

**TOWN OF TOLLAND,
CONNECTICUT**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF TOLLAND, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared by:
The Finance Department

Lisa A. Hancock
Director of Finance and Records

TOWN OF TOLLAND, CONNECTICUT
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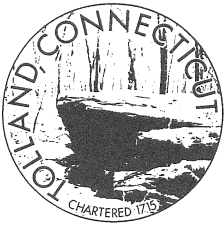
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Introductory Section



December 10, 2018

To the Members of the Town Council and Citizens of the Town of Tolland:

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Town of Tolland for the fiscal year ended June 30, 2018.

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

The Town of Tolland's financial statements have been audited by Blum, Shapiro and Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Tolland for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Tolland's financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Town of Tolland

Tolland is a residential community of 40.4 square miles and a population of 14,971 that retains impressive remnants of its rural past and substantial areas of protected open space. Expanding commercial and industrial resources are notably bolstering the economic base of the Town but in a way consistent with planning designed to preserve the community's character. Tolland was ranked 34th on Money Magazine's 2015 "100 Best Places to Live" in the United States.

Tolland is located 20 miles northeast of Hartford and approximately 90 miles southwest of Boston, Massachusetts. Interstate 84, a major east-west transportation corridor, bisects the Town. Bradley International Airport - approximately 25 minutes driving time away - provides convenient air connections to the rest of the country and the world. A majority of the Town's labor force is employed in the central Connecticut area, primarily in the financial services, industrial, governmental and higher education sectors. Significant to the Town in several ways, the main campus of the University of Connecticut is within 10 miles to virtually any point within the Town. The main entrance road to the University goes through Tolland which increases the Town's potential for further expansion of retail, commercial and multi-family housing in and around the travel way to the University. The University is in the process of a major expansion of its Storrs Campus that includes the development of a Business Research Park and an expansion in the number of students and faculty.

Tolland's legacy includes a New England town green of substantial proportions as its signature amenity. Tolland Green is the heart of the community, and the area around it is preserved as a National Historic District. Included in the district are several of the Town's historic attractions, such as the former Tolland County Court House, the Old Jail Museum and the Hicks-Stearns Family Museum, plus a number of gracious 18th and 19th century homes. Many of these Colonial, Greek Revival and Victorian structures are still being used as residences and by several churches and businesses. Municipal offices and the Town Library anchor one end of the Green. A few miles from the Green is the Town's oldest home, the 1733 Daniel Benton Homestead Museum, which was restored by the Historical Society with grant funding thus symbolizing the value the community places on preserving its heritage.

The Town is a growing outer-ring suburb of the Hartford metropolitan area. Ninety-five percent of its dwellings are owner-occupied and ninety-five percent are single-family homes. Land subdivision activity and housing starts have slowed down over the last 8 years due to the economic downturn, planned changes in zoning regulations and purchase by the Town of open space. There are indications of increased activity in the commercial and multi-family sector based on discussions with potential developers.

The Town has a Council/Manager form of Government, which was approved in 1972. The legislative function is performed by a Town Council consisting of seven members elected at large. The Council formulates public policy, which the Town administration is entrusted to implement. The Board of Education, which is the governing body of the school district, appoints the Superintendent of Schools to implement its policies and goals. The Chief Executive Officer of the community is the Town Manager, who is appointed for an indefinite term by the Town Council. The Manager has appointive and removal authority over department heads and other employees of the Town. The Town Manager and Director of Finance are responsible for the financial management of the Town.

The Town of Tolland provides its residents with a complete level of municipal services organized around six primary divisions:

- Administration: The Town Manager provides general supervision to all Town departments, which collectively staff 77 employees. The Office of the Town Manager includes a Director of Administrative Services who handles the human resources function for all the Town employees. This office also provides clerical support for the Tolland Water System.
- Planning and Community Development: This comprehensive development office houses the departments of Planning and Zoning, Inland Wetlands, Building, and Public Health. This office provides clerical support for the Water Pollution Control Authority.
- Community Services: This division includes Human Services, Elderly, Library and Recreation Services. The Human Services staff provides staff support services to the Tolland Water System as well as various grant and construction project oversight.

- **Public Safety:** This division includes Police (under contract with the Connecticut State Police), a combination volunteer/paid Fire and Ambulance Department, Fire Marshal and Animal Control Services.
- **Public Works:** This division includes the departments of Highway Maintenance, Parks and Facilities and Solid Waste and Recycling. Engineering services are outsourced. Department staff provides support for the Water Pollution Control Authority.
- **Finance and Records:** This division includes Accounting, Town Clerk, Town Assessment Services, Revenue Collection, Information Technology and Registrar of Voters. The Finance Department provides financial reporting services for the Tolland Non-profit Housing Authority, the Tolland Water System and the Water Pollution Control Authority.

The Town has successfully privatized and contracted out several municipal services. Examples include the construction/reconstruction of roads, snow plowing of selected routes, refuse and recyclable collection, engineering services, sewer capacity and certain social service functions such as health and sanitary services through the Eastern Highland Health District. The Town is also part of a six Town regional health insurance program that allows for benefits to be administered on a self-insured basis. Information Technology Services are provided through an inter-town cooperative effort to share IT services with the Towns of South Windsor and Coventry.

The Town of Tolland provides water and sewer services to a small sector of the community. Approximately 501 residences, 32 businesses, 10 private fire services and 6 municipal buildings are serviced by the Tolland water system, while the Connecticut Water Company services other designated sections throughout the Town. The vast majority of the residents are on private wells and septic systems. Public sewers are available in the west central portion of the Town, which includes the expanded Business Park. The sewers have also been extended down to the schools, through the Gateway Design District and up Route 195 which has allowed for current and future economic development.

Budget Process & Budgetary Control

Budget Process - As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, NOTE 2 (A) in the Notes to Basic Financial Statements describes the budget process used by the Town. The annual budget serves as the foundation for the Town's financial planning and control. A five year Capital Improvement Plan is presented, with the annual budget, but only the first year is adopted. The programs, as presented, are generally followed over the course of the five year planning period. The Capital planning process also incorporates a comprehensive debt management plan as part of the funding resource along with grants, pay-as-you goes and other cost sharing. The debt management plan is created in accordance with the Town's debt management policy.

Budgetary Control - The Town maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the budget referendum. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. Expenditures pursuant to the Town's Purchasing Policy are approved first through a purchase order signed by the Town Manager and the Director of Finance and Records. Encumbrances are reserved against appropriations made through contracts or commitments to vendors. Purchase orders that would result in an over expenditure of an appropriation are not issued until transfers or additional appropriations are made. Council approval is required for transfers between departments. Management approval is required for transfers within departments. Under the Town Charter the Town Council is authorized to approve additional appropriations up to \$40,000 in aggregate in any one year. All additional appropriations in excess of \$40,000 must be approved by a public hearing process.

Local Economy

Tolland continues to balance its strong emphasis on land preservation with the expansion and encouragement of commercial growth. Exit 68 off Interstate 84 is the main access point to Tolland and the primary gateway to the University of Connecticut's main campus. The Town anticipates that the University's expansion plans, including the development of a research park, will create economic development opportunities in Tolland.

The 2009 Plan of Conservation and Development set forth goals for a number of Tolland business areas, including the Tolland Village Area and Technology Campus Zone. The Planning and Zoning Commission adopted regulations to enable the desired business development and regularly updates the regulations to allow for new commercial uses. The Town and its Economic Development Commission have been working with property owners, developers and residents to promote development. The Town Council recently updated its tax abatement policy to expand eligibility. The Town is now in its first phase of the 10 year update to the Plan of Conservation and Development which will focus on economic development. Along with efforts to produce a regional economic development marketing plan it is the Town's goal to more aggressively market opportunities in Tolland and the region for development.

The Town continues to promote its vision for mixed use development in the Tolland Village Area, adjacent to the Interstate 84 interchange. The Town conducted a marketing analysis and financial feasibility review of development in this area. The study showed there is market potential for restaurants, apartments, possibly a hotel, and other uses. The Town continues to proactively work with landowners to encourage development in this area. The Town expects to further study this area as it begins to update the Plan of Conservation and Development. The Town also continues to promote development in the Technology Campus Zone, which is an area, intended to capitalize on UConn's research park.

Recognizing that business development often relies on infrastructure, the town has undertaken road extensions (the Business Park) and sewer expansions. These projects increased economic development in Tolland. Business including Dari Farms, NESTEEL and the Star Hill Family Athletic Center moved into the Business Park. Sewer expansions enabled a 123,000-square-foot development with a 60,000 square foot Big Y supermarket, a new branch for a bank, a medical facility, a restaurant and other retail stores. The Town extended the sewer line to the Technology Campus Zone, enabling the approval of an 87-unit town house development.

The net taxable grand list of 10/1/2016 was \$1.28 Billion, representing an increase of .81% from 2015. Individually the real estate values increased by over \$6.8 million or .61%, personal property values increased by \$4.4 million or 14.5% and the motor vehicle list decreased by \$912 thousand or .7%. Although slow, the town continues to see some residential growth. The significant increase in real estate was due to a larger than normal increase by the addition of the Woodlake/ECHN non-taxable property becoming taxable. Residents continue to invest in the existing housing stock with additions, new pools, and other property improvements. Motor vehicles decreased due to the previous year impact of an abnormally high amount of motor vehicles which were added to the grand list in that year as well as the impact of corrections of data from the State Department of Motor Vehicles.

Tolland remains attractive to business development with a median household income of \$109,382 (American Community Survey 2012-2016) that is 52% greater than the state's median income; a highly educated workforce (44% have a bachelor's degree or higher), and low unemployment rate (2.7% in September, 2018 vs. the State of CT 3.8% for the same period).

Long-Term Financial Planning

The Town has embarked on an aggressive long-term financial planning program. Specifically it has developed, and continues to modify, a “Long-Term Fiscal Trend Analysis Report,” which synthesizes several quantifiable variables into a document that forecasts long-term revenue and expenditure line items which make up the total Town budget. These variables include such indicators as Grand List Growth, intergovernmental revenue projections and forecasts in both municipal and educational operating expenses. The drafting of this trend analysis has helped the Town Manager’s Office immensely in developing affordability benchmarks. In conjunction with this, a debt management plan was structured to layer in debt issues for the next five years based on approved projects and anticipated needs. By employing this tool, it makes it readily apparent when new debt can be issued and when projects should be deferred to the future.

Financial Policies and Practices

Management Policies – The Town has formal financial policies for investments, debt management, capital financing, fund balance and other reserves, purchasing, post bond issuance tax disclosure policy, capital assets, multi-year financial forecasting and risk management. These policies may be viewed on our web site at www.tolland.org under the link located on the Finance Department page.

Fund Reserves – In March, 2018 the Town Council approved a revision to the Fund Balance policy which increased the minimum level of fund balance from 8% to 10% and also provided for more detailed requirements for replenishment if the balance should fall below the threshold. It also includes that the preference would be to maintain at least two months of operating reserves if possible. Besides having a goal to maintain a General Fund balance of 10% to 17% of General Fund operating expenditures the Town has created several other reserve funds to address various emergency or other stabilization needs of the Town. These funds include a Debt Service fund, Capital Non-Recurring fund, an Emergency Storm fund, an Education Reserve fund and a Utility Internal Service fund.

With the creation of the Capital Non-Recurring Fund, which allows more flexibility in investments, the Town employed the services of Webster Trust to oversee these investments. The fund has approximately 30% of investments in equities and the balance in United States government obligations. The intent of this fund is to serve as a future source of pay-as-you-go financing for capital projects.

Technology Replacement – The Town maintains a comprehensive schedule for replacement of servers and computers. There is also a Strategic Technology plan for improvements to our IT infrastructure. Annually funds are included within the General Fund budget to address the technology plan and required replacements as necessary.

Major Initiatives

The Town hired a consultant to perform a Law Enforcement Study to determine the most economical and effective method to provide adequate police protection for Tolland. Tolland contracts with the State of Connecticut for Resident Troopers and in FY 17-18 was served by two troopers. The study recommendation was to return to the former level of four troopers. The Town has implemented that recommendation. Tolland is fortunate to have the State Troop C Barracks in town.

The Town conducted a marketing analysis and financial feasibility review of development in the Tolland Village Area – an area slated for mixed use development in a village setting and accessible to transit. The study showed there is market potential for restaurants, apartments, possibly a hotel, and other uses. The Town continues to proactively work with landowners to encourage development here.

The Town set aside \$20,000 to use for economic development consulting services. We are looking to join with three other towns in the area to prepare a regional economic development marketing plan.

The Town received grants to fund several major capital projects which include funding of \$240,037 for School Security improvements, \$613,786 for the Tolland Intermediate School Roof replacement and funding for road improvements. We intend to apply for several more grants as part of our CIP plan.

The Town has worked closely with the Access Agency (a non-profit housing provider) and the Board of Education to advance plans to repurpose the closed Parker School to 37 units of elderly housing. The Access Agency received a loan for construction of the housing units. This project has begun and will help meet Tolland's great need for housing for our aging population.

Awards and Acknowledgements

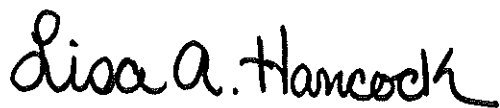
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Tolland for its Comprehensive Annual Financial Report for the year ended June 30, 2017. This was the twenty-sixth consecutive year that the Town of Tolland has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

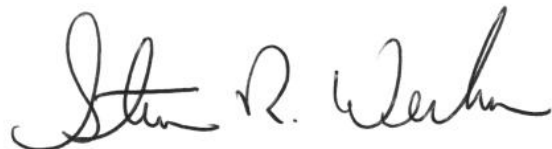
Additionally, the Town received the Distinguished Budget Presentation Award for the 2017-2018 Budget from the GFOA. The Town has received this highest form of recognition in governmental budgeting for eight consecutive years. We have applied for the 2018-19 award and anticipate being eligible for it.

The preparation of this report on a timely basis would not have been possible without the assistance and support of many people. We would like to express our appreciation to all those who contributed to its preparation, including Laura Schwabe, Christopher Jordan and Noreen Botticello. We would also like to thank the Town Council and the Board of Education for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,



Lisa A. Hancock, CPFO
Director of Finance and Records



Steven R. Werbner
Town Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Tolland
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Town of Tolland

Connecticut

For the Fiscal Year Beginning

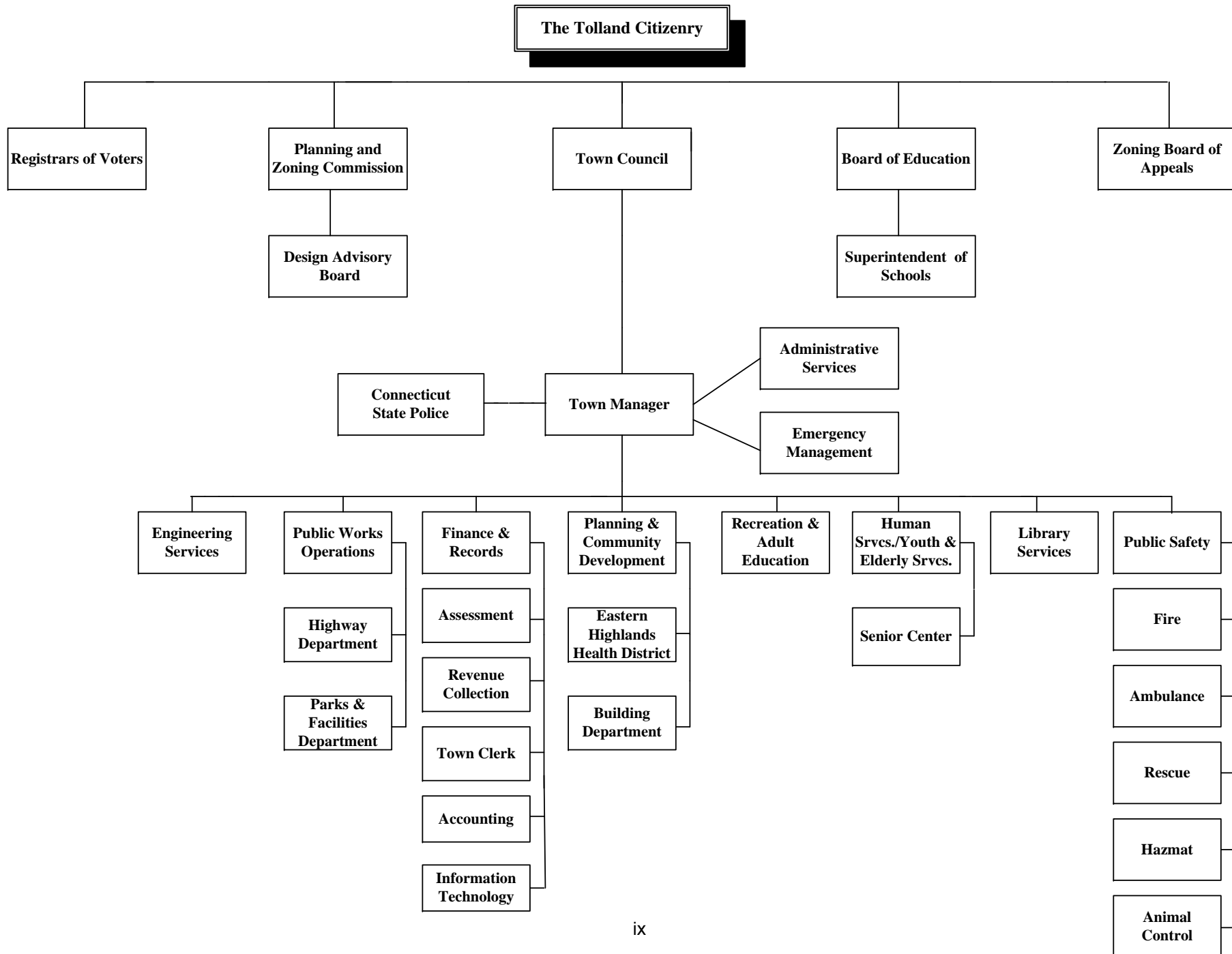
July 1, 2017

Christopher P. Morill

Executive Director

Town of Tolland

Organization Chart



TOWN OF TOLLAND, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2018

Town Council

William Eccles, Chairperson
David Skoczulek, Vice Chairperson
Brenda Falusi
Tammy Nuccio
John Reagan
Paul Reynolds
Christine Vincent

Board of Education

Colleen Yudichak, Chairperson
Karen Moran, Vice Chairperson
Sam Adlerstein
Michelle Harrold
Katherine Howard-Bender
Robert Pagoni
Jane Pasini
Christina Plourd
Jeffrey Schroeder



Financial Section

Independent Auditors' Report

To the Town Council
Town of Tolland, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tolland, Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Tolland, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, each major fund and the aggregate remaining fund information of the Town of Tolland, Connecticut, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 5 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Tolland, Connecticut, adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The net position of the Town of Tolland, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tolland, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018 on our consideration of the Town of Tolland, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town of Tolland, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tolland, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 10, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

As management of the Town of Tolland, we offer readers of the Town of Tolland's financial statements this narrative overview and analysis of the financial activities of the Town of Tolland for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in the introductory section of this report, as well as the Town's basic financial statements.

Financial Highlights

- On a government-wide basis, the assets of the Town of Tolland exceeded its liabilities at the close of the most recent year by \$101,280,464 (net position). Of this amount, \$23,906,730 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- On a government-wide basis, the government's total net position increased by \$312,188. Governmental and business-type activity expenses were \$68,469,120 while revenues were \$68,781,308.
- The total cost of all Town services for the fiscal year 2018 was \$68,469,120; of which \$67,644,867 was for governmental services and \$824,253 for business-type activities.
- At the close of the fiscal year, the Town's governmental funds reported, on a current resource basis, combined ending fund balances of \$22,997,289, an increase of \$8,251,702 from the prior fiscal year. Of the total fund balance as of June 30, 2018, \$8,320,481 represents the combined unassigned fund balance in the general fund, special revenue funds, capital projects funds and permanent funds.
- At the end of the current fiscal year, the total fund balance on a GAAP basis for the general fund alone was \$10,730,425, an increase of \$706,587 over the prior fiscal year. Unassigned fund balance for the general fund was \$8,320,481 or 13.3% of general fund expenditures and transfers out. Unrestricted fund balance (the total of the committed, assigned and unassigned components of fund balance) for the general fund was \$10,730,425 or 17.0% of general fund expenditures and transfers out. There was no restricted fund balance in general fund.

Overview of the Financial Statements

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

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Tolland's finances, in a manner similar to a private-sector business. All of the resources available to the Town are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide long-term and short-term information about the Town's overall financial status.

The *statement of net position* presents information on all of the Town of Tolland's assets and liabilities, with the difference reported as *net position*. One can think of the Town's net position, the difference between assets and liabilities, as one way to measure the Town's financial health and financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Tolland is improving or deteriorating. It addresses the question of whether or not the Town is better or worse off as a result of this year's activities.

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

Both of the government-wide financial statements distinguish functions of the Town of Tolland that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Tolland encompass most of the Town's basic services and include administration, planning and community development, community services, public works, public safety services, records and financial services and education. The business-type activities of the Town of Tolland are water and sewer operations. They are reported here because the Town charges a fee for providing water and sewer services to its customers, which are intended to cover the operating costs, including depreciation.

