOWN OF MANSFIELD, CONNECTICUT

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Current year levy.....	\$ 18,746,740	\$ 18,746,740	\$ 18,730,355	\$ (16,385)
Prior year levy.....	150,000	150,000	203,704	53,704
Interest and lien fees.....	110,000	110,000	125,513	15,513
Motor vehicle supplement.....	235,000	235,000	175,340	(59,660)
Suspense collections taxes.....	6,000	6,000	5,838	(162)
Suspense collections interest.....	4,000	4,000	5,176	1,176
Motor vehicle penalty.....	300	300		(300)
Telecom services payment.....	130,000	130,000	106,178	(23,822)
PILOT - senior housing.....			28,597	28,597
TOTAL PROPERTY TAXES.....	19,382,040	19,382,040	19,380,701	(1,339)
INTERGOVERNMENTAL:				
STATE:				
BOARD OF EDUCATION:				
Education assistance.....	8,695,310	8,767,310	8,777,692	10,382
School transportation.....	242,120	242,120	252,197	10,077
TOTAL BOARD OF EDUCATION.....	8,937,430	9,009,430	9,029,889	20,459
GENERAL GOVERNMENT:				
PILOT - State property.....	7,149,920	7,680,420	7,703,004	22,584
Circuit breaker.....	32,000	32,000	39,451	7,451
Tax relief for elderly freeze.....	2,770	3,570	3,385	(185)
Library - connecticard.....	11,000	11,000	11,904	904
Library - basic grant.....	2,000	2,000	2,406	406
Tax credit - new manufacturing equipment....	6,200	6,200	4,130	(2,070)
Boat reimbursement.....	2,500	2,500	2,503	3
Disability exempt reimbursement.....	800			-
Civil preparedness.....	6,850	6,850	6,754	(96)
Veterans' reimbursement.....	4,000	4,000	5,761	1,761
Circuit court - parking fees.....			310	310
PILOT - Holinko Estates.....	18,500	18,500	13,731	(4,769)
TOTAL GENERAL GOVERNMENT.....	7,236,540	7,767,040	7,793,339	26,299
FEDERAL:				
In lieu of taxes.....	1,850	1,850	2,502	652
Social service block grant.....	3,720	3,720	3,634	(86)
TOTAL FEDERAL.....	5,570	5,570	6,136	566
TOTAL INTERGOVERNMENTAL.....	16,179,540	16,782,040	16,829,364	47,324
INVESTMENT INCOME.....	260,000	400,000	420,493	20,493

(Continued)

TOWN OF MANSFIELD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
CHARGES FOR SERVICES:				
Data processing - Region No. 19.....	\$ 9,790	\$ 9,790	\$ 9,790	\$ -
Region No. 19 financial services.....	68,730	68,730	68,730	-
Health district services.....	5,300	5,300	5,300	-
Recording.....	87,000	87,000	89,861	2,861
Copies of records.....	14,900	14,900	14,694	(206)
Vital statistics.....	4,000	4,000	5,023	1,023
Sale of maps/regulations.....			65	65
Police service.....	60,000	60,000	60,601	601
Redemption/release fees.....	2,300	2,300	3,149	849
Animal adoption fees.....	2,000	2,000	1,340	(660)
Feline fees.....	600	600		(600)
Redemption fees - Hampton/Scotland.....			365	365
Adoption fees - Hampton Scotland.....			10	10
Health district reimbursement.....	5,500	5,500	2,750	(2,750)
Postage on overdue books.....	16,000	16,000	16,235	235
Blueprints.....	50	50	82	32
Region No. 19 grounds maintenance.....	69,200	69,200	69,200	-
Zoning regulations.....	500	500	228	(272)
Daycare grounds maintenance.....	9,600	9,600	9,600	-
Celeron square bikepath maintenance.....	2,700	2,700	2,700	-
Licenses and permits.....	2,100	2,100	2,987	887
Sport licenses.....	700	700	555	(145)
Dog licenses.....	8,500	8,500	7,039	(1,461)
Conveyance tax.....	240,000	240,000	224,921	(15,079)
Trailer and subdivision permits.....	5,000	5,000	5,075	75
Zoning permits.....	18,000	18,000	18,177	177
ZBA applications.....	1,500	1,500	840	(660)
IWA permits.....	4,000	4,000	3,480	(520)
Sewer permits.....	50	50		(50)
Road permits.....	2,200	2,200	4,850	2,650
Building permits.....	270,000	270,000	278,297	8,297
Administrative cost - reimb. permits.....	100	100	132	32
Parking tickets - Town.....	5,000	5,000	4,615	(385)
Building fines.....	250	250		(250)
Rent - Region No. 19 maintenance.....	2,660	2,660	2,660	-
Rent - Historical Society.....	1,200	1,200	2,700	1,500
Rent - Animal control.....	5,590	5,590	5,126	(464)
Rent - Town hall.....	400	400	600	200
Rent - senior center.....	250	250		(250)
General assistance - individuals.....	100	100		(100)
Equipment maintenance.....			2,579	2,579
TOTAL CHARGES FOR SERVICES.....	925,770	925,770	924,356	(1,414)

(Continued)

SCHEDULE 3
(3 of 3)

TOWN OF MANSFIELD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES (CONCLUDED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
OTHER LOCAL REVENUES:				
Other.....	\$ 5,300	\$ 5,300	\$	\$ (5,300)
TOTAL REVENUES.....	36,752,650	37,495,150	37,554,914	59,764
OTHER FINANCING SOURCES:				
Transfers in:				
Capital nonrecurring fund.....	150,000	150,000	150,000	-
School cafeteria fund.....	2,500	2,500	2,500	-
TOTAL OTHER FINANCING SOURCES.....	152,500	152,500	152,500	-
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 36,905,150	\$ 37,647,650	\$ 37,707,414	\$ 59,764

(Concluded)

TOWN OF MANSFIELD, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	ORIGINAL APPROPRIATION	ADDITIONS (REDUCTIONS) AND TRANSFERS	FINAL APPROPRIATION	EXPENDITURES	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:					
Town council:					
Legislative.....	\$ 58,500	\$ 16,222	\$ 74,722	\$ 74,722	\$ -
Town manager:					
Municipal management.....	189,710	17,953	207,663	207,663	-
Personnel management.....	67,400	17,048	84,448	84,448	-
Legal:					
Town attorney.....	20,000	(11,964)	8,036	8,036	-
Probate.....	2,025	59	2,084	2,084	-
Elections:					
Registrars.....	30,200	(9,008)	21,192	21,192	-
Town clerk.....	177,630	281	177,911	177,911	-
General elections.....	9,300	1,198	10,498	10,498	-
Finance:					
Administration.....	64,430	1,420	65,850	65,850	-
Accounting and disbursements.....	246,750	(6,111)	240,639	240,639	-
Revenue collection.....	126,010	33,168	159,178	159,178	-
Property assessment.....	174,430	(13,839)	160,591	160,591	-
Central copying.....	40,000	(1,184)	38,816	38,816	-
Central services.....	35,300	4,433	39,733	39,733	-
Data processing.....	99,090	(565)	98,525	98,525	-
TOTAL GENERAL GOVERNMENT.....	1,340,775	49,111	1,389,886	1,389,886	-
PUBLIC SAFETY:					
Police protection:					
Police services.....	736,430	84,218	820,648	820,648	-
Animal control.....	73,710	6,026	79,736	79,736	-
Fire protection:					
Fire marshal.....	105,020	1,662	106,682	106,682	-
Fire and emergency services admin.....	137,470	1,073	138,543	138,543	-
Fire and emergency services.....	1,332,680	(106,350)	1,226,330	1,226,331	(1)
Emergency management.....	30,660	(1,132)	29,528	29,528	-
TOTAL PUBLIC SAFETY.....	2,415,970	(14,503)	2,401,467	2,401,468	(1)
PUBLIC WORKS:					
Administration.....	158,500	1,136	159,636	159,636	-
Operating services:					
Supervision and operation.....	77,480	(774)	76,706	76,706	-
Road services.....	650,540	(33,705)	616,835	616,835	-
Grounds maintenance.....	275,115	(21,318)	253,797	253,797	-
Equipment maintenance.....	340,990	91,277	432,267	432,267	-
Engineering.....	197,200	(3,350)	193,850	193,850	-
Buildings:					
Building inspection.....	129,040	3,992	133,032	133,032	-
Building maintenance.....	537,120	105,339	642,459	642,459	-
TOTAL PUBLIC WORKS.....	2,365,985	142,597	2,508,582	2,508,582	-

(Continued)

TOWN OF MANSFIELD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES (CONCLUDED)

	ORIGINAL APPROPRIATION	ADDITIONS (REDUCTIONS) AND TRANSFERS	FINAL APPROPRIATION	EXPENDITURES	VARIANCE WITH FINAL BUDGET
COMMUNITY SERVICES:					
Social service administration.....	\$ 231,140	\$ (1,783)	\$ 229,357	\$ 229,357	\$ -
Mansfield challenge - winter.....	2,470	842	3,312	3,312	-
Peer outreach.....	360	(360)			-
Youth employment - middle school.....	4,000	(449)	3,551	3,551	-
Youth services.....	127,080	(11,677)	115,403	115,403	-
Senior services.....	191,000	(7,843)	183,157	183,157	-
Library administration.....	551,250	(15,834)	535,416	535,416	-
Recreation administration.....	143,060	15,815	158,875	158,875	-
Contribution to area agencies.....	284,830	(5,844)	278,986	278,986	-
TOTAL COMMUNITY SERVICES.....	1,535,190	(27,133)	1,508,057	1,508,057	-
COMMUNITY DEVELOPMENT:					
Planning administration.....	213,340	2,057	215,397	215,397	-
Planning/zoning inland/wetland.....	20,350	(10,683)	9,667	9,667	-
Downtown partnership.....	62,000		62,000	62,000	-
Boards and commissions.....	9,200	437	9,637	9,637	-
TOTAL COMMUNITY DEVELOPMENT.....	304,890	(8,189)	296,701	296,701	-
TOWNWIDE EXPENDITURES:					
Employee benefits.....	1,947,890	520,760	2,468,650	2,468,650	-
Medical Pension Trust.....	40,000		40,000	40,000	-
Insurance.....	113,190	(700)	112,490	112,490	-
Contingency.....	(20,000)	47,649	27,649	27,649	-
TOTAL TOWNWIDE EXPENDITURES.....	2,081,080	567,709	2,648,789	2,648,789	-
TOTAL TOWN EXPENDITURES.....	10,043,890	709,592	10,753,482	10,753,483	(1)
EDUCATION:					
Contribution to Region No.19 board of education.....	8,112,410		8,112,410	8,112,410	-
Mansfield board of education.....	18,248,350		18,248,350	18,247,430	920
TOTAL EDUCATION.....	26,360,760	-	26,360,760	26,359,840	920
TOTAL EXPENDITURES.....	36,404,650	709,592	37,114,242	37,113,323	919
OTHER FINANCING USES:					
Transfers out:					
Capital projects fund - board.....	14,000		14,000	14,000	-
Special revenue funds:					
Recreation program fund.....	35,000		35,000	35,000	-
Other operating funds - town.....	15,500		15,500	15,500	-
Other operating funds - board.....	36,000		36,000	36,000	-
Bond fund.....	400,000	32,908	432,908	400,000	32,908
TOTAL OTHER FINANCING USES.....	500,500	32,908	533,408	500,500	32,908
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 36,905,150	\$ 742,500	\$ 37,647,650	\$ 37,613,823	\$ 33,827

(Concluded)

