

**TOWN OF TOLLAND,
CONNECTICUT**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2015

TOWN OF TOLLAND, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by:
The Finance Department

Lisa A. Hancock
Director of Finance and Records
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Assistant Finance Director

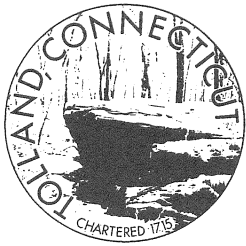
TOWN OF TOLLAND, CONNECTICUT
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Introductory Section



TOWN of TOLLAND / 21 tolland green, tolland, connecticut 06084

December 14, 2015

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, 2015.

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, 2015 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, 2015 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 15,216 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 an outer-ring suburb of the Hartford metropolitan area. Over 97% of its dwellings are owner-occupied, single-family homes. Land subdivision activity and housing starts have stalled over the last five years due to the economic downturn, planned changes in zoning regulations and purchase of open space. There are indications of increased activity in the commercial and multi-family sector based on applications pending before the Planning and Zoning Commission and 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. 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 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 84 employees. The Office of the Town Manager includes a Director of Administrative Services who handles the human resources function for all the Town employees.
- Planning and Community Development: This comprehensive development office houses the departments of Planning and Zoning, Inland Wetlands Enforcement, Building Inspection, Health code inspections and Engineering services. Engineering is involved in the design and development of in-house projects, review of submissions to the Planning and Zoning Commission and provides support services to the Tolland Water System and the Water Pollution Control Authority.
- Community Services: This division includes Human Services, Elderly, Library and Recreation Services.

- Public Safety: This division includes Police (under contract with the Connecticut State Police), a combination volunteer/paid Fire and Ambulance Department and Animal Control Services.
- Public Works: This division includes the departments of Highway Maintenance, Parks and Facilities and Solid Waste and Recycling.
- Finance and Records: This division includes Accounting, Town Clerk, Town Assessment Services, Revenue Collection, Information Technology and Registrar of Voters.

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, 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.

The Town of Tolland provides water and sewer services to a small sector of the community. Approximately 502 residences, 33 businesses 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, from there down Old Post Road and up Route 195 to the schools and through the Gateway Zone to the new high school. An extension to the system to service the entire Rt. 195 Commercial and Technology Zone Corridor was completed by the end of 2011.

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 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 pursue 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. 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.

Local Economy

Although Tolland continues to be a town with strong emphasis on land preservation, it has taken great steps to expand and encourage commercial growth in the Business Park, Tolland Village Area, Technology Zone and the Gateway Design District. Over the years, the award of State grants has enabled roads to be extended in the Business Park allowing the 80,000-square-foot Dari Farms to relocate and expand its business. In addition, NESTEEL has completed an expansion of 45,000 square feet, and Wilson Woodworking has constructed a new building of 15,700 square feet. A further extension of the road within the Business Park has allowed for the creation of three additional lots, one of which was sold to Star Hill for its 145,000 square foot athletic facility. In late 2009, Star Hill Family Athletic Center began its operation and now offers residents' 100,000 square feet of athletic fields, a swimming pool, fitness equipment, locker rooms and meeting rooms as well as office space for medical offices. Currently there are efforts to promote the development of a solar farm on some of the remaining properties which will provide the Town with rental income of approximately \$30,000 per year for the next twenty years.

The Town's Gateway Design District is in the vicinity of exit 68 off Interstate 84 which serves as the main access point to Tolland and also as the primary vehicular connection to the University of Connecticut's main campus which is approximately seven miles southeast along Route 195. Due to the expansion plans of the university, including the development of a research park, the Town anticipates the expansion of economic development opportunities in the Gateway Design District, and land masses within the areas known as the Tolland Village Area and the Technology Campus Zone, all easy access Interstate 84.

The Phase I of sewer expansion, a \$2.5 million project extending public sewers along Old Post Road, brought sewers to two of the Town's public schools as well as to some private residences along the way. The second extension continued from Old Post Rd. through the Gateway to the new High School. Importantly, it brought the sewer network to an underdeveloped commercial zone, which greatly expanded the business area beginning with a commercial campus in the south-west quadrant of the Gateway Design District. This 123,000-square-foot development includes a Big Y supermarket of 60,000 square feet and three smaller retail buildings housing a new branch for a bank, a medical facility, a restaurant and other retail stores. Phase III was completed in 2010 extending the sewer line farther down Route 195 in the area identified as the Technology Campus Zone. The Planning and Zoning Commission approved an 87 unit multi-family complex adjacent to the Technology Zone.

Prospects for mixed use development of the Tolland Village Area, adjacent to the Interstate 84 interchange and the Technology Campus Zone are favorable. The Town has been working with property owners, developers and residents to create a vision of the development in both areas that will take advantage of public water and sewer recently installed.

In addition, the Planning and Zoning Commission completed amendments to the local zoning regulations to provide more flexible standards for the development of commercial properties and to create an additional "village style" mixed-use node along Routes 30 & 74 in the westerly part of town.

The Planning and Zoning Commission has also adopted an updated Plan of Conservation and Development which includes a residential/commercial build-out analysis as well as a review of the economic development goals of the community.

Government statistics show a well-educated citizenry with a median family income of \$103,358 (From Bestplaces.net). Tolland's unemployment rate decreased from 4.6% as of June 2014 to 3.5% as of June 2015. The State of CT unemployment rate decreased from 6.4% to 5.4% during the same period.

Long-Term Financial Planning

The Town has embarked on an assertive 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

The Town of Tolland invested some of its available cash, throughout the year, in short-term certificates of deposit and in municipal money market accounts. A minimum of three financial institutions were polled to determine the best rates. Funds were also invested in the Connecticut State Treasury Short Term Investment Fund (STIF). STIF is an investment pool managed by the State of Connecticut Office of the State Treasurer. All of these options offer safety of principal, liquidity of investments and competitive yields which is compliant with guidelines set forth in the Investment Policy adopted by the Tolland Town Council.

Interest income for the General Fund in 2015 amounted to \$64,466 compared to \$292,959 in 2009. The decrease resulted from the steady decline in interest rates in the last four years. The economy is beginning to improve and investment returns were higher than anticipated.

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.