The government-wide financial statements can be found on Exhibits I and II of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Tolland, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Tolland can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The Town of Tolland maintains 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Sewer Assessment, CDBG Small Cities and Capital Projects, which are considered to be major funds. Data from the other 28 governmental funds are combined into a single, aggregated presentation under the caption "other governmental funds." Nonmajor governmental funds include the Dog, Open Space Maintenance, Stone Pond Sewer Escrow, Tolland Townhouse Sewer Escrow, Lodge Activity, Open Space, Tolland Business Park, Town Aid Road, Recreation, Water Assessment, School Lunch, State and Federal Education Grants, Before/After School Program, Eviction Fund, Cemetery Operations, Minnie Hicks, Training Center, Conservation Green Grant, Traffic Grant, Field Maintenance, Veterans Memorial, 300th Celebration, Emergency Storm, Miscellaneous Grants, Artificial Turf, Cemetery Perpetual Care, Debt Service Fund and Ratcliff Hicks Memorial School funds. Individual fund data for each of these nonmajor governmental funds is provided in the *form of combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on Exhibits III-V of this report.

Proprietary Funds. The Town of Tolland maintains four proprietary funds. The *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Tolland uses enterprise funds to account for its Water and Sewer operations. The *governmental activities* include two internal service funds.

- The ECHIP Internal Service Fund is used to report activities that provide self-insured medical services for both the Town and Board of Education which are funded by other Town programs or activities.
- The Utility Internal Service Fund (UISF) is used to pay for utility related expenses for both the Town and Board of Education which are funded by other Town programs or activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water operations which is considered to be a major fund of the Town of Tolland.

The basic proprietary fund financial statements can be found on Exhibits VI-VIII of this report.

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

The basic fiduciary fund financial statements can be found on Exhibits IX-X of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 30 of this report.

The combining statements and supplemental schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found beginning on page 64 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position and an important determinant of its ability to finance services in the future. Town of Tolland's total assets exceeded liabilities by \$101,280,464 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Tolland's net position \$76,994,151 (76.0%) reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, water systems and infrastructure) less related outstanding debt used to acquire those assets. The Town of Tolland uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Tolland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF TOLLAND NET POSITION JUNE 30, 2018 AND 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (as Restated)	2018	2017 (as Restated)	2018	2017 (as Restated)
Current and other assets	\$ 32,557,100	\$ 23,521,151	\$ 1,073,523	\$ 896,692	\$ 33,630,623	\$ 24,417,843
Capital assets	117,550,963	120,613,327	8,200,166	8,465,681	125,751,129	129,079,008
Total assets	150,108,063	144,134,478	9,273,689	9,362,373	159,381,752	153,496,851
Deferred outflows of resources	1,139,838	1,228,188			1,139,838	1,228,188
Current liabilities	6,561,344	7,110,202	58,048	62,415	6,619,392	7,172,617
Noncurrent liabilities	50,748,898	45,473,858			50,748,898	45,473,858
Total liabilities	57,310,242	52,584,060	58,048	62,415	57,368,290	52,646,475
Advance property tax collections	1,872,836	1,110,288			1,872,836	1,110,288
Net investment in capital assets	68,793,985	77,127,304	8,200,166	8,465,681	76,994,151	85,592,985
Restricted	313,063	313,063	66,520	49,825	379,583	362,888
Unrestricted	22,957,775	14,227,951	948,955	784,452	23,906,730	15,012,403
Total Net Position	\$ 92,064,823	\$ 91,668,318	\$ 9,215,641	\$ 9,299,958	\$ 101,280,464	\$ 100,968,276

An additional portion of the Town of Tolland's total net position, .37% or \$379,583, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$23,906,730 is *unrestricted net position* and may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Tolland is able to report positive balances in all three categories of net position, both for the Town as a whole, as well as for its separate governmental and business-type activities. The same held true in for the prior fiscal year.

Restricted net position in the business-type activities increased by \$16,695 and there was no change for governmental activities from the previous year.

**TOWN OF TOLLAND CHANGES IN NET POSITION
JUNE 30, 2018 AND 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 2,712,070	\$ 2,700,247	\$ 738,188	\$ 705,089	\$ 3,450,258	\$ 3,405,336
Operating grants and contributions	18,729,976	19,730,475			18,729,976	19,730,475
Capital grants and contributions	1,656,859	1,676,993			1,656,859	1,676,993
General revenues:						
Property taxes	44,299,403	43,527,376			44,299,403	43,527,376
Grants and contributions not restricted to specific programs	281,712	627,533			281,712	627,533
Investment income	227,649	196,135	6,748	3,827	234,397	199,962
Miscellaneous	128,703	23,552			128,703	23,552
Total revenues	<u>68,036,372</u>	<u>68,482,311</u>	<u>744,936</u>	<u>708,916</u>	<u>68,781,308</u>	<u>69,191,227</u>
Expenses:						
Administration	1,413,134	1,440,490			1,413,134	1,440,490
Planning and community development	491,843	474,277			491,843	474,277
Community services	1,698,846	2,292,140			1,698,846	2,292,140
Public works	8,165,431	8,422,874			8,165,431	8,422,874
Public safety services	2,308,812	2,478,544			2,308,812	2,478,544
Records and financial services	1,186,970	1,139,430			1,186,970	1,139,430
Board of education	51,267,751	50,393,047			51,267,751	50,393,047
Interest expense	1,112,080	915,251			1,112,080	915,251
Sewer Fund			491,475	487,772	491,475	487,772
Water Fund			332,778	313,802	332,778	313,802
Total expenses	<u>67,644,867</u>	<u>67,556,053</u>	<u>824,253</u>	<u>801,574</u>	<u>68,469,120</u>	<u>68,357,627</u>
Excess (deficiency) before transfers	391,505	926,258	(79,317)	(92,658)	312,188	833,600
Transfers	5,000		(5,000)		-	-
Change in net position	396,505	926,258	(84,317)	(92,658)	312,188	833,600
Net Position - July 1	91,668,318	94,725,876	9,299,958	9,392,616	100,968,276	104,118,492
Restatement		(3,983,816)			-	(3,983,816)
Net Position - June 30	<u>\$ 92,064,823</u>	<u>\$ 91,668,318</u>	<u>\$ 9,215,641</u>	<u>\$ 9,299,958</u>	<u>\$ 101,280,464</u>	<u>\$ 100,968,276</u>

The Town of Tolland's overall net position increased \$312,188 from the prior fiscal year. The major changes in revenues and expenses creating this overall increase are discussed in the following sections for governmental activities and business-type activities. Governmental activities increased the Town of Tolland's net position by \$396,505 and business-type activities reduced it by \$84,317.

Governmental Activities

For governmental activities, approximately 65.1% of the revenues were derived from property taxes, followed by 29.9% in other intergovernmental revenues. These numbers reflect an increase in property tax revenue and a decrease in intergovernmental revenue as compared to the prior fiscal year where property taxes were 63.6% and other intergovernmental revenues were 28.8% of total revenues.

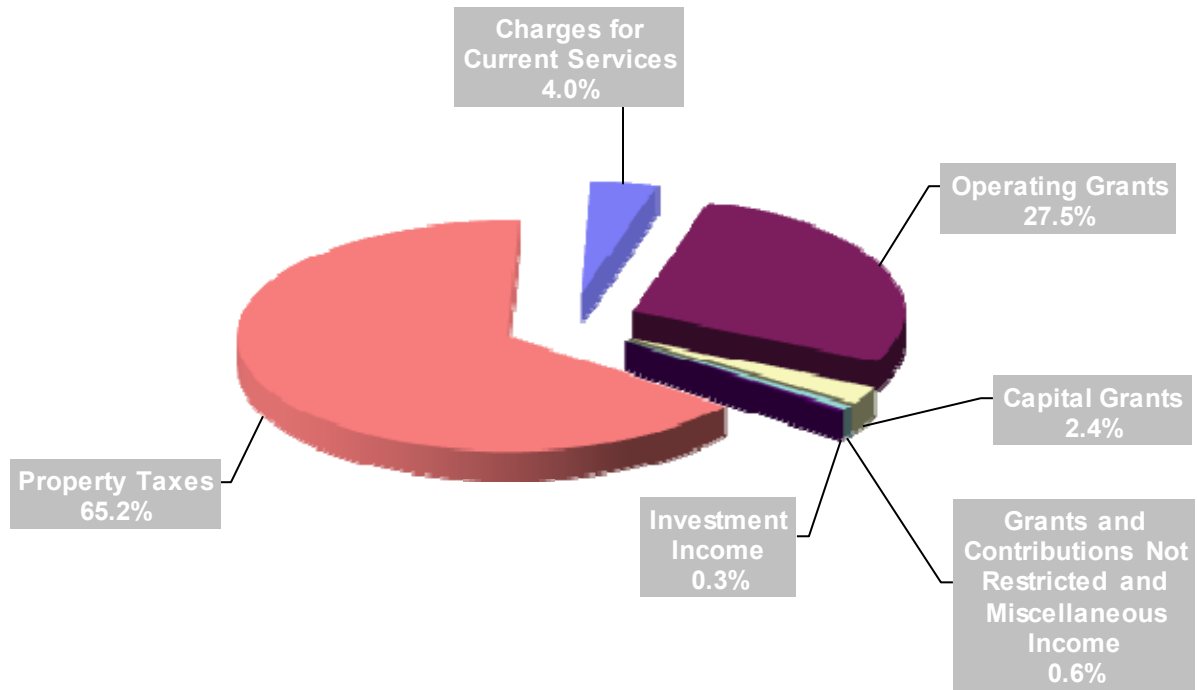
Major revenue factors included:

1. *Property tax revenues* recorded during the fiscal year 2018 reflect a .29 mill increase in the mill rate for the current levy and the impact of a .81% increase in the grand list. There was \$772,027 more in property tax revenues collected over the previous year.
2. *Charges for services* were \$11,823 higher than the prior year.
3. *Operating grants* reflected a decrease of \$1,000,499 mainly due to a decrease in Education Cost Sharing and \$354,269 in Special Education Excess Cost, offset by minor increases in other operating grants.
4. *Capital grants and contributions* reflected a decrease of \$20,134 over the previous year due to grants received for school construction and public works projects versus a one-time library grant received last year.
5. *Grants and contributions not restricted to specific programs* decreased by \$345,821 mainly due to a reduction in the state municipal revenue sharing grant for \$255,100 and the elimination of the Elderly Circuit Breaker grant of \$70,907 and other one-time grants received last year.
6. *Miscellaneous General Revenues* increased by \$105,151 over the previous year mainly due to one-time receipts in 2018 from bond premiums and insurance rebates.

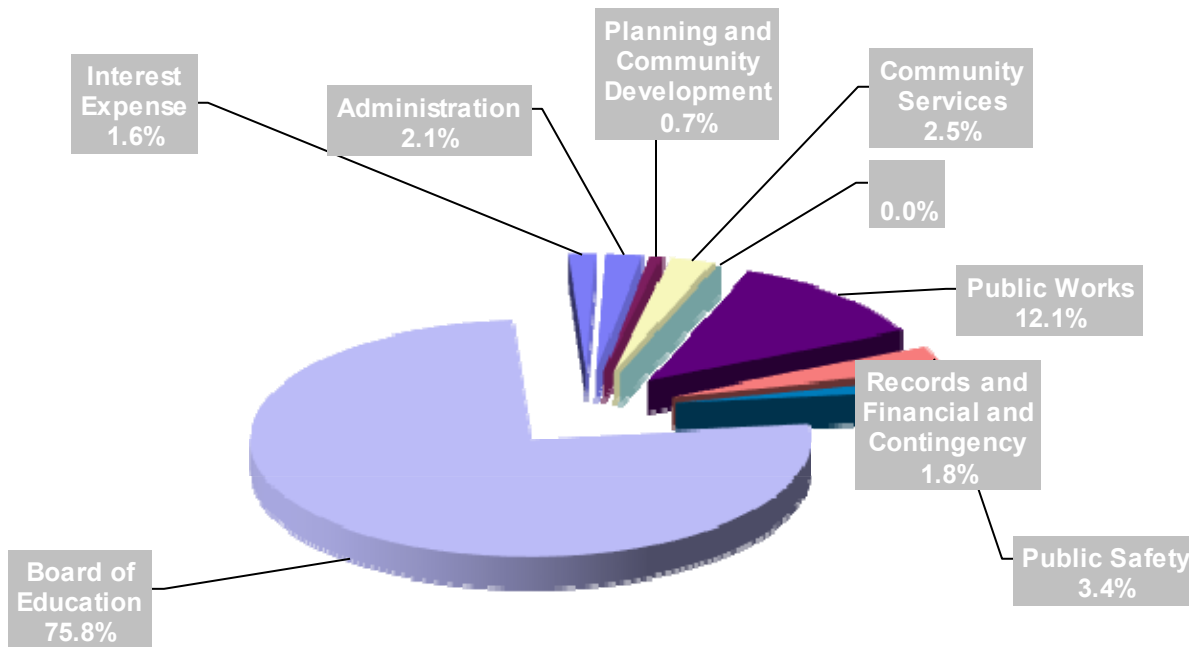
Overall governmental revenue decreased by \$445,939. This is mainly due to a decrease in program revenues of \$1,000,499 and a decrease of \$345,821 in grants and contributions not restricted to specific programs. This was offset by an increase of property taxes of \$772,027, an increase in miscellaneous and investment income of \$31,514 and an increase in miscellaneous general revenues of \$105,151.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

The largest component of revenue, which is from property taxes, increased to 65.8% of total revenue in the current year as compared to 63.6% in the prior year.



EXPENSES BY SOURCE - GOVERNMENTAL ACTIVITIES



For governmental activities, 75.8% of the Town's expenses relate to education, 12.1% to public works, 3.4% to public safety, 2.5% to community services, 1.6% to interest payments on long-term debt, 2.1% to administration, 1.8% to records & financial services and contingency and 0.7% to planning and community development.

The overall total of governmental expenses excluding transfers increased in the amount of \$88,814 with the biggest impact of a decrease of \$850,737 in Public Works and Community Services, offset by increases in the Board of Education and other departments. The Board of Education expenses include the impact for the State Teacher's Retirement funding for the current year in the amount of \$6,854,252 or an increase of \$887,382 over the previous year's amount of \$6,817,607. The overall increase for governmental expenditures was impacted by various increases and decreases within other Town operations with the largest decrease in Community Services in the amount of \$593,294 due to capital projects that had been completed in the previous fiscal year.

Business-Type Activities. Business-type activities decreased the Town of Tolland's net position by \$84,317. Key elements of this year's activities are as follows:

- The Water Fund had operating income of \$78,340 and the Sewer Fund experienced an operating loss of \$152,780 for a combined operating loss of \$74,440. The non-operating losses of \$4,877 and transfers out to Capital Reserves of \$5,000 bring the reduction in net position to \$84,317 at year end. A majority of the operating loss in the Sewer Fund relates to the impact of depreciation expense. The Water Commission and the Water Pollution Control Authority continue to address user fees and funding resources to eliminate future operating losses as well as to address future capital needs.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town of Tolland's governmental funds reported combined ending fund balances of \$22,997,289, an increase of \$8,251,702 from the previous year.

The largest change in fund balance was an increase in the Capital Projects Fund by \$7,116,824 due to the issuance of General Obligation Bonds. The General Fund also increased by \$706,587. There were also decreases in the Sewer Assessment and Small Cities funds. Nonmajor Governmental funds had an increase of \$455,068.

The general fund balance increased by \$706,587 due to an excess of \$312,604 in revenues over expenditures plus the other financing sources and uses of \$393,983.

The sewer assessment fund decreased by \$15,889 due to sewer assessment fees that were lower than the cost of debt service.

The overall amount of the governmental fund balances totals up to \$22,997,289. Of that amount the assigned fund balance is \$2,363,364 which includes \$1,673,364 for encumbrances and \$690,000 for the subsequent budget. The restricted amount of the total fund balance is a restriction on spending grant receipts and bond proceeds in the amount of \$193,061. There are balances committed in the amount of \$11,773,002 for capital projects and other special commitments. An additional amount of \$347,381 represents the non-spendable portion of fund balance and the unassigned portion of fund balance is \$8,320,481 or 36.2% of total fund balance.

The general fund is the chief operating fund of the Town of Tolland. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,320,481, while total fund balance was \$10,730,425. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.2% of total general fund expenditures including transfers out. Total fund balance represents 17.0% of that same amount. The unassigned portion of fund balance, when compared with unassigned last year portion for the general fund had increased by \$396,505 while the total fund balance increased by \$706,587.

Key factors contributing to the increase in the *General Fund* were:

- Although the Town experienced a shortfall in Intergovernmental revenues for \$818,489, the current, prior year, and motor vehicle supplemental tax collections exceeded the budget by \$218,087. Motor vehicle supplemental taxes collected as part of this amount account for \$53,409 due to more than anticipated vehicles being added to the Motor Vehicle list.
- Additional revenue collected in investment income and other revenues was \$231,815 was mainly due to higher investment returns and longer maturity investments and the receipt of bond premiums and unanticipated insurance rebates.
- The original intent of using of \$400,000 of fund balance did not have to be used.
- Total Expenditures were \$1,565,408 less than anticipated. \$1,220,826 of this amount was unexpended from the Board of Education,
- The Town unexpended balance of \$344,582 mainly consisted of unexpended State Police contracted services of \$290,000.

The *Sewer Assessment fund* had a decrease in its operating revenue by \$11,874 as compared to last year and a decrease of fund balance of \$15,889

The *CDBG Small Cities funds* produced program income revenues of \$23,044 and program expenditures of \$33,932 resulting in a net reduction to fund balance by \$10,888.

The *Capital Projects funds* produced revenues and other financing sources that exceeded expenditures and other financing uses by \$7,116,824 due to the timing of capital projects and the bond issue.

Proprietary Funds The Town of Tolland's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the water fund amounted to \$3,159,250 and \$6,056,391 for the sewer fund at year end. This represented an increase of \$71,442 for water and a decrease of \$155,759 for sewer. The increase in water resulted from an increase in customer user fees and a decrease in repairs and material supply expenses. The decrease in sewer is due mainly to expenses, including depreciation, not being covered by user fees. The Sewer Operating expenses were \$3,703 higher than the previous fiscal year. This was mainly due to increased Professional Services in this fiscal year. The Water Pollution Control Authority continues to address user fees and other funding resources to eliminate future operating losses.

The Utility Internal Service Fund operating revenues were \$1,782,642 and operating expenses were \$1,157,408, when combined with non-operating expenses of \$202,926, non-operating revenues of \$13,967 and transfers-out of \$523,561, resulted in a change in net position of \$87,286. Total net position as of June 30, 2018 was \$900,866. Operating expenses increased by \$20,545 due to increases in utility costs. Our current fiscal year non-operating revenues/expenses are \$72,253 less than the previous fiscal year mainly due to the reduction in interest expense.

The ECHIP Health Insurance Internal Service Fund had total revenue of \$7,389,974 and operating expenses of \$6,697,336 resulting in a change in net position of \$692,638. A majority of these excess funds were expended in July, 2018 due to timing differences. The total net position as of June 30, 2018 was \$2,717,873.

General Fund Budgetary Highlights

There was no difference between the original budget and the final amended budget. During the year, actual revenues and other financing sources on a budgetary basis were \$55,011,344, which exceeded budgetary estimates by \$708,903.

Actual tax revenues were over budget by \$218,087 due to an increase in current year tax collections, aggressive prior year's delinquent collections and unanticipated supplemental motor vehicles added to the grand list.

Actual intergovernmental revenue was under the budget by \$818,489. The major impact in this revenue shortage was due to the reduction in the State payment for Educational cost sharing of \$831,915 which was offset partially by \$13,426 in other miscellaneous grants.

Charges for current services exceeded the budget by \$59,406 due to higher than anticipated Property Conveyance Taxes. Investment income was \$55,143 over budget due to investing a portion of cash not currently needed into longer term investments for higher interest rates. Other financing sources included \$70,278 for cancellation of previous year encumbrances.

Other revenues exceeded the budget by \$106,672. A majority of that amount came from bond premiums that were received for \$32,079, insurance rebates of \$29,242, and \$15,000 from our sports leagues to assist with the cost associated with the Artificial Turf field.

The Town had an original budgeted appropriation for the use of fund balance in the amount of \$400,000. Fund Balance did not have to be used mainly due to unanticipated excess revenues received for current and prior motor vehicle supplemental taxes, property conveyance taxes and expenditures less than budgeted. The actual amount of budgetary basis fund balance was increased by \$856,505.

Actual expenditures on a budgetary basis and other financing uses totaled \$54,154,839 which was less than budgeted by \$1,565,408. Of this amount, savings resulting from the Board of Education were \$1,220,826. The remaining savings are mainly due to savings from Public Safety funding for additional State Troopers that were not hired until fiscal year 2018-19.

Capital Asset and Debt Administration

TOWN OF TOLLAND'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 14,871,215	\$ 14,871,215	\$ 50,858	\$ 50,858	\$ 14,922,073	\$ 14,922,073
Construction in progress	768,456	3,267,753			768,456	3,267,753
Buildings	78,876,599	78,311,014			78,876,599	78,311,014
Vehicles, furniture and equipment	5,366,711	5,756,673			5,366,711	5,756,673
Plant and pumping station			1,094,071	1,186,754	1,094,071	1,186,754
Water distribution system			7,055,237	7,228,069	7,055,237	7,228,069
Infrastructure	17,667,982	18,406,672			17,667,982	18,406,672
Total	<u>\$ 117,550,963</u>	<u>\$ 120,613,327</u>	<u>\$ 8,200,166</u>	<u>\$ 8,465,681</u>	<u>\$ 125,751,129</u>	<u>\$ 129,079,008</u>

Capital Assets. The Town of Tolland's investment in capital assets for its combined governmental and business-type assets includes land, buildings and improvements, vehicles and equipment, roads, rights of way, water systems, dams, bridges and sewer lines. The total decrease in the Town of Tolland's investment in capital assets for the current fiscal year was \$3,327,879 or approximately 2.58%, with a decrease of \$3,062,364 for governmental activities and a decrease of \$265,515 for business-type activities.