TOWN OF MANSFIELD, CONNECTICUT

GENERAL FUND
SCHEDULE OF BOARD OF EDUCATION EXPENDITURES
AND OTHER FINANCING USES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	ORIGINAL APPROPRIATION	ADDITIONS (REDUCTIONS) AND TRANSFERS	FINAL APPROPRIATION	EXPENDITURES	VARIANCE WITH FINAL BUDGET
EXPENDITURES:					
Regular instruction.....	\$ 6,973,830	\$ (191,587)	\$ 6,782,243	\$ 6,782,243	\$ -
English.....	58,850	(11,035)	47,815	47,815	-
World languages.....	11,600	(1,449)	10,151	10,151	-
Health and safety.....	8,870	(668)	8,202	8,202	-
Physical education.....	14,790	(4,031)	10,759	10,759	-
Art	12,970	(865)	12,105	12,105	-
Mathematics.....	27,290	(7,554)	19,736	19,736	-
Music.....	26,970	2,042	29,012	29,012	-
Science.....	28,970	(1,350)	27,620	27,620	-
Social studies.....	19,860	(990)	18,870	18,870	-
Computer education.....	139,060	10,884	149,944	149,944	-
Family and consumer sciences.....	8,150	(1,069)	7,081	7,081	-
Technology education.....	11,650	(115)	11,535	11,535	-
Special ed instruction	1,333,780	54,287	1,388,067	1,388,067	-
Enrichment.....	244,860	(5,597)	239,263	239,263	-
Preschool.....	289,880	(4,212)	285,668	285,668	-
Remedial education.....	314,050	(96,310)	217,740	217,740	-
Summer school free only (ED001).....	32,000	(503)	31,497	31,497	-
Tuition payments.....	170,000	24,177	194,177	194,177	-
Central service - instructional supplies.....	157,620	(13,899)	143,721	143,721	-
Guidance services.....	135,660	(2,155)	133,505	133,505	-
Health services.....	189,150	9,130	198,280	198,280	-
Occupational and physical therapy.....	171,000	(22,200)	148,800	148,800	-
Speech and hearing services.....	123,130	(36,316)	86,814	86,814	-
Pupil services - testing.....	11,570	(9,804)	1,766	1,766	-
Psychological services - S.E.....	304,550	(3,068)	301,482	301,482	-
Curriculum development.....	221,640	(748)	220,892	220,892	-
Professional development.....	37,580	(10,111)	27,469	27,469	-
Media services.....	22,010	1,711	23,721	23,721	-
Library.....	235,530	7,798	243,328	243,328	-
Board of education.....	355,900	(92,337)	263,563	262,643	920
Superintendent's office.....	299,680	1,313	300,993	300,993	-
Special education admin.....	228,500	10,361	238,861	238,861	-
Principals' office.....	819,380	20,343	839,723	839,723	-
Support services - central.....	32,620	(2,753)	29,867	29,867	-
Field studies.....	13,500	(546)	12,954	12,954	-
Business management	265,090	(5,730)	259,360	259,360	-
Plant operations - building.....	1,326,940	173,968	1,500,908	1,500,908	-
Regular transportation.....	611,970	74,173	686,143	686,143	-
Special education transportation.....	101,780	60,639	162,419	162,419	-
After school program.....	30,330	6,083	36,413	36,413	-
Athletic program.....	30,220	(2,259)	27,961	27,961	-
Employee benefits.....	2,809,570	58,352	2,867,922	2,867,922	-
TOTAL EXPENDITURES.....	18,262,350	(14,000)	18,248,350	18,247,430	920
OTHER FINANCING USES:					
Transfers out:					
Other operating funds.....	36,000		50,000	50,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 18,298,350	\$ (14,000)	\$ 18,298,350	\$ 18,297,430	\$ 920

TOWN OF MANSFIELD, CONNECTICUT

SCHEDULE 6

GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2006

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2005	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED AMOUNT COLLECTIBLE	COLLECTIONS			UNCOLLECTED TAXES JUNE 30, 2006
			ADDITIONS *	DEDUCTIONS **			TAXES	INTEREST AND LIEN FEES	TOTAL	
1990	\$ 2,056	\$	\$	\$	\$	\$ 2,056	\$ 2,056	\$ 5,604	\$ 7,660	\$
1991	2,056					2,056	2,056	5,049	7,105	
1992	573					573	573	1,318	1,891	
1993	573					573	212	590	802	361
1994	705				132	573	212	798	1,010	361
1995	1,758				1,184	574	213	482	695	361
1996	1,995				1,421	574	213	619	832	361
1997	2,000				64	1,936	574	1,646	2,220	1,362
1998	5,003				897	4,106	574	1,062	1,636	3,532
1999	7,864		121		945	7,040	2,532	2,068	4,600	4,508
2000	12,412		174		2,732	9,854	5,467	3,003	8,470	4,387
2001	29,301		187	246	5,576	23,666	7,045	5,355	12,400	16,621
2002	117,583			1,444	20,876	95,263	40,860	15,253	56,113	54,403
2003	285,979		1,099	5,847		281,231	132,045	28,907	160,952	149,186
TOTAL PRIOR YEARS	469,858	-	1,581	7,537	33,827	430,075	194,632	71,754	266,386	235,443
2004		19,238,869	125,860	181,856		19,182,873	18,918,210	55,659	18,973,869	264,663
TOTAL	\$ 469,858	\$ 19,238,869	\$ 127,441	\$ 189,393	\$ 33,827	\$ 19,612,948	19,112,842	127,413	19,240,255	\$ 500,106
						Advance collections	141,031		141,031	
						Suspense collections	8,291		8,291	
						Total collections	<u>\$ 19,262,164</u>	<u>\$ 127,413</u>	<u>\$ 19,389,577</u>	

* Includes reduction of elderly credit
** Includes local elderly option

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for major capital asset construction and/or purchase.

TOWN OF MANSFIELD, CONNECTICUT

CAPITAL PROJECTS FUND
SCHEDULE OF CUMULATIVE PROJECT REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

PROJECT	PROJECT APPROPRIATION	PRIOR YEAR PROJECT REVENUES AND OTHER FINANCING SOURCES	CURRENT YEAR PROJECT REVENUES AND OTHER FINANCING SOURCES	CUMULATIVE PROJECT REVENUES AND OTHER FINANCING SOURCES	VARIANCE WITH PROJECT APPROPRIATION
Town hall additional parking.....	\$ 60,000	\$ 60,000	\$ -	\$ 60,000	-
Landscape public buildings.....	50,180	50,000	180	50,180	-
Old town hall repairs.....	16,500	16,500	-	16,500	-
Community Center Architectual Study.....	10,000	10,000	-	10,000	-
Pool Car 2004/2005.....	20,022	15,817	4,205	20,022	-
Pool Car 2005/2006.....	20,100	-	20,100	20,100	-
Water supply study.....	90,000	90,000	-	90,000	-
Lands of unique value study.....	55,500	55,500	-	55,500	-
Employee classification study.....	20,000	20,000	-	20,000	-
Plan of conservation and development.....	10,000	10,000	-	10,000	-
Assisted living facility study.....	25,000	25,000	-	25,000	-
Traffic consultant.....	50,000	-	50,000	50,000	-
Replace engine 107/117.....	752,230	452,431	97,900	550,331	(201,899)
Police cruiser 2004/2005.....	28,500	28,500	-	28,500	-
Hazardous waste trailer.....	15,000	15,000	-	15,000	-
Refurbish engine ET207.....	40,000	-	40,000	40,000	-
Police cruiser 2005/2006.....	25,000	-	25,000	25,000	-
Air bags and foam tank repair.....	20,000	20,000	-	20,000	-
FEMA Equipment Grant.....	95,008	95,996	(988)	95,008	-
SCBA equipment upgrade.....	60,000	-	60,000	60,000	-
Fire ponds.....	15,500	15,500	-	15,500	-
Roof replacement.....	105,000	97,500	7,500	105,000	-
Small bridges and culverts.....	323,084	261,084	62,000	323,084	-
Large bridge maintenance.....	543,236	453,236	90,000	543,236	-
Town walkways.....	135,000	85,000	50,000	135,000	-
Road drainage.....	320,311	320,311	-	320,311	-
Maple road drainage.....	109,076	256,475	(147,399)	109,076	-
Birch road T.E.P.....	826,880	628,155	158,161	786,316	(40,564)
Guard rails.....	29,197	24,197	5,000	29,197	-
Mansfield center T.E.P.....	390,000	286,384	-	286,384	(103,616)
Maple road reconstruction.....	1,272,000	115,000	-	115,000	(1,157,000)
Road resurfacing.....	923,677	650,000	236,361	886,361	(37,316)
Clover Mill Road reclaim.....	144,200	33,400	106,005	139,405	(4,795)
Separatist Road bikeway.....	750,000	650,000	-	650,000	(100,000)
Pickup truck 2004/2005.....	34,904	35,000	(96)	34,904	-
Large dump truck.....	100,000	-	100,000	100,000	-
Pickup truck 2005/2006.....	30,000	-	34,500	34,500	4,500
Snowplows.....	11,000	5,500	5,500	11,000	-
Vac-all body replacement.....	30,000	-	30,000	30,000	-
Vehicle key boxes.....	7,500	-	7,500	7,500	-
Engineering CAD upgrades.....	108,500	93,500	15,000	108,500	-
Mapping workstation and software.....	120,000	120,000	-	120,000	-
Vehicle avi system.....	25,000	-	25,000	25,000	-
Tree replacement.....	17,500	15,000	2,500	17,500	-
Storrs center area improvement.....	450,000	450,000	-	450,000	-
MDP revital and enhancement.....	1,140,000	288,082	40,798	328,880	(811,120)
MDP legal and consulting.....	35,509	35,000	509	35,509	-
ADA compliance.....	25,000	25,000	-	25,000	-
MDD canopy design.....	7,500	-	7,500	7,500	-
Senior center equipment.....	30,000	30,000	-	30,000	-
Carpet extracting machine.....	5,000	5,000	-	5,000	-
Lions club park.....	517,000	517,000	-	517,000	-
Open space purchase.....	3,143,855	3,143,855	-	3,143,855	-
Community center.....	7,765,000	7,765,000	-	7,765,000	-
Community center walking track.....	325,000	74,000	36,000	110,000	(215,000)
Community center equipment.....	125,000	50,000	75,000	125,000	-

(Continued)

TOWN OF MANSFIELD, CONNECTICUT
 CAPITAL PROJECTS FUND - SCHEDULE OF CUMULATIVE PROJECT REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL (CONCLUDED)

	PROJECT APPROPRIATION	PRIOR YEAR PROJECT REVENUES AND OTHER FINANCING SOURCES	CURRENT YEAR PROJECT REVENUES AND OTHER FINANCING SOURCES	CUMULATIVE PROJECT REVENUES AND OTHER FINANCING SOURCES	VARIANCE WITH PROJECT APPROPRIATION
Skate park.....	\$ 40,000		\$ 40,000	\$ 40,000	\$ -
Park improvements.....	158,000	148,000	10,000	158,000	-
Playground resurfacing.....	32,000	27,000	5,000	32,000	-
Southeast park improvement.....	154,000	14,000	70,000	84,000	(70,000)
Southeast Park Playscape.....	85,500	57,500	14,000	71,500	(14,000)
Wmtc river greenway.....	48,800	9,760		9,760	(39,040)
New wells - schools.....	510,000	10,000	100,000	110,000	(400,000)
MMS kitchen modifications.....	11,023	10,000	1,023	11,023	-
Southeast boiler replacement.....	334,936	309,936	25,000	334,936	-
Elementary school shelving.....	10,000	10,000		10,000	-
MMS auditorium renovations.....	100,000	50,000	50,000	100,000	-
School elect upgrade study.....	4,152		4,152	4,152	-
MMS partition repair.....	30,000		30,000	30,000	-
Vinton school shingle repl.....	15,000		15,000	15,000	-
Maintenance van 2005/2006.....	35,000		35,000	35,000	-
Technology upgrade.....	75,000	50,000	25,000	75,000	-
Schools cleaning equipment.....	18,000		18,000	18,000	-
TOTAL.....	\$ 23,064,880	\$ 18,189,119	\$ 1,685,911	\$ 19,875,030	\$ (3,189,850)

(Concluded)