In August, 2012 the Town adopted a new Post Bond Issuance Tax Disclosure Policy. This policy is intended ensure that the Town of Tolland complies with the federal tax requirements regarding (i) the qualified use of the proceeds of its Obligations and the financed property and (ii) arbitrage yield restriction and rebate. This policy is reviewed annually.

In March, 2014 the Town adopted a revised Purchasing Policy which helped create purchasing efficiencies while also increasing purchasing internal controls. The Town also has formal financial policies for Debt Management, Capital Planning & Financing, Fund Balance Reserves, Capital Assets and Multi-year Financial Forecasting.

Major Initiatives

The Town has completed a study of traffic improvements in the Tolland Green using funds obtained through the Capital Region Council of Governments. The Town received an STP-Urban grant for approximately \$5 million for the design and construction funds to implement recommendations with construction anticipated in 2017. The State is in the design phase for these road improvements which will address speed issues, calm traffic, improve road geometry and improve pedestrian circulation.

The Town just completed a \$10.2 million energy improvement program in Town and Board of Education facilities. The lease payments required will be paid over 20 years from energy savings realized and guaranteed by Honeywell Corp who is overseeing all related improvements.

The Town had on the November, 2013 ballot a referendum question to allow for the expansion of the library into the former gymnasium in the Hicks Memorial Building. This expansion was approved by the voters and will provide additional programing space for the library to meet future demand for service. The design phase is complete and a construction contract has been awarded.

Working with a local non-profit, The Access Agency, has secured a \$250,000 state predevelopment loan to begin architectural design for converting the former Parker School to 37 units of elderly housing. The non-profit applied for state funds for construction and was recently awarded a grant in excess of \$5 million for construction of the housing units. This project will repurpose a vacant building that is costing the Town money to maintain to a facility that will enhance the quality of life for the Town's senior population.

The Town management in conjunction with the Information Technology staff and a Town Council sanctioned Citizen Technology Committee developed a new Town Technology Plan. Several of the goals for year one has been funded and is in the process of being implemented. Included within that plan is a major Town-wide Fiber project that has been funded through the Capital Improvements plan which will provide a much more efficient communications and technology network and also allow for redundancy and additional support in emergency situations. The project is in process and is expected to be completed in early 2016. It will also allow for inter-town connectivity to increase inter-local cooperative efforts. Cost savings for current internet, network and phone services will result from this project. Part of the funding for this project came from a State grant.

The Town's Assessor, Jason Lawrence, recently completed the State mandated property revaluation in-house saving the Town thousands of dollars in the process.

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, 2014. This was the twenty third consecutive year that the Town of Tolland has received this prestigious award and its seventh year in compliance with GASB Statement 34 requirements. 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.

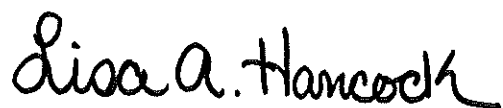
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, the Town received the Distinguished Budget Presentation Award for the 2015-2016 Budget from the GFOA. The Town has received this highest form of recognition in governmental budgeting for five consecutive years.

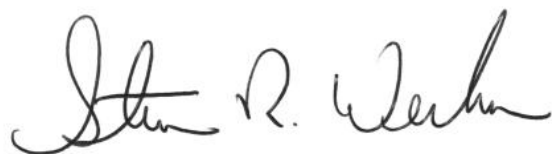
The Town is pleased to announce that the Town's bond rating with Standard and Poor's was reaffirmed at their highest grading level of AAA. This places the Town in a category with only a few other Towns in the State such as West Hartford, Glastonbury, Ridgefield, Greenwich, Avon and Farmington.

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 Agata Herasimowicz, Laura Schwabe 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
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, 2014