The Town's Governmental Activities type capital assets decrease of \$3,062,364 is the net result of depreciation and deletions combined with the addition of the following assets:

THS WARNING TRANSITION STRIPS	231,812
STEINER SNOWBLOWER	35,624
CAB SNOWBLOWER/PLOW	20,810
THS PA SYSTEM EXPANSION	37,374
BGP CHAIN LINK FENCE	13,070
DISTRICT WIDE SECURITY UPGRADES	155,829
WACKER NEUSON PRO-LINE ROLLER	39,594
2018 INTERNATIONAL LOW-PROFILE DUMP TRUCK	137,073
HENKE 10' REVERSIBLE SNOW PLOW	5,927
BRITE STRIPER	13,890
AMBULANCE 540	137,877
RECREATION CENTER HEATING SYSTEM	191,281
HP PROLIANT DL360 GEN SERVER AND MONITOR	4,360
PUBLIC WORKS GARAGE RENOVATION	365,816
TOWN WIDE VOIP SYSTEM	322,920
LIBRARY EXPANSION PROJECT	2,042,159
TOWN WIDE FIBER OPTICS	998,534

Business type activities decreased by \$265,515 due to the net effect of depreciation and the addition of the following assets:

REGIONAL PIPELINE	43,181
PUMP HOUSE ALARM SYSTEM	6,939

Additional information on the Town of Tolland's capital assets can be found in Note 3D on pages 43-44 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town of Tolland had total bonded debt outstanding of \$36,310,000, all of which is backed by the full faith and credit of the Town. Of this debt, \$16,943,007 is school related and \$19,366,993 is general obligation. The Town of Tolland's total debt increased by the amount of \$5,875,000 due to a combination of new bonds issued in May, 2018 for \$9,340,000 and the reduction of \$3,465,000 for payments made during the fiscal year.

In October 2016 the Town was upgraded to 'AAA' from 'AA+' by Fitch Rating Agency based on revised criteria on prior debt issuances. The last bond rating before June 30, 2018 for the Town of Tolland was in May, 2018 affirming an "AAA" rating from Standard and Poor's, and Fitch Rating Agency for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2¼ to 4½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town of Tolland is \$304,004,526 which is significantly in excess of the Town of Tolland's outstanding general obligation debt.

Additional information on the Town of Tolland's long-term debt can be found in Note 3F on pages 45-48 of this report.

Economic Factors and Next Year's Budget and Rates

Local and State Governments throughout the country, including Tolland, continue to deal with the global and national issues and the economic reality of the Federal and State budget deficits. The Town Council and staff have continued to address these issues while still trying to provide first rate services. There are continued efforts to grow the Town's tax base, retain current businesses and increase economic development opportunities. Some significant items to note for economic growth are as follows:

- Addition of \$5.9 million to the Grand List for a Nursing and Rehabilitation Center that was previously listed as non-taxable property after it was converted to a for profit organization

The new economic indicators were taken into consideration when adopting the general fund budget for fiscal year 2018/2019. The approved State budget reduced Tolland's municipal aid by \$730,662 or 7.43%. A budget was approved at Town-wide referendum on May 1, 2018.

We are fortunate that we did experience a .23% increase in our October 1, 2017 Grand List. This resulted in an increase of approximately \$100,064 in actual dollars generated based on the FY 17-18 mill rate. The value of these funds is factored into the FY 18-19 mill rate calculation. Without them, the mill rate would have been much higher.

When factoring in all the changes in non-tax revenue sources including the reduction of State Municipal aid we are experiencing a decrease in revenues overall in the amount of \$412,862. A majority of this revenue loss is covered by a combined increase in tax revenue along with using \$690,000 from fund balance. The Town Manager and Finance Director have recommended cautious use of fund balance and a plan should be in place for the next budget to responsibly plan to replenish or limit the future use of fund balance.

In 2018/2019 the overall Town expenditure budget increased by .81% which required a .52 mills increase. These increases were much less than comparable Connecticut Towns. As we have on a regular basis over the last several years in response to the economic times, we have minimized, to the extent practical, expenditures while doing everything possible to retain or improve upon the quality of programs and services offered. Our budget philosophy is to focus on our ability to sustain over time essential services and programs and to address absolute needs in a prioritized manner.

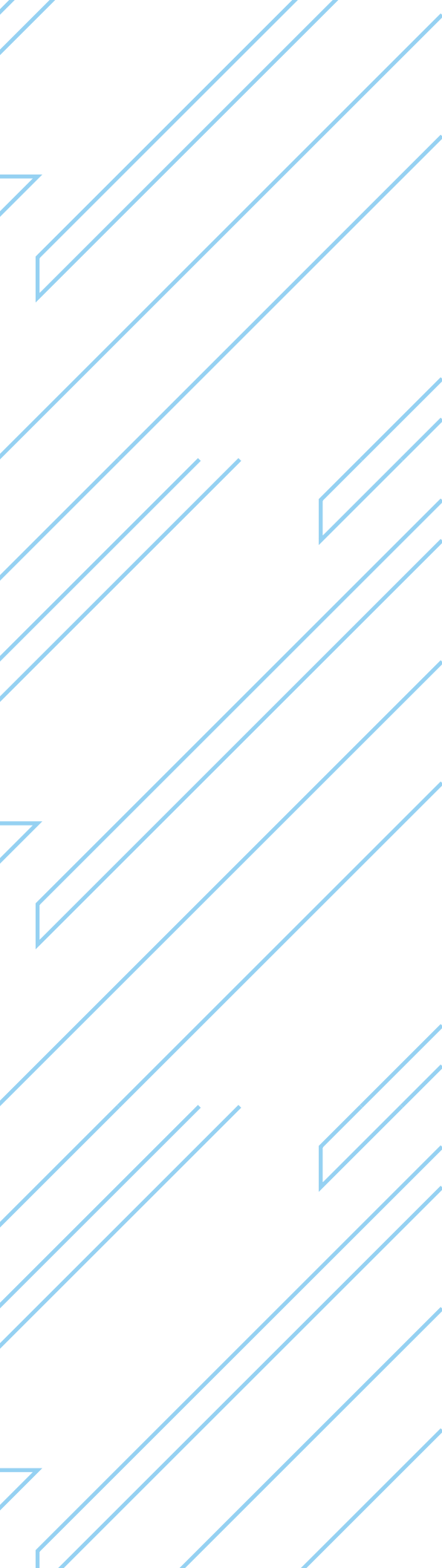
Amounts available for the FY 2018/2019 appropriation in the general fund budget are \$56,170,697, an increase of \$450,450 over the fiscal year 2018 budget of \$55,720,247. A combination of increased costs for fixed items such as, insurance, utilities, salaries, employee benefits and other commodities and a change in professional services (addition of two State Troopers) along with a substantial change in the percentage decrease in State aid had the biggest impact on the fiscal year 2018/2019 budget. In order to achieve this budget level, cost savings measures were employed such as reducing the cost for snow and ice materials as a result of lower costs and lesser materials being used, reorganizing staffing in the Public Works department, savings in bulky waste costs by reducing services to one bulky waste pickup, and savings in health insurance premiums using revised trend assumptions and some of the reserve balance.

In an attempt to meet the challenge of accomplishing the most with limited resources, the Town continued strong efforts to apply for several grant funding initiatives to address infrastructure and community needs. The Town was successful in obtaining grant funds to do road improvements, community development grants (CDBG-Small Cities) and other social service grants.

Tolland's unemployment rate increased from 3.7% as of June 2017 to 3.8% as of June 2018. The State of CT unemployment rate decreased from 5.1% (June 2017) to 4.5% as of June 2018.

Requests for Information

This financial report is designed to provide a general overview of the Town of Tolland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance and Records, 21 Tolland Green, Tolland, CT 06084.



Basic Financial Statements

TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 25,266,305	\$ 815,934	\$ 26,082,239
Investments	1,413,385		1,413,385
Property taxes receivable	703,633		703,633
Intergovernmental receivable	62,447		62,447
Accounts and other receivables	1,545,876	257,589	1,803,465
Other assets	34,318		34,318
Advance to plan administrator	3,218,073		3,218,073
Restricted cash	292,263		292,263
Restricted investments	20,800		20,800
Capital assets, nondepreciable	15,639,671	50,858	15,690,529
Capital assets, net of accumulated depreciation	101,911,292	8,149,308	110,060,600
Total assets	<u>150,108,063</u>	<u>9,273,689</u>	<u>159,381,752</u>
Deferred Outflow of Resources:			
Difference between projected and actual earnings on OPEB plan investments	16,606		16,606
Deferred charge on refunding	1,123,232		1,123,232
Total deferred outflow of resources	<u>1,139,838</u>		<u>1,139,838</u>
Liabilities:			
Accounts payable	1,744,974	58,048	1,803,022
Accrued liabilities	74,208		74,208
Accrued interest payable	387,051		387,051
Unearned revenue	293,588		293,588
Noncurrent liabilities, due within one year	4,061,523		4,061,523
Noncurrent liabilities, due in more than one year	50,748,898		50,748,898
Total liabilities	<u>57,310,242</u>	<u>58,048</u>	<u>57,368,290</u>
Deferred Inflows of Resources:			
Advance property tax collections	1,872,836		1,872,836
Net Position:			
Net investment in capital assets	68,793,985	8,200,166	76,994,151
Restricted for:			
Committed for capital repairs and improvements		66,520	66,520
Endowments - nonexpendable	20,800		20,800
Perpetual care - nonexpendable	292,263		292,263
Unrestricted	<u>22,957,775</u>	<u>948,955</u>	<u>23,906,730</u>
Total Net Position	<u>\$ 92,064,823</u>	<u>\$ 9,215,641</u>	<u>\$ 101,280,464</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Administration	\$ 1,413,134	\$	\$	\$	\$ (1,413,134)	\$	\$ (1,413,134)
Planning and community development	491,843	437,551		28,302	(25,990)		(25,990)
Community services	1,698,846	414,253	7,427	85,401	(1,191,765)		(1,191,765)
Public works	8,165,431	91,366	22,622	685,461	(7,365,982)		(7,365,982)
Public safety services	2,308,812	407,397	21,609		(1,879,806)		(1,879,806)
Record and financial services	1,186,970	99,445			(1,087,525)		(1,087,525)
Board of education	51,267,751	1,262,058	18,678,318	853,821	(30,473,554)		(30,473,554)
Interest expense	1,112,080			3,874	(1,108,206)		(1,108,206)
Total governmental activities	<u>67,644,867</u>	<u>2,712,070</u>	<u>18,729,976</u>	<u>1,656,859</u>	<u>(44,545,962)</u>	<u>-</u>	<u>(44,545,962)</u>
Business-Type Activities:							
Sewer Fund	491,475	338,695				(152,780)	(152,780)
Water Fund	<u>332,778</u>	<u>399,493</u>				<u>66,715</u>	<u>66,715</u>
Total business-type activities	<u>824,253</u>	<u>738,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,065)</u>	<u>(86,065)</u>
Total	<u>\$ 68,469,120</u>	<u>\$ 3,450,258</u>	<u>\$ 18,729,976</u>	<u>\$ 1,656,859</u>	<u>(44,545,962)</u>	<u>(86,065)</u>	<u>(44,632,027)</u>
General revenues:							
Property taxes					44,299,403		44,299,403
Grants and contributions not restricted to specific programs					281,712		281,712
Investment income					227,649	6,748	234,397
Miscellaneous					128,703		128,703
Transfers					5,000	(5,000)	-
Total general revenues and transfers					<u>44,942,467</u>	<u>1,748</u>	<u>44,944,215</u>
Change in net position					396,505	(84,317)	312,188
Net Position at Beginning of Year, as Restated					<u>91,668,318</u>	<u>9,299,958</u>	<u>100,968,276</u>
Net Position at End of Year					<u>\$ 92,064,823</u>	<u>\$ 9,215,641</u>	<u>\$ 101,280,464</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 13,242,795	\$ 874,353	\$ 131,344	\$ 7,734,680	\$ 2,615,493	\$ 24,598,665
Investments				406,439	1,027,746	1,434,185
Receivables	790,297	403,900	932,248		93,837	2,220,282
Due from other funds	77,258					77,258
Other					34,318	34,318
Total Assets	<u>\$ 14,110,350</u>	<u>\$ 1,278,253</u>	<u>\$ 1,063,592</u>	<u>\$ 8,141,119</u>	<u>\$ 3,771,394</u>	<u>\$ 28,364,708</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 940,941	\$	\$	\$ 220,684	\$ 20,359	\$ 1,181,984
Accrued liabilities	71,608			2,600		74,208
Due to other funds					77,258	77,258
Unearned revenue				153,874	139,714	293,588
Total liabilities	<u>1,012,549</u>	<u>-</u>	<u>-</u>	<u>377,158</u>	<u>237,331</u>	<u>1,627,038</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	494,540					494,540
Unavailable revenue - special assessments		403,900			27,282	431,182
Unavailable revenue - loans receivable			932,248			932,248
Unavailable revenue - cemetery					9,575	9,575
Advance property tax collections	1,872,836					1,872,836
Total deferred inflows of resources	<u>2,367,376</u>	<u>403,900</u>	<u>932,248</u>	<u>-</u>	<u>36,857</u>	<u>3,740,381</u>
Fund balances:						
Nonspendable					347,381	347,381
Restricted			131,344		61,717	193,061
Committed	46,580	874,353		7,763,961	3,088,108	11,773,002
Assigned	2,363,364					2,363,364
Unassigned	8,320,481					8,320,481
Total fund balances	<u>10,730,425</u>	<u>874,353</u>	<u>131,344</u>	<u>7,763,961</u>	<u>3,497,206</u>	<u>22,997,289</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,110,350</u>	<u>\$ 1,278,253</u>	<u>\$ 1,063,592</u>	<u>\$ 8,141,119</u>	<u>\$ 3,771,394</u>	<u>\$ 28,364,708</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balances (Exhibit III)	\$ 22,997,289
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 218,347,409	
Less accumulated depreciation	<u>(100,796,446)</u>	
		117,550,963

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Property tax interest and lien accrual	96,617
Property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	1,867,545
Allowance for doubtful accounts on interest and liens	(8,696)
Deferred outflow related to OPEB changes in projected investment earnings	16,606

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.	3,618,739
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(36,310,000)
Other post employment benefit liability	(3,739,622)
Deferred charge on refunding	1,123,232
Compensated absences	(1,190,589)
Accrued interest payable	(387,051)
Capital lease	(11,231,771)
Bond premium	<u>(2,338,439)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 92,064,823</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 44,200,499	\$	\$	\$	\$	\$ 44,200,499
Intergovernmental	18,332,893			1,652,986	931,294	20,917,173
Charges for services	647,046	156,215	23,044		1,588,119	2,414,424
Investment income	115,143			34,819	77,687	227,649
Other revenues	116,672	72		372,871	12,081	501,696
Total revenues	<u>63,412,253</u>	<u>156,287</u>	<u>23,044</u>	<u>2,060,676</u>	<u>2,609,181</u>	<u>68,261,441</u>
Expenditures:						
Current:						
Administration	2,813,641					2,813,641
Planning and community development	406,893					406,893
Community services	888,453		33,932		362,595	1,284,980
Public works	4,154,866				45,021	4,199,887
Public safety services	1,741,310				32,734	1,774,044
Record and financial services	956,625					956,625
Contingency and other	176,038					176,038
Board of Education	46,931,133				1,953,539	48,884,672
Capital outlay				4,239,918		4,239,918
Debt service	5,030,690	192,176		148,512	57,918	5,429,296
Total expenditures	<u>63,099,649</u>	<u>192,176</u>	<u>33,932</u>	<u>4,388,430</u>	<u>2,451,807</u>	<u>70,165,994</u>
Excess (Deficiency) of Revenues over Expenditures	<u>312,604</u>	<u>(35,889)</u>	<u>(10,888)</u>	<u>(2,327,754)</u>	<u>157,374</u>	<u>(1,904,553)</u>
Other Financing Sources (Uses):						
Bond issuance				9,340,000		9,340,000
Bond premium					255,615	255,615
BAN premium					32,079	32,079
Transfers in	473,561	20,000		104,578	10,000	608,139
Transfers out	(79,578)					(79,578)
Net other financing sources	<u>393,983</u>	<u>20,000</u>	<u>-</u>	<u>9,444,578</u>	<u>297,694</u>	<u>10,156,255</u>
Net Change in Fund Balances	706,587	(15,889)	(10,888)	7,116,824	455,068	8,251,702
Fund Balances at Beginning of Year	<u>10,023,838</u>	<u>890,242</u>	<u>142,232</u>	<u>647,137</u>	<u>3,042,138</u>	<u>14,745,587</u>
Fund Balances at End of Year	<u>\$ 10,730,425</u>	<u>\$ 874,353</u>	<u>\$ 131,344</u>	<u>\$ 7,763,961</u>	<u>\$ 3,497,206</u>	<u>\$ 22,997,289</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different due to:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 8,251,702
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	1,595,131
Depreciation expense	(4,640,139)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(17,356)
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Change in deferred outflow related to difference between projected and actual earnings on OPEB plan investments	16,606
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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 funds are not reported in the statement of activities:

School building grant receipts	(257,696)
Decrease in property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	(6,022)
Increase in property tax interest and lien revenue	7,220
Increase in property tax, sewer use and community development block grant allowance for doubtful accounts	(650)
Amortization of bond premiums	224,388

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

Issuance of bonds	(9,340,000)
Bond payments	3,465,000
Premium on bond issuance	(255,615)
Capital lease payments	740,228

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	57,589
Change in accrued interest	(7,444)
Amortization of deferred charge on refunding	(104,956)
Net other post employment benefit expense	63,167

The net income of the internal service funds is reported with governmental activities.	<u>605,352</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 396,505</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 43,982,412	\$ 43,982,412	\$ 44,200,499	\$ 218,087
Intergovernmental	10,680,195	10,680,195	9,861,706	(818,489)
Charges for services	587,640	587,640	647,046	59,406
Investment income	60,000	60,000	115,143	55,143
Other revenues	10,000	10,000	116,672	106,672
Total revenues	<u>55,320,247</u>	<u>55,320,247</u>	<u>54,941,066</u>	<u>(379,181)</u>
Expenditures:				
Current:				
Administrative	2,899,678	2,903,440	2,893,573	9,867
Planning and community development	431,742	435,005	433,219	1,786
Community services	910,796	913,847	907,175	6,672
Public works	4,394,792	4,396,152	4,384,733	11,419
Public safety services	1,986,015	1,986,015	1,682,030	303,985
Record and financial services	942,764	946,529	943,671	2,858
Contingency and other	190,934	168,604	160,609	7,995
Board of Education	39,333,948	39,333,948	38,113,122	1,220,826
Debt service	4,550,000	4,557,129	4,557,129	-
Total expenditures	<u>55,640,669</u>	<u>55,640,669</u>	<u>54,075,261</u>	<u>1,565,408</u>
Excess of Revenues over Expenditures	<u>(320,422)</u>	<u>(320,422)</u>	<u>865,805</u>	<u>1,186,227</u>
Other Financing Sources (Uses):				
Cancellation of prior year encumbrances			70,278	70,278
Appropriation of fund balance	400,000	400,000		(400,000)
Transfers in				-
Transfers out	<u>(79,578)</u>	<u>(79,578)</u>	<u>(79,578)</u>	<u>-</u>
Net other financing sources (uses)	<u>320,422</u>	<u>320,422</u>	<u>(9,300)</u>	<u>(329,722)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>856,505</u>	<u>\$ 856,505</u>
Fund Balance at Beginning of Year			<u>8,153,976</u>	
Fund Balance at End of Year			<u>\$ 9,010,481</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 770,902	\$ 45,032	\$ 815,934	\$ 959,903
Advance to plan administrator			-	3,218,073
Accounts receivable	83,254	174,335	257,589	3,753
Total current assets	<u>854,156</u>	<u>219,367</u>	<u>1,073,523</u>	<u>4,181,729</u>
Noncurrent assets:				
Capital assets, nondepreciable:				
Land	50,858		50,858	
Capital assets, net of accumulated depreciation:				
Plant and pumping station	392,148	701,923	1,094,071	
Distribution system	<u>1,882,624</u>	<u>5,172,613</u>	<u>7,055,237</u>	
Total noncurrent assets	<u>2,325,630</u>	<u>5,874,536</u>	<u>8,200,166</u>	<u>-</u>
Total assets	<u>3,179,786</u>	<u>6,093,903</u>	<u>9,273,689</u>	<u>4,181,729</u>
Liabilities:				
Current liabilities:				
Accounts payable	20,536	37,512	58,048	62,790
Claims payable			-	500,200
Total current liabilities	<u>20,536</u>	<u>37,512</u>	<u>58,048</u>	<u>562,990</u>
Net Position:				
Net investment in capital assets	2,325,630	5,874,536	8,200,166	
Restricted for commitments for capital repairs and improvements	66,520		66,520	
Unrestricted	<u>767,100</u>	<u>181,855</u>	<u>948,955</u>	<u>3,618,739</u>
Total Net Position	<u>\$ 3,159,250</u>	<u>\$ 6,056,391</u>	<u>\$ 9,215,641</u>	<u>\$ 3,618,739</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 389,775	\$ 338,695	\$ 728,470	\$ 1,717,416
Other charges for services	9,718		9,718	
Employer contributions			-	7,358,084
Other income			-	65,226
Total operating revenues	<u>399,493</u>	<u>338,695</u>	<u>738,188</u>	<u>9,140,726</u>
Operating Expenses:				
Professional services	62,076	57,472	119,548	
Repairs and maintenance	31,415	23,349	54,764	
Service fees	470	141,438	141,908	
Materials and supplies	15,245	25,957	41,202	
Utilities	114,932	36,264	151,196	1,140,826
Administration			-	48,808
Employee benefits			-	6,665,110
Depreciation	97,015	206,995	304,010	
Total operating expenses	<u>321,153</u>	<u>491,475</u>	<u>812,628</u>	<u>7,854,744</u>
Operating Income (Loss)	<u>78,340</u>	<u>(152,780)</u>	<u>(74,440)</u>	<u>1,285,982</u>
Nonoperating Revenue (Expenses):				
Interest expense			-	(202,926)
Investment income	4,727	2,021	6,748	45,857
Loss on disposal	(11,625)		(11,625)	
Net nonoperating revenue (expense)	<u>(6,898)</u>	<u>2,021</u>	<u>(4,877)</u>	<u>(157,069)</u>
Income (Loss) Before Transfers	<u>71,442</u>	<u>(150,759)</u>	<u>(79,317)</u>	<u>1,128,913</u>
Transfers Out		<u>(5,000)</u>	<u>(5,000)</u>	<u>(523,561)</u>
Change in Net Position	71,442	(155,759)	(84,317)	605,352
Net Position at Beginning of Year	<u>3,087,808</u>	<u>6,212,150</u>	<u>9,299,958</u>	<u>3,013,387</u>
Net Position at End of Year	<u>\$ 3,159,250</u>	<u>\$ 6,056,391</u>	<u>\$ 9,215,641</u>	<u>\$ 3,618,739</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers	\$ 396,535	\$ 353,468	\$ 750,003	\$ 9,136,973
Payments to suppliers	(213,953)	(305,457)	(519,410)	(1,120,245)
Payments to providers of benefits			-	(7,389,974)
Net cash provided by (used in) operating activities	<u>182,582</u>	<u>48,011</u>	<u>230,593</u>	<u>626,754</u>
Cash Flows from Capital and Related Financing Activities:				
Transfers out			-	(523,561)
Interest expense	4,727	2,021	6,748	(202,926)
Purchase of capital assets	<u>(50,120)</u>		<u>(50,120)</u>	
Net cash provided by (used in) capital and related financing activities	<u>(45,393)</u>	<u>2,021</u>	<u>(43,372)</u>	<u>(726,487)</u>
Cash Flows from Investing Activities:				
Investment income	<u>4,727</u>	<u>2,021</u>	<u>6,748</u>	<u>45,857</u>
Net Increase (Decrease) in Cash and Cash Equivalents	137,189	45,032	182,221	(53,876)
Cash and Cash Equivalents at Beginning of Year	<u>633,713</u>		<u>633,713</u>	<u>1,013,779</u>
Cash and Cash Equivalents at End of Year	<u>\$ 770,902</u>	<u>\$ 45,032</u>	<u>\$ 815,934</u>	<u>\$ 959,903</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 78,340	\$ (152,780)	\$ (74,440)	\$ 1,285,982
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	97,015	206,995	304,010	
(Increase) decrease in accounts receivable	(2,958)	14,773	11,815	(3,753)
Increase (decrease) in due to/from other funds	19,279	(25,704)	(6,425)	
(Increase) decrease in advance to plan administrator				(674,738)
Increase (decrease) in accounts payable	(9,094)	4,727	(4,367)	37,163
Increase (decrease) in claims payable				(17,900)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 182,582</u>	<u>\$ 48,011</u>	<u>\$ 230,593</u>	<u>\$ 626,754</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	OPEB Trust Fund	Private Purpose Trust Fund Stevenson Scholarship	Agency Funds
Assets:			
Cash and cash equivalents	\$	\$ 25,061	\$ 688,527
Investments:			
Mutual funds	1,164,041		
Accounts receivable			25,351
Total assets	<u>1,164,041</u>	<u>25,061</u>	<u>713,878</u>
Liabilities:			
Accounts payable			<u>713,878</u>
Net Position:			
Held in Trust for Other Purposes	\$ <u>1,164,041</u>	\$ <u>25,061</u>	\$ <u>-</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	OPEB Trust Fund	Private Purpose Trust Fund Stevenson Scholarship
Additions:		
Interest and dividends	\$	\$ 71
Contributions	444,283	
Net change in fair value of investments	45,139	
Total additions	<u>489,422</u>	<u>71</u>
Deductions:		
Benefits	<u>402,893</u>	
Change in Net Position	86,529	71
Net Position at Beginning of Year	<u>1,077,512</u>	<u>24,990</u>
Net Position at End of Year	<u>\$ 1,164,041</u>	<u>\$ 25,061</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Tolland, Connecticut (the Town), originally part of the Town of Windsor, was chartered in 1715 and incorporated in 1722. The Town maintains a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), public works, education and social services.