TOWN OF MANSFIELD, CONNECTICUT

CAPITAL PROJECTS FUND
SCHEDULE OF CUMULATIVE PROJECT EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

PROJECT APPROPRIATION	PRIOR YEAR PROJECT EXPENDITURES AND OTHER FINANCING USES	CURRENT YEAR PROJECT EXPENDITURES AND OTHER FINANCING USES	CUMULATIVE PROJECT EXPENDITURES AND OTHER FINANCING USES	VARIANCE WITH PROJECT APPROPRIATION
Town hall additional parking.....	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Landscape public buildings.....	50,180	49,459	49,459	721
Old town hall repairs.....	16,500	16,327	16,327	173
Community center architectural study.....	10,000	11,180	17,550	(7,550)
Pool car 2004/2005.....	20,022	20,022	20,022	-
Pool car 2005/2006.....	20,100		20,100	-
Town hall furnishings.....				
Water supply study.....	90,000	52,045	1,807	(1,807)
Lands of unique value study.....	55,500	55,500	5,711	32,244
Employee classification study.....	20,000	13,875		-
Plan of conservation and development.....	10,000	3,933	9,309	6,125
Assisted living facility study.....	25,000		13,242	(3,242)
Traffic consultant.....	50,000		30,638	(5,638)
Replace engine 107/117.....	752,230	753,652	11,227	38,773
Police cruiser 2004/2005.....	28,500	25,390	6,123	(1,422)
Hazardous waste trailer.....	15,000	11,208	3,534	(3,013)
Refurbish engine ET207.....	40,000		3,534	258
Police cruiser 2005/2006.....	25,000		24,622	15,378
Airbags and tank repair.....	20,000		29,113	(4,113)
FEMA Equipment Grant.....	95,008	95,008	9,794	10,206
SCBA equipment upgrade.....	60,000		95,008	-
Fire ponds.....	15,500	7,877	59,800	200
Roof replacement.....	105,000	102,321	1,055	6,568
Small bridges and culverts.....	323,084	200,526	3,538	(859)
Large bridge maintenance.....	543,236	265,189	105,859	122,558
Town walkways.....	135,000	116,973	200,526	229,421
Road drainage.....	320,311	184,441	12,720	5,307
Maple road drainage.....	109,076	101,866	10,464	125,406
Birch road T.E.P.....	826,880	703,343	7,238	(28)
Guard rails.....	29,197	23,362	171,611	(48,074)
Mansfield center T.E.P.....	390,000	355,577	874,954	5,835
Maple road reconstruction.....	1,272,000	91,567	355,577	34,423
Road resurfacing.....	923,677	648,677	91,567	1,180,433
Clover Mill Road reclaim.....	144,200	849	255,442	19,558
Separatist Road bikeway.....	750,000	55,636	172,848	(29,497)
Pickup truck 2004/2005.....	34,904	34,904	464,513	229,851
Large dump truck.....	100,000		34,904	-
Pickup truck 2005/2006.....	30,000			100,000
Snowplows.....	11,000		26,514	3,486
Vac-all body replacement.....	30,000		8,855	11,000
Vehicle key boxes.....	7,500		559	21,145
Engineering CAD upgrades.....	108,500	60,228	7,513	6,941
Mapping workstation/software.....	120,000	91,333	9,467	40,759
Vehicle avl system.....	25,000		100,800	19,200
Tree replacement.....	17,500	3,679		25,000
Storrs center area improvement.....	450,000	102,646	160	13,661
MDP revital and enhancement.....	1,140,000	288,081	61,242	286,112
MDP legal and consulting.....	35,509	19,629	40,798	811,121
ADA compliance.....	25,000	2,011	15,880	-
MDD canopy design.....	7,500		1,836	3,847
Senior center equipment.....	30,000	26,394		21,153
Carpet extracting machine.....	5,000	5,000		7,500
Lions club park.....	517,000	411,944		3,606
Open space purchase.....	3,143,855	2,587,308	27,605	-
Community center.....	7,765,000	7,880,441	(30,000)	411,944
Community center walking track.....	325,000	277,618		105,056
Community center equipment.....	125,000	19,976	84,738	528,942
			104,714	(85,441)
				47,382
				20,286

(Continued)

SCHEDULE B
(2 of 2)

TOWN OF MANSFIELD, CONNECTICUT
CAPITAL PROJECTS FUND - SCHEDULE OF CUMULATIVE PROJECT EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONCLUDED)

	PROJECT APPROPRIATION	PRIOR YEAR PROJECT EXPENDITURES AND OTHER FINANCING USES	CURRENT YEAR PROJECT EXPENDITURES AND OTHER FINANCING USES	CUMULATIVE PROJECT EXPENDITURES AND OTHER FINANCING USES	VARIANCE WITH PROJECT APPROPRIATION
Skate park.....	\$ 40,000		\$ 10,109	\$ 10,109	\$ 29,891
Park improvements.....	158,000	139,396	19,478	158,874	(874)
Playground resurfacing.....	32,000	23,313		23,313	8,687
Southeast park improvement.....	154,000		12,298	12,298	141,702
Southeast park playscape.....	85,500	37,049	20,446	57,495	28,005
WMTC River greenway.....	48,800		2,220	2,220	46,580
New wells - schools.....	510,000	21,238	115,034	136,272	373,728
MMS kitchen modifications.....	11,023	11,023		11,023	-
Deferred maintenance projects.....	334,936	227,376	94,851	322,227	12,709
Elementary school shelving.....	10,000	12,775		12,775	(2,775)
MMS auditorium renovations.....	100,000	4,539	153,718	158,257	(58,257)
School elect upgrade study.....	4,152		4,152	4,152	-
MMS partition repair.....	30,000		555	555	29,445
Vinton school shingle repl.....	15,000		15,131	15,131	(131)
Maintenance building addition.....	-		2,440	2,440	(2,440)
School building committee.....	-		112	112	(112)
Maintenance van 2005/2006.....	35,000		34,268	34,268	732
Technology upgrade.....	75,000	24,888	21,682	46,570	28,430
School cleaning equipment.....	18,000		18,000	18,000	
TOTAL.....	\$ 23,064,880	\$ 16,338,592	\$ 2,145,864	\$ 18,484,456	\$ 4,580,424

(Concluded)

Enterprise Funds

Enterprise funds are proprietary funds used to report an activity for which a fee is charged to external users for goods and services.

Sewer Operating Fund

To account for sewer services provided by the University of Connecticut and the Willimantic Water Company to certain residents of the Town. All activities necessary to provide services are accounted for in this fund.

Solid Waste Disposal Fund

To account for solid waste management for the Town. All the activities necessary to provide such services are accounted for in this fund. It is the intention of management that disposal fees will pay the cost of the tipping fees at the various disposal sites in use.

TOWN OF MANSFIELD, CONNECTICUT

ENTERPRISE FUND
 COMBINING BALANCE SHEET
 BY CUSTOMER
 JUNE 30, 2006

	UCONN	WILLIMANTIC	TOTAL
<u>ASSETS</u>			
Current assets:			
Investments.....	\$ 42,329	\$ 368,419	\$ 410,748
Accounts receivable.....		54,394	54,394
Total current assets.....	42,329	422,813	465,142
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Land.....	3,000	63,298	66,298
Pump station.....	124,085		124,085
Sewer distribution system.....	160,131	292,530	452,661
Total capital assets (net of accumulated depreciation).....	287,216	355,828	643,044
TOTAL ASSETS.....	329,545	778,641	1,108,186
<u>LIABILITY</u>			
Current liability:			
Accounts payable.....		18,272	18,272
<u>NET ASSETS</u>			
Invested in capital assets.....	287,216	355,828	643,044
Unrestricted.....	42,329	404,541	446,870
TOTAL NET ASSETS.....	\$ 329,545	\$ 760,369	\$ 1,089,914

TOWN OF MANSFIELD, CONNECTICUT

**SEWER OPERATING FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
BY CUSTOMER
FOR THE YEAR ENDED JUNE 30, 2006**

	UCONN	WILLIMANTIC	TOTAL
OPERATING REVENUES:			
Sewer charges.....	\$ 80,000	\$ 110,000	\$ 190,000
Other revenues.....		598	598
TOTAL OPERATING REVENUES.....	80,000	110,598	190,598
OPERATING EXPENSES:			
Sewer billings.....	54,209	70,100	124,309
Supplies and services.....	5,602	8,840	14,442
Depreciation.....	9,563	14,273	23,836
TOTAL OPERATING EXPENSES.....	69,374	93,213	162,587
CHANGE IN NET ASSETS.....	10,626	17,385	28,011
TOTAL NET ASSETS - JULY 1, 2005.....	318,919	742,984	1,061,903
TOTAL NET ASSETS - JUNE 30, 2006.....	\$ 329,545	\$ 760,369	\$ 1,089,914

TOWN OF MANSFIELD, CONNECTICUT

SCHEDULE 11

SEWER OPERATING FUND
SCHEDULE OF SEWER USER CHARGES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2006

	BALANCE JULY 1, 2005	CURRENT LEVY	AMOUNT COLLECTIBLE	COLLECTIONS			BALANCE JUNE 30, 2006
				PRINCIPAL	INTEREST AND LIENS	TOTAL	
SEWER USER CHARGES:							
Willimantic.....	\$ 48,276	\$ 110,000	\$ 158,276	\$ 103,002	\$ 598	\$ 103,600	\$ 55,274
UCONN.....		80,000	80,000	80,000		80,000	-
TOTAL.....	<u>\$ 48,276</u>	<u>\$ 190,000</u>	<u>\$ 238,276</u>	<u>\$ 183,002</u>	<u>\$ 598</u>	<u>\$ 183,600</u>	<u>\$ 55,274</u>
					Less allowance for uncollectibles		<u>880</u>
					Net Sewer user charges receivable		<u>\$54,394</u>

Nonmajor Governmental Funds

Special Revenue Funds

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

Capital Nonrecurring Fund

This fund was established pursuant to Connecticut State law as a reserve fund for future capital projects.

Educational Grants Fund

This fund is utilized to control the operation of various State and Federal educational grant programs. Most grants are received from the State of Connecticut Department of Education.

Recreation Program Fund

This fund was established to record the activity of various recreation programs sponsored by the Town.

Other Operating Funds

Miscellaneous programs of the Town are accounted for in this fund.

School Cafeteria Fund

The general operations of the public school cafeteria program are controlled through this fund. Grants received through the State of Connecticut Department of Education for school lunch program activities are recorded in this fund along with the sale of food and the related expenditures associated with the program.

Town Aid Road Fund

The administration of the State of Connecticut Department of Transportation Town Aid Road program is controlled through this fund.

Community Development Fund

This fund was established to record the activity under the Community Development Block Grant program.

NONMAJOR GOVERNMENTAL FUNDS (continued)

Debt Service Funds

Bond Fund

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Compensated Absences Fund

This fund is used to account for the accumulation of resources for, and the payment of, accrued compensated absences.

Permanent Funds

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

Cemetery Fund

This fund is used to account for revenues and expenses dealing with the operation of all the active and inactive cemeteries in Town.

Local School Fund

Income from this fund is restricted to use for school purposes.

TOWN OF MANSFIELD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2006

	SPECIAL REVENUE FUNDS						TOTAL
	CAPITAL NONRECURRING FUND	EDUCATIONAL GRANTS FUND	RECREATION PROGRAM FUND	OTHER OPERATING FUNDS	SCHOOL CAFETERIA FUND	TOWN AID ROAD FUND	
ASSETS							
Cash.....	\$	\$	\$	\$	\$	\$	\$
Investments.....	164,458	25,863	600	253,806	51,592	88,202	600
Receivables:							805,583
Sewer assessments.....	18,100						18,100
Intergovernmental.....		10,664			27,077		37,741
Other.....			29,203	1,877	4,300		35,380
Other assets.....					7,727		7,727
TOTAL ASSETS.....	\$ 182,558	\$ 36,527	\$ 251,465	\$ 255,683	\$ 90,696	\$ 88,202	\$ 905,131
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts and other payables.....	\$	\$	\$	\$	\$	\$	\$
Due to other funds.....		26,896	16,409	33,548	6,706	1,383	84,942
Unearned revenue.....	18,100	8,981	11,033		7,803		18,836
TOTAL LIABILITIES.....	18,100	35,877	169,620	33,548	14,509	1,383	273,037
FUND BALANCES:							
Unreserved and undesignated.....	164,458	650	81,845	222,135	76,187	86,819	632,094
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 182,558	\$ 36,527	\$ 251,465	\$ 255,683	\$ 90,696	\$ 88,202	\$ 905,131

(Continued)

TOWN OF MANSFIELD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONCLUDED)

	DEBT SERVICE FUNDS			PERMANENT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	BOND FUND	COMPENSATED ABSENCES FUND	TOTAL	CEMETERY FUND	LOCAL SCHOOL FUND	TOTAL	
<u>ASSETS</u>							
Cash.....	\$	\$	\$ -	\$	\$	\$ -	\$ 600
Investments.....	71,079	168,986	240,065			-	1,045,648
Restricted Investments.....			-	351,891	734	352,625	352,625
Receivables:							
Sewer assessments.....			-			-	18,100
Intergovernmental.....			-			-	37,741
Other.....			-			-	35,380
Other assets.....			-			-	7,727
TOTAL ASSETS.....	\$ 71,079	\$ 168,986	\$ 240,065	\$ 351,891	\$ 734	\$ 352,625	\$ 1,497,821
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts and other payables.....	\$	\$	\$ -	\$ 3,700	\$	\$ 3,700	\$ 88,642
Due to other funds.....		224,185	224,185			-	243,021
Unearned revenue.....			-			-	169,259
TOTAL LIABILITIES.....	-	224,185	224,185	3,700	-	3,700	500,922
FUND BALANCES:							
Reserved for debt service.....	71,079		71,079			-	71,079
Reserved for perpetual care.....			-	346,991		346,991	346,991
Reserved for endowments.....			-	1,200	452	1,652	1,652
Total reserved.....	71,079	-	71,079	348,191	452	348,643	419,722
Unreserved and undesignated.....		(55,199)	(55,199)		282	282	577,177
TOTAL FUND BALANCES.....	71,079	(55,199)	15,880	348,191	734	348,925	996,899
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 71,079	\$ 168,986	\$ 240,065	\$ 351,891	\$ 734	\$ 352,625	\$ 1,497,821