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Town of Tolland

Connecticut

For the Fiscal Year Beginning

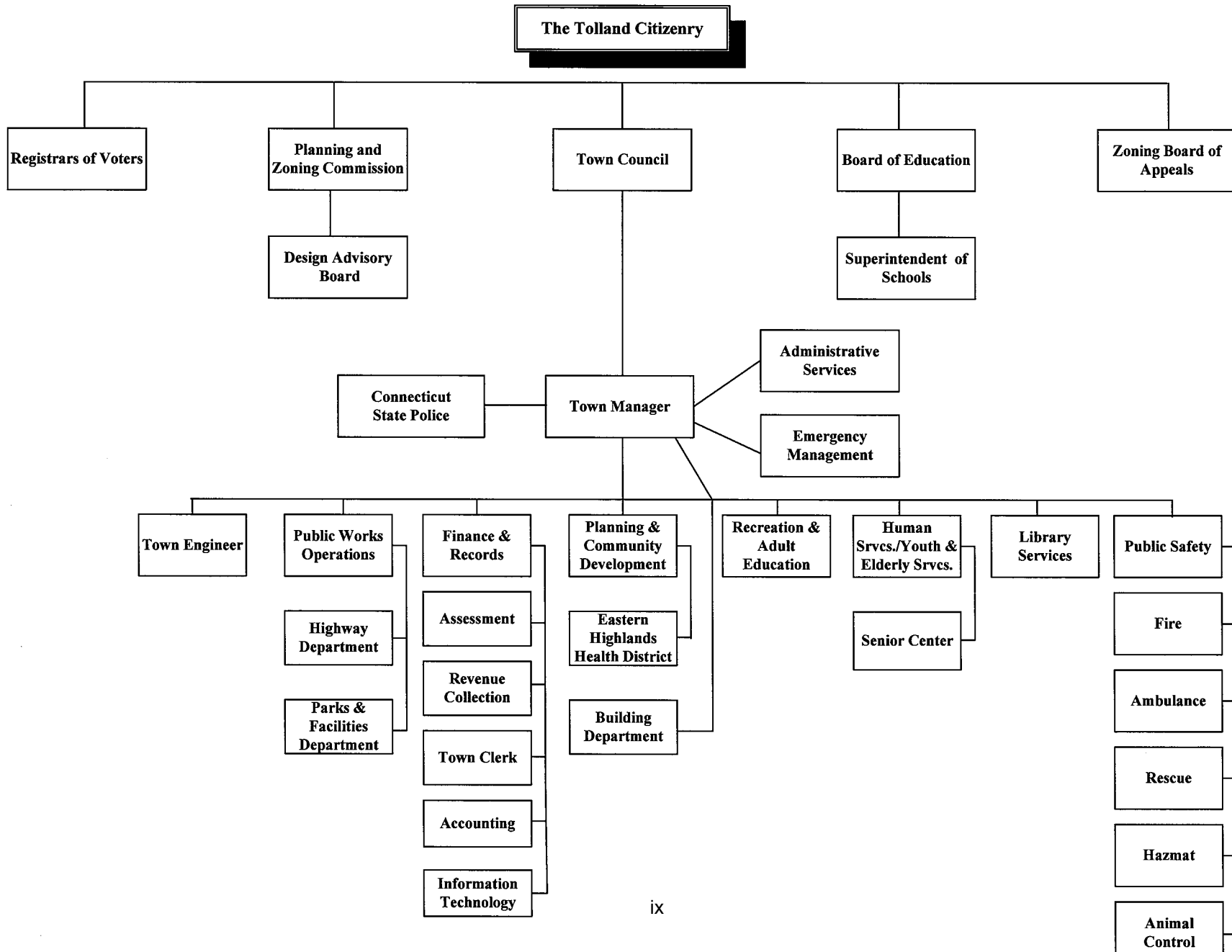
July 1, 2014

Jeffrey R. Egan

Executive Director

Town of Tolland

Organization Chart



TOWN OF TOLLAND, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2015

Town Council

Jack Scavone, Chairperson
George Baker, Vice Chairperson
Richard Field
Jan Rubino
William Eccles
Ben Stanford
Paul Krasusky

Board of Education

Sam Adlerstein, Chairperson
Patrick Doyle, Vice Chairperson
E. Steve Clark
Cliff Vachon
Kathy Gorsky
Karen Moran
Robert Pagoni
Joseph Sce
Collen Yudichak

Financial Section



Accounting | Tax | Business Consulting

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, 2015, 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 of 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, 2015 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, 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, and the schedule of the Town's Proportionate Share of the Net Pension Liability, Teachers Retirement Plan on page 55 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 14, 2015 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tolland, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 14, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015. 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 \$105,760,328 (net position). Of this amount, \$19,463,177 (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 decreased by \$451,474. Governmental and business-type activity expenses were \$63,099,181, while revenues were \$62,647,707.
- The total cost of all Town services for the fiscal year 2015 was \$63,099,181; of which \$62,221,730 was for governmental services and \$877,451 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 \$15,944,072, a decrease of \$28,218 from the prior fiscal year. Of the total fund balance as of June 30, 2015, \$6,853,234 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 for the general fund alone was \$8,466,220, an increase of \$71,116 over the prior fiscal year. Unassigned fund balance for the general fund was \$6,853,234 or 11.9% 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 \$8,466,220 or 14.7 % of general fund expenditures and transfers out. Total fund balance for the general fund was the same as unrestricted of \$8,466,220 because nothing was restricted.
- The Town Council created a Debt Service Fund in December, 2014 to provide funding resources to pay interest, principal and other fees associated with short-term and long-term debt. These funds will be used as part of a financial plan to ensure that the Town maintains sufficient funds to handle the cost of debt over time. We have budgeted funds to offset future debt in accordance with our debt management plan. The balance in the fund as of June 30, 2015 was \$148,959.

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 expenditures 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 statement 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 28 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 56 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 \$105,760,328 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Tolland's net position \$85,941,363 (81.3%) 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, 2015 AND 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 25,293,315	\$ 23,579,752	\$ 596,260	\$ 481,707	\$ 25,889,575	\$ 24,061,459
Capital assets	125,126,411	124,014,792	9,007,412	9,313,922	134,133,823	133,328,714
Total assets	<u>150,419,726</u>	<u>147,594,544</u>	<u>9,603,672</u>	<u>9,795,629</u>	<u>160,023,398</u>	<u>157,390,173</u>
Deferred charge on refunding	1,438,100	758,183			1,438,100	758,183
Current liabilities	2,381,176	5,834,299	64,385	66,255	2,445,561	5,900,554
Noncurrent liabilities	51,263,789	45,193,059			51,263,789	45,193,059
Total liabilities	<u>53,644,965</u>	<u>51,027,358</u>	<u>64,385</u>	<u>66,255</u>	<u>53,709,350</u>	<u>51,093,613</u>
Advance property tax collections	1,991,820	842,941			1,991,820	842,941
Net investment in capital assets	76,933,951	81,610,820	9,007,412	9,313,922	85,941,363	90,924,742
Restricted	313,063	313,063	42,725	36,239	355,788	349,302
Unrestricted	<u>18,974,027</u>	<u>14,558,545</u>	<u>489,150</u>	<u>379,213</u>	<u>19,463,177</u>	<u>14,937,758</u>
Total Net Position	<u>\$ 96,221,041</u>	<u>\$ 96,482,428</u>	<u>\$ 9,539,287</u>	<u>\$ 9,729,374</u>	<u>\$ 105,760,328</u>	<u>\$ 106,211,802</u>

An additional portion of the Town of Tolland's total net position, .34% or \$355,488, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$19,463,177 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.

There was an increase of \$6,486 in restricted net position in the business-type activities and no change in the governmental activities from the previous year.