The Town has considered all agencies, departments, commissions, boards (including the Board of Education), authorities and funds to determine the “financial reporting entity” of the Town. The “financial reporting entity” includes all funds of the Town (primary government) and its component unit. The Non-Profit Housing Corporation has been included in the reporting entity as an Agency fund because the Town has a fiduciary responsibility with respect to the Corporation.

B. Basis of Presentation

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency Funds use the accrual basis of accounting but have no measurement focus since they report only assets and liabilities.

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.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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.

The Town reports the following major governmental funds:

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

The *Sewer Assessment Fund* accounts for the capital resources used for sewer capital improvements that benefit property owners in a limited area. A special assessment on the benefiting property owners imposes the recovery of the cost of the improvements. A special assessment debt is secured by anticipated payments from property owners with the option of paying in a lump sum or in interest bearing annual installments over the life of the bonds. The major source of revenue is derived from assessment fees and use charges.

The *CDBG Small Cities Fund* accounts for funds for rehabilitation loans to property owners. The major source of revenue for this fund is intergovernmental revenues and program income.

The *Capital Projects Fund* accounts for revenues to be used for major capital asset construction and/or purchases funded by debt issuances, grants and General Fund appropriations.

The Town reports the following major proprietary funds:

The *Water Fund* accounts for activities of the government's water operations.

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The *Sewer Fund* accounts for the maintenance and repair needs of the sewer system. The Town of Tolland does not own its own sanitary sewer treatment plant and contracts for treatment with the Town of Vernon. The Sewer Fund pays for treatment on the basis of volume of waste and in accordance with sewer usage fees of the Town of Vernon. The major source of revenue for this fund is the collection of sewer use fees.

Additionally, the Town reports the following fund types:

The *Internal Service Funds* are used to account for the financing of goods or services provided by one department to other departments or agencies on a cost-reimbursement basis.

The *Other Post Employment Benefit Trust Fund* is used to account for the activities for both Town and Board of Education for other post employment benefits (e.g. health insurance, life insurance) that accumulate resources for other post employment benefit payments to qualified employees.

The *Private Purpose Trust Fund* is used to account for resources legally held in trust for student scholarships. None of the resources of the fund, including any earnings on invested resources, can be used to support the Town's activities. The fund has a nonexpendable portion.

The *Agency Funds* account for monies held on behalf of students, employees and other community groups and amounts held for performance bonds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Water Fund and Sewer Fund and various other functions of the government. 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. The enterprise 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 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 government's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

C. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

D. Investments

Investments are reported at fair value.

E. Receivables and Payables

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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

F. Restricted Assets

The Cemetery Perpetual Care and Ratcliff Memorial School Funds are restricted to expenditure of the investment income only for the donor-designated purpose. Any appreciation of the funds is also restricted.

G. 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, \$25,000 for improvements and \$50,000 for infrastructure, and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings	50-75
Building improvements	50
Land improvements	20-30
Roads	30-50
Bridges	30-50
Sewer transmission lines	50
Meters and hydrants	50
Vehicles	5-30
Machinery and equipment	3-10
Fire equipment	20-25

H. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to OPEB results from differences between expected and actual experience and investment gains or losses. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees). No deferred outflows of resources affect the governmental fund financial statements in the current year.

I. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments, cemetery operations and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

J. Compensated Absences

Based on union contracts, certain Town and Board of Education employees may accumulate a certain amount of unused vacation and sick leave based upon length of employment. The amount recorded as a liability is based upon current salary levels. All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

L. 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

M. Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Net position restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance

This represents the portion of a governmental fund's resources whose use is subject to a legally binding constraint that is imposed by the Town Council that remains legally binding unless removed in the same manner. These constraints are set by the Town Council through an ordinance.

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Assigned Fund Balance

This represents amounts constrained for the intent to be used for a specific purpose by the Town Council or Finance Director that has been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

The Town has a minimum fund balance policy that states that the unassigned fund balance of the Town must be between 8-15% of the Town's most recent approved operating budget.

N. Property Taxes

Property taxes are assessed as of October 1 and billed the following July 1 and January 1. Interest at the rate of 1.5% per month accrues on all overdue taxes. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of appraised market value. A lien is placed on the property if real estate taxes are unpaid as of June 30 following the payable date.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

O. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town adheres to the following procedures in establishing the budgetary data included in the financial statements of the General Fund, the only fund with a legally adopted annual budget. The budget is prepared by the Town Manager and submitted to the Town Council in March. In April, the Town Council submits the proposed Town budget for the year commencing July 1 to the public for comment. In May, the Town budget is presented at referendum for approval. After approval, the Town Council meets to set the mill rate. The operating budget includes proposed expenditures and the means of financing them.

- The Town Council is authorized to transfer any budgeted amounts between departments and to approve additional appropriations up to \$40,000 in the aggregate in any one year. All additional appropriations in excess of \$40,000 in the aggregate must be subject to a public hearing.
- Management is authorized to make budgetary transfers within departments but cannot approve additional appropriations.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level within a function.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.
- Encumbrances are recognized as 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 as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Project Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

A reconciliation of the accounting treatment required by GAAP and budgetary requirements at June 30, 2018 is as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Fund Balance
Balance, budgetary basis	\$ 55,011,344	\$ 54,154,839	\$ 9,010,481
Prior year encumbrances liquidated		1,661,871	
Prior year encumbrances cancelled	(70,278)		
Prior year encumbrances still outstanding			91,133
Utility Service Fund transfer non-budgeted	473,561	473,561	
Education Reserve Fund beginning fund balance			46,580
Current year encumbrances		(1,582,231)	1,582,231
State of Connecticut grants for Special Education Excess Costs, netted for budgetary purposes	910,082	910,082	
State Teachers' Retirement on-behalf OPEB payment	706,853	706,853	
State Teachers' Retirement on-behalf pension payment	<u>6,854,252</u>	<u>6,854,252</u>	
Balance, GAAP basis	<u>\$ 63,885,814</u>	<u>\$ 63,179,227</u>	<u>\$ 10,730,425</u>

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$17,546,346 of the Town's bank balance of \$18,664,076 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 15,689,204
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,857,142</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 17,546,346</u>

Cash Equivalents

At June 30, 2018, the Town's cash equivalents amounted to \$9,310,648. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm	

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Investments

As of June 30, 2018, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More than 10</u>
Certificates of Deposit*		\$ 298,173	\$ 298,173	\$	\$
Total		298,173	\$ 298,173	\$ -	\$ -
Other investments:					
Mutual funds		2,300,053			
Total Investments		\$ 2,598,226			

*Subject to coverage by Federal Depository Insurance and collateralization.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2018:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual Funds	\$ 2,300,053	\$ 2,300,053	\$	\$
Total investments by fair value level	2,300,053	\$ 2,300,053	\$ -	\$ -
Certificates of Deposit	298,173			
Total Investments	\$ 2,598,226			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

Investment 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 if its investment or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk. The Town does not hold any uninsured or unregistered securities at June 30, 2018.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

Concentration of Credit Risk

The Town places no limit on the amount invested in any one issuer. No more than 5% of the Town's investments were invested in any one issuer in which credit risk was applicable.

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.

The Town's investment policy, in conformity with applicable Connecticut General Statutes, authorizes investment in the State Treasurer's Short-Term Investment Fund (STIF) and MBIA Class Plus Investment. The value of the position in the pools is the same as the value of the pool shares. Regulatory oversight for the State Treasurer's Short-Term Investment Fund is provided quarterly by the Investment Advisory Council and the Treasurer's Cash Management Board. Regulatory oversight for MBIA Class Plus Investment is provided by an investment advisory council consisting of members appointed by the municipalities. Other authorized investments include pooled and joint investments meeting the requirements of the policy, excluding those pools investing in "derivative" securities; certificates of deposit; repurchase agreements; and obligations of the United States and agencies of the federal government.

B. Endowments Received

	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	Total
Original principal received	\$ 292,263	\$ 20,800	\$ 313,063
Net appreciation on investments	<u>3,239</u>	<u>774,884</u>	<u>778,123</u>
Total Value	<u>\$ 295,502</u>	<u>\$ 795,684</u>	<u>\$ 1,091,186</u>

The original principal received remains in the net position on the statement of net position and is restricted for the trust principal, and in nonspendable fund balance on the balance sheet - governmental funds. The net appreciation on investments available for expenditures is included in unrestricted net position on the statement of net position, and in committed fund balance on the balance sheet - governmental funds and is spent based on the original criteria established by the trust. The Town's policy is to spend only investment income for the purposes of the trust.

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The Town has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Town classifies as nonspendable fund balance (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in nonspendable fund balance is classified as committed fund balance until those amounts are appropriated for expenditure by the Town in a manner consistent with the standard of prudence prescribed by CTPMIFA. In accordance with CTPMIFA, the Town considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Town
- The investment policies of the Town

C. Receivables

Receivables as of year end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate are as follows:

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Nonmajor and Other Funds</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Receivables:							
Taxes	\$ 637,189	\$	\$	\$	\$	\$	\$ 637,189
Accounts and other	163,264	403,900	932,248	74,899	84,943	176,173	1,835,427
Intergovernmental	<u>11,321</u>			<u>48,042</u>			<u>59,363</u>
Gross receivables	811,774	403,900	932,248	122,941	84,943	176,173	2,531,979
Less allowance for collection losses	<u>21,477</u>				<u>1,689</u>	<u>1,838</u>	<u>25,004</u>
Net Total Receivables	<u>\$ 790,297</u>	<u>\$ 403,900</u>	<u>\$ 932,248</u>	<u>\$ 122,941</u>	<u>\$ 83,254</u>	<u>\$ 174,335</u>	<u>\$ 2,506,975</u>

TOWN OF TOLLAND, CONNECTICUT
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D. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 14,468,253	\$	\$	\$	\$ 14,468,253
Rights of way	402,962				402,962
Construction in progress	3,267,753	659,522		(3,158,819)	768,456
Total capital assets not being depreciated	<u>18,138,968</u>	<u>659,522</u>	<u>-</u>	<u>(3,158,819)</u>	<u>15,639,671</u>
Capital assets being depreciated:					
Buildings and improvements	136,525,052	204,794		3,158,819	139,888,665
Vehicles, furniture and equipment	13,743,775	539,534	69,648		14,213,661
Infrastructure	48,414,131	191,281			48,605,412
Total capital assets being depreciated	<u>198,682,958</u>	<u>935,609</u>	<u>69,648</u>	<u>3,158,819</u>	<u>202,707,738</u>
Less accumulated depreciation for:					
Buildings and improvements	58,214,038	2,798,028			61,012,066
Vehicles, furniture and equipment	7,987,102	912,140	52,292		8,846,950
Infrastructure	30,007,459	929,971			30,937,430
Total accumulated depreciation	<u>96,208,599</u>	<u>4,640,139</u>	<u>52,292</u>	<u>-</u>	<u>100,796,446</u>
Total capital assets being depreciated, net	<u>102,474,359</u>	<u>(3,704,530)</u>	<u>17,356</u>	<u>3,158,819</u>	<u>101,911,292</u>
Governmental Activities Capital Assets, Net	<u>\$ 120,613,327</u>	<u>\$ (3,045,008)</u>	<u>\$ 17,356</u>	<u>\$ -</u>	<u>\$ 117,550,963</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 50,858	\$	\$	\$	\$ 50,858
Capital assets being depreciated:					
Plant and pumping stations	2,561,179		11,625		2,549,554
Water/sewer distribution system	10,758,232	50,120			10,808,352
Total capital assets being depreciated	<u>13,319,411</u>	<u>50,120</u>	<u>11,625</u>	<u>-</u>	<u>13,357,906</u>
Less accumulated depreciation for:					
Plant and pumping stations	1,374,425	81,058			1,455,483
Water/sewer distribution system	3,530,163	222,952			3,753,115
Total accumulated depreciation	<u>4,904,588</u>	<u>304,010</u>	<u>-</u>	<u>-</u>	<u>5,208,598</u>
Total capital assets being depreciated, net	<u>8,414,823</u>	<u>(253,890)</u>	<u>11,625</u>	<u>-</u>	<u>8,149,308</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,465,681</u>	<u>\$ (253,890)</u>	<u>\$ 11,625</u>	<u>\$ -</u>	<u>\$ 8,200,166</u>

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

Governmental Activities:	
Administration	\$ 261,989
General finance	9,479
Planning and development	8,390
Development and community affairs	125,288
Public works	1,982,410
Public safety services	289,388
Board of education	<u>1,963,195</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,640,139</u>
Business-type activities:	
Water	\$ 97,015
Sewer	<u>206,995</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 304,010</u>

Construction Commitments

The Town has active construction projects as of June 30, 2018. The projects include new construction. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Town Wide VOIP	\$ 322,920	\$ 6,170
2017-2018 Education Bond Issue	2,338,769	7,261,231
Ambulance 540	137,877	76,123
Library Expansion Project	2,549,821	50,179
Public Works Garage Renovations	464,419	3,663,697
Bonded Roads	4,468,023	531,977
Drainage Design & Construction	38,822	361,178
Old Cathole Road North Town Share	45,925	364,875
Pavement Management	3,230	401,821

The commitments are being financed with general obligation bonds and state and federal grants.

TOWN OF TOLLAND, CONNECTICUT
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JUNE 30, 2018

E. Interfund Receivables, Payables and Transfers

Interfund loans were generally used to transfer monies as a result of issuing bonds. The composition of interfund balances as of June 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ <u>77,258</u>
		\$ <u><u>77,258</u></u>

All balances are expected to be repaid within a year.

Interfund transfers are generally used to supplement revenues of other funds. The transfers that occurred during the year are as follows:

	Transfers In				Total Transfers Out
	General Fund	Sewer Assessment Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Transfers out:					
General Fund	\$	\$ 20,000	\$ 54,578	\$ 5,000	\$ 79,578
Sewer Fund				5,000	5,000
Internal Service Fund	<u>473,561</u>		<u>50,000</u>		<u>523,561</u>
Total Transfers In	\$ 473,561	\$ 20,000	\$ 104,578	\$ 10,000	\$ 608,139

F. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 30,435,000	\$ 9,340,000	\$ 3,465,000	\$ 36,310,000	\$ 3,145,000
Premium	<u>2,307,212</u>	<u>255,615</u>	<u>224,388</u>	<u>2,338,439</u>	
Total bonds and notes payable	32,742,212	9,595,615	3,689,388	38,648,439	3,145,000
Capital lease	11,971,999		740,228	11,231,771	750,268
Net OPEB liability	3,802,789		63,167	3,739,622	
Compensated absences	<u>1,248,178</u>	<u>57,465</u>	<u>115,054</u>	<u>1,190,589</u>	<u>166,255</u>
Total Governmental Activities					
Long-Term Liabilities	\$ <u>49,765,178</u>	\$ <u>9,653,080</u>	\$ <u>4,607,837</u>	\$ <u>54,810,421</u>	\$ <u>4,061,523</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

TOWN OF TOLLAND, CONNECTICUT
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General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town.

General obligation bonds and long-term notes currently outstanding are as follows:

Description	Date of Issue	Maturity	Interest Rate (%)	Amount of Original Issue	Annual Principal	Balance Outstanding June 30, 2018
General purpose:						
General obligation	9/1/08	9/1/18	3.0-4.0	\$ 2,010,000	Various	\$ 265,000
General obligation	8/1/10	8/1/30	2.0-4.0	825,000	Various	579,960
General obligation refunding	10/1/11	10/1/26	2.0-3.0	2,675,000	Various	1,250,000
General obligation	9/1/12	9/1/27	1.5-3.0	1,145,310	Various	753,060
General obligation refunding	9/1/12	9/1/25	3.0-5.0	1,445,100	Various	911,300
General obligation refunding	10/1/14	8/1/24	2.0-4.0	2,117,715	Various	1,884,765
General obligation	10/15/15	10/15/35	2.0-4.0	7,275,000	Various	6,553,000
General obligation	5/15/18	5/15/43	3.0-5.0	7,169,908	Various	7,169,908
Total general purpose				<u>24,663,033</u>		<u>19,366,993</u>
School:						
School improvement	8/1/10	8/1/30	2.0-4.0	\$ 1,700,000	Various	\$ 1,195,040
School improvement	10/1/11	10/1/26	2.0-3.0	2,235,000	Various	1,160,000
School improvement	9/1/12	9/1/27	1.5-3.0	314,690	Various	206,940
School improvement - refunding	9/1/12	9/1/25	3.0-5.0	6,579,900	Various	5,353,700
School improvement - refunding	10/1/14	8/1/27	2.0-4.0	7,517,285	Various	6,530,235
School improvement	10/15/15	10/15/35	2.0-4.0	290,000	Various	327,000
School improvement	5/15/18	5/15/43	3.0-5.0	2,170,092	Various	2,170,092
Total school				<u>20,806,967</u>		<u>16,943,007</u>
Total Outstanding				<u>\$ 45,470,000</u>		<u>\$ 36,310,000</u>

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Annual debt service requirements to maturity for general obligation bonds and long-term notes are as follows:

	Bonds	
	Principal	Interest
2019	\$ 3,145,000	\$ 1,227,062
2020	3,275,000	1,125,125
2021	3,270,000	997,557
2022	3,285,000	861,101
2023	2,960,000	726,744
2024-2028	11,055,000	2,214,568
2029-2033	4,300,000	1,175,715
2034-2038	3,090,000	574,787
2039-2043	1,930,000	201,325
	<u>\$ 36,310,000</u>	<u>\$ 9,103,984</u>

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2018 is \$7,764,405. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Statutory Debt Limitation

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

Category	Debt Limitation	Net Indebtedness	Balance
General purpose	\$ 97,715,741	\$ 18,586,176	\$ 79,129,565
Schools	195,431,481	23,759,129	171,672,352
Sewers	162,859,568	1,729,100	161,130,468
Urban renewal	141,144,959		141,144,959
Pension deficit	130,287,654		130,287,654

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$304,004,526. All long-term debt obligations are retired through General Fund appropriations. The indebtedness reflected above includes bonds and notes outstanding in addition to the amounts of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

TOWN OF TOLLAND, CONNECTICUT
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Capital Lease

During 2011, the Town entered into a \$3,600,000 equipment taxable direct pay qualified energy conservation bond (QECB) lease/purchase agreement. The lease has an interest rate of 5.11%, a tax credit rate of 5.01% (70% of tax credit rate of 3.51%), and a net effective rate of 1.6% and matures on June 29, 2026. Principal and interest payments are made biannually and vary throughout the life of the lease.