(Concluded)

TOWN OF MANSFIELD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS							TOTAL
	CAPITAL NONRECURRING FUND	EDUCATIONAL GRANTS FUND	RECREATION PROGRAM FUND	OTHER OPERATING FUNDS	SCHOOL CAFETERIA FUND	TOWN AID ROAD FUND	COMMUNITY DEVELOPMENT FUND	
REVENUES:								
Intergovernmental.....	\$ 1,470,419	\$ 714,960	\$	\$ 164,396	\$ 149,696	\$ 186,038	\$ 14,226	\$ 2,699,735
Investment income.....	100,000			76				100,076
Charges for services.....	232,324		1,666,707	236,369	618,263			2,753,663
Contributions.....			27,080	120,067				147,147
Other local revenues.....				7,762				7,762
TOTAL REVENUES.....	1,802,743	714,960	1,693,787	528,670	767,959	186,038	14,226	5,708,383
EXPENDITURES:								
Current:								
General government.....				56,200				56,200
Public safety.....				23,744				23,744
Public works.....	34,652					137,907		172,559
Community services.....			1,816,060	286,777				2,102,837
Education.....	5,000	714,960		309,502	794,622			1,824,084
TOTAL EXPENDITURES.....	39,652	714,960	1,816,060	676,223	794,622	137,907	-	4,179,424
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,763,091	-	(122,273)	(147,553)	(26,663)	48,131	14,226	1,528,959
OTHER FINANCING SOURCES (USES):								
Transfers in.....			75,000	76,500				151,500
Transfers out.....	(1,806,109)				(3,523)			(1,809,632)
NET OTHER FINANCING SOURCES (USES).....	(1,806,109)	-	75,000	76,500	(3,523)	-	-	(1,658,132)
NET CHANGE IN FUND BALANCES.....	(43,018)	-	(47,273)	(71,053)	(30,186)	48,131	14,226	(129,173)
FUND BALANCES - JULY 1, 2005.....	207,476	650	129,118	293,188	106,373	38,688	(14,226)	761,267
FUND BALANCES - JUNE 30, 2006.....	\$ 164,458	\$ 650	\$ 81,845	\$ 222,135	\$ 76,187	\$ 86,819	\$ -	\$ 632,094

(Continued)

TOWN OF MANSFIELD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONCLUDED)

	DEBT SERVICE FUNDS			PERMANENT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	BOND FUND	COMPENSATED ABSENCES FUND	TOTAL	CEMETERY FUND	LOCAL SCHOOL FUND	TOTAL	
REVENUES:							
Intergovernmental.....	\$ 330,379	\$	\$ 330,379	\$	\$	\$ -	\$ 3,030,114
Investment income.....		1,319	1,319	4,277	3	4,280	105,675
Charges for services.....			-	6,000		6,000	2,759,663
Contributions.....			-			-	147,147
Other local revenues.....			-			-	7,762
TOTAL REVENUES.....	330,379	1,319	331,698	10,277	3	10,280	6,050,361
EXPENDITURES:							
Current:							
General government.....			-			-	56,200
Public safety.....			-			-	23,744
Public works.....			-			-	172,559
Community services.....			-	29,965		29,965	2,132,802
Education.....			-			-	1,824,084
Debt service:							
Principal.....	830,000		830,000			-	830,000
Interest.....	216,239		216,239			-	216,239
TOTAL EXPENDITURES.....	1,046,239	-	1,046,239	29,965	-	29,965	5,255,628
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(715,860)	1,319	(714,541)	(19,688)	3	(19,685)	794,733
OTHER FINANCING SOURCES (USES):							
Transfers in.....	650,000		650,000			-	801,500
Transfers out.....			-			-	(1,809,632)
NET OTHER FINANCING SOURCES (USES).....	650,000	-	650,000	-	-	-	(1,008,132)
NET CHANGE IN FUND BALANCES.....	(65,860)	1,319	(64,541)	(19,688)	3	(19,685)	(213,399)
FUND BALANCES - JULY 1, 2005.....	136,939	(56,518)	80,421	367,879	731	368,610	1,210,298
FUND BALANCES - JUNE 30, 2006.....	\$ 71,079	\$ (55,199)	\$ 15,880	\$ 348,191	\$ 734	\$ 348,925	\$ 996,899

(Concluded)

TOWN OF MANSFIELD, CONNECTICUT

CAPITAL NONRECURRING FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental.....	\$ 1,704,829	\$ 1,704,830	\$ 1,470,419	\$ (234,411)
Investment income.....	30,000	100,000	100,000	-
Charges for services.....	238,000	238,000	232,324	(5,676)
TOTAL REVENUES.....	1,972,829	2,042,830	1,802,743	(240,087)
EXPENDITURES:				
Community services.....			34,652	34,652
Education.....			5,000	5,000
TOTAL EXPENDITURES.....			39,652	39,652
EXCESS OF REVENUES OVER EXPENDITURES.....	1,972,829	2,042,830	1,763,091	(279,739)
OTHER FINANCING SOURCES (USES):				
Transfers out.....	(1,832,840)	(1,832,840)	(1,806,109)	26,731
NET CHANGE IN FUND BALANCE.....	\$ 139,989	\$ 209,990	(43,018)	\$ (253,008)
FUND BALANCE - JULY 1, 2005.....			207,476	
FUND BALANCE - JUNE 30, 2006.....			<u>\$ 164,458</u>	

TOWN OF MANSFIELD, CONNECTICUT

OTHER OPERATING FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

	REVENUES AND OTHER FINANCING SOURCES					EXPENDITURES AND OTHER FINANCING USES					FUND BALANCES JULY 1, 2005	FUND BALANCES JUNE 30, 2006		
	INTER- GOVERNMENTAL	INVESTMENT INCOME	CHARGES FOR SERVICES	CONTRIBUTIONS	OTHER LOCAL REVENUES	TRANSFERS IN	TOTAL	GENERAL GOVERNMENT	PUBLIC SAFETY	COMMUNITY SERVICES			EDUCATION	TOTAL
Adventure learning.....	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	1,445	\$ 1,445	\$ 1,443	\$ (2)
Arts presentation grant program.....		574					574					574		-
Ambulance services.....			105,316				105,316			105,316		105,316		-
BSA/Mt. Hope park program.....				550			550			192		192	673	1,031
Beautification committee.....				224			224			252		252	422	394
The blueberry fund.....					3,003		3,003			3,226		3,226	161	(62)
Daycare nongrant.....				1,973			1,973			2,926		2,926	(184)	(1,137)
Charter communications - library.....				2,950			2,950							2,950
CL & P environmental education.....							-				284		284	-
Community center teen center.....				1,725			1,725						284	1,725
Community conversation.....							-			570		570	1,130	560
CT Humane Society Assistance.....				18,591			18,591			26,224		26,224		(7,633)
Dorothy Goodwin program.....				4,000			4,000				5,744	5,744	6,206	4,462
EMS equipment grant.....							-						(3,289)	(3,289)
Electronic trails guide.....					951		951							(951)
Employee wellness program.....					1,766		1,766						(1,766)	-
Expanded DUI enforcement program.....	4,837						4,837		4,837			4,837		-
Family literacy.....					18		18						260	278
Festival of lights.....							-						1,000	1,000
Financial reporting model 34.....							-						28,110	28,110
Firefighters' pension.....							-						33,500	33,500
Flamingos this.....					1,730		1,730			2,273		2,273		(543)
Flanagan grant.....							-			48		48	48	-
Fred Cazel garden.....							-						211	211
Friends of Mansfield parks.....					30		30						(30)	-
Friends of the library.....				26,025			26,025			20,895		20,895	22,803	27,933
General services special needs.....				10,469			10,469			5,521		5,521	4,566	9,514
Goodwin greenhouse fund.....				455			455							455
Graustein discovery grant.....				27,008			27,008			23,204		23,204	(2,933)	871
Historic document preservation.....	7,000		4,890				11,890	23,828				23,828	6,275	(5,663)
Holiday DUI enforcement.....	7,069						7,069		7,069			7,069		-
Juniper Hill fire assistance.....							-						6,716	6,716
Katrina relief.....				5,251			5,251			5,251		5,251		-
Land protection program.....			5,976				5,976							5,976
Liberty bank extended kindergarten progr							-				1,072	1,072		(1,072)
Liberty bank foundation OSOR.....				2,000			2,000					2,000		-
Liberty bank program.....					61		61		2,000					(4,383)
LSTA program for older adults.....	11,800						11,800			10,638		10,638		1,162
LSTA long-range planning grant.....	5,825						5,825			316		316		5,509
Mansfield 300 celebration.....							-			1,742		1,742	1,742	-
Mansfield advocates for children.....				500			500			432		432		68
Mansfield bike tour.....			600	2,525			3,125			3,032		3,032		93
Mansfield challenge - summer.....							-						1,574	(5,284)
Mansfield school readiness council.....					200		10,500			17,558		17,558		165
Mansfield summer school program.....							-						165	165
MDP festival on the green.....				14,961			5,000	5,000			5,079	5,079	5,958	5,879
National science foundation grant.....							-			17,272		17,272	12,621	10,310
											24	24	268	244

(Continued)

TOWN OF MANSFIELD, CONNECTICUT

OTHER OPERATING FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

	REVENUES AND OTHER FINANCING SOURCES					EXPENDITURES AND OTHER FINANCING USES						FUND BALANCES JULY 1, 2005	FUND BALANCES JUNE 30, 2006	
	INTER- GOVERNMENTAL	INVESTMENT INCOME	CHARGES FOR SERVICES	CONTRIBUTIONS	OTHER LOCAL REVENUES	TRANSFERS IN	TOTAL	GENERAL GOVERNMENT	PUBLIC SAFETY	COMMUNITY SERVICES	EDUCATION			TOTAL
NECASA academic progress.....												32	-	
NECASA parent education.....	900					900					585	382	697	
NECASA peer outreach.....	300				3	303					-	(328)	(25)	
NECASA safe graduation.....	2,100					2,100				4,300	4,300	408	(1,792)	
NECASA science based project.....						-				39	39	39	-	
NECASA tobacco reduction.....						-				46	46	46	-	
NESGFOA Conference 2006.....			5,000			5,000	5,043				5,043	-	(43)	
Nuclear safety emergency.....						-					-	(431)	(431)	
Oak grove school.....	11,518					4,000	15,518			17,686	17,686	-	(2,168)	
PAWS substance abuse prevention.....						-					-	15	15	
Police - underage drinking program.....						-			10		10	10	-	
Preschool tuition.....						-					-	51,593	51,593	
Rec. program scholarship fund.....				540		540					-	2,332	2,872	
Recreation equipment fund.....						-					-	(1,400)	(1,400)	
Regional arts enhancement.....						-					20	20	-	
Safe graduation.....						-					20	20	-	
School use fund.....			27,343			-	27,343				-	2,200	2,200	
Senior programs.....			11,214			5,000	16,214				18,771	18,771	8,572	
Special education tuition - other schools..	112,473		43,396			5,000	165,869			16,209	16,209	5,179	5,184	
Speed enforcement highway safety.....						-	155,869				209,608	209,608	162,706	
Speed radar display sign.....						-	-		5,558		5,558	-	(5,558)	
Suzuki.....			13,050			27,000	40,050		4,270		4,270	-	(4,270)	
Town manager retirement dinner.....						-	-			44,787	44,787	-	(4,737)	
Town manager search.....						-	-	800			800	-	(800)	
VNA east programs.....			4,019			-	4,019	8,585			8,585	-	(8,585)	
Wellness center program.....		76	15,565			4,019	15,641			6,376	6,376	-	(2,357)	
What's going on program.....						-	-			16,136	16,136	4,153	3,658	
Year 2004 property revaluation.....						25,000	25,000	17,944		319	319	319	-	
Youth services special needs.....					320	25,000	25,320	17,944		255	17,944	(58,036)	(50,980)	
TOTAL.....	\$ 164,396	\$ 76	\$ 236,369	\$ 120,067	\$ 7,762	\$ 76,500	\$ 605,170	\$ 56,200	\$ 23,744	\$ 286,777	\$ 309,502	\$ 676,223	\$ 293,188	\$ 222,135

(Concluded)

Internal Service Funds

Internal Service funds are used to account for the providing of goods or services provided by one department to other departments of the Town on a cost reimbursement basis or accounting for risk retention as allowed by GASB Statement No. 10.