**TOWN OF TOLLAND CHANGES IN NET POSITION
JUNE 30, 2015 AND 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 2,403,163	\$ 2,662,362	\$ 670,406	\$ 582,999	\$ 3,073,569	\$ 3,245,361
Operating grants and contributions	17,121,905	17,760,143			17,121,905	17,760,143
Capital grants and contributions	303,087	1,785,089			303,087	1,785,089
General revenues:						
Property taxes	40,575,260	39,472,811			40,575,260	39,472,811
Grants and contributions not restricted to specific programs	371,281	267,332			371,281	267,332
Investment income	108,406	293,666	1,958	1,227	110,364	294,893
Miscellaneous	1,092,241	88,287			1,092,241	88,287
Total revenues	<u>61,975,343</u>	<u>62,329,690</u>	<u>672,364</u>	<u>584,226</u>	<u>62,647,707</u>	<u>62,913,916</u>
Expenses:						
Administration	1,058,486	1,100,996			1,058,486	1,100,996
Planning and community development	448,187	355,708			448,187	355,708
Community services	1,724,251	1,993,470			1,724,251	1,993,470
Public works	8,579,435	7,775,750			8,579,435	7,775,750
Public safety services	2,170,204	2,147,154			2,170,204	2,147,154
Records and financial services	1,149,410	1,051,896			1,149,410	1,051,896
Board of education	45,685,969	45,552,363			45,685,969	45,552,363
Interest expense	1,405,788	1,515,547			1,405,788	1,515,547
Sewer Fund			535,004	427,194	535,004	427,194
Water Fund			342,447	386,035	342,447	386,035
Total expenses	<u>62,221,730</u>	<u>61,492,884</u>	<u>877,451</u>	<u>813,229</u>	<u>63,099,181</u>	<u>62,306,113</u>
Excess (deficiency) before transfers	(246,387)	836,806	(205,087)	(229,003)	(451,474)	607,803
Transfers	(15,000)	(15,000)	15,000	15,000	-	-
Change in net position	(261,387)	821,806	(190,087)	(214,003)	(451,474)	607,803
Net Position - July 1	<u>96,482,428</u>	<u>95,660,622</u>	<u>9,729,374</u>	<u>9,943,377</u>	<u>106,211,802</u>	<u>105,603,999</u>
Net Position - June 30	<u>\$ 96,221,041</u>	<u>\$ 96,482,428</u>	<u>\$ 9,539,287</u>	<u>\$ 9,729,374</u>	<u>\$ 105,760,328</u>	<u>\$ 106,211,802</u>

The Town of Tolland's overall net position decreased \$451,474 from the prior fiscal year. The major changes in revenues and expenditures creating this overall decrease are discussed in the following sections for governmental activities and business-type activities. Governmental activities decreased the Town of Tolland's net position by \$261,387 and business-type activities reduced it by \$190,087.

Governmental Activities

For governmental activities, approximately 65.5% of the revenues were derived from property taxes, followed by 28.7% 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 63.3% and other intergovernmental revenues were 28.5% of total revenues.

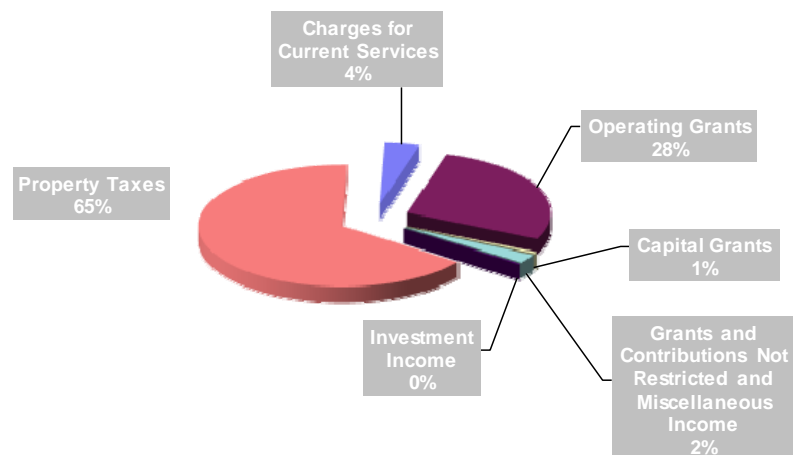
Major revenue factors included:

1. *Property tax revenues* recorded during fiscal year 2015 reflect a .86 mill increase in the mill rate for the current levy and the impact of a .39% growth in the grand list. There was \$1,102,449 more in property tax revenues collected over the previous year.
2. *Charges for services* were \$259,199 lower than the prior year due to deferred revenue recognition for government wide in the prior year.
3. *Operating grants* reflected a decrease of \$638,238 mainly due to a decrease of \$806,865 in the State Teacher Retirement Revenue and an increase of \$168,627 in State and Federal Grant funding for Education.
4. *Capital grants and contributions* reflected a decrease of \$1,482,002 over the previous year due to non-recurring grant reimbursements received in 2014 that were not received in 2015.
5. *Miscellaneous General Revenues* increased by \$1,003,954 over the previous year mainly due to receipts for a project funding loan and utility project rebates for the Honeywell Energy Project.

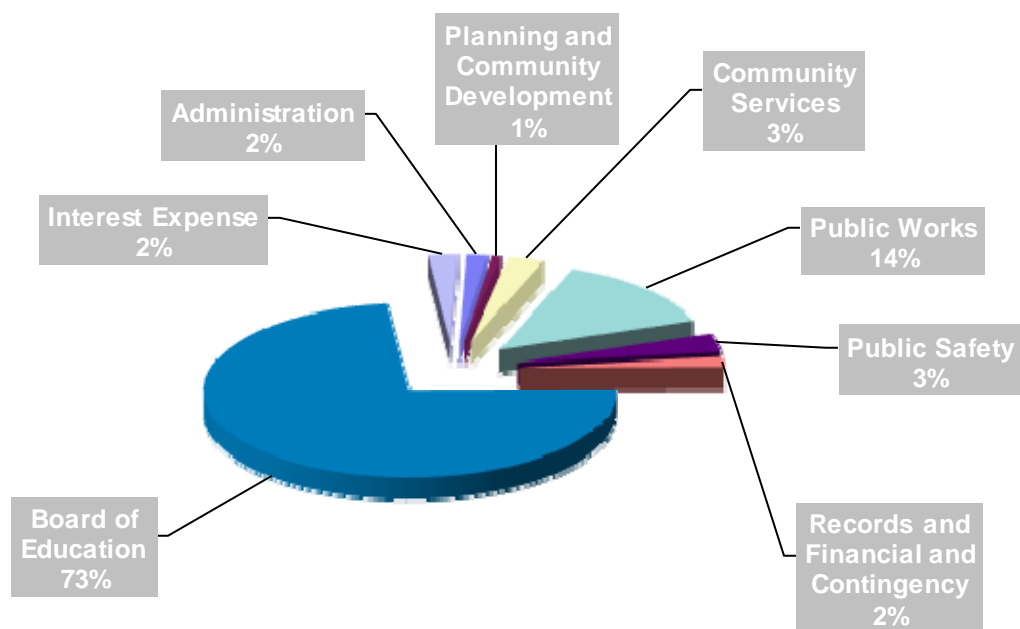
Overall governmental revenue decreased by \$354,347 due to a decrease in program revenues of \$2,379,439 offset by an increase in property taxes of \$1,102,449 and miscellaneous income of \$1,003,954.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

The largest component of revenue, which is from property taxes, increased to 65.5% of total revenue in the current year as compared to 63.3% in the prior year.