In October 2013, the Town entered into a \$9,598,157 equipment lease to finance energy improvements across the Town's facilities to generate energy savings in the future. The lease had an interest rate of 3.49% and matures on October 2, 2033. During 2017 the Town refinanced this lease entering into a new lease for \$9,572,000, to pay off the old lease and prepayment penalty of \$9,332,590 and \$186,652, respectively. The new lease has an interest rate of 2.12% and matures on October 3, 2033. The debt is being repaid with the savings resulting from the energy improvements that have been made. Honeywell Corporation was awarded the contract to do the work and the contract provides for a performance guarantee to be paid by them if contractual savings are not met.

The assets acquired through the capital leases are as follows:

	Governmental Activities
Asset:	
ESCO Project	\$ 10,461,490
Geothermal heating system	3,682,123
Less accumulated depreciation	<u>2,622,960</u>
Total	<u>\$ 11,520,653</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2018 were as follows:

Fiscal Year Ending June 30,	Governmental Activities
2019	\$ 1,048,762
2020	1,035,135
2021	1,021,508
2022	1,007,881
2023	994,254
Thereafter	<u>8,312,902</u>
Total lease payments	13,420,442
Less amount representing interest	<u>2,188,671</u>
Present Value of Future Minimum Lease Payments	<u>\$ 11,231,771</u>

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

4. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

	<u>General Fund</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	\$ 34,318	\$ 34,318
Permanent fund principal					313,063	313,063
Restricted for:						
Community rehabilitation services			131,344			131,344
Unspent grant proceeds					61,717	61,717
Committed to:						
Sewer capital improvements		874,353				874,353
Dog warden					60,119	60,119
Open space					127,381	127,381
Sewer escrow					25,057	25,057
Lodge furnishings					57,734	57,734
Business park improvements					19,533	19,533
Recreation					253,331	253,331
Water assessments					210,933	210,933
Food service					95,609	95,609
Education programs	46,580				1,170,160	1,216,740
Eviction storage					41	41
Cemeteries					226,448	226,448
Training center repair and replacement					6,222	6,222
Field maintenance					12,910	12,910
Veterans memorial					187	187
Emergency storms					177,717	177,717
Artificial turf operation					10,100	10,100
Debt service					634,626	634,626
Special assessment projects				7,763,961		7,763,961
Assigned to:						
Purchases on order	1,673,364					1,673,364
Contribution to next fiscal budget	690,000					690,000
Unassigned	<u>8,320,481</u>					<u>8,320,481</u>
Total Fund Balances	<u>\$ 10,730,425</u>	<u>\$ 874,353</u>	<u>\$ 131,344</u>	<u>\$ 7,763,961</u>	<u>\$ 3,497,206</u>	<u>\$ 22,997,289</u>

Significant encumbrances of \$1,673,364 at June 30, 2018 are contained in the above table in the assigned category of the General Fund.

5. EMPLOYEE RETIREMENT PLANS

A. Pension Plan - Defined Contribution

The Town is the administrator of a single employer, defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan covers substantially all Town and Board of Education employees except elected officials and certified teachers. Contributions are established and amended by the approval of the Town Council.

Summary Plan Description

All full-time Town employees who work at least 25 hours a week and all Board of Education employees who work 1,000 hours or more per year are required, as a condition of employment, to participate in the plan, except for elected officials and certified teachers. Eligible employees must be at least 18 years of age on or prior to their date of employment. Benefits vest 100% after five years. Any nonvested Town contributions and related interest thereon of employees who leave employment are reserved in a forfeiture account to offset future Town contributions. Normal retirement date is age 65. Plan provisions and the authority to amend the provisions are established by Town ordinance.

Contribution Requirements/Contributions Made

The employer contribution for Town and Board of Education employees for the plan year is 6% of earnings. The total Town and Board of Education contribution during the year ended June 30, 2018 was \$494,316 and represented 6% of covered payroll. The employees' required contributions were \$205,950 and represented 2.5% of covered payroll. The Town fully funded required employer's contributions and members who left the Town employment during a year have forfeiture assets in the amount of \$93,145 which will be available for future contributions.

Employer and Employee Obligations

Members are required to contribute 2.5% of their annual earnings. The Town is required to contribute 6% of the members' annual earnings.

B. Teachers Retirement

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**TOWN OF TOLLAND, CONNECTICUT
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Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

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

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

At June 30, 2018, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>59,256,551</u>
Total	\$ <u>59,256,551</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$6,854,252 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**TOWN OF TOLLAND, CONNECTICUT
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Actuarial Assumptions

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

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

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

Discount Rate

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

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

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

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

6. OTHER POST EMPLOYMENT BENEFITS PLAN

A. Retiree Medical Program

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Retiree Medical Program (RMP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the Town.

Investments are reported at fair value. Investment income is recognized as earned.

Plan Description

The RMP is a single-employer defined benefit healthcare plan administered by the Town. The RMP provides medical and dental benefits to eligible retirees and their spouses. The Town nonunion, Board of Education certified and Board of Education noncertified groups are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the various unions representing the employees.

The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post Employment Benefits Trust Fund. The plan does not issue a stand-alone financial report.

Management of the post employment benefits plan is vested with the Town Manager and Director of Finance. Policy oversight is provided by the OPEB Trust Committee, which consists of four members: the Town Manager, Director of Finance & Records, Tolland Superintendent of Schools and Business Manager for the Board of Education.

At July 1, 2016, plan membership consisted of the following:

	<u>Retiree Medical Program</u>
Retired members and spouses of retired members	78
Active plan members	<u>254</u>
Total	<u><u>332</u></u>

TOWN OF TOLLAND, CONNECTICUT
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Funding Policy

The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

		2010-2011 Monthly COBRA	
		Premiums	
		Employee	Spouse
Medical - Town	Pre 65	\$ 446.57	\$ 362.71
	Post 65	289.94	289.94
Medical - BOE	Pre 65	743.42	742.34
	Post 65	289.94	289.94
Dental		37.91	53.89

Employer contributions to the plan of \$444,283 were made in accordance with actuarially determined requirements.

Investments

Investment policy

OPEB Benefits Plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB Trust Committee by a majority vote of its members. It is the policy of the OPEB Trust Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Trust requires the funds to be invested in VantageCare RHS Employer Investment Program which is specifically designed to reach goals.

Rate of return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 4.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested

Net OPEB Liability of the Town

The Town's net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the Town at June 30, 2018, were as follows:

Total OPEB liability	\$ 4,903,663
Plan fiduciary net position	<u>1,164,041</u>
Net OPEB Liability	<u><u>\$ 3,739,622</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	23.74%

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	4.0%, average, including inflation
Investment rate of return	6.0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	BOE, 5.3% decreasing to 4.4% over 69 years Town, 5.2% decreasing to 4.3% over 65 years

Mortality rates for teachers and administrators were based on the RP-2000 Combined Healthy Annuitant Mortality Table for Males or Females projected forward 19 years using Scale AA, with a two-year age setback. For all others, RP-2000 Mortality Table for Males and Females, with generational project per Scale AA; separate tables for active employees and annuitants.

The actuarial assumptions used in the July 1, 2016 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Core Fixed Income	19.10 %	2.65 %
US Short Bonds	27.55	1.63
US Inflation-Indexed Bonds	7.50	1.81
US High Yield Bonds	9.65	5.61
US Large Caps	23.55	4.57
US Small Caps	1.40	5.81
US Mid Caps	3.95	5.10
Foreign Developed Equity	6.35	5.79
Emerging Markets Equity	0.95	8.12
Total	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2017	\$ 4,880,301	\$ 1,077,512	\$ 3,802,789
Changes for the year:			
Service cost	137,121		137,121
Interest on total OPEB liability	289,134		289,134
Employer contributions		444,283	(444,283)
Net investment income (loss)		45,139	(45,139)
Benefit payments	(402,893)	(402,893)	-
Net changes	23,362	86,529	(63,167)
Balances as of June 30, 2018	\$ 4,903,663	\$ 1,164,041	\$ 3,739,622

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (5.0%) or 1% higher (7.0%) than the current discount rate:

	1% Decrease 5.0%	Current Discount Rate 6.0%	1% Increase 7.0%
Net OPEB liability	\$ 4,144,671	\$ 3,739,622	\$ 3,379,845

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.3% and 4.2% decreasing to 4.4% and 3.3%) or 1% higher (6.3% and 6.2% decreasing to 5.4% and 5.3%) than the current healthcare cost trend rates:

	1% Decrease Healthcare cost Trend Rates (4.3%, 4.2%) Decreasing to (3.4%, 3.3%)	Current Rate Healthcare cost Trend Rates (5.3%, 5.2%) Decreasing to (4.4%, 4.3%)	1% Increase Healthcare cost Trend Rates (6.3%, 6.2%) Decreasing to (5.4%, 5.3%)
Net OPEB liability	\$ 3,239,436	\$ 3,739,622	\$ 4,323,989

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of \$364,510. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual earnings on OPEB plan investments	\$ _____	\$ <u>16,606</u>
Total	\$ <u> - </u>	\$ <u>16,606</u>

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

<u>Year Ending June 30</u>	
2019	\$ 4,151
2020	4,151
2021	4,151
2022	4,153

B. State Teachers Retirement Plan

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

**TOWN OF TOLLAND, CONNECTICUT
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Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of credited service

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>15,251,964</u>
Total	\$ <u><u>15,251,964</u></u>

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$706,853 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

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

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

7. 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; error and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for all risks of loss. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2018. There have been no significant reductions in insurance coverage during the year.

Health Insurance Internal Service Fund

The Health Insurance Fund (the Fund), which has been recorded as an Internal Service Fund, was established to provide medical and dental health coverage for all eligible Town and Board of Education employees. The Fund is substantially funded by the Town's General Fund based upon estimates for the number of employees and type of coverage (single or family) as well as trends in the costs of coverage and costs of administration. The program's general objectives are to provide the members of the health insurance program with lower costs for coverage and to develop a systematic method to control health costs through wellness initiatives.

The Town and Board of Education participate in the Eastern Connecticut Health Insurance Program (ECHIP). This group consists of 5 entities, the Towns and Boards of Education of Coventry, Tolland, Plainfield and Putnam, and also includes EASTCONN, a regional educational service center. This partnership is the first in the state of Connecticut and was formed with a goal to reduce costs through collaboration. A third party administers the plan for which the Fund pays a fee. The Fund has purchased individual stop loss coverage of \$150,000 per claim.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The Town's health self-insurance fund is used to account for medical insurance coverage for Town and Board of Education employees. The Town examines the coverage on a yearly basis to determine adequate coverage and minimize risk. A schedule of changes in the claims liability for the years ended June 30, 2017 and 2018, are as follows:

	<u>Claims Payable July 1</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
2016-2017	\$ 448,600	\$ 7,053,620	\$ 6,984,120	\$ 518,100
2017-2018	518,100	6,665,110	6,683,010	500,200

B. Contingent Liabilities

The Town is periodically the subject of litigation by a variety of plaintiffs. The Town's management, based on the advice of counsel, believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, Town management believes such disallowances, if any, will not be material.

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, to be immaterial.

8. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Net position at June 30, 2017, as previously reported	\$ 95,652,134
Adjustments:	
Eliminate net OPEB asset reported per GASB No. 45	(181,027)
Record total OPEB liability per GASB No. 75	<u>(3,802,789)</u>
Net Position at July 1, 2017, as Restated	<u>\$ 91,668,318</u>



Required Supplementary Information

TOWN OF TOLLAND, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST FOUR FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>59,256,551</u>	<u>62,516,115</u>	<u>49,337,774</u>	<u>45,543,825</u>
Total	<u>\$ 59,256,551</u>	<u>\$ 62,516,115</u>	<u>\$ 49,337,774</u>	<u>\$ 45,543,825</u>
Town's covered payroll	\$ 16,181,359	\$ 16,928,720	\$ 17,285,173	\$ 17,474,844
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015. During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF TOLLAND, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS*
(In Thousands)

	<u>2018</u>	<u>2017</u>
Total OPEB liability:		
Service cost	\$ 137,121	\$ 129,359
Interest	289,134	287,531
Benefit payments	<u>(402,893)</u>	<u>(393,092)</u>
Net change in total OPEB liability	23,362	23,798
Total OPEB liability - beginning	<u>4,880,301</u>	<u>4,856,503</u>
Total OPEB liability - ending	<u>4,903,663</u>	<u>4,880,301</u>
Plan fiduciary net position:		
Contributions - employer	444,283	473,839
Net investment income (loss)	45,139	71,772
Benefit payments	<u>(402,893)</u>	<u>(393,092)</u>
Net change in plan fiduciary net position	86,529	152,519
Plan fiduciary net position - beginning	<u>1,077,512</u>	<u>924,993</u>
Plan fiduciary net position - ending	<u>1,164,041</u>	<u>1,077,512</u>
Net OPEB Liability - Ending	<u>\$ 3,739,622</u>	<u>\$ 3,802,789</u>
Plan fiduciary net position as a percentage of the total OPEB liability	23.74%	22.08%
Covered-employee payroll	\$ 16,323,734	\$ 16,844,405
Net OPEB liability as a percentage of covered-employee payroll	22.91%	22.58%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF TOLLAND, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS
(In Thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution (1)	\$ 437,000	\$ 461,000	\$ 486,000	\$ 521,000	\$ 547,000	\$ 485,000	\$ 508,000	\$ 447,781	\$ 466,488	\$ 437,420
Contributions in relation to the actuarially determined contribution	494,000	521,000	559,000	491,000	549,000	483,000	512,000	457,613	473,839	444,283
Contribution Deficiency (Excess)	\$ (57,000)	\$ (60,000)	\$ (73,000)	\$ 30,000	\$ (2,000)	\$ 2,000	\$ (4,000)	\$ (9,832)	\$ (7,351)	\$ (6,863)
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 22,286,770	\$ 22,286,770	\$ 16,844,405	\$ 16,844,405	\$ 16,323,734
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	2.17%	2.30%	2.72%	2.81%	2.72%

(1) Actuarially Determined Contributions prior to fiscal year ended June 30, 2017 are based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45.

Notes to Schedule

Valuation date: July 1, 2016

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	16 years
Asset valuation method	Market Value
Inflation	2.75%
Healthcare cost trend rates	BOE - 5.30% decreasing to 4.40% over 69 years Town - 5.20% decreasing to 4.30% over 65 years
Salary increases	4.0%, average, including inflation
Investment rate of return	6.00%, net of pension plan investment expense, including inflation
Retirement age	Scale from 15% at age 59 with 20 years of service, to 100% at age 70 with 20 years of service.
Mortality	Teachers and Administrators: RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using Scale AA, with a two-year age setback. For All others, RP-2000 Mortality Table for males and females with generational projection per Scale AA; separate tables for active employees and annuitants.

TOWN OF TOLLAND, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB
LAST TWO FISCAL YEARS*

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	4.06%	7.39%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF BLUM, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR*

	2018
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>15,251,964</u>
Total	\$ <u>15,251,964</u>
Town's covered payroll	\$ 16,181,359
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	<p>The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate.</p> <p>Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations.</p> <p>As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



Supplemental, Combining and Individual Fund Statements and Schedules



General Fund

The General Fund is the general operating fund of the Town. It is used to account for all unrestricted resources, except those required to be accounted for in another fund. It accounts for all activities in relation to the normal recurring operations of the Town. These activities are funded principally by property taxes, user fees and grants from other governmental units.

The Board of Education Reserve fund is accounted for on the Town's general ledger. It provides funding resources solely for future Board of Education capital, technology, and/or unanticipated special education funding needs. The Board of Education Special Reserve Fund is funded through unexpended funds of the school district from the prior fiscal year's budgeted appropriation, not to exceed 1% of the Board of Education's adopted budget for the given fiscal year. After the Board of Education has approved a funding request they shall provide a written request to the Town Council for these funds. The appropriation shall not be considered until the end of the third quarter of the fiscal year. If prior to the appropriation being made, the State of Connecticut reduces and/or withholds ECS revenue in an amount greater than provided for in the Town budget, the appropriation request of the BOE may be denied in part or whole. All income derived from said fund in any securities shall be paid into the Town's General fund and become a part thereof.

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Property Taxes:				
Current year levy	\$ 43,002,353	\$ 43,002,353	\$ 43,129,357	\$ 127,004
Prior year levy	284,359	284,359	307,096	22,737
Interest and lien fees	155,000	155,000	170,857	15,857
Motor vehicle supplement	517,200	517,200	570,609	53,409
Suspense	500	500	1,895	1,395
Telecommunications access line	23,000	23,000	20,685	(2,315)
Total property taxes	<u>43,982,412</u>	<u>43,982,412</u>	<u>44,200,499</u>	<u>218,087</u>
Intergovernmental:				
Education:				
Adult education	8,436	8,436	8,627	191
Education equalization	<u>10,164,218</u>	<u>10,164,218</u>	<u>9,332,303</u>	<u>(831,915)</u>
Total education	<u>10,172,654</u>	<u>10,172,654</u>	<u>9,340,930</u>	<u>(831,724)</u>
General Government:				
Interest subsidy	5,475	5,475	3,874	(1,601)
Bond subsidy	257,695	257,695	257,695	-
SDE/MH and AS/DEEP grants	20,907	20,907	23,008	2,101
Civil defense grant	5,000	5,000	9,893	4,893
Mashantucket Pequot	34,843	34,843	34,843	-
Miscellaneous grants	41,500	41,500	43,384	1,884
Veterans			8,748	8,748
Town Clerk Preservation	4,000	4,000	4,000	-
Disability grant			1,396	1,396
MRSA: Property tax relief	85,064	85,064	85,064	-
MRSA: Sales tax funds	<u>53,057</u>	<u>53,057</u>	<u>48,871</u>	<u>(4,186)</u>
Total general government	<u>507,541</u>	<u>507,541</u>	<u>520,776</u>	<u>13,235</u>
Total intergovernmental	<u>10,680,195</u>	<u>10,680,195</u>	<u>9,861,706</u>	<u>(818,489)</u>

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Charges for Services:				
Building permit fees	\$ 195,000	\$ 195,000	\$ 213,525	\$ 18,525
Fines, fees and penalties	300	300	472	172
Pistol permits	6,000	6,000	4,550	(1,450)
Zoning permit fees	8,000	8,000	8,820	820
Town clerk	16,500	16,500	18,919	2,419
Library fees	9,000	9,000	8,889	(111)
Motor vehicle fine	15,000	15,000	16,326	1,326
Planning and zoning and IWWC	3,000	3,000	4,445	1,445
Rents/PILOT	32,000	32,000	34,130	2,130
Property conveyance tax	130,000	130,000	167,944	37,944
Document recording fees	70,000	70,000	67,106	(2,894)
Map and copy sales	12,000	12,000	12,490	490
Notary fees	1,000	1,000	930	(70)
Zoning board of appeals	2,000	2,000	3,082	1,082
Public safety services	1,200	1,200	874	(326)
Solid waste fees/sewer fees	43,000	43,000	40,271	(2,729)
Town preservation	4,500	4,500	5,133	633
Ambulance	39,140	39,140	39,140	-
Total charges for services	<u>587,640</u>	<u>587,640</u>	<u>647,046</u>	<u>59,406</u>
Investment Income:				
General Fund	<u>60,000</u>	<u>60,000</u>	<u>115,143</u>	<u>55,143</u>
Other Revenues	<u>10,000</u>	<u>10,000</u>	<u>116,672</u>	<u>106,672</u>
Total Revenues	<u>55,320,247</u>	<u>55,320,247</u>	<u>54,941,066</u>	<u>(379,181)</u>
Other Financing Sources:				
Cancellation of prior year encumbrances			70,278	70,278
Appropriation of fund balance	<u>400,000</u>	<u>400,000</u>		<u>(400,000)</u>
Total other financing sources	<u>400,000</u>	<u>400,000</u>	<u>70,278</u>	<u>(329,722)</u>
Total Revenues and Other Financing Sources	<u>\$ 55,720,247</u>	<u>\$ 55,720,247</u>	<u>\$ 55,011,344</u>	<u>\$ (708,903)</u>