Health Insurance Fund

To account for the provision of Health Insurance for the Town. All activities necessary to provide such coverage are accounted for in this fund.

Workers' Compensation Insurance Fund

To account for the provision of Workers' Compensation Insurance for the Town. All activities necessary to provide such coverage are accounted for in this fund.

Management Services Fund

To account for the provision of land, buildings, equipment and related supplies which benefit Town departments and schools.

TOWN OF MANSFIELD, CONNECTICUT

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF NET ASSETS
 JUNE 30, 2006

	HEALTH INSURANCE	WORKERS' COMPENSATION INSURANCE	MANAGEMENT SERVICES	TOTAL
<u>ASSETS</u>				
Current assets:				
Investments.....	\$ 1,208,873	\$ 2,991	\$ 531,089	\$ 1,742,953
Accounts receivable.....	142,341		26,238	168,579
Due from other funds.....	234,855		2,252	237,107
Other.....			23,083	23,083
Total current assets.....	1,586,069	2,991	582,662	2,171,722
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Land.....			145,649	145,649
Construction in progress.....			48,663	48,663
Land improvements.....			241,282	241,282
Buildings.....			97,104	97,104
Office equipment.....			509,529	509,529
Total noncurrent assets.....	-	-	1,042,227	1,042,227
TOTAL ASSETS.....	1,586,069	2,991	1,624,889	3,213,949
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable.....	14		56,360	56,374
Accrued claims payable.....	480,000			480,000
Due to other funds.....			3,891	3,891
TOTAL LIABILITIES.....	480,014	-	60,251	540,265
<u>NET ASSETS</u>				
Invested in capital assets.....			1,042,227	1,042,227
Unrestricted.....	1,106,055	2,991	522,411	1,631,457
TOTAL NET ASSETS.....	\$ 1,106,055	\$ 2,991	\$ 1,564,638	\$ 2,673,684

TOWN OF MANSFIELD, CONNECTICUT

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006**

	HEALTH INSURANCE	WORKERS' COMPENSATION INSURANCE	MANAGEMENT SERVICES	TOTAL
OPERATING REVENUES:				
Premiums.....	\$ 5,848,257	\$ 362,080	\$	\$ 6,210,337
Charges for services.....			411,997	411,997
Sales.....			195,194	195,194
Rental income.....			175,765	175,765
Contributions.....			900	900
Other.....			105,088	105,088
TOTAL OPERATING REVENUES.....	5,848,257	362,080	888,944	7,099,281
OPERATING EXPENSES:				
Wages and fringe benefits.....	87,932		152,778	240,710
Administration.....	612,193			612,193
Medical claims.....	4,297,986			4,297,986
Workers' compensation.....		360,085		360,085
Repairs & maintenance.....			195,458	195,458
Supplies, materials & rentals.....	59,710		180,835	240,545
Software & related communication costs.....	10,000		131,719	141,719
Utilities.....			133,440	133,440
Depreciation.....			169,299	169,299
TOTAL OPERATING EXPENSES.....	5,067,821	360,085	963,529	6,391,435
OPERATING INCOME (LOSS).....	780,436	1,995	(74,585)	707,846
NONOPERATING REVENUES:				
Investment income.....	37,216			37,216
INCOME (LOSS) BEFORE TRANSFERS.....	817,652	1,995	(74,585)	745,062
TRANSFERS				
Transfers in.....			235,988	235,988
CHANGES IN NET ASSETS.....	817,652	1,995	161,403	981,050
TOTAL NET ASSETS - JULY 1, 2005.....	288,403	996	1,403,235	1,692,634
TOTAL NET ASSETS - JUNE 30, 2006.....	\$ 1,106,055	\$ 2,991	\$ 1,564,638	\$ 2,673,684

TOWN OF MANSFIELD, CONNECTICUT

SCHEDULE 18

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

	HEALTH INSURANCE	WORKERS' COMPENSATION INSURANCE	MANAGEMENT SERVICES	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers.....	\$	\$	\$ 862,706	\$ 862,706
Premiums received.....	5,841,728	362,080		6,203,808
Payments to vendors.....	(588,109)	(360,085)	(611,062)	(1,559,256)
Payments for claims.....	(4,297,986)			(4,297,986)
Payments to employees.....	(87,932)		(152,778)	(240,710)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	867,701	1,995	98,866	968,562
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net transfers from other funds.....			235,988	235,988
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets.....			(238,141)	(238,141)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Income from investments.....	37,216			37,216
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	904,917	1,995	96,713	1,003,625
CASH AND CASH EQUIVALENTS - JULY 1, 2005.....	303,956	996	434,376	739,328
CASH AND CASH EQUIVALENTS - JUNE 30, 2006.....	\$ 1,208,873	\$ 2,991	\$ 531,089	\$ 1,742,953
RECONCILIATION TO BALANCE SHEET CASH:				
Cash and cash equivalents per above.....	\$ 1,208,873	\$ 2,991	\$ 531,089	\$ 1,742,953
Cash and cash equivalents reported as investments.....	(1,208,873)	(2,991)	(531,089)	(1,742,953)
BALANCE SHEET CASH.....	\$ -	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 780,436	\$ 1,995	\$ (74,585)	\$ 707,846
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation.....			169,299	169,299
(Increase) decrease in:				
Accounts receivable.....	(6,529)		(26,238)	(32,767)
Due from other funds.....	94,346		(2,252)	92,094
Other.....			(5,218)	(5,218)
Increase (decrease) in:				
Accounts payable.....	14		33,969	33,983
Due to other funds.....	(566)		3,891	3,325
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 867,701	\$ 1,995	\$ 98,866	\$ 968,562

Fiduciary Funds

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

Postemployment Healthcare Trust Fund

This fund is used to account for postemployment benefits of Locals 531 and 760 employees, certain nonunion employees and public works employees.

AGENCY FUNDS

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

Student Activities Fund

This fund is used to control various activities, as defined by State Statute, undertaken by students of the public school system.

Celeron Square, Eastbrook Heights, Courtyard Associates, Ledgebrook, Holinko Estates, Freedom Green, Valley View, and ING US Students No. 8 LLC Sewer Funds

These funds are used to ensure that the privately owned sewer systems are operated and maintained in accordance with all applicable Federal, State and local regulations.

Dependent Care Fund

This fund is used to account for funds withheld from employees' pay for the purpose of reimbursement of dependent care expenses.

Uninsured Medical Costs Fund

This fund is used to account for funds withheld from employees' pay for the purpose of reimbursement of uninsured medical costs.

Mid-Neroc (Mid-Northeast Recycling Operating Committee) Operating Fund

This fund is used to account for a regional household chemical waste facility located in the Town of Willington.

Mansfield Downtown Partnership

This fund is used to account for the funds from private businesses used for downtown revitalization efforts

Performance Bonds

This fund is used to account for the cash performance bonds the Town requires for various types of activities.

TOWN OF MANSFIELD, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2006

	BALANCE JULY 1, 2005	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006
<u>ASSETS</u>				
CASH:				
Student activities fund.....	\$ 47,816	\$ 126,738	\$ 123,474	\$ 51,080
INVESTMENTS:				
Celeron square sewer fund.....	100,751	4,378		105,129
Eastbrook heights sewer fund.....	100,262	7,731		107,993
Courtyard associates sewer fund.....	50,745	3,797		54,542
Ledgebrook sewer fund.....	61,571	3,977		65,548
Holinko estates sewer fund.....	21,851	949		22,800
Freedom green sewer fund.....	54,762	1,519	41,551	14,730
Valley view sewer fund.....		3,843		3,843
ING US students No. 8 LLC sewer.....		24,326		24,326
Dependent care fund.....	10,384	34,868	33,903	11,349
Uninsured medical costs fund.....	7,403	47,643	45,449	9,597
Mid-Neroc operating fund.....	143,753	43,444	51,212	135,985
Mansfield downtown partnership.....	47,752	230,652	203,768	74,636
TOTAL INVESTMENTS.....	599,234	407,127	375,883	630,478
ACCOUNTS RECEIVABLE:				
Dependent care fund.....	50			50
Uninsured medical costs fund.....	7,551	93,587	97,320	3,818
Mid-Neroc operating fund.....		1,472		1,472
Mansfield downtown partnership.....	900			900
TOTAL ACCOUNTS RECEIVABLE.....	8,501	95,059	97,320	6,240
DUE FROM OTHER FUNDS:				
Performance bonds.....	354,009	261,600	93,200	522,409
TOTAL ASSETS.....	\$ 1,009,560	\$ 890,524	\$ 689,877	\$ 1,210,207
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
Student activities fund.....	\$ 47,816	\$ 126,738	\$ 123,474	\$ 51,080
Performance bonds.....	354,009	261,600	93,200	522,409
Celeron square sewer fund.....	100,751	4,378		105,129
Eastbrook heights sewer fund.....	100,262	7,731		107,993
Courtyard associates sewer fund.....	50,745	3,797		54,542
Ledgebrook sewer fund.....	61,571	3,977		65,548
Holinko estates sewer fund.....	21,851	949		22,800
Freedom green sewer fund.....	54,762	1,519	41,551	14,730
Valley view sewer fund.....		3,843		3,843
ING US students No. 8 LLC sewer.....		24,326		24,326
Dependent care fund.....	10,434	34,868	33,903	11,399
Uninsured medical costs fund.....	14,954	141,230	142,769	13,415
Mid-Neroc operating fund.....	143,753	44,916	51,212	137,457
Mansfield downtown partnership.....	48,287	230,652	203,768	75,171
TOTAL ACCOUNTS PAYABLE.....	1,009,195	890,524	689,877	1,209,842
DUE TO OTHER FUNDS:				
Mansfield downtown partnership.....	365			365
TOTAL ASSETS.....	\$ 1,009,560	\$ 890,524	\$ 689,877	\$ 1,210,207

TOWN OF MANSFIELD, CONNECTICUT

COMPONENT UNIT
BALANCE SHEET
JUNE 30, 2006

MANSFIELD
DISCOVERY
DEPOT, INC.

ASSETS

Cash.....	\$	200
Investments.....		<u>249,495</u>
TOTAL ASSETS.....	\$	<u><u>249,695</u></u>

LIABILITIES

LIABILITIES:

Accounts and other payables.....	\$	857
Accrued liabilities.....		<u>9,822</u>
TOTAL LIABILITIES.....		<u>10,679</u>

NET ASSETS

Unreserved and undesignated.....		<u>239,016</u>
TOTAL LIABILITIES AND NET ASSETS.....	\$	<u><u>249,695</u></u>

TOWN OF MANSFIELD, CONNECTICUT

COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

	MANSFIELD DISCOVERY DEPOT, INC.
REVENUES:	
Intergovernmental.....	\$ 249,599
Charges for services.....	808,058
Contributions.....	5,000
TOTAL REVENUES.....	<u>1,062,657</u>
EXPENDITURES:	
Personnel services.....	923,831
Repairs and maintenance.....	20,350
Contracted services.....	11,715
Program supplies.....	47,534
Other supplies.....	7,272
Utilities.....	32,520
Insurance.....	5,437
TOTAL EXPENDITURES.....	<u>1,048,659</u>
NET CHANGE IN NET ASSETS.....	13,998
NET ASSETS - JULY 1, 2005.....	<u>225,018</u>
NET ASSETS - JUNE 30, 2006.....	<u>\$ 239,016</u>

TOWN OF MANSFIELD, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 JUNE 30, 2006 AND 2005

	2006	2005
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land and land improvements.....	\$ 4,782,769	\$ 4,782,769
Construction in progress.....	3,345,150	2,155,273
Buildings.....	32,759,935	32,727,850
Improvements other than buildings.....	382,839	382,839
Machinery, equipment and vehicles.....	4,532,688	4,344,485
Infrastructure.....	47,283,909	46,963,229
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS.....	\$ 93,087,290	\$ 91,356,445
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:		
Property taxes.....	\$ 53,969,852	\$ 53,610,762
General obligation bonds.....	24,167,442	24,167,442
Intergovernmental.....	14,345,096	12,973,341
Contributions.....	604,900	604,900
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS.....	\$ 93,087,290	\$ 91,356,445

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

TOWN OF MANSFIELD, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 JUNE 30, 2006