EXPENDITURES BY SOURCE - GOVERNMENTAL ACTIVITIES



For governmental activities, 73.4% of the Town's expenditures relate to education, 13.8% to public works, 3.5% to public safety, 2.8% to community services, 2.3% to interest payments on long-term debt, 1.7% to administration, 1.8% to records & financial services and contingency and 0.7% to planning and community development. The Board of Education expenditures for State Teacher's Retirement funding for the current year was \$3,421,520 or a decrease of \$806,865 over the previous year's amount of \$4,228,385. Other State and Federal operating grant expenditures decreased by \$638,238 as well.

Overall total of governmental expenditures excluding transfers increased in the amount of \$728,846 with the biggest impact of \$803,685 in Public Works due to funding of various capital projects.

Business-type activities. Business-type activities decreased the Town of Tolland's net position by \$190,087. Key elements of this year's activities are as follows:

- The Water Fund had operating income of \$19,029 and the Sewer Fund experienced an operating loss of \$221,502 for a combined operating loss of \$202,473. The non-operating revenues of both funds and subsidized contributions from General Fund to Sewer Fund helped to offset the loss still resulting in the reduction in net position of \$190,087 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 addresses the needs of 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 \$15,944,072, a decrease of \$28,218 from the previous year.

The largest change in fund balance was a decrease of \$262,635 in capital projects due to the timing of expenditures with revenues that had been reported in the prior year. Increases in the General Fund, Small Cities and Non-Major funds offset most of the decrease.

The *general fund* balance increased by \$71,116 due to an excess of \$194,752 revenues over expenditures less the other financing uses of \$123,636.

The *sewer assessment* fund decreased by \$26,227 due to sewer assessment fees that were lower than cost of debt service.

The overall amount of the **governmental fund** balances totals up to \$15,944,072. Of that amount the assigned fund balance is \$1,537,737 which includes \$1,287,737 for encumbrances and \$250,000 for the subsequent budget. The restricted amount of the total fund balance is a restriction on spending grant receipts in the amount of \$110,228. There are balances committed in the amount of \$7,092,585 for capital projects and other special commitments. An additional amount of \$350,288 represents the non-spendable portion of fund balance and the unassigned portion of fund balance is \$6,853,234 or 43% 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 \$6,853,234, while total fund balance was \$8,466,220. 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 11.9% of total general fund expenditures including transfers out. Total fund balance represents 14.7% of that same amount. The unassigned portion of fund balance, when compared with unassigned last year portion for the general fund had decreased by \$200,456 while the total fund balance increased \$71,116.

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

- Minor amounts of excess revenues in various revenue categories amounting to \$58,829 and also a transfer in for \$15,302 from the Athletic Turf fund to offset the cost of debt for the Athletic Turf field.

The *Sewer Assessment* fund had a decrease in its operating revenue by \$85,928 as compared to last year and a decrease of fund balance of \$26,227.

The *CDBG Small Cities Funds* qualified as a major fund again this year due to a new rehabilitation grant that produced expenditures of \$142,509 and grant revenues of \$107,521. An increase in charges for current services contributed to an increase in fund balance of \$47,077.

In the Capital Projects funds, expenditures and other financing uses exceeded revenues and other financing sources by \$262,635 due to the timing of the BAN and bond issue and grant receipts.

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 \$2,981,236 and \$6,558,051 for the sewer fund at year-end. This represented an increase of \$14,959 for water and a decrease of \$205,046 for sewer. The increase in water resulted from an increase in customer receipts and a decrease in repair and maintenance expenses. The decrease in sewer is due mainly to expenses, including depreciation, not being covered by user fees. 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 \$1,652,817 and operating expenses were \$1,285,973, when combined with non-operating revenues of \$74,087, resulted in a change in net position of \$369,413 which will be used in the following year towards the debt costs for the Honeywell Lease payment that is paid for by this fund. Total net position as of June 30, 2015 was \$588,299.

The ECHIP Health Insurance Internal Service Fund had total revenue of \$6,751,215 and operating expenses of \$5,995,418 resulting in a change in net position of \$755,797. The total net position as of June 30, 2015 was \$1,721,935.

General Fund Budgetary Highlights

Comparing the difference between the original budget and the final amended budget reveals an overall increase of \$75,217. During the year, actual revenues and other financing sources on a budgetary basis were \$52,992,337, which was below budgetary estimates by \$258,712. Actual tax revenues were under budget by \$25,408.

Actual intergovernmental revenue exceeded the budget by \$25,422. This revenue source exceeded the budget due to the net effect of a reduction in educational grants of \$12,999 and unexpected receipts of other state funding in the amount of \$38,421.

Charges for current services exceeded budget expectations by \$13,608 due to increased activity for building permits. The building permit fees collected reflect the increased activity in new construction and economic development.

Investment income was \$19,466 over budget due to investing a portion of cash not currently needed into longer term investments for higher interest rates. Other financing sources included \$1,374 for cancellation of previous year encumbrances.

Other revenues exceeded the budget by \$25,741. Of that amount, \$12,700 was received from the Water fund to provide funding for Engineering Services and \$15,000 was received from our sports leagues to assist with the costs associated with the new Artificial Turf field.

The Town had an original budgeted appropriation of fund balance in the amount of \$259,000 that was revised during the year to \$334,217 but the full amount did not have to be used because of the excess revenues received in other revenue sources. \$75,217 of the increased amount was to transfer funds the Education Reserve fund. The actual amount of fund balance used was \$209,456.

Actual expenditures on a budgetary basis and other financing uses totaled \$53,201,793, which was less than budgeted by \$49,256. Of this amount, savings resulting from the Board of Education were \$11,931. The remaining savings are mainly due to savings from employee attrition payroll savings and minor savings within various departments. The Town side would have had a higher savings from attrition except we had a severe winter season and we reallocated savings to pay for snow removal and associated weather costs.