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Administrative:				
Town council	\$ 36,861	\$ 35,218	\$ 34,837	\$ 381
Town manager	222,447	216,921	216,202	719
Economic development commission	21,001	20,981	20,981	-
HR administrative services	2,313,661	2,287,155	2,279,141	8,014
Insurance	227,463	239,946	239,797	149
Legal services	66,000	90,974	90,974	-
Probate court	12,245	12,245	11,641	604
Total administrative	<u>2,899,678</u>	<u>2,903,440</u>	<u>2,893,573</u>	<u>9,867</u>
Planning and Community Development:				
Building inspection services	120,806	119,914	119,804	110
Zoning board of appeals	3,540	4,040	3,599	441
Environmental health services	78,626	78,626	78,625	1
Planning and zoning services	193,004	202,900	202,685	215
Inland wetlands commission	5,380	3,539	3,094	445
Planning and zoning commission	26,836	25,036	24,492	544
Conservation commission	3,250	750	720	30
Agricultural commission	300	200	200	-
Total planning and community development	<u>431,742</u>	<u>435,005</u>	<u>433,219</u>	<u>1,786</u>
Community Services:				
Elderly services	58,175	58,175	58,172	3
Human services	331,255	333,062	330,260	2,802
Library	422,469	422,469	418,602	3,867
Recreation and adult education	98,897	100,141	100,141	-
Total community services	<u>910,796</u>	<u>913,847</u>	<u>907,175</u>	<u>6,672</u>
Public Works:				
Engineering services	25,850	25,850	25,153	697
Parks and facilities	1,336,511	1,320,621	1,317,371	3,250
Refuse and recycling services	978,583	978,583	978,554	29
Streets and roads	2,053,848	2,071,098	2,063,655	7,443
Total public works	<u>4,394,792</u>	<u>4,396,152</u>	<u>4,384,733</u>	<u>11,419</u>

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Public Safety Services:				
Water supply	\$ 96,686	\$ 96,686	\$ 88,034	\$ 8,652
Ambulance	377,197	352,867	351,231	1,636
Canine control	59,008	52,257	49,829	2,428
Emergency preparedness	14,610	14,193	14,189	4
Fire prevention	72,848	74,300	74,297	3
Fire suppression	617,038	646,665	645,902	763
Community emergency response team	4,500	4,917	4,917	-
Law enforcement	744,128	744,130	453,631	290,499
Total public safety services	<u>1,986,015</u>	<u>1,986,015</u>	<u>1,682,030</u>	<u>303,985</u>
Record and Financial Services:				
Accounting services	337,812	338,050	337,924	126
Assessment services	220,564	222,190	221,996	194
Board of assessment appeals	600	318	317	1
Independent audit	25,250	25,250	25,250	-
Registrar of voters	53,710	54,827	52,559	2,268
Revenue services	158,230	158,230	157,989	241
Town clerk	146,598	147,664	147,636	28
Total record and financial services	<u>942,764</u>	<u>946,529</u>	<u>943,671</u>	<u>2,858</u>
Contingency and Other	<u>190,934</u>	<u>168,604</u>	<u>160,609</u>	<u>7,995</u>
Board of Education:				
Language arts	152,721	152,721	158,493	(5,772)
Math	90,694	90,694	146,086	(55,392)
Social studies	17,650	17,650	24,995	(7,345)
Science	88,350	88,350	83,657	4,693
Art	26,705	26,705	25,168	1,537
Music	17,422	17,422	29,998	(12,576)
Physical education	16,338	16,338	19,577	(3,239)
World language	12,851	12,851	12,005	846
Family and consumer science	14,500	14,500	13,759	741
Technology education	23,730	23,730	28,374	(4,644)
Business education	22,275	22,275	16,872	5,403
Digital education	10,130	10,130	16,415	(6,285)
Talc	1,280	1,280	1,488	(208)
Special services	2,941,967	2,941,967	2,483,683	458,284
Special education	118,949	118,949	96,149	22,800
Interdistrict programs	242,691	242,691	194,373	48,318

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Board of Education (continued):				
Student athletics	\$ 202,472	\$ 202,472	\$ 182,762	\$ 19,710
Student activities	17,140	17,140	10,573	6,567
Guidance and counseling	25,155	25,155	20,730	4,425
Nursing	20,992	20,992	26,105	(5,113)
Library	16,093	16,093	17,589	(1,496)
Audiovisual	2,634	2,634	1,743	891
Staff services	7,562,783	7,562,783	7,105,008	457,775
Communication/Insurance	207,960	207,960	208,632	(672)
Principals' offices	154,760	154,760	241,078	(86,318)
Transportation	2,679,409	2,679,409	2,510,577	168,832
Superintendent's office	60,930	60,930	55,006	5,924
Business services	262,551	262,551	235,823	26,728
Technology services	347,978	347,978	588,618	(240,640)
Custodial Services	226,452	226,452	213,157	13,295
Energy management	16,733	16,733	-	16,733
Energy management - utilities	1,441,987	1,441,987	1,441,987	-
Plant maintenance	568,054	568,054	735,571	(167,517)
BOE Payroll Clerk	2,420	2,420	2,762	(342)
Program/Professional development	171,650	171,650	32,876	138,774
Certified regular education payroll	12,145,841	12,145,841	12,068,064	77,777
Certified special education payroll	3,183,473	3,183,473	3,051,744	131,729
Noncertified payroll	1,582,193	1,582,193	1,390,266	191,927
Building operations	812,970	812,970	804,885	8,085
Building maintenance	221,367	221,367	247,582	(26,215)
Business services	376,777	376,777	379,409	(2,632)
Superintendent services	236,916	236,916	251,086	(14,170)
Principals' services	1,514,676	1,514,676	1,452,804	61,872
System-wide substitutes	427,866	427,866	473,866	(46,000)
System-wide services	850,941	850,941	848,550	2,391
Adult education	32,000	32,000	31,335	665
Board of Education	162,522	162,522	131,842	30,680
Total Board of Education	<u>39,333,948</u>	<u>39,333,948</u>	<u>38,113,122</u>	<u>1,220,826</u>
Debt Service	<u>4,550,000</u>	<u>4,557,129</u>	<u>4,557,129</u>	<u>-</u>
Total Expenditures	<u>55,640,669</u>	<u>55,640,669</u>	<u>54,075,261</u>	<u>1,565,408</u>

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Other Financing Uses:				
Transfers out:				
Sewer fund	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Dog fund	10,000	10,000	10,000	-
Capital improvements	<u>54,578</u>	<u>54,578</u>	<u>54,578</u>	<u>-</u>
Total other financing uses	<u>79,578</u>	<u>79,578</u>	<u>79,578</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 55,720,247</u>	<u>\$ 55,720,247</u>	<u>\$ 54,154,839</u>	<u>\$ 1,565,408</u>

TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET SCHEDULE
JUNE 30, 2018

	<u>General</u>	<u>Education Reserve Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 13,196,215	\$ 46,580	\$ 13,242,795
Receivables	790,297		790,297
Due from other funds	<u>77,258</u>		<u>77,258</u>
Total Assets	<u>\$ 14,063,770</u>	<u>\$ 46,580</u>	<u>\$ 14,110,350</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts and other payables	\$ 940,941	\$	\$ 940,941
Accrued liabilities	<u>71,608</u>		<u>71,608</u>
Total liabilities	<u>1,012,549</u>	<u>-</u>	<u>1,012,549</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	494,540		494,540
Advance property tax collections	<u>1,872,836</u>		<u>1,872,836</u>
Total deferred inflows of resources	<u>2,367,376</u>	<u>-</u>	<u>2,367,376</u>
Fund balances:			
Committed		46,580	46,580
Assigned	2,363,364		2,363,364
Unassigned	<u>8,320,481</u>		<u>8,320,481</u>
Total fund balances	<u>10,683,845</u>	<u>46,580</u>	<u>10,730,425</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,063,770</u>	<u>\$ 46,580</u>	<u>\$ 14,110,350</u>

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

	General	Education Reserve Fund	Total
Revenues:			
Property taxes	\$ 44,200,499	\$	\$ 44,200,499
Intergovernmental	18,332,893		18,332,893
Charges for services	647,046		647,046
Investment income	115,143		115,143
Other revenues	116,672		116,672
Total revenues	<u>63,412,253</u>	<u>-</u>	<u>63,412,253</u>
Expenditures:			
Current:			
Administration	2,813,641		2,813,641
Planning and community development	406,893		406,893
Community services	888,453		888,453
Public works	4,154,866		4,154,866
Public safety services	1,741,310		1,741,310
Record and financial services	956,625		956,625
Contingency and other	176,038		176,038
Board of Education	46,931,133		46,931,133
Debt service	5,030,690		5,030,690
Total expenditures	<u>63,099,649</u>	<u>-</u>	<u>63,099,649</u>
Excess of Revenues over Expenditures	<u>312,604</u>	<u>-</u>	<u>312,604</u>
Other Financing Sources (Uses):			
Transfers in	473,561		473,561
Transfers out	(79,578)		(79,578)
Net other financing sources	<u>393,983</u>	<u>-</u>	<u>393,983</u>
Net Change in Fund Balances	706,587	-	706,587
Fund Balances at Beginning of Year	<u>9,977,258</u>	<u>46,580</u>	<u>10,023,838</u>
Fund Balances at End of Year	<u>\$ 10,683,845</u>	<u>\$ 46,580</u>	<u>\$ 10,730,425</u>

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2018**

Grand List Year	Uncollected Taxes July 1, 2017	Supplement	Lawful Corrections		Transfers to Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2018
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2007	\$	\$	\$ 55	\$	\$	\$ 55	\$ 55	\$ 56	\$ 111	\$ -
2008						-		8	8	-
2009	230			230		-			-	-
2010	14,578			701		13,877	7,321	3,124	10,445	6,556
2011	22,375		84	897	262	21,300	3,824	3,379	7,203	17,476
2012	21,850		2,571	960	536	22,925	4,692	3,322	8,014	18,233
2013	40,350		1,146	1,766	3,169	36,561	6,404	2,922	9,326	30,157
2014	88,392		3,699	2,098	3,714	86,279	52,286	11,620	63,906	33,993
2015	438,670		7,231	10,923	5,186	429,792	313,934	57,580	371,514	115,858
Total Prior Years	626,445	-	14,786	17,575	12,867	610,789	388,516	82,011	470,527	222,273
2016	43,676,820	585,439	45,318	189,935	2,760	44,114,882	43,699,966	105,173	43,805,139	414,916
Total	\$ 44,303,265	\$ 585,439	\$ 60,104	\$ 207,510	\$ 15,627	\$ 44,725,671	\$ 44,088,482	\$ 187,184	\$ 44,275,666	\$ 637,189



Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.

Dog Fund - To account for the sales of dog tags and the expenditures of the dog warden and pound.

Open Space Maintenance - To account for maintenance expenditures at open space land.

Stone Pond Sewer Escrow and Tolland Townhouse Sewer Escrow - To account for accumulation of revenues from the housing projects to provide funds in the event of a failure of the on-site sewage disposal system.

Lodge Activity Fund - To account for the receipt of rental, constable and attendant fees for special activities held at the lodge. Donations are also recognized. Revenues are used to provide furnishings for the lodge.

Open Space Fund - To account for the receipt of payments from builders in lieu of land. Money will be accumulated to purchase land for open space.

Tolland Business Park Fund - To account for monies from property sales in the business park to be used for future improvements.

Town Aid Road - To account for state revenues and expenditures for maintenance of both improved and unimproved Town roads.

Recreation - To account for Town recreation programs.

Water Assessment - To account for water main assessments to defray the cost of borrowing.

School Lunch - To account for the operation of the school lunch program.

State and Federal Education Grants - To account for the expenditure of various state and federal education grants not accounted for in the General Fund.

Before/After School Programs - To account for the operation of the before and after school programs.

Eviction Fund - To account for the cost of storage for tenants' property until reimbursed.

Cemetery Operations Fund - To account for the operating expenditures and revenues of the Town cemeteries.

Minnie Hicks Fund - To account for prizes to graduating eighth-grade students.

Training Center Fund - To account for user fees to provide for the replacement or repair of furniture and equipment at the training center.

Traffic Fund - To account for the State of Connecticut Speed Enforcement Grant that overlaps two fiscal years.

Field Maintenance - To utilize donations for field maintenance.

Veterans Memorial Fund - To account for donations and expenditures for the repairs and upkeep of existing monuments and plaques and the addition of new ones.

Miscellaneous Grants Fund - To account for various state, federal and local grants and their activities.

Emergency Storm Fund - To account for FEMA emergency storm disaster grant revenues and expenditures, and to create reserves for unanticipated future storm funding needs.

Turf Field Operations Fund - To account for revenues from field rental, donations and expenditures towards maintenance of the field.

DEBT SERVICE FUND

Debt Service Fund - To account for and report financial resources that are restricted, committed, or assigned to pay interest, principal, and other fees associated with short-term and long-term debt.

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 Perpetual Care Fund - To account for donations and proceeds from the sale of plots. The interest on the investment of funds is used for the perpetual care of those plots accounted for in a Special Revenue Fund.

Ratcliffe Hicks Memorial School Fund - To account for maintenance of the Hicks Memorial School Building, which now houses the Town offices. Interest earnings are available to defray costs of improvements and/or maintenance expenses.

**TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018**

	Special Revenue Funds							
	Dog Fund	Open Space Maintenance	Stone Pond Sewer Escrow	Tolland Townhouse Sewer Escrow	Lodge Activity Fund	Open Space Fund	Tolland Business Park Fund	Town Aid Road
ASSETS								
Cash	\$ 71,333	\$ 2,940	\$ 14,804	\$ 10,253	\$ 69,194	\$ 124,441	\$ 19,533	\$ 9,480
Investments								
Receivables								
Due from other funds								
Other								
Total Assets	\$ 71,333	\$ 2,940	\$ 14,804	\$ 10,253	\$ 69,194	\$ 124,441	\$ 19,533	\$ 9,480
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts and other payables/due to State	\$ 11,214	\$	\$	\$	\$ 625	\$	\$	\$
Due to other funds								
Unearned revenue					10,835			
Total liabilities	11,214	-	-	-	11,460	-	-	-
Deferred inflows of resources:								
Unavailable revenue - special assessments								
Unavailable revenue - cemetery								
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable								
Restricted								9,480
Committed	60,119	2,940	14,804	10,253	57,734	124,441	19,533	
Total fund balances	60,119	2,940	14,804	10,253	57,734	124,441	19,533	9,480
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 71,333	\$ 2,940	\$ 14,804	\$ 10,253	\$ 69,194	\$ 124,441	\$ 19,533	\$ 9,480

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2018**

	Special Revenue Funds							
	Recreation	Water Assessment	School Lunch	State and Federal Education Grants	Before/After School Programs	Eviction Fund	Cemetery Operations Fund	Minnie Hicks Fund
ASSETS								
Cash	\$ 254,472	\$ 210,933	\$ 124,515	\$ 75,503	\$ 477,275	\$ 41	\$ 220,796	\$
Investments								
Receivables	211	27,282	30,129	11,102	8,627		6,575	
Due from other funds							2,671	
Other			34,318					
Total Assets	\$ 254,683	\$ 238,215	\$ 188,962	\$ 86,605	\$ 485,902	\$ 41	\$ 230,042	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts and other payables/due to State	\$ 1,352	\$	\$	\$	\$	\$	\$ 358	\$
Due to other funds				77,258				
Unearned revenue			28,906	9,347	90,626			
Total liabilities	1,352	-	28,906	86,605	90,626	-	358	-
Deferred inflows of resources:								
Unavailable revenue - special assessments		27,282						
Unavailable revenue - cemetery							6,475	
Total deferred inflows of resources	-	27,282	-	-	-	-	6,475	-
Fund balances:								
Nonspendable			34,318					
Restricted			30,129					
Committed	253,331	210,933	95,609		395,276	41	223,209	
Total fund balances	253,331	210,933	160,056	-	395,276	41	223,209	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 254,683	\$ 238,215	\$ 188,962	\$ 86,605	\$ 485,902	\$ 41	\$ 230,042	\$ -

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2018**

	Special Revenue Funds						
	Training Center Fund	Traffic Fund	Field Maintenance	Veterans Memorial Fund	Miscellaneous Grants Fund	Emergency Storm Fund	Turf Field Operations Fund
ASSETS							
Cash	\$ 6,222	\$ 1,927	\$ 12,910	\$ 187	\$ 20,180	\$ 177,717	\$ 10,100
Investments							
Receivables		6,811					
Due from other funds							
Other							
Total Assets	<u>\$ 6,222</u>	<u>\$ 8,738</u>	<u>\$ 12,910</u>	<u>\$ 187</u>	<u>\$ 20,180</u>	<u>\$ 177,717</u>	<u>\$ 10,100</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts and other payables/due to State	\$	\$ 6,810	\$	\$	\$	\$	\$
Due to other funds							
Unearned revenue							
Total liabilities	<u>-</u>	<u>6,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:							
Unavailable revenue - special assessments							
Unavailable revenue - cemetery							
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable							
Restricted		1,928			20,180		
Committed	6,222		12,910	187		177,717	10,100
Total fund balances	<u>6,222</u>	<u>1,928</u>	<u>12,910</u>	<u>187</u>	<u>20,180</u>	<u>177,717</u>	<u>10,100</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,222</u>	<u>\$ 8,738</u>	<u>\$ 12,910</u>	<u>\$ 187</u>	<u>\$ 20,180</u>	<u>\$ 177,717</u>	<u>\$ 10,100</u>

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**TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2018**

	Funds	Permanent Funds			Total Nonmajor Governmental Funds
	Debt Service Fund	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	Eliminations	
ASSETS					
Cash	\$ 634,626	\$	\$ 66,111	\$	\$ 2,615,493
Investments		298,173	729,573		1,027,746
Receivables		3,100			93,837
Due from other funds				(2,671)	-
Other					34,318
Total Assets	<u>\$ 634,626</u>	<u>\$ 301,273</u>	<u>\$ 795,684</u>	<u>\$ (2,671)</u>	<u>\$ 3,771,394</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables/due to State	\$	\$	\$	\$	\$ 20,359
Due to other funds		2,671		(2,671)	77,258
Unearned revenue					139,714
Total liabilities	<u>-</u>	<u>2,671</u>	<u>-</u>	<u>(2,671)</u>	<u>237,331</u>
Deferred inflows of resources:					
Unavailable revenue - special assessments					27,282
Unavailable revenue - cemetery		3,100			9,575
Total deferred inflows of resources	<u>-</u>	<u>3,100</u>	<u>-</u>	<u>-</u>	<u>36,857</u>
Fund balances:					
Nonspendable		292,263	20,800		347,381
Restricted					61,717
Committed	634,626	3,239	774,884		3,088,108
Total fund balances	<u>634,626</u>	<u>295,502</u>	<u>795,684</u>	<u>-</u>	<u>3,497,206</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 634,626</u>	<u>\$ 301,273</u>	<u>\$ 795,684</u>	<u>\$ (2,671)</u>	<u>\$ 3,771,394</u>

**TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds							
	Dog Fund	Open Space Maintenance	Stone Pond Sewer Escrow	Tolland Townhouse Sewer Escrow	Lodge Activity Fund	Open Space Fund	Tolland Business Park Fund	Town Aid Road
Revenues:								
Intergovernmental	\$ 20,501	\$	\$	\$	\$ 45,008	\$ 1,821	\$	\$
Charges for services	59		154		265	1,084	81	99
Investment income	11						2,000	
Other								
Total revenues	20,571	-	154	-	45,273	2,905	2,081	99
Expenditures:								
Current:								
Community services					38,755		123	
Public works								
Public safety services	15,259							
Debt Service								
Education								
Total expenditures	15,259	-	-	-	38,755	-	123	-
Excess (Deficiency) of Revenues over Expenditures	5,312	-	154	-	6,518	2,905	1,958	99
Other Financing Sources (Uses):								
Transfers in	10,000							
Transfers out					(6,000)			
Bond premium								
BAN premium								
Net other financing sources (uses)	10,000	-	-	-	(6,000)	-	-	-
Net Change in Fund Balances	15,312	-	154	-	518	2,905	1,958	99
Fund Balances at Beginning of Year	44,807	2,940	14,650	10,253	57,216	121,536	17,575	9,381
Fund Balances at End of Year	\$ 60,119	\$ 2,940	\$ 14,804	\$ 10,253	\$ 57,734	\$ 124,441	\$ 19,533	\$ 9,480

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TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds							
	Recreation	Water Assessment	School Lunch	State and Federal Education Grants	Before/After School Programs	Eviction Fund	Cemetery Operations Fund	Minnie Hicks Fund
Revenues:								
Intergovernmental	\$	\$	\$ 197,952	\$ 668,249	\$	\$	\$ 200	\$
Charges for services	304,079	1,607	683,523		506,105		24,485	
Investment income	1,436	4,856					1,910	
Other	2,020							
Total revenues	307,535	6,463	881,475	668,249	506,105	-	26,595	-
Expenditures:								
Current:								
Community services	305,788					500	13,890	
Public works								
Public safety services								
Debt Service								
Education			875,693	668,249	397,442			3,706
Total expenditures	305,788	-	875,693	668,249	397,442	500	13,890	3,706
Excess (Deficiency) of Revenues over Expenditures	1,747	6,463	5,782	-	108,663	(500)	12,705	(3,706)
Other Financing Sources (Uses):								
Transfers in	6,000						2,664	
Transfers out								
Bond premium								
BAN premium								
Net other financing sources (uses)	6,000	-	-	-	-	-	2,664	-
Net Change in Fund Balances	7,747	6,463	5,782	-	108,663	(500)	15,369	(3,706)
Fund Balances at Beginning of Year	245,584	204,470	154,274	-	286,613	541	207,840	3,706
Fund Balances at End of Year	\$ 253,331	\$ 210,933	\$ 160,056	\$ -	\$ 395,276	\$ 41	\$ 223,209	\$ -

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TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds						
	Training Center Fund	Traffic Fund	Field Maintenance	Veterans Memorial Fund	Miscellaneous Grants Fund	Emergency Storm Fund	Turf Field Operations Fund
Revenues:							
Intergovernmental	\$	\$ 44,927	\$	\$	\$ 19,966	\$	\$
Charges for services	990						
Investment income						1,926	
Other			1,000	25	1,643		5,382
Total revenues	<u>990</u>	<u>44,927</u>	<u>1,000</u>	<u>25</u>	<u>21,609</u>	<u>1,926</u>	<u>5,382</u>
Expenditures:							
Current:							
Community services				173			3,366
Public works		44,545	476				
Public safety services	1,303				16,172		
Debt Service							
Education							
Total expenditures	<u>1,303</u>	<u>44,545</u>	<u>476</u>	<u>173</u>	<u>16,172</u>	<u>-</u>	<u>3,366</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(313)</u>	<u>382</u>	<u>524</u>	<u>(148)</u>	<u>5,437</u>	<u>1,926</u>	<u>2,016</u>
Other Financing Sources (Uses):							
Transfers in							
Transfers out							
Bond premium							
BAN premium							
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(313)	382	524	(148)	5,437	1,926	2,016
Fund Balances at Beginning of Year	<u>6,535</u>	<u>1,546</u>	<u>12,386</u>	<u>335</u>	<u>14,743</u>	<u>175,791</u>	<u>8,084</u>
Fund Balances at End of Year	<u>\$ 6,222</u>	<u>\$ 1,928</u>	<u>\$ 12,910</u>	<u>\$ 187</u>	<u>\$ 20,180</u>	<u>\$ 177,717</u>	<u>\$ 10,100</u>

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TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Debt Service Funds</u>	<u>Permanent Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Service Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Ratcliff Hicks Memorial School Fund</u>	<u>Eliminations</u>	
Revenues:					
Intergovernmental	\$	\$	\$	\$	\$ 931,294
Charges for services					1,588,119
Investment income	4,063	2,665	59,089		77,687
Other					12,081
Total revenues	<u>4,063</u>	<u>2,665</u>	<u>59,089</u>	<u>-</u>	<u>2,609,181</u>
Expenditures:					
Current:					
Community services					362,595
Public works					45,021
Public safety services					32,734
Debt Service	57,918				57,918
Education			8,449		1,953,539
Total expenditures	<u>57,918</u>	<u>-</u>	<u>8,449</u>	<u>-</u>	<u>2,451,807</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(53,855)</u>	<u>2,665</u>	<u>50,640</u>	<u>-</u>	<u>157,374</u>
Other Financing Sources (Uses):					
Transfers in				(8,664)	10,000
Transfers out		(2,664)		8,664	-
Bond premium	255,615				255,615
BAN premium	32,079				32,079
Net other financing sources (uses)	<u>287,694</u>	<u>(2,664)</u>	<u>-</u>	<u>-</u>	<u>297,694</u>
Net Change in Fund Balances	233,839	1	50,640	-	455,068
Fund Balances at Beginning of Year	<u>400,787</u>	<u>295,501</u>	<u>745,044</u>	<u>-</u>	<u>3,042,138</u>
Fund Balances at End of Year	<u>\$ 634,626</u>	<u>\$ 295,502</u>	<u>\$ 795,684</u>	<u>\$ -</u>	<u>\$ 3,497,206</u>



Internal Service Funds

Internal Service Funds are used to account for all of the activity associated with utility costs and debt service costs on the ESCO project and for providing Medical insurance to all eligible Town and Board of Education Employees.