FUNCTION AND ACTIVITY	TOTAL	LAND AND LAND IMPROVMENTS	CONSTRUCTION IN PROGRESS	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	MACHINERY, EQUIPMENT AND VEHICLES	INFRASTRUCTURE
GENERAL GOVERNMENT:							
General government.....	\$ 2,387,735	\$ 4,609	\$	\$ 1,738,260	\$ 101,800	\$ 543,066	\$
Town manager.....	37,738					37,738	
Finance.....	52,063					52,063	
TOTAL GENERAL GOVERNMENT.....	2,477,536	4,609		1,738,260	101,800	632,867	-
PUBLIC SAFETY:							
Civil defense.....	53,030					53,030	
Police protection.....	125,556					125,556	
Fire protection.....	874,533		778,275	37,200		59,058	
TOTAL PUBLIC SAFETY.....	1,053,119	-	778,275	37,200	-	237,644	-
PUBLIC WORKS:							
Public works.....	52,991,278	262,060	1,769,470	553,780	155,432	2,966,627	47,283,909
Building maintenance.....	56,292	225				56,067	
TOTAL PUBLIC WORKS.....	53,047,570	262,285	1,769,470	553,780	155,432	3,022,694	47,283,909
COMMUNITY SERVICES:							
Social services.....	664,355	12,496		625,405	6,600	19,854	
Library services.....	2,787,128	433		2,781,695		5,000	
Recreation.....	11,112,593	2,899,487	10,108	8,033,375		169,623	
Daycare.....	1,861,909			1,801,232		60,677	
TOTAL COMMUNITY SERVICES.....	16,425,985	2,912,416	10,108	13,241,707	6,600	255,154	-
COMMUNITY DEVELOPMENT.....	492,768		492,768				
EDUCATION.....	19,590,312	1,603,459	294,529	17,188,988	119,007	384,329	
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS.....	\$ 93,087,290	\$ 4,782,769	\$ 3,345,150	\$ 32,759,935	\$ 382,839	\$ 4,532,688	\$ 47,283,909

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

TOWN OF MANSFIELD, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2006**

	BALANCE JULY 1, 2005	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2006
GENERAL GOVERNMENT:				
General government.....	\$ 2,372,023	\$ 20,022	\$ 4,310	\$ 2,387,735
Town manager.....	37,660	20,100	20,022	37,738
Finance.....	52,063			52,063
TOTAL GENERAL GOVERNMENT.....	2,461,746	40,122	24,332	2,477,536
PUBLIC SAFETY:				
Civil defense.....	53,030			53,030
Police protection.....	75,738	49,818		125,556
Fire protection.....	849,911	24,622		874,533
TOTAL PUBLIC SAFETY.....	978,679	74,440	-	1,053,119
PUBLIC WORKS:				
Public works.....	51,827,875	1,163,403		52,991,278
Building maintenance.....	225	56,067		56,292
TOTAL PUBLIC WORKS.....	51,828,100	1,219,470	-	53,047,570
COMMUNITY SERVICES:				
Social services.....	664,355			664,355
Library services.....	2,787,128			2,787,128
Recreation.....	11,079,576	33,017		11,112,593
Daycare.....	1,861,909			1,861,909
TOTAL COMMUNITY SERVICES.....	16,392,968	33,017		16,425,985
COMMUNITY DEVELOPMENT.....	390,726	102,042		492,768
EDUCATION.....	19,304,226	286,086		19,590,312
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS.....	\$ 91,356,445	\$ 1,755,177	\$ 24,332	\$ 93,087,290

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Statistical Tables

TABLE 1

TOWN OF MANSFIELD, CONNECTICUT

**NET ASSETS BY COMPONENT
LAST FOUR YEARS
(UNAUDITED)**

	FISCAL YEAR			
	2006	2005	2004	2003
Governmental activities:				
Invested in capital assets, net of related debt.....	\$ 63,774,998	\$ 62,880,466	\$ 61,779,841	\$ 59,852,708
Restricted.....	516,156	3,612,577	840,920	2,809,552
Unrestricted.....	4,123,470	476,846	2,650,673	4,324,326
Total Governmental activities net assets.....	68,414,624	66,969,889	65,271,434	66,986,586
Business-type activities:				
Invested in capital assets, net of related debt.....	817,198	871,322	925,951	851,464
Unrestricted.....	336,432	301,106	416,974	473,154
Total Business-type activities net assets.....	1,153,630	1,172,428	1,342,925	1,324,618
Total Net Assets:				
Invested in capital assets, net of related debt.....	64,592,196	63,751,788	62,705,792	60,704,172
Restricted.....	516,156	3,612,577	840,920	2,809,552
Unrestricted.....	4,459,902	777,952	3,067,647	4,797,480
Total Net Assets.....	\$ 69,568,254	\$ 68,142,317	\$ 66,614,359	\$ 68,311,204

TABLE 2
(1 of 2)

TOWN OF MANSFIELD, CONNECTICUT

CHANGES IN NET ASSETS
LAST FOUR YEARS
(UNAUDITED)

	FISCAL YEAR			
	2006	2005	2004	2003
EXPENSES:				
Governmental activities:				
General government.....	\$ 2,536,868	\$ 2,538,107	\$ 2,417,854	\$ 2,626,803
Public safety.....	2,838,970	2,775,110	2,678,808	2,670,346
Public works.....	4,335,002	3,698,504	3,680,017	3,950,774
Community services.....	4,465,428	4,886,361	4,412,130	2,681,113
Community development.....	454,273	328,078	303,910	290,611
Education.....	29,003,912	26,431,915	26,897,222	24,757,645
Interest expense.....	236,932	282,086	276,633	413,621
Total Governmental activities expenses.....	43,871,385	40,940,161	40,666,574	37,390,913
Business-type activities:				
Sewer Operating.....	162,587	153,202	152,480	166,831
Solid Waste Disposal.....	992,637	1,264,101	1,108,927	1,138,943
Total Business-type activities expenses.....	1,155,224	1,417,303	1,261,407	1,305,774
TOTAL EXPENSES.....	45,026,609	42,357,464	41,927,981	38,696,687
PROGRAM REVENUES:				
Governmental activities:				
Charges for services:				
General government.....	461,599	503,446	389,686	341,010
Public safety.....	67,067	224,262	179,162	24,040
Public works.....	596,219	753,717	518,020	538,157
Community services.....	1,824,775	1,722,586	1,466,428	481,356
Community development.....	88,093	151,635	28,346	17,888
Education.....	702,052	710,322	595,847	627,731
Operating grants and contributions.....	11,352,684	10,706,110	10,954,571	10,803,991
Capital grants and contributions.....	844,541	1,185,813	400,318	1,226,399
Total Governmental activities program revenues.....	15,937,030	15,957,891	14,532,378	14,060,572
Business-type activities:				
Charges for services:				
Sewer Operating.....	190,000	178,000	178,000	178,000
Solid Waste Disposal.....	944,101	994,830	1,064,008	1,101,497
Operating grants and contributions.....		191,819	33,181	
Total Business-type activities program revenues.....	1,134,101	1,364,649	1,275,189	1,279,497
TOTAL PROGRAM REVENUES.....	17,071,131	17,322,540	15,807,567	15,340,069
NET (EXPENSE) REVENUE:				
Governmental activities.....	(27,934,355)	(24,982,270)	(26,134,196)	(23,330,341)
Business-type activities.....	(21,123)	(52,654)	13,782	(26,277)
TOTAL NET EXPENSE.....	(27,955,478)	(25,034,924)	(26,120,414)	(23,356,618)

(Continued)

TABLE 2
(2 of 2)

TOWN OF MANSFIELD, CONNECTICUT

**CHANGES IN NET ASSETS
LAST FOUR YEARS
(UNAUDITED)**

	FISCAL YEAR			
	2006	2005	2004	2003
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:				
Governmental activities:				
General revenues:				
Property taxes.....	\$ 19,421,660	\$ 18,524,910	\$ 17,559,957	\$ 15,779,448
Grants and contributions not restricted to specific programs....	9,244,886	7,756,083	6,582,212	6,769,550
Investment income.....	571,794	312,972	176,649	291,935
Miscellaneous.....	140,750	86,760	100,226	37,318
Gain on sale of capital assets.....				3,031
Transfers.....				(10,000)
TOTAL GOVERNMENTAL ACTIVITIES	29,379,090	26,680,725	24,419,044	22,871,282
Business-type activities:				
Miscellaneous.....	2,325	2,157	4,525	5,544
Transfers.....				10,000
Total Business-type activities.....	2,325	2,157	4,525	15,544
TOTAL.....	29,381,415	26,682,882	24,423,569	22,886,826
CHANGE IN NET ASSETS:				
Governmental activities.....	1,444,735	1,698,455	(1,715,152)	(459,059)
Business-type activities.....	(18,798)	(50,497)	18,307	(10,733)
TOTAL.....	\$ 1,425,937	\$ 1,647,958	\$ (1,696,845)	\$ (469,792)

(Concluded)

TABLE 5

TOWN OF MANSFIELD, CONNECTICUT

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

YEAR ENDED JUNE 30,	GENERAL FUND MILL RATE	ADJUSTED TOTAL LEVY	CURRENT TAX COLLECTIONS AT JUNE 30,	% OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS (1)	TOTAL TAXES COLLECTED - ALL YEARS	% OF TOTAL TAXES COLLECTED TO LEVY - ALL YEARS	OUTSTANDING DELINQUENT TAXES	% OF DELINQUENT TAXES TO LEVY
1997	\$ 25.56	\$ 12,390,572	\$ 12,138,400	97.96%	\$ 294,409	12,432,809	100.34%	\$ 482,608	3.89%
1998	25.56	12,628,492	12,358,968	97.87%	264,946	12,623,914	99.96%	458,389	3.63%
1999	25.56	12,800,236	12,577,950	98.26%	254,909	12,832,859	100.25%	369,048	2.88%
2000	25.56	13,053,176	12,845,242	98.41%	220,258	13,065,500	100.09%	339,276	2.60%
2001	26.13	13,552,260	13,332,848	98.38%	169,372	13,502,220	99.63%	365,067	2.69%
2002	26.35	14,333,193	14,136,410	98.63%	186,235	14,322,645	99.93%	375,327	2.62%
2003	27.50	15,487,465	15,204,716	98.17%	193,449	15,398,165	99.42%	476,481	3.08%
2004	29.94	17,404,974	17,140,287	98.48%	266,984	17,407,271	100.01%	451,511	2.59%
2005	30.93	18,325,498	18,039,519	98.44%	212,136	18,251,655	99.60%	471,840	2.57%
2006	22.01	19,182,873	18,918,210	98.62%	204,905	19,123,115	99.69%	500,106	2.61%

Source: Town audit reports.

(1) Includes overcollection of taxes and suspense collections.

TABLE 6

TOWN OF MANSFIELD, CONNECTICUT

TAXABLE GRAND LIST 1995-2004
LAST TEN YEARS
(UNAUDITED)

GRAND LIST AS OF OCTOBER 1, *	RESIDENTIAL REAL ESTATE			UTILITIES COMMERCIAL AND INDUSTRIAL REAL			ALL LAND	PERSONAL PROPERTY	MOTOR VEHICLE **	PERCENT	GROSS TAXABLE GRAND LIST	LESS EXEMPTIONS	NET TAXABLE GRAND LIST	TOTAL DIRECT RATE
	PROPERTY	PERCENT	PROPERTY	PERCENT	PROPERTY	PERCENT								
1995	\$ 337,911,010	70%	\$ 72,702,035	15%	\$ 10,058,590	2%	\$ 16,390,293	3%	\$ 47,090,381	10%	\$ 484,152,309	\$ 2,507,219	\$ 481,645,090	25.56
1996	342,739,780	70%	73,491,425	15%	9,897,720	2%	17,251,459	4%	49,425,720	10%	492,806,104	2,599,686	490,206,418	25.56
1997	345,860,180	69%	74,042,470	15%	9,908,730	2%	18,064,828	4%	50,685,753	10%	498,561,961	2,840,947	495,721,014	25.56
1998	350,781,980	69%	74,462,330	15%	9,897,195	2%	18,734,640	4%	55,339,852	11%	509,215,997	3,330,471	505,885,526	25.56
1999	355,732,580	69%	74,608,010	14%	9,114,790	2%	18,961,001	4%	57,169,897	11%	515,586,278	3,359,497	512,226,781	26.13
2000	393,635,960	73%	62,007,250	11%	4,300,240	1%	19,819,353	4%	61,593,730	11%	541,356,533	3,609,393	537,747,140	26.35
2001	402,098,470	72%	67,035,210	12%	3,370,640	1%	23,498,820	4%	63,581,361	11%	559,584,501	3,937,436	555,647,065	27.50
2002	411,876,590	70%	79,082,060	13%	3,850,720	1%	28,549,730	5%	66,074,095	11%	589,433,195	3,696,830	585,736,365	29.94
2003	423,877,050	71%	68,463,490	11%	3,940,460	1%	30,133,670	5%	71,181,641	12%	597,596,311	3,522,073	594,074,238	30.93
2004	658,941,733	75%	106,028,890	12%	8,116,630	1%	32,199,575	4%	74,895,444	9%	880,182,272	5,186,612	874,995,660	22.01

* Total after changes by Board of Tax Review.