Capital Asset and Debt Administration

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 14,728,343	\$ 14,551,114	\$ 50,858	\$ 50,858	\$ 14,779,201	\$ 14,601,972
Construction in progress	465,677	6,191,291			465,677	6,191,291
Buildings	84,005,290	76,025,161			84,005,290	76,025,161
Vehicles, furniture and equipment	5,547,759	5,865,906			5,547,759	5,865,906
Plant and pumping station			1,284,536	1,364,435	1,284,536	1,364,435
Water distribution system			7,672,018	7,898,629	7,672,018	7,898,629
Infrastructure	20,379,342	21,381,320			20,379,342	21,381,320
Total	<u>\$ 125,126,411</u>	<u>\$ 124,014,792</u>	<u>\$ 9,007,412</u>	<u>\$ 9,313,922</u>	<u>\$ 134,133,823</u>	<u>\$ 133,328,714</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 increase in the Town of Tolland's investment in capital assets for the current fiscal year was \$805,109 or approximately .61%, with an increase of \$1,111,619 for governmental activities and a decrease of \$306,510 for business-type activities.

The Town's Governmental Activities type capital assets increase of \$1,111,619 is the net result of depreciation and the addition of the following assets:

- Honeywell Energy Savings Project \$4,371,471
- 2015 Ford Ambulance \$143,521
- 2015 Ford Service Truck \$58,551
- 1990 Pierce Fire Truck Refurbishment \$63,030
- EX Mark Deck Mower \$45,083
- 2015 Ford Explorer \$31,507
- Bilow Open Space Property \$156,395
- Bonk Open Space Property \$20,834
- Other various small projects

The largest impact on the Governmental Activities was the completion of the Honeywell Energy Savings project with a total cost of \$10,461,490, of which \$6,190,019 was expended in the previous year and included within Construction in Progress.

Business type activities decreased \$306,510 due to the net effect of depreciation.

Additional information on the Town of Tolland's capital assets can be found in Note 3D on pages 39-40 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Tolland had total bonded debt outstanding of \$29,290,000, all of which is backed by the full faith and credit of the Town.

Of this debt, \$20,827,185 is school related and \$8,462,815 is general obligation. In addition, the Town has an outstanding obligation of \$155,251 to the Town of Vernon to participate proportionately in the repayment of bonds for the wastewater treatment plant upgrade and the East Main Street sewer project. Tolland is hooked into Vernon's treatment plant and is allotted a certain capacity each month in exchange for user fees.

The Town of Tolland's total debt decreased by the amount of \$3,320,000. There were \$5,410,000 bond anticipation notes outstanding at June 30, 2015.

The last bond rating for the Town of Tolland was in October, 2015 "AAA" rating from Standard and Poor's for general obligation debt. The Town also has an "AA+" rating from Fitch on prior debt issuances.

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 \$283,577,056 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 41-45 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. The Committees that the Town Council formed to review technology, energy and other areas where efficiencies can be identified have begun to generate ideas and projects for cost savings. 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:

- The Planning and Zoning Commission has adopted regulations in the Tolland Village Area to encourage retail, residential and business growth in a village setting. Developers expressed an interest in a hotel, multi-family housing, a day-care and retail. An existing business in the Tolland Village Area is completing a substantial renovation of its façade and grounds. In an effort to increase economic development growth in this area, the Town Council voted to create a special tax abatement program to attract new businesses within the district.
- Investment in Tolland's transportation infrastructure remains strong. Construction is underway to accommodate increased traffic along 195 from I-84 to Goose Lane/ Rhodes Road with a road widening project. Not only will the project improve conditions for the traffic heading to and from UCONN, but will also improve access to businesses in the corridor.
- The Planning and Zoning Commission has completed zoning regulations for a Technology Campus Zone on Route 195, the main thoroughfare to the University of Connecticut to provide economic development opportunities for technology or research businesses that have relationships with the University. UCONN is making a major investment in a research park which will bring related business to the area as well as a need for additional housing. While not located within the zone, a multi-family housing was recently approved adjacent to the zone.

This development is noted here because it entails a new road, which later can be extended to serve land in the Technology Campus Zone.

- The Town continues to work with consultants to establish solar farms on two Town owned properties which will provide annual rebates to our electricity accounts for the next fifteen to twenty years. The project was delayed for a short period of time until recent regulations from PURA will allow for the savings to be beneficial for project.
- A Route 195/44 Corridor Study which will bring together UCONN, the Capitol Region Council of Governments, Tolland, Mansfield, Coventry, Bolton and Windham, is just starting. This is part of the larger "NextGen Pathways to UCONN" that will promote multi-modal transportation to link UCONN to the Health Center in Farmington and the new Hartford campus.

The economic indicators for the past few years, and several other factors were taken into consideration when adopting the general fund budget for fiscal year 2015/2016. The budget was prepared during a period of time of continued economic concern at the State and National level which has resulted in most state aid being level funded. Overall State and Federal grants, licenses, permit and fees, charges for current services, education grants as well as investment income in FY 2016 are \$62,232 more than in FY 2015 but still \$98,126 less than levels found in 2012-2013. As a result of the Town revaluation, property values have declined by 3.51% or a loss of \$1,418,664 in actual tax dollars. With Town expenditures increasing this year by 2.68%, the budget necessitates a mill increase of 2.31 mills. Over the last three years this community has had percentage increases in the mill rate of 1.46% which is considerably lower than the average consumer price index for the same period of 2.0%. Town expenditures in FY 2012/2013 increased .74%, in FY 2013/2014 the increase was .58%, and in FY 2014/2015 the increase was 2.57%. These increases were much less than comparable Connecticut Towns. In 2015/2016 the overall Town budget increased by 2.68% which required a 2.31 mills increase.

Amounts available for the FY 2015/2016 appropriation in the general fund budget are \$54,598,930, an increase of 2.68% over the fiscal year 2015 budget of \$53,175,832. A combination of increased costs for fixed items such as utilities, salaries, health benefits and other commodities and a change in the State Trooper contract along with a minimal change in the percentage increase in State aid and other revenues had the biggest impact on the fiscal year 2015/2016 budget. In order to achieve this budget level, cost savings measures were employed such as a delayed hiring of a State Trooper and a restructuring of that unit, a reduction in positions at the Board of Education and savings in insurance premiums as a result of claim experience, revised trend assumptions, reserve balance and a reduction in the dental rate.