Utility Service Fund - To account for all of the fees associated with utilities and the debt service on the ESCO project, the associated consultant fees, and future system improvements and repairs.

Health Insurance Fund - To account for the self-insured medical activities of the Town and Board of Education.

TOWN OF TOLLAND, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

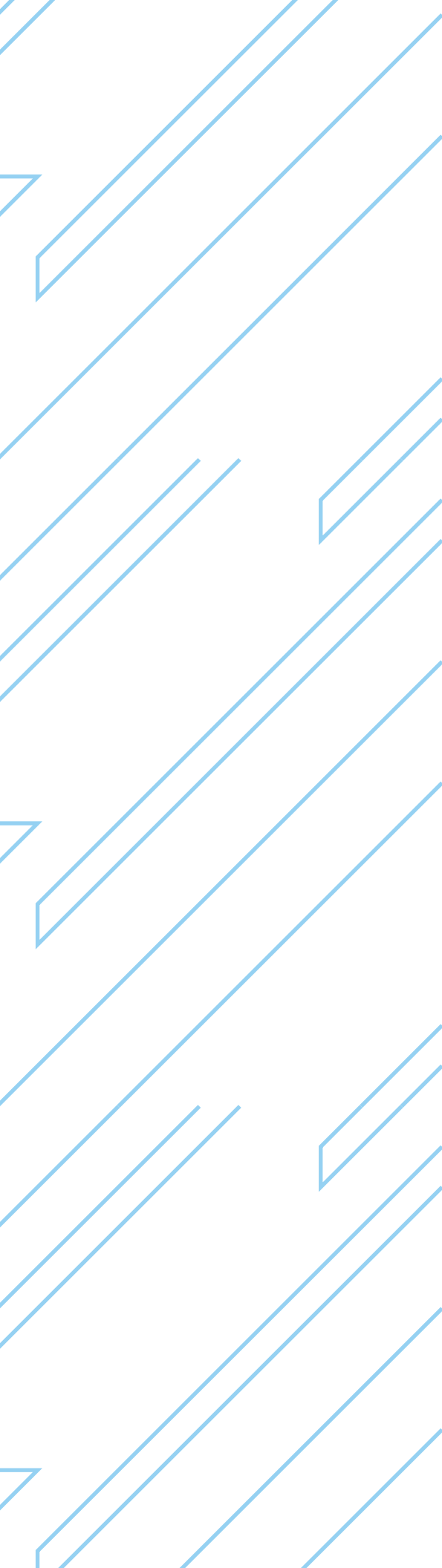
	<u>Utility Service Fund</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Assets:			
Current:			
Cash and cash equivalents	\$ 959,903	\$	\$ 959,903
Receivables	3,753		3,753
Advance to plan administrator		3,218,073	3,218,073
	<u>963,656</u>	<u>3,218,073</u>	<u>4,181,729</u>
Total Assets			
Liabilities:			
Current:			
Accounts payable	62,790		62,790
Claims payable		500,200	500,200
	<u>62,790</u>	<u>500,200</u>	<u>562,990</u>
Total Liabilities			
Net Position:			
Unrestricted	\$ <u>900,866</u>	\$ <u>2,717,873</u>	\$ <u>3,618,739</u>

TOWN OF TOLLAND, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Utility Service Fund</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Operating Revenues:			
Charges for services	\$ 1,717,416	\$	\$ 1,717,416
Employer contributions		7,358,084	7,358,084
Other income	65,226		65,226
Total operating revenues	<u>1,782,642</u>	<u>7,358,084</u>	<u>9,140,726</u>
Operating Expenses:			
Utilities	1,140,826		1,140,826
Administration	16,582	32,226	48,808
Employee benefits		6,665,110	6,665,110
Total operating expenses	<u>1,157,408</u>	<u>6,697,336</u>	<u>7,854,744</u>
Operating Income	<u>625,234</u>	<u>660,748</u>	<u>1,285,982</u>
Nonoperating Revenue (Expenses):			
Investment income	13,967	31,890	45,857
Interest expense	(202,926)		(202,926)
Total nonoperating revenues	<u>(188,959)</u>	<u>31,890</u>	<u>(157,069)</u>
Transfers in and out:			
Transfer out	<u>(523,561)</u>		<u>(523,561)</u>
Change in Net Position	(87,286)	692,638	605,352
Net Position at Beginning of Year	<u>988,152</u>	<u>2,025,235</u>	<u>3,013,387</u>
Net Position at End of Year	<u>\$ 900,866</u>	<u>\$ 2,717,873</u>	<u>\$ 3,618,739</u>

TOWN OF TOLLAND, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Utility Service Fund</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities:			
Received from customers	\$ 1,778,889	\$ 7,358,084	\$ 9,136,973
Payments to suppliers	(1,120,245)		(1,120,245)
Payments to providers of benefits		(7,389,974)	(7,389,974)
Net cash provided by (used in) operating activities	<u>658,644</u>	<u>(31,890)</u>	<u>626,754</u>
Cash Flows from Capital and Related Financing Activities:			
Transfers in/out	(523,561)		(523,561)
Interest expense	(202,926)		(202,926)
Net cash provided by (used in) capital and related financing activities	<u>(726,487)</u>	<u>-</u>	<u>(726,487)</u>
Cash Flows from Investing Activities:			
Investment income	<u>13,967</u>	<u>31,890</u>	<u>45,857</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(53,876)	-	(53,876)
Cash and Cash Equivalents at Beginning of Year	<u>1,013,779</u>	<u>-</u>	<u>1,013,779</u>
Cash and Cash Equivalents at End of Year	<u>\$ 959,903</u>	<u>\$ -</u>	<u>\$ 959,903</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 625,234	\$ 660,748	\$ 1,285,982
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in accounts receivable	(3,753)		(3,753)
(Increase) decrease in advance to plan administrator		(674,738)	(674,738)
Increase (decrease) in accounts payable	37,163		37,163
Increase (decrease) in claims payable		(17,900)	(17,900)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 658,644</u>	<u>\$ (31,890)</u>	<u>\$ 626,754</u>



Agency Funds

AGENCY FUNDS

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

Youth Center Reserve - To accumulate student fundraising monies and donations, which are used to sponsor youth outings and camp scholarships.

Student Activity Fund - To collect monies from all sources outside the budget to be used to pay for various student activities.

Senior Citizens Center - To accumulate donations and fundraising monies to provide for the operations of the center.

Tolland Public Library - To accumulate money received from donations and ConnectiCard State funds for future capital and media purchases.

Tolland Emergency Fund - To help residents in crisis with food, fuel or medical relief. Private donations finance this effort.

Education Fund - To account for Board of Education benefits and summer school activities.

Board of Education - Section 125 - To account for the Internal Revenue Code Section 125 plan.

Non-Profit Housing Corporation - To account for the lease proceeds and expenses for the operation of the Corporation who has possession of real property conveyed by the Town.

TOWN OF TOLLAND, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Balance, July 1, 2017	Additions	Deductions	Balance, June 30, 2018
Cash:				
Youth Center Reserve	\$ 23,691	\$ 40,658	\$ 40,661	\$ 23,688
Student Activity Fund	379,442	656,658	662,495	373,605
Senior Citizens Center	22,000	43,025	47,739	17,286
Tolland Public Library	53,736	36,603	10,156	80,183
Tolland Emergency Fund	42,097	10,600	15,687	37,010
Education Fund	34,746	421,810	431,030	25,526
Board of Education - Section 125	10,361	19,500	19,273	10,588
Non-Profit Housing Corporation	113,520	9,682	2,561	120,641
Total Cash	679,593	1,238,536	1,229,602	688,527
Accounts Receivable:				
Non-Profit Housing Corporation	26,148		797	25,351
Total Assets	\$ <u>705,741</u>	\$ <u>1,238,536</u>	\$ <u>1,230,399</u>	\$ <u>713,878</u>
Accounts Payable:				
Youth Center Reserve	\$ 23,691	\$ 40,658	\$ 40,661	\$ 23,688
Student Activity Fund	379,442	656,658	662,495	373,605
Senior Citizens Center	22,000	43,025	47,739	17,286
Tolland Public Library	53,736	36,603	10,156	80,183
Tolland Emergency Fund	42,097	10,600	15,687	37,010
Education Fund	34,746	421,810	431,030	25,526
Board of Education - Section 125	10,361	19,500	19,273	10,588
Non-Profit Housing Corporation	139,668	9,682	3,358	145,992
Total Liabilities	\$ <u>705,741</u>	\$ <u>1,238,536</u>	\$ <u>1,230,399</u>	\$ <u>713,878</u>



Statistical Section

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

Contents	Page
Financial Trends	90-93
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	94-96
These schedules contain information to help the reader assess the Town's most significant local revenue source, property taxes.	
Debt Capacity	97-99
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	
Demographic and Economic Information	100-101
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	
Operating Information	102-104
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

TABLE 1

**TOWN OF TOLLAND, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net investment in capital assets	\$ 80,876,436	\$ 81,360,747	\$ 80,465,804	\$ 79,197,477	\$ 78,699,978	\$ 81,610,820	\$ 76,933,951	\$ 76,382,043	\$ 77,127,304	\$ 68,793,985
Restricted	313,063	313,063	313,063	313,063	313,063	313,063	313,063	313,063	313,063	313,063
Unrestricted	16,283,861	15,413,879	16,943,872	16,742,638	15,874,642	14,558,545	18,974,027	18,030,770	18,211,767	22,957,775
Total governmental activities net position	<u>97,473,360</u>	<u>97,087,689</u>	<u>97,722,739</u>	<u>96,253,178</u>	<u>94,887,683</u>	<u>96,482,428</u>	<u>96,221,041</u>	<u>94,725,876</u>	<u>95,652,134</u>	<u>92,064,823</u>
Business-Type Activities:										
Net investment in capital assets	9,245,889	9,294,194	10,069,400	9,859,251	9,609,679	9,313,922	9,007,412	8,705,538	8,465,681	8,200,166
Restricted				24,357	30,682	36,239	42,725	49,825	49,825	66,520
Unrestricted	291,738	254,954	247,954	268,614	303,016	379,213	489,150	637,253	784,452	948,955
Total business-type activities net position	<u>9,537,627</u>	<u>9,549,148</u>	<u>10,317,354</u>	<u>10,152,222</u>	<u>9,943,377</u>	<u>9,729,374</u>	<u>9,539,287</u>	<u>9,392,616</u>	<u>9,299,958</u>	<u>9,215,641</u>
Primary Government:										
Net investment in capital assets	90,122,325	90,654,941	90,535,204	89,056,728	88,309,657	90,924,742	85,941,363	85,087,581	85,592,985	76,994,151
Restricted	313,063	313,063	313,063	337,420	343,745	349,302	355,788	362,888	362,888	379,583
Unrestricted	16,575,599	15,668,833	17,191,826	17,011,252	16,177,658	14,937,758	19,463,177	18,668,023	18,996,219	23,906,730
Total Primary Government Net Position	<u>\$ 107,010,987</u>	<u>\$ 106,636,837</u>	<u>\$ 108,040,093</u>	<u>\$ 106,405,400</u>	<u>\$ 104,831,060</u>	<u>\$ 106,211,802</u>	<u>\$ 105,760,328</u>	<u>\$ 104,118,492</u>	<u>\$ 104,952,092</u>	<u>\$ 101,280,464</u>

TABLE 2

**TOWN OF TOLLAND, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
Administration	\$ 1,161,198	\$ 1,197,703	\$ 1,152,320	\$ 1,170,393	\$ 1,128,418	\$ 1,100,996	\$ 1,058,486	\$ 1,600,623	\$ 1,440,490	\$ 1,413,134
Planning and community development	494,459	437,811	459,598	505,425	478,632	355,708	448,187	438,009	474,277	491,843
Community services	2,436,453	2,241,062	1,756,255	2,125,783	1,307,822	1,993,470	1,724,251	1,687,426	2,292,140	1,698,846
Public works	7,627,881	7,327,481	7,843,996	8,260,781	9,389,371	7,775,750	8,579,435	9,763,091	8,422,874	8,165,431
Public safety services	2,018,465	1,476,762	1,967,888	2,021,332	2,068,676	2,147,154	2,170,204	2,445,574	2,478,544	2,308,812
Records and financial services	1,224,626	1,163,683	1,038,972	1,029,158	1,093,230	1,051,896	1,149,410	875,914	1,139,430	1,186,970
Board of Education	41,413,090	42,227,879	42,181,314	44,963,365	44,748,673	45,552,363	45,685,969	47,211,938	50,393,047	51,267,751
Interest expense	1,785,519	1,601,756	1,469,838	1,524,853	1,405,217	1,515,547	1,405,788	1,247,428	915,251	1,112,080
Total governmental activities expenses	58,161,691	57,674,137	57,870,181	61,601,090	61,620,039	61,492,884	62,221,730	65,270,003	67,556,053	67,644,867
Business-type activities:										
Water	361,474	376,151	388,310	368,586	376,706	386,035	342,447	324,016	313,802	332,778
Sewer	316,824	309,562	447,724	453,389	460,248	427,194	535,004	472,864	487,772	491,475
Total business-type activities expenses	678,298	685,713	836,034	821,975	836,954	813,229	877,451	796,880	801,574	824,253
Total primary government expenses	58,839,989	58,359,850	58,706,215	62,423,065	62,456,993	62,306,113	63,099,181	66,066,883	68,357,627	68,469,120
Program Revenues:										
Governmental activities:										
Charges for services:										
Administration					10,756					
Planning and community development	226,064	272,661	296,752	286,961	302,962	382,127	347,892	360,580	454,427	437,551
Community services	449,231	489,934	721,398	370,474	376,711	545,223	409,067	463,717	504,979	414,253
Public works	247,389	34,725	495,316	45,948	48,035	72,179	110,844	93,451	128,353	91,366
Public safety services	373,317	154,448	490,783	258,484	135,789	330,423	344,714	286,369	311,219	407,397
Records and financial services	94,691	97,487	117,532	122,561	125,682	104,747	103,599	105,751	107,063	99,445
Board of Education	1,206,132	1,299,973	1,235,591	1,180,834	1,236,580	1,227,663	1,087,047	1,100,158	1,194,206	1,262,058
Operating grants and contributions:										
Community services				23,516	54,620	38,258	55,909	22,015	12,499	7,427
Public works				713,000	243,507	200,290	338,861	98,715		22,622
Public safety services					26,500	11,500	39,527	46,916	34,743	21,609
Board of Education	15,560,242	15,676,752	15,742,394	16,506,865	16,733,049	17,510,095	16,687,608	17,211,591	19,683,233	18,678,318
Capital grants and contributions:										
Administration							16,586	387,114		
Planning and community development	212,265	749,762	1,227,483	289,946	102,017	247,737	150,957	262		28,302
Community services	1,178,000			848,986	300,640	642,137	107,521	512,213	1,273,987	85,401
Public works				256,910	436,075	94,000		362,888	390,955	685,461
Public safety services										
Board of Education	421,147	364,361	301,946	512,458		765,355		11,938		853,821
Interest expense	102,793	67,925	56,612	51,637	43,731	35,860	28,023	20,238	12,051	3,874
Total governmental activities program revenues	20,071,271	19,208,028	20,688,807	21,469,580	20,176,654	22,207,594	19,828,155	21,083,916	24,107,715	23,098,905
Business-type activities:										
Charges for services:										
Water	227,024	199,308	225,340	303,144	243,188	257,244	313,502	267,256	327,083	338,695
Sewer	181,663	227,429	268,531	337,485	333,676	325,755	356,904	362,674	378,006	399,493
Capital grants and contributions:										
Water	10,066	159,047								
Sewer										
Total business-type activities program revenues	418,753	585,784	493,871	640,629	576,864	582,999	670,406	629,930	705,089	738,188
Total primary government program revenues	20,490,024	19,793,812	21,182,678	22,110,209	20,753,518	22,790,593	20,498,561	21,713,846	24,812,804	23,837,093
Net (expense) revenue:										
Governmental activities	(38,090,420)	(38,466,109)	(37,181,374)	(40,131,510)	(41,443,385)	(39,285,290)	(42,393,575)	(44,186,087)	(43,448,338)	(44,545,962)
Business-type activities	(259,545)	(99,929)	(342,163)	(181,346)	(260,090)	(230,230)	(207,045)	(166,950)	(96,485)	(86,065)
Total primary government net expense	(38,349,965)	(38,566,038)	(37,523,537)	(40,312,856)	(41,703,475)	(39,515,520)	(42,600,620)	(44,353,037)	(43,544,823)	(44,632,027)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	36,444,090	36,569,603	37,290,129	38,343,637	39,058,990	39,472,811	40,575,260	42,207,337	43,527,376	44,299,403
Unrestricted grants and contributions	1,273,901	574,468	771,764	357,609	529,845	267,332	371,281	318,864	627,533	281,712
Investment income	358,911	398,723	448,225	202,173	264,739	293,666	108,406	102,253	196,135	227,649
Loss on sale of asset										
Donated asset	555,592									
Miscellaneous	496,238	641,127	405,717	506,984	274,316	88,287	1,092,241	77,468	23,552	128,703
Transfers	(20,000)	(103,483)	(1,099,411)	(15,000)	(50,000)	(15,000)	(15,000)	(15,000)		5,000
Total governmental activities	39,108,732	38,080,438	37,816,424	39,395,403	40,077,890	40,107,096	42,132,188	42,690,922	44,374,596	44,942,467
Business-type activities:										
Investment income	8,208	3,064	819	1,490	1,245	1,227	1,958	5,279	3,827	6,748
Miscellaneous		4,903	9,863							
Donated asset										
Transfers	20,000	103,483	1,099,411	15,000	50,000	15,000	15,000	15,000		(5,000)
Total business-type activities	28,208	111,450	1,110,093	16,490	51,245	16,227	16,958	20,279	3,827	1,748
Total primary government	39,136,940	38,191,888	38,926,517	39,411,893	40,129,135	40,123,323	42,149,146	42,711,201	44,378,423	44,944,215
Change in Net Position:										
Governmental activities	1,018,312	(385,671)	635,050	(736,107)	(1,365,495)	821,806	(261,387)	(1,495,165)	926,258	396,505
Business-type activities	(231,337)	11,521	767,930	(164,856)	(208,845)	(214,003)	(190,087)	(146,671)	(92,658)	(84,317)
Total Primary Government	\$ 786,975	\$ (374,150)	\$ 1,402,980	\$ (900,963)	\$ (1,574,340)	\$ 607,803	\$ (451,474)	\$ (1,641,836)	\$ 833,600	\$ 312,188

TABLE 3

**TOWN OF TOLLAND, CONNECTICUT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 1,085,203	\$ 1,176,551	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved	5,855,314	6,119,876								
Nonspendable										
Committed							75,249	63,813	46,580	46,580
Restricted				140,862	170,722	59,680				
Assigned			1,601,935	1,309,480	1,086,458	1,281,734	1,537,737	1,764,973	2,053,282	2,363,364
Unassigned			6,209,332	6,588,695	6,649,387	7,053,690	6,853,234	7,113,653	7,923,976	8,320,481
Total General Fund	<u>\$ 6,940,517</u>	<u>\$ 7,296,427</u>	<u>\$ 7,811,267</u>	<u>\$ 8,039,037</u>	<u>\$ 7,906,567</u>	<u>\$ 8,395,104</u>	<u>\$ 8,466,220</u>	<u>\$ 8,942,439</u>	<u>\$ 10,023,838</u>	<u>\$ 10,730,425</u>
All Other Governmental Funds:										
Reserved	\$ 794,358	\$ 329,059	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved, reported in:										
Special Revenue Funds	2,932,590	2,836,172								
Capital Projects Funds	894,010	250,097								
Permanent Funds	442,255	781,822								
Nonspendable			350,896	349,238	354,191	353,280	350,288	342,832	347,922	347,381
Restricted			264,177	166,425	89,708	4,127,934	110,228	264,540	189,978	193,061
Committed			8,336,702	7,126,927	5,685,035	3,100,145	7,017,336	5,693,424	4,183,849	11,726,422
Assigned										
Unassigned				(2,459)		(4,173)				
Total All Other Governmental Funds	<u>\$ 5,063,213</u>	<u>\$ 4,197,150</u>	<u>\$ 8,951,775</u>	<u>\$ 7,640,131</u>	<u>\$ 6,128,934</u>	<u>\$ 7,577,186</u>	<u>\$ 7,477,852</u>	<u>\$ 6,300,796</u>	<u>\$ 4,721,749</u>	<u>\$ 12,266,864</u>

Note 1: Information for years prior to the implementation of GASB Statement No. 54 has not been restated.