** The Supplemental Motor Vehicle Grand List is included in the Motor Vehicle Totals.

TOWN OF MANSFIELD, CONNECTICUT

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

AS OF OCTOBER 1,	REAL ESTATE ASSESSED VALUATION	REAL ESTATE ESTIMATED TRUE VALUE	MOTOR VEHICLES ASSESSED VALUATION	PERSONAL PROPERTY ASSESSED VALUATION	TOTAL MOTOR VEHICLES AND PERSONAL PROPERTY ASSESSED VALUATION	TOTAL MOTOR VEHICLES AND PERSONAL PROPERTY ESTIMATED TRUE VALUE	TOTAL GROSS ASSESSED VALUATION	TOTAL EXEMPTIONS	TOTAL NET ASSESSED GRAND LIST *	TOTAL ESTIMATED TRUE VALUE	RATIO ASSESSED VALUE TO TRUE VALUE TOTAL **
1995	\$ 420,671,635	\$ 580,237,701	\$ 47,090,381	\$ 16,390,293	\$ 63,480,674	\$ 90,686,677	\$ 484,152,309	\$ 2,507,219	\$ 481,645,090	\$ 670,924,378	71.8%
1996	426,128,925	594,322,071	49,425,720	17,251,459	66,677,179	95,253,113	492,806,104	2,599,686	490,206,418	689,575,184	71.1%
1997	429,809,680	596,957,890	50,685,753	18,066,528	68,752,281	98,217,544	498,561,961	2,840,947	495,721,014	695,175,434	71.3%
1998	435,141,505	604,362,830	55,359,852	18,734,640	74,074,492	105,820,700	509,215,997	3,330,471	505,885,526	710,183,530	71.2%
1999	439,455,380	618,951,239	57,169,897	18,961,001	76,130,898	108,758,425	515,586,278	3,359,497	512,226,781	727,709,664	70.4%
2000	459,943,450	620,496,157	61,593,730	19,819,353	81,413,083	116,304,404	541,356,533	3,609,393	537,747,140	736,800,561	73.0%
2001	472,504,320	672,909,028	63,581,361	23,498,820	87,080,181	124,400,258	559,584,501	3,937,436	555,647,065	797,309,286	69.7%
2002	494,809,370	702,629,305	66,074,095	28,549,730	94,623,825	135,176,892	589,433,195	3,696,830	585,736,365	837,806,197	69.9%
2003	496,281,000	708,972,857	71,181,641	30,133,670	101,315,311	144,736,159	597,596,311	3,522,073	594,074,238	853,709,016	69.6%
2004	773,087,253	1,104,410,361	74,895,444	32,199,575	107,095,019	152,992,884	880,182,272	5,186,612	874,995,660	1,257,403,245	69.6%

* Total net Grand List is the final Grand List figure after all changes are made by the Board of Tax Review.

** This figure is based on the ratio of assessments for a given Grand List year to actual fair market value for that given Grand List year.

TABLE 8

TOWN OF MANSFIELD, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	GRAND LIST YEAR		NATURE OF BUSINESS	ASSESSED VALUE	2004		1995	
	RANK	% OF TAXABLE GRAND LIST (1)			ASSESSED VALUE	RANK	% OF TAXABLE GRAND LIST (1)	
Connecticut Light & Power	1	1.02%	Public Utility	\$ 8,963,410	\$ 4,845,060	2	1.01%	
U of C 242 LLC	2	0.78%	Apartments	6,843,270				
Celeron Square Associates	3	0.74%	Apartments	6,496,280	4,677,330	4	0.97%	
Mansfield-Eastbrook Dev Corp LLC	4	0.64%	Eastbrook Mall	5,600,000	10,050,710	1	2.09%	
New Samaritan Corp	5	0.61%	Nursing Home	5,318,250	4,513,590	5	0.94%	
Colonial BT LLC	6	0.59%	Apartments	5,141,430	4,733,610	3	0.98%	
Glen Ridge Cooperative	7	0.49%	Housing Co-Op	4,270,490	2,162,370	10	0.45%	
Storrs Polo Run LTD Ptrnrshp	8	0.45%	Apartments	3,956,470				
Orchard Acres Property LLC	9	0.43%	Apartments	3,744,230				
Hayes-Kaufman Mansfield Assoc.	10	0.42%	Shopping Plaza	3,713,920	2,429,420	8	0.50%	
Sanderson, Owen Mark			Apartments/Commercial		3,878,050	6	0.81%	
New England Savings Bank c/o FDIC			Renwood Condominiums		3,180,240	7	0.66%	
Mansfield Retirement Community			Elderly Housing		2,234,890	9	0.46%	
TOTAL				\$ 54,047,750	\$ 42,705,270		8.87%	

Source: Town Assessor Department.

(1) Based on a Net Taxable Grand List for October 1, 2004 and October 1, 1995 of \$874,995,660 and \$481,645,090.

TABLE 9**TOWN OF MANSFIELD, CONNECTICUT**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	GENERAL OBLIGATION BONDS	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
1997	\$ 7,917,754	1.18%		\$ 406
1998	6,982,065	1.01%		361
1999	8,346,376	1.20%		417
2000	7,410,688	1.04%		358
2001	8,805,000	1.21%		419
2002	7,715,000	1.05%		351
2003	6,540,000	0.82%		276
2004	5,780,000	0.69%		231
2005	4,800,000	0.56%		190
2006	3,970,000	0.32%		154

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

TOWN OF MANSFIELD, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
 JUNE 30, 2006
 (UNAUDITED)

TOTAL TAX COLLECTIONS (including interest and lien fees) for the year ended June 30, 2005.....	\$ 19,245,881
REIMBURSEMENT FOR REVENUE LOSS: Tax relief for elderly freeze.....	<u>1,840</u>
BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$ 19,247,721</u>

	GENERAL PURPOSE	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
DEBT LIMITATION:					
2 1/4 times base.....	\$ 43,307,372	\$	\$	\$	\$
4 1/2 times base.....		86,614,745			
3 3/4 times base.....			72,178,954		
3 1/4 times base.....				62,555,093	
3 times base.....					57,743,163
TOTAL DEBT LIMITATION.....	<u>43,307,372</u>	<u>86,614,745</u>	<u>72,178,954</u>	<u>62,555,093</u>	<u>57,743,163</u>
INDEBTEDNESS:					
Bonds payable.....	2,460,000	1,510,000			
Town portion of Regional School District No. 19 bonds payable - net.....		3,365,321			
School building grants.....		<u>(526,676)</u>			
NET INDEBTEDNESS (1).....	<u>2,460,000</u>	<u>4,348,645</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF INDEBTEDNESS.....	<u>\$ 40,847,372</u>	<u>\$ 82,266,100</u>	<u>\$ 72,178,954</u>	<u>\$ 62,555,093</u>	<u>\$ 57,743,163</u>

(1) The total of the above net indebtedness amounts to: \$ 6,808,645

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 134,734,047

TABLE 11**TOWN OF MANSFIELD, CONNECTICUT**

COMPUTATION OF DIRECT AND OVERLAPPING INDEBTEDNESS
 JUNE 30, 2006
 (UNAUDITED)

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO MANSFIELD	MANSFIELD SHARE OF DEBT
Town of Mansfield	\$ 3,970,000	100.00%	\$ 3,970,000
Regional School District No. 19	6,437,109 *	52.28%	<u>3,365,321</u>
Total direct and overlapping indebtedness			7,335,321
Less: School building grants			<u>(526,676)</u>
Net Direct and Overlapping Indebtedness			<u><u>\$ 6,808,645</u></u>

* Debt is net of school grants receivable of approximately \$14,947,893.

TABLE 12

TOWN OF MANSFIELD, CONNECTICUT

DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	(1) POPULATION	PERSONAL INCOME	(2) PER CAPITA INCOME	(2) MEDIAN AGE	EDUCATION LEVEL IN YEARS OF SCHOOLING	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT PERCENTAGE
1997	19,500 *		\$ 26,000	22.4 *		1,798	2.7%
1998	19,350 *		26,856	22.5 *		1,958	1.9%
1999	20,000 *		27,500 (1)*	22.5 *		1,964	1.9%
2000	20,720 (3)		28,500 (1)*	22.5 *		2,004	1.3%
2001	21,000 *		29,500 (1)*	22		2,036	1.6%
2002	22,000 *		29,500 (1)*	22		2,048	2.1%
2003	23,700 *		29,000 (1)*	21.8		2,090	2.5%
2004	25,000 *		29,000 (1)*	21.6		2,031	3.4%
2005	25,200 *		30,000 (1)*	21.8		1,978	5.0%
2006	25,800 *		30,000 (1)*	21.8		1,996	4.8%

*Estimates (Includes University of Connecticut Students and Bergin Correctional Institute Inmates)

Data Sources

- (1) Mansfield Director of Planning
- (2) Town and Region School Officials
- (3) 2000 Census
- (4) Connecticut Department of Labor

TABLE 13

TOWN OF MANSFIELD, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

		1997			2006		
EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	
		1	#DIV/0!			#DIV/0!	
		2	#DIV/0!			#DIV/0!	
		3	#DIV/0!			#DIV/0!	
		4	#DIV/0!			#DIV/0!	
		5	#DIV/0!			#DIV/0!	
		6	#DIV/0!			#DIV/0!	
		7	#DIV/0!			#DIV/0!	
		8	#DIV/0!			#DIV/0!	
		9	#DIV/0!			#DIV/0!	
		10	#DIV/0!			#DIV/0!	
TOTAL	-		#DIV/0!	-		#DIV/0!	

SOURCE: State Department of Labor

TABLE 14

TOWN OF MANSFIELD, CONNECTICUT

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

FUNCTION / PROGRAM	FULL-TIME EQUIVALENT EMPLOYEES AS OF JUNE 30									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
GENERAL GOVERNMENT:										
Town Manager.....										
Finance.....										
Town Clerk.....										
Registrars.....										
Other.....										
PUBLIC SAFETY:										
POLICE										
Officers.....	6.0									
Civilians.....										
FIRE										
Firefighters and officers.....										
Civilians.....										
PUBLIC WORKS										
Engineering.....										
Road services.....										
Building.....										
Maintenance.....										
Other.....										
COMMUNITY SERVICES:										
Recreation administration.....										
Social services.....										
Youth services.....										
Senior services.....										
Library administration.....										
COMMUNITY DEVELOPMENT:										
Planning.....										
Downtown partnership.....										
EDUCATION										
Certified.....	143.7									
Noncertified.....										
SEWER DEPARTMENT										
TOTAL	150									

SOURCE: Town Budget

TABLE 15

TOWN OF MANSFIELD, CONNECTICUT
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN YEARS
 (UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
GENERAL GOVERNMENT										
PUBLIC SAFETY										
Fire:										
Emergency responses.....										
Fires extinguished.....										
Inspections.....										
Police:										
Physical arrests.....										
Parking violations.....										
Traffic violations.....										
PUBLIC WORKS										
Street resurfacing (miles).....										
Potholes repaired.....										
Building permits issued.....	392									
COMMUNITY SERVICES:										
PARKS AND RECREATION										
Athletic field permits issued.....										
Community center admissions.....										
HEALTH:										
Number of health inspections.....										
LIBRARY										
Volume in collection.....										
Total volumes borrowed.....										
EDUCATION										
Enrollment:										
High School.....	664									
Middle School.....										
Elementary Schools.....	1332									
BUSINESS TYPE ACTIVITIES										
SEWER FUND:										
Average daily sewage treatment (thousands of gallons).....										