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, tree trimming to reduce emergency situations during severe storms, community development grants (CDBG-Small Cities) and other social service grants.

Tolland's unemployment rate decreased from 4.6% as of June 2014 to 3.5% at June 2015. The State of CT unemployment rate decreased from 6.4% (June 2014) to 5.4% as of June 2015.

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, 2015

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 17,815,875	\$ 339,855	\$ 18,155,730
Investments	1,354,841		1,354,841
Property taxes receivable	640,146		640,146
Intergovernmental receivable	997,814		997,814
Accounts and other receivables	1,825,213	256,405	2,081,618
Other assets	44,596		44,596
Advance to plan administrator	2,133,335		2,133,335
Restricted cash and investments	313,063		313,063
Other post employment benefit asset	168,432		168,432
Capital assets, nondepreciable	15,194,020	50,858	15,244,878
Capital assets, net of accumulated depreciation	109,932,391	8,956,554	118,888,945
Total assets	<u>150,419,726</u>	<u>9,603,672</u>	<u>160,023,398</u>
Deferred Outflow of Resources:			
Deferred charge on refunding	<u>1,438,100</u>		<u>1,438,100</u>
Liabilities:			
Accounts payable	1,380,855	64,385	1,445,240
Accrued liabilities	232,393		232,393
Accrued interest payable	628,649		628,649
Unearned revenue	139,279		139,279
Noncurrent liabilities, due within one year	8,986,362		8,986,362
Noncurrent liabilities, due in more than one year	42,277,427		42,277,427
Total liabilities	<u>53,644,965</u>	<u>64,385</u>	<u>53,709,350</u>
Deferred Inflows of Resources:			
Advance property tax collections	<u>1,991,820</u>		<u>1,991,820</u>
Net Position:			
Net investment in capital assets	76,933,951	9,007,412	85,941,363
Restricted for:			
Commitments		42,725	42,725
Endowments - nonexpendable	20,800		20,800
Perpetual care - nonexpendable	292,263		292,263
Unrestricted	<u>18,974,027</u>	<u>489,150</u>	<u>19,463,177</u>
Total Net Position	<u>\$ 96,221,041</u>	<u>\$ 9,539,287</u>	<u>\$ 105,760,328</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, 2015**

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	\$ 1,058,486	\$	\$	\$ 16,586	\$ (1,041,900)	\$	\$ (1,041,900)
Planning and community development	448,187	347,892		150,957	50,662		50,662
Community services	1,724,251	409,067	55,909	107,521	(1,151,754)		(1,151,754)
Public works	8,579,435	110,844	338,861		(8,129,730)		(8,129,730)
Public safety services	2,170,204	344,714	39,527		(1,785,963)		(1,785,963)
Record and financial services	1,149,410	103,599			(1,045,811)		(1,045,811)
Board of education	45,685,969	1,087,047	16,687,608		(27,911,314)		(27,911,314)
Interest expense	1,405,788			28,023	(1,377,765)		(1,377,765)
Total governmental activities	<u>62,221,730</u>	<u>2,403,163</u>	<u>17,121,905</u>	<u>303,087</u>	<u>(42,393,575)</u>	<u>-</u>	<u>(42,393,575)</u>
Business-Type Activities:							
Sewer Fund	535,004	313,502				(221,502)	(221,502)
Water Fund	<u>342,447</u>	<u>356,904</u>				<u>14,457</u>	<u>14,457</u>
Total business-type activities	<u>877,451</u>	<u>670,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207,045)</u>	<u>(207,045)</u>
Total	<u>\$ 63,099,181</u>	<u>\$ 3,073,569</u>	<u>\$ 17,121,905</u>	<u>\$ 303,087</u>	<u>(42,393,575)</u>	<u>(207,045)</u>	<u>(42,600,620)</u>
General revenues:							
Property taxes					40,575,260		40,575,260
Grants and contributions not restricted to specific programs					371,281		371,281
Investment income					108,406	1,958	110,364
Miscellaneous					1,092,241		1,092,241
Transfers:					(15,000)	15,000	-
Total general revenues and transfers					<u>42,132,188</u>	<u>16,958</u>	<u>42,149,146</u>
Change in net position					(261,387)	(190,087)	(451,474)
Net Position at Beginning of Year					<u>96,482,428</u>	<u>9,729,374</u>	<u>106,211,802</u>
Net Position at End of Year					<u>\$ 96,221,041</u>	<u>\$ 9,539,287</u>	<u>\$ 105,760,328</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<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	\$ 11,442,691	\$ 991,471	\$ 70,579	\$ 3,292,065	\$ 1,654,042	\$ 17,450,848
Investments				687,167	688,474	1,375,641
Receivables	559,093	735,739	967,325	108,272	120,748	2,491,177
Due from other funds				131,657		131,657
Other	7,371				37,225	44,596
Total Assets	<u>\$ 12,009,155</u>	<u>\$ 1,727,210</u>	<u>\$ 1,037,904</u>	<u>\$ 4,219,161</u>	<u>\$ 2,500,489</u>	<u>\$ 21,493,919</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 787,818	\$	\$	\$ 95,690	\$ 16,900	\$ 900,408
Accrued liabilities	232,393					232,393
Due to other funds	131,657					131,657
Unearned revenue					139,279	139,279
Total liabilities	<u>1,151,868</u>	<u>-</u>	<u>-</u>	<u>95,690</u>	<u>156,179</u>	<u>1,403,737</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	399,247					399,247
Unavailable revenue - special assessments		735,739			38,719	774,458
Unavailable revenue - loans receivable			967,325			967,325
Unavailable revenue - cemetery					13,260	13,260
Advance property tax collections	1,991,820					1,991,820
Total deferred inflows of resources	<u>2,391,067</u>	<u>735,739</u>	<u>967,325</u>	<u>-</u>	<u>51,979</u>	<u>4,146,110</u>
Fund balances:						
Nonspendable					350,288	350,288
Restricted			70,579		39,649	110,228
Committed	75,249	991,471		4,123,471	1,902,394	7,092,585
Assigned	1,537,737					1,537,737
Unassigned	6,853,234					6,853,234
Total fund balances	<u>8,466,220</u>	<u>991,471</u>	<u>70,579</u>	<u>4,123,471</u>	<u>2,292,331</u>	<u>15,944,072</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,009,155</u>	<u>\$ 1,727,210</u>	<u>\$ 1,037,904</u>	<u>\$ 4,219,161</u>	<u>\$ 2,500,489</u>	<u>\$ 21,493,919</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015