TOWN OF TOLLAND, CONNECTICUT
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Property taxes	\$ 36,412,114	\$ 36,529,867	\$ 37,233,490	\$ 38,322,762	\$ 39,100,634	\$ 39,438,201	\$ 40,552,478	\$ 42,183,337	\$ 43,606,051	\$ 44,200,499
Intergovernmental	18,947,374	17,210,059	17,912,905	19,468,002	18,414,199	20,026,194	18,020,668	18,849,801	22,280,089	20,917,173
Charges for services	2,573,103	2,575,458	2,568,392	2,309,929	2,414,067	2,520,931	2,378,727	2,385,095	2,545,736	2,414,424
Investment income	358,912	398,723	448,225	202,173	264,739	289,584	108,406	102,253	196,135	227,649
Net increase in fair value of investment										
Other revenues	592,386	761,405	405,717	528,023	552,436	268,990	1,348,950	332,545	317,609	501,696
Total revenues	58,883,889	57,475,512	58,568,729	60,830,889	60,746,075	62,543,900	62,409,229	63,853,031	68,945,620	68,261,441
Expenditures:										
Administration	2,317,706	2,406,461	2,388,643	2,456,691	2,585,864	2,587,899	2,674,620	3,024,034	2,950,835	2,813,641
Planning and community development	370,967	353,395	357,485	353,474	369,838	328,045	360,179	355,841	397,518	406,893
Community services	2,169,528	1,976,783	1,482,441	1,779,801	1,258,941	1,477,915	1,383,962	1,310,176	1,323,475	1,284,980
Public works	4,766,504	4,758,619	4,588,172	4,672,022	5,079,375	4,423,762	4,506,859	4,488,925	4,374,697	4,199,887
Public safety services	1,460,169	942,775	1,402,161	1,530,271	1,623,645	1,667,369	1,812,677	1,927,065	1,920,063	1,774,044
Records and financial services	1,016,583	958,041	836,717	803,047	887,048	860,910	935,031	633,230	936,000	956,625
Contingency and other	41,734	48,783	106,293	681,042	39,993	144,636	144,844	124,671	68,707	176,038
Board of Education	39,122,338	39,905,194	39,894,224	42,059,147	42,599,914	43,424,363	43,904,035	45,133,023	48,670,545	48,884,672
Capital outlay	2,885,426	1,808,716	3,358,775	4,807,253	4,575,746	10,319,486	7,526,243	5,322,867	3,888,346	4,239,918
Debt service:										
Principal	2,961,839	3,118,640	3,300,490	3,445,310	3,402,386	3,383,503	3,241,654	3,500,204	4,290,336	4,317,216
Interest	1,823,321	1,700,016	1,572,380	1,572,380	1,572,380	1,572,380	1,572,380	1,247,428	915,251	1,112,080
Total expenditures	58,936,115	57,977,423	59,287,781	64,160,438	63,995,130	70,190,268	68,062,484	67,067,464	69,735,773	70,165,994
Excess of revenues over (under) expenditures	(52,226)	(501,911)	(719,052)	(3,329,549)	(3,249,055)	(7,646,368)	(5,653,255)	(3,214,433)	(790,153)	(1,904,553)
Other financing sources (uses):										
Proceeds from capital lease			3,600,000						9,572,000	
Refinancing of capital lease									(9,332,590)	
Bond anticipation note repayment								(5,410,000)		
Bond issue proceeds	2,010,000		2,525,000	2,675,000	1,460,000	9,598,157	5,410,000	7,565,000		9,340,000
Issuance of refunding bonds				2,235,000	8,025,000		9,635,000			
Payments to escrow agents				(2,345,417)	(9,122,074)		(10,592,003)			
Bond premium	32,435			191,275	134,338		49,838	285,400		287,694
Premium on refunding bond issuance				153,420	1,158,124		1,065,684			
Transfers in	1,637,398	834,944	884,920	630,810	603,353	510,704	297,907	798,678	428,023	608,139
Transfers out	(1,657,398)	(843,186)	(936,552)	(645,810)	(653,353)	(525,704)	(241,389)	(725,482)	(374,928)	(79,578)
Total other financing sources (uses)	2,022,435	(8,242)	6,073,368	2,894,278	1,605,388	9,583,157	5,625,037	2,513,596	292,505	10,156,255
Net change in fund balances	1,970,209	(510,153)	5,354,316	(435,271)	(1,643,667)	1,936,789	(28,218)	(700,837)	(497,648)	8,251,702
Fund balances at beginning of year	10,033,521	12,003,730	11,493,577	16,114,439 *	15,679,168	14,035,501	15,972,290	15,944,072	15,243,235	14,745,587
Fund Balances at End of Year	\$ 12,003,730	\$ 11,493,577	\$ 16,847,893	\$ 15,679,168	\$ 14,035,501	\$ 15,972,290	\$ 15,944,072	\$ 15,243,235	\$ 14,745,587	\$ 22,997,289
Debt Service as a Percentage of Noncapital Expenditures	8.4%	8.5%	8.5%	8.0%	8.0%	7.2%	8.3%	7.4%	7.7%	7.9%

* Fund balance restated

TABLE 5

**TOWN OF TOLLAND, CONNECTICUT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Real Estate Assessed Value	Motor Vehicle Assessed Value	Personal Property Assessed Value	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Percentage of Total Assessed Value to Total Estimated Value
2009	\$ 1,063,038,650	\$ 123,761,918	\$ 32,363,826	\$ 1,219,164,394	29.51	\$ 2,066,030,154	59.01%
2010	1,091,730,550	116,941,268	33,435,456	1,242,107,274	29.49	2,036,241,433	61.00%
2011	1,132,401,370	120,408,733	27,357,855	1,280,167,958	29.15	1,828,811,369	70.00%
2012	1,142,580,300	125,830,860	25,638,820	1,294,049,980	29.73	1,863,819,646	69.43%
2013	1,147,601,690	132,924,706	25,791,953	1,306,318,349	29.99	1,795,873,452	72.74%
2014	1,150,683,695	132,639,318	26,055,411	1,309,378,424	30.19	1,794,898,456	72.95%
2015	1,153,559,570	134,824,899	27,043,573	1,315,428,042	31.05	1,828,253,012	71.95%
2016	1,104,541,199	137,134,911	29,171,246	1,270,847,356	33.36	1,815,496,223	70.00%
2017	1,106,946,632	144,981,536	30,240,615	1,282,168,783	34.19	1,836,128,860	69.83%
2018	1,105,855,007	143,597,879	35,252,570	1,284,705,456	34.48	1,886,498,467	68.10%

Assessed values were taken from Board of Tax Appeal corrected abstracts. Motor vehicle includes supplement.

Ratios are predicted on the State of Connecticut Office of Policy and Management Sales/Ratio.

Personal property value is based on a 70% assessment ratio.

Personal property was adjusted to reflect newly enacted exemption for manufacturing/research equipment starting with 1991 list.

Tax-exempt property not broken out by category.

TABLE 6

**TOWN OF TOLLAND, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Connecticut Light and Power	\$ 14,955,470	1	1.17%	\$ 7,204,770	2	0.59%
Capitol Ventures	13,848,900	2	1.08%	11,872,300	1	0.96%
Gerber Scientific, Inc.	8,789,300	3	0.69%	5,387,700	3	0.44%
Summers and Summers Realty	7,504,490	4	0.59%	4,446,500	4	0.36%
Silva Real Estate/Dari Farms	6,157,190	5	0.48%	3,683,180	8	0.30%
MRT of Connecticut SNF (Woodlake)	5,950,000	6	0.47%			0.00%
Norwegian Woods, Inc.	4,838,500	7	0.38%	3,749,300	7	0.30%
Ivy Woods LLC	4,173,800	8	0.33%	3,821,400	6	0.31%
MJB Realty (Star Hill Athletic Facility)	3,713,500	9	0.29%			
Connecticut Water Company	3,287,200	10	0.26%			
Carriage Crossing LLC				2,949,100	10	0.24%
NERAC, Inc.				4,158,110	5	0.34%
Interet Properties, Inc.				3,319,100	9	0.27%
Total	\$ 73,218,350		5.74%	\$ 50,591,460		4.11%

Note: Based on net taxable grand list, October 1, 2017 and October 1, 2008.

TABLE 7

**TOWN OF TOLLAND, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Mill Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2009	29.51	\$ 36,178,846	\$ 35,860,934	99.12%	\$ 295,918	\$ 36,156,852	99.94%
2010	29.49	36,374,695	36,045,689	99.10%	204,086	36,249,775	99.66%
2011	29.15	37,022,472	36,753,059	99.27%	224,531	36,977,590	99.88%
2012	29.73	38,100,458	37,743,231	99.06%	108,231	37,851,462	99.35%
2013	29.99	38,831,162	38,481,041	99.10%	79,275	38,560,316	99.30%
2014	30.19	39,263,225	38,885,680	99.04%	89,504	38,975,184	99.27%
2015	31.05	40,469,270	40,094,577	99.07%	69,760	40,164,337	99.25%
2016	33.36	41,981,338	41,653,686	99.22%	92,967	41,746,653	99.44%
2017	34.19	43,430,320	42,996,306	99.00%	115,858	43,112,164	99.27%
2018	34.48	44,114,882	43,699,966	99.06%		43,699,966	99.06%

TABLE 8

**TOWN OF TOLLAND, CONNECTICUT
RATIOS OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt			Percentage of Actual Taxable Value of Property (a)	Per Capita	Sewer Notes	Capital Lease	Total Primary Government	Percentage of Personal Income (b)	Total Debt Per Capita
	General Obligation Bonds	Notes Payable	Total							
2009	\$ 42,326,411	n/a	\$ 42,326,411	3.4%	\$ 2,878	\$ 885,641	\$ 196,693	\$ 43,408,745	9.88%	\$ 2,952
2010	39,311,535	n/a	39,311,535	3.1%	2,647	761,994	127,087	40,200,616	9.05%	2,707
2011	38,641,899	n/a	38,641,899	3.0%	2,567	636,504	3,668,014	42,946,417	9.55%	2,853
2012	38,267,549	n/a	38,267,549	2.9%	2,515	509,133	3,600,000	42,376,682	8.41%	2,785
2013	36,696,551	n/a	36,696,551	2.7%	2,438	384,543	3,466,667	40,547,761	6.43%	2,694
2014	34,176,289	n/a	34,176,289	2.5%	2,289	256,195	12,798,157	47,230,641	7.55%	3,163
2015	31,760,588	5,410,000	37,170,588	2.2%	2,482	155,251	12,459,972	49,785,811	7.58%	3,324
2016	36,401,600	n/a	36,401,600	2.7%	2,431	52,268	12,105,109	48,558,977	7.40%	3,244
2017	32,742,212	n/a	32,742,212	2.4%	2,192		11,971,999	44,714,211	6.83%	2,994
2018	38,648,439	n/a	38,648,439	2.4%	2,583		11,231,771	49,880,210	7.60%	3,333

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

a: See Table 5 for taxable property value data.

b: See Table 11 for personal income and population data.

These ratios are calculated using personal income and population for the prior calendar year.

TOWN OF TOLLAND, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2018

Total Tax Collections (Including Interest and Lien Fees)
for the Year Ended June 30, 2017 \$ 43,429,218

Base for Debt Limitation Computation \$ 43,429,218

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 97,715,741	\$	\$	\$	\$
4 1/2 times base		195,431,481			
3 3/4 times base			162,859,568		
3 1/4 times base				141,144,959	
3 times base					130,287,654
	<u>97,715,741</u>	<u>195,431,481</u>	<u>162,859,568</u>	<u>141,144,959</u>	<u>130,287,654</u>
Total debt limitation	<u>97,715,741</u>	<u>195,431,481</u>	<u>162,859,568</u>	<u>141,144,959</u>	<u>130,287,654</u>
Indebtedness:					
Bonds payable	17,637,893	16,943,007	1,729,100		
Bond authorized but unissued	<u>948,283</u>	<u>6,816,122</u>			
Net Indebtedness (1) (2)	<u>18,586,176</u>	<u>23,759,129</u>	<u>1,729,100</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	\$ <u><u>79,129,565</u></u>	\$ <u><u>171,672,352</u></u>	\$ <u><u>161,130,468</u></u>	\$ <u><u>141,144,959</u></u>	\$ <u><u>130,287,654</u></u>

(1) The total of the above net indebtedness amounts to: \$ 44,074,405

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 304,004,526

(2) There is no overlapping debt.

TABLE 10

**TOWN OF TOLLAND, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 253,980,272	\$ 255,521,231	\$ 260,406,559	\$ 267,626,436	\$ 273,336,217	\$ 276,365,677	\$ 283,577,056	\$ 295,505,581	\$ 304,004,526	\$ 304,004,526
Total net debt applicable to limit	<u>69,053,708</u>	<u>44,220,139</u>	<u>43,543,142</u>	<u>40,060,513</u>	<u>37,096,154</u>	<u>37,193,008</u>	<u>34,137,145</u>	<u>37,610,716</u>	<u>45,685,921</u>	<u>44,074,405</u>
Legal Debt Margin	<u>\$ 184,926,564</u>	<u>\$ 211,301,092</u>	<u>\$ 216,863,417</u>	<u>\$ 227,565,923</u>	<u>\$ 236,240,063</u>	<u>\$ 239,172,669</u>	<u>\$ 249,439,911</u>	<u>\$ 257,894,865</u>	<u>\$ 258,318,605</u>	<u>\$ 259,930,121</u>
Total net debt applicable to the limit as a percentage of debt limit	27.2%	17.3%	16.7%	15.0%	13.6%	13.5%	12.0%	12.7%	15.0%	14.5%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 2016 debt limit can be found in the notes to the financial statements.

**TOWN OF TOLLAND, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population (2)	Personal Income	Per Capita Personal Income (1)	Median Age (2)	School Enrollment	Unemployment Rate (2)
2009	14,705	\$ 439,561,860	\$ 29,892	40.0	3,149	5.2%
2010	14,853	443,985,876	29,892	40.0	3,151	6.3%
2011	15,052	449,934,384	29,892	40.0	3,054	6.1%
2012	15,216	503,771,328	33,108	38.0	2,977	6.1%
2013	15,052	630,422,916	41,883	40.0	2,837	5.9%
2014	14,931	625,355,073	41,883	40.0	2,733	5.2%
2015	14,977	656,681,542	43,846	41.0	2,676	3.5%
2016	14,971	656,418,466	43,846	43.0	2,706	4.5%
2017	14,935	654,840,010	43,846	43.0	2,484	3.8%
2018	14,964	656,111,544	43,846	42.0	2,467	3.5%

Sources:

- (1) U.S. Department of Commerce, Bureau of Census, 2010 Census
- (2) Connecticut Economic Resource Center (CERC) Town Profile (2018)

TABLE 12

**TOWN OF TOLLAND, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Town of Tolland (1)	480	1	5.8%	515	1	6.4%
Gerber Garment Technologies	293	2	3.6%	500	2	6.2%
Woodlake at Tolland	241	3	2.9%	153	5	1.9%
Big Y	179	4	2.2%	211	4	2.6%
CNC Software	152	5	1.8%	111	6	1.4%
Dari Farms	140	6	1.7%	218	3	2.7%
State Police Troop C	82	7	1.0%			
Star Hill Family Athletic Center	75	8	0.9%			0.0%
Northeast Utilities	62	9	0.8%	42	10	0.5%
Soldream, Inc.			0.0%	48	9	0.6%
NERAC, Inc.	41	10	0.5%	100	8	1.2%
Standard Register				102	7	1.3%
	<u>1,745</u>			<u>2,000</u>		

Notes:

(1): Full-time equivalents

Source: Assessor Office / Official Statements

TABLE 13

**TOWN OF TOLLAND, CONNECTICUT
TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administration	4	4	4	4	4	4	4	4	4	4
Planning and community development	7	5	5	5	5	4	4	4	4	5
Community services	17	18	18	18	18	16	17	17	17	17
Public works	35	34	33	33	32	31	32	32	31	31
Public safety services	11	12	12	12	13	13	13	13	13	13
Records and financial services	14	14	14	14	14	14	14	14	14	14
Total	<u>88</u>	<u>87</u>	<u>86</u>	<u>86</u>	<u>86</u>	<u>82</u>	<u>84</u>	<u>84</u>	<u>83</u>	<u>84</u>

**Based on head count

Source: Accounting Department

TABLE 14

**TOWN OF TOLLAND, CONNECTICUT
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Planning and community development:										
Residential permit inspections	20	9	6	8	7	13	17	8	10	8
Commercial permit inspections	25	12	22	11	34	21	22	24	66	51
Subdivision lots approved (P&Z Comm)	2	8	2	3			2	2	2	2
COs issued (P&Z Services)**	700	131	146	212	28	195	15	20	14	19
Elderly services:										
Senior center attendance	8,000	8,568	7,792	8,029	8,231	8,311	8,070	9,246	9,701	9,021
Library:										
Total circulation	148,891	144,512	136,776	112,356	119,949	122,365	125,480	120,000	98,074 ***	105,898
Attendance at library	94,723	97,219	91,294	70,000	77,231	77,630	75,996	70,933	60,000 ***	71,000
Recreation:										
Youth programs and sports participation	3,221	2,553	2,243	2,213	1,853	1,858	1,835	2,092	1,806	1,640
Adult programs and sports participation	1,333	1,576	1,397	1,061	710	731	755	795	880	997
Refuse and recycling:										
Tons of refuse co-generated	5,970	4,595	4,557	4,806	4,348	4,256	4,325	4,347	4,180	4,252
Tons of single stream recycling	1,530	1,824	1,840	1,737	1,772	1,730	1,753	1,711	1,761	1,611
Public safety:										
Ambulance medical calls	954	1,031	1,095	1,183	1,135	1,235	1,272	1,307	1,338	1,285
Ambulance non-emergency calls	2,221	2,253	2,343	2,534	2,464	2,563	2,750	N/A	N/A	N/A
Fire calls	427	476	264	540	516	405	525	525	478	470
Fire medical calls	954	1,031	1,095	1,183	N/A	N/A	N/A	N/A	N/A	N/A
Fire non-emergency calls	2,221	2,253	2,343	2,534	2,464	2,563	2,750	N/A	N/A	N/A
Hazardous materials	43	43	44	51	46	33	40	29	32	33
Other calls / service calls*					869	368	375	237	322	314
Vehicle Accidents							131	139	117	115
Law enforcement:										
Criminal investigations	450	375	214	169	398	396	458	502	456	399
Motor vehicle accident investigations	350	286	252	255	234	251	316	266	288	252
Registrar of voters:										
Total registered voters	10,000	9,661	9,300	9,186	9,415	9,271	9,400	9,436	10,128	10,125
Revenue services:										
Total taxes collected	\$ 36,079,493	\$ 36,045,688	\$ 36,706,615	\$ 37,641,605	\$ 38,505,984	\$ 38,882,421	\$ 40,094,577	\$ 41,653,686	\$ 42,996,306	\$ 43,699,966

* new in 2013

** only for new houses starting in 2015

*** due to library expansion and being closed for 5 weeks

Source: Department heads

TABLE 15

**TOWN OF TOLLAND, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire stations	5	5	5	5	5	5	5	5	5	5
Municipal buildings	21	21	21	21	21	21	21	21	21	21
Schools	4	4	4	4	4	4	4	4	4	4
Parks and recreation:										
Fields - Municipal	16	16	16	16	16	16	16	16	16	16
Fields - Schools	16	16	16	16	16	16	16	16	16	16
Water:										
Water mains (Municipal) (miles)	66,991	66,991	66,991	66,991	66,994	66,994	66,994	66,994	66,994	66,994
Water mains (Private) (miles)	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772
Fire hydrants (Public)	83	83	83	83	83	83	83	83	83	83
Fire hydrants (Private)	14	14	14	14	14	14	14	14	14	14
Wastewater:										
Sewer line (feet)	41,532	46,432	46,432	46,432	46,432	46,432	46,432	46,432	46,432	46,432
Highway:										
Paved miles	123.11	123.11	123.50	123.60	123.68	123.68	123.68	123.68	123.68	123.68
Unimproved miles	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85

Source: Accounting Department