SOURCES: Various Town Departments

TABLE 16

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

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
GOVERNMENTAL ACTIVITIES										
PARKS AND RECREATION:										
Acreage.....	1,938									
Playgrounds.....										
Baseball/softball diamonds.....										
Soccer/football fields.....										
Community centers.....	1									
PUBLIC SAFETY:										
Civil preparedness.....										
Fire stations.....	3									
Police department:										
Stations.....	1									
Patrol units.....										
PUBLIC WORKS:										
Highway department:										
Streets (miles).....	105									
Sidewalks (miles).....										
COMMUNITY SERVICES:										
Social services.....										
Library services.....										
Recreation.....										
Day care.....										
EDUCATION:										
Number of Middle Schools.....	1									
Number of Elementary Schools.....	3									
SEWER FUND										
Sewer mains (miles).....	4									
Storm drainage (miles).....										
Treatment capacity (thousands of gallons)										
Pump stations.....	1									

SOURCES: Various Town Departments

NOTE: Indicators are not available for the General Government, Selectman, Building Maintenance, Library, Health and Welfare and XXXX departments

Federal Single Audit

TOWN OF MANSFIELD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Passed through State Department of Administrative Services:			
Food Donation.....	10.550		\$ 20,768
Passed through State Department of Education:			
School Breakfast Program.....	10.553		17,356
National School Lunch Program.....	10.555		102,177
Special Milk Program for Children.....	10.556		90
Child and Adult Care Food Program.....	10.558		28,655
Fresh Fruit and Vegetable Program.....	10.582	12060-22051-82079-2006	4,166
TOTAL U.S. DEPARTMENT OF AGRICULTURE.....			173,212
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
Passed through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program.....	14.228	2002-078-004-052-001A	14,226
<u>U.S. DEPARTMENT OF THE INTERIOR:</u>			
Direct Program:			
Recreation Resource Management.....	15.225		2,502
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>			
Passed through State Department of Transportation:			
Highway Planning and Construction.....	20.205	77-198	158,161
Highway Planning and Construction.....	20.205	77-199	106,005
Highway Planning and Construction.....	20.205	77-200/201	37,937
Clean Fuels.....	20.519	170-2445	4,205
Clean Fuels.....	20.519	170-2488	4,500
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants.....	20.601		11,906
TOTAL U.S. DEPARTMENT OF TRANSPORTATION.....			322,714
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>			
Passed through Connecticut State Library:			
State Library Program.....	45.310		11,800
Librarians for the 21st Century.....	45.313		5,825
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES			17,625

(Continued)

TOWN OF MANSFIELD, CONNECTICUT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Passed through State Department of Education:			
Title I Grants to Local Educational Agencies.....	84.010	12060-20679-82070-2005-170002-SDE00005	\$ 3,500
Title I Grants to Local Educational Agencies.....	84.010	12060-20679-82070-2006-170002-SDE00005	142,808
Special Education - Grants to States.....	84.027	12060-20977-82032-2005-170002	12,126
Special Education - Grants to States.....	84.027	12060-20977-82032-2006-170002	251,821
Special Education - Preschool Grants.....	84.173	12060-20983-82032-2005-170002	1,929
Special Education - Preschool Grants.....	84.173	12060-20983-82032-2006-170002	16,000
Safe and Drug-free Schools and Communities - State Grants.....	84.186	12060-20873-84131-2005-170002	3,911
Safe and Drug-free Schools and Communities - State Grants.....	84.186	12060-20873-84131-2006-170002	1,730
Innovative Education Program Strategies.....	84.298	12060-20909-84131-2005-170002	7,598
Education Technology State Grants.....	84.318	12060-20826-82079-2005-170003-SDE00005	12,746
Education Technology State Grants.....	84.318	12060-20826-82079-2005-170002	3,658
Education Technology State Grants.....	84.318	12060-20826-82079-2006-170002	80
Improving Teacher Quality State Grants.....	84.367	12060-20858-84131-2005-170002	2,609
Improving Teacher Quality State Grants.....	84.367	12060-20858-84131-2006-170002	47,047
TOTAL U.S. DEPARTMENT OF EDUCATION.....			507,563
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
Passed through State Department of Social Services:			
Social Services Block Grant.....	93.667		3,634
Passed through Northeast Communities Against Substance Abuse Inc.:			
Block Grants for Prevention and Treatment of Substance Abuse.....	93.959		3,300
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES.....			6,934
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>			
Passed through State Office of Policy and Management:			
Public Assistance Grants.....	97.036		78,347
Passed through State Department of Military:			
Emergency Management Performance Grants.....	97.042		6,754
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY.....			85,101
TOTAL FEDERAL AWARDS.....			\$ 1,129,877

(Concluded)

TOWN OF MANSFIELD, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006 ✓

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Mansfield, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is a summary of the more significant policy relating to federal awards:

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town and is presented on the modified accrual basis of accounting and a current financial resources measurement focus. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-profit Organizations.

2. **NONCASH FEDERAL AWARDS**

The Town received and expended \$20,768 of USDA donated commodities under the Federal Food Distribution Program.

TOWN OF MANSEFIELD, CONNECTICUT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006 ✓

Summary Schedule of Prior Audit Findings

- There were no prior year audit findings or questioned costs.
-

TOWN OF MANSFIELD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified opinion

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Reportable condition(s) identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes x no

Reportable condition(s) identified that are
not considered to be material weakness(es)? yes x none reported

Type of auditors' report issued on compliance
for major programs: Unqualified opinion

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section .510(a)? yes x no

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
84.027 / 84.173	Special Education Cluster

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? x yes no

II - FINANCIAL STATEMENT FINDINGS

None

III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

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

Town Council
Town of Mansfield, Connecticut

We have audited the basic financial statements of the Town of Mansfield, Connecticut, as of and for the year ended June 30, 2006, and have issued our report thereon dated December __, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion 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 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 controls over financial reporting, which we have reported to management in a separate letter dated December __, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's basic 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 or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, Town Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Farmington, Connecticut
December __, 2006

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Town Council
Town of Mansfield, Connecticut

Compliance

We have audited the compliance of the Town of Mansfield, Connecticut, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The Town's major federal 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 federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 federal program occurred. An audit includes examining, on a test basis, evidence about the Town'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's compliance with those requirements.

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

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal 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 OMB Circular A-133.

Town of Mansfield, Connecticut
Page Two

Our consideration of the internal control over compliance would not necessarily disclose all matters in the 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 applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal 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 Federal Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2006, and have issued our report thereon dated December __, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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 basic financial statements taken as a whole.

This report is intended solely for the information and use of management, Town Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Farmington, Connecticut
December __, 2006

**State
Single
Audit**

TOWN OF MANSFIELD, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2006**

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	STATE GRANT PROGRAM CT CORE NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<u>OFFICE OF POLICY AND MANAGEMENT:</u>			
Local Capital Improvement Program.....	12050-OPM20600-40254		\$ 174,061
Property Tax Relief for Disabled.....	11000-OPM20600-17011		948
Property Tax Relief for Elderly and Totally Disabled Homeowners.....	11000-OPM20600-17018		39,451
Property Tax Relief for Elderly Homeowners - Freeze Program.....	11000-OPM20600-17021		1,840
Property Tax Relief for Veterans.....	11000-OPM20600-17024		5,761
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles.....	11000-OPM20600-17031		4,130
<u>STATE DEPARTMENT OF EDUCATION:</u>			
School Readiness - Severe Need Schools.....	11000-SDE64000-12113	11000-12113-82079-2006-170003	107,187
Child Nutrition Program (School Lunch State Match).....	11000-SDE64000-16072	11000-16072-82051-2006-170005	6,085
Health Services.....	11000-SDE64000-17034	11000-17034-82010-2006-170006	11,518
School Breakfast.....	11000-SDE64000-17046	11000-17046-82057-2006	3,000
School Breakfast.....	11000-SDE64000-17046	11000-17046-82058-2006	220
Youth Services Bureau.....	11000-SDE64000-17052	11000-17052-82079-2006-170002	16,320
State Funds for Technology Infrastructure.....		12052-40312-82079-2005-170003	74,005
<u>STATE DEPARTMENT OF TRANSPORTATION:</u>			
Town Aid Road Grants Transportation Fund.....	12001-DOT57000-17036		137,907
<u>CONNECTICUT STATE LIBRARY:</u>			
Arts Presentation Grants Program.....	11000-CAT45200-17067-64		574
State Grants to Public Libraries.....	11000-CSL66051-17003		2,406
Connecticard.....	11000-CSL66051-17010		11,904
Historical Preservation Grant.....	12060-CSL66091-35150		7,000
<u>STATE DEPARTMENT OF SOCIAL SERVICES:</u>			
Child Day Care (CDC).....	11000-DSS60000-17022		220,944
<u>OFFICE OF THE STATE COMPTROLLER:</u>			
Payment in Lieu of Taxes (PILOT) on State-Owned Property.....	11000-OSC15910-17004		7,703,004
Boat Grant.....	12027-OSC15910-40211		2,503
Mashantucket Pequot/Mohegan Fund.....	12009-OSC15910-17005		1,435,767
<u>JUDICIAL DEPARTMENT</u>			
Judicial Fines.....	39001-JUD95162-40001		597
Parking Fines.....	34001-JUD95162-40001		310
<u>BOARD OF EDUCATION & SERVICES FOR THE BLIND</u>			
Services for the Blind.....	11000-ESB65020-12060		6,400
<u>STATE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:</u>			
Payment in Lieu of Taxes (PILOT).....	11000-ECD46400-17012-039		13,731
Small Town Economic Assistance Program (STEAP).....	12052-ECD46000-42411-075		50,786
TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS.....			10,038,359
<u>EXEMPT PROGRAMS:</u>			
<u>STATE DEPARTMENT OF EDUCATION:</u>			
Public School Transportation.....	11000-SDE64000-17027	11000-17027-82010-2006-170005	252,197
Education Cost Sharing.....	11000-SDE64000-17041	11000-17041-82010-2006-170002	8,777,692
Special Education - Agency Placement and Excess Costs.....	11000-SDE64000-17047	11000-17047-82018-2006	61,311
Special Education - Excess Cost Equity.....	11000-SDE64000-17048	11000-17048-82016-2006	51,162
School Construction Projects - Principal.....	13010-SDE64000-40901	13010-40901-82003-2006-170001	279,374
School Construction Projects - Interest.....	13009-SDE64000-40896	13009-40896-82004-2006-170063	51,004
TOTAL EXEMPT PROGRAMS.....			9,472,740
TOTAL STATE FINANCIAL ASSISTANCE.....			\$ 19,511,099

See note to Schedule of Expenditures of State Financial Assistance

TOWN OF MANSFIELD, CONNECTICUT

NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2006

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Mansfield through grants and other authorization in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including the Office of Policy and Management, the State Department of Education, the State Department of Transportation, the Connecticut State Library, the State Department of Social Services, the Office of the State Comptroller, the Judicial Department, the Board of Education & Services for the Blind, and the State Department of Economic and Community Development.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Mansfield, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to state financial assistance.

Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the modified accrual basis of accounting and a current financial resources measurement focus.

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.

TOWN OF MANFIELD, CONNECTICUT

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006**

Summary Schedule of Prior Audit Findings

- There were no prior year audit findings or questioned costs.
-

TOWN OF MANSEFIELD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Reportable condition(s) identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to financial statements noted? yes x no

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes x no

Reportable condition(s) identified that are
not considered to be material weakness(es)? yes x none reported

Type of auditors' report issued on compliance
for major programs: Unqualified

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 x no

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

<u>State Grantor and Program</u>	<u>State Grant Program Core CT Number</u>	<u>Expenditures</u>
OFFICE OF POLICY AND MANAGEMENT: Local Capital Improvement Program	12050-OPM20600-40254	\$ 174,061
STATE DEPARTMENT OF EDUCATION: School Readiness - Severe Need Schools.....	11000-SDE64000-12113	107,187
DEPARTMENT OF TRANSPORTATION: Town Aid Road Grants Transportation Fund.....	12001-DOT57000-17036	137,907
DEPARTMENT OF SOCIAL SERVICES: Child Day Care (CDC).....	11000-DSS60000-17022	220,944
OFFICE OF THE STATE COMPTROLLER: Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	7,703,004
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	1,435,767

TOWN OF MANFIELD, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

II. FINANCIAL STATEMENTS FINDINGS

- We issued our report dated December __, 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.
-

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

Town Council
Town of Mansfield, Connecticut

We have audited the basic financial statements of the Town of Mansfield, Connecticut, as of and for the year ended June 30, 2006, and have issued our report thereon dated December __, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the 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 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 controls over financial reporting, which we have reported to management in a separate letter dated December __, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's basic 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 or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Town Council, the Office of Policy and Management, and state awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Farmington, Connecticut
December __, 2006

INDEPENDENT AUDITORS' 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

Town Council
Town of Mansfield, Connecticut

Compliance

We have audited the compliance of the Town of Mansfield, Connecticut, 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'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 4-236). 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 Mansfield'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's compliance with those requirements.

In our opinion, the Town 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 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.

Town of Mansfield, Connecticut
Page Two

Our consideration of the internal control over compliance would not necessarily disclose all matters in the 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 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 basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2006, and have issued our report thereon dated December __, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town'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 basic 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 basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Town Council, the Office of Policy and Management, and state awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Farmington, Connecticut
December __, 2006