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)	\$ 15,944,072
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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	\$ 212,621,937	
Less accumulated depreciation	<u>(87,495,526)</u>	
		125,126,411

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	152,731
Property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	2,154,290
Other post employment benefit asset	168,432
School building grant receivable	832,955
Allowance for doubtful accounts on interest and liens	(13,746)

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.	2,310,234
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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	(34,855,251)
Deferred charge on refunding	1,438,100
Compensated absences	(1,477,978)
Accrued interest payable	(628,649)
Capital lease	(12,459,972)
Bond premium	<u>(2,470,588)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 96,221,041</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, 2015

	<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	\$ 40,552,478	\$	\$	\$	\$	\$ 40,552,478
Intergovernmental	16,383,122		107,521	489,818	1,040,207	18,020,668
Charges for services	624,188	164,310	80,687		1,509,542	2,378,727
Investment income	64,498			16,665	27,243	108,406
Other revenues	45,741	49	1,378	1,245,038	56,744	1,348,950
Total revenues	<u>57,670,027</u>	<u>164,359</u>	<u>189,586</u>	<u>1,751,521</u>	<u>2,633,736</u>	<u>62,409,229</u>
Expenditures:						
Current:						
Administration	2,674,620					2,674,620
Planning and community development	360,179					360,179
Community services	848,992		142,509		392,461	1,383,962
Public works	4,404,190				102,669	4,506,859
Public safety services	1,747,294				65,383	1,812,677
Record and financial services	935,031					935,031
Contingency and other	144,844					144,844
Board of Education	41,845,358				2,058,677	43,904,035
Capital outlay				7,526,243		7,526,243
Debt service	4,514,767	190,586		108,681		4,814,034
Total expenditures	<u>57,475,275</u>	<u>190,586</u>	<u>142,509</u>	<u>7,634,924</u>	<u>2,619,190</u>	<u>68,062,484</u>
Excess (Deficiency) of Revenues over Expenditures	<u>194,752</u>	<u>(26,227)</u>	<u>47,077</u>	<u>(5,883,403)</u>	<u>14,546</u>	<u>(5,653,255)</u>
Other Financing Sources (Uses):						
BAN issuance				5,410,000		5,410,000
Bond premiums					49,838	49,838
Issuance of refunding bonds				9,635,000		9,635,000
Payments to escrow agent				(10,592,003)		(10,592,003)
Premium on refunding bond issuance				1,065,684		1,065,684
Transfers in	86,820			102,087	109,000	297,907
Transfers out	(210,456)				(30,933)	(241,389)
Net other financing sources (uses)	<u>(123,636)</u>	<u>-</u>	<u>-</u>	<u>5,620,768</u>	<u>127,905</u>	<u>5,625,037</u>
Net Change in Fund Balances	71,116	(26,227)	47,077	(262,635)	142,451	(28,218)
Fund Balances at Beginning of Year	<u>8,395,104</u>	<u>1,017,698</u>	<u>23,502</u>	<u>4,386,106</u>	<u>2,149,880</u>	<u>15,972,290</u>
Fund Balances at End of Year	<u>\$ 8,466,220</u>	<u>\$ 991,471</u>	<u>\$ 70,579</u>	<u>\$ 4,123,471</u>	<u>\$ 2,292,331</u>	<u>\$ 15,944,072</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, 2015**

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)	\$ (28,218)
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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	5,371,466
Depreciation expense	(4,206,094)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	16,586
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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.	(70,339)
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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	(294,137)
Increase in other post employment benefit asset	4,004
Decrease in property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	(116,461)
Decrease in property tax interest and lien revenue	(43,817)
Decrease in property tax, sewer use and community development block grant allowance for doubtful accounts	3,944
Amortization of bond premiums	211,223

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 refunding bonds	(9,635,000)
Issuance of notes payable	(5,410,000)
Bond payments	3,140,000
Payment to escrow agent	10,592,003
Premium on bond issuance	(1,115,522)
Capital lease payments	338,185

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	136,743
Change in accrued interest	(285,023)
Amortization of deferred charge on refunding	(97,084)
Note principal payments	100,944

The net expense of the internal service funds is reported with governmental activities.	<u>1,125,210</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (261,387)</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 40,577,886	\$ 40,577,886	\$ 40,552,478	\$ (25,408)
Intergovernmental	11,663,366	11,663,366	11,688,788	25,422
Charges for services	610,580	610,580	624,188	13,608
Investment income	45,000	45,000	64,466	19,466
Other revenues	20,000	20,000	45,741	25,741
Total revenues	<u>52,916,832</u>	<u>52,916,832</u>	<u>52,975,661</u>	<u>58,829</u>
Expenditures:				
Current:				
Administrative	2,801,870	2,776,085	2,766,498	9,587
Planning and community development	353,538	355,591	353,218	2,373
Community services	827,609	854,699	853,678	1,021
Public works	4,420,067	4,429,684	4,427,252	2,432
Public safety services	1,827,843	1,845,548	1,832,529	13,019
Record and financial services	909,802	930,458	926,869	3,589
Contingency and other	191,890	140,480	135,177	5,303
Board of Education	37,189,581	37,189,581	37,177,650	11,931
Debt service	4,443,176	4,443,250	4,443,249	1
Total expenditures	<u>52,965,376</u>	<u>52,965,376</u>	<u>52,916,120</u>	<u>49,256</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(48,544)</u>	<u>(48,544)</u>	<u>59,541</u>	<u>108,085</u>
Other Financing Sources (Uses):				
Cancellation of prior year encumbrances			1,374	1,374
Appropriation of fund balance	259,000	334,217		(334,217)
Transfers in			15,302	15,302
Transfers out	<u>(210,456)</u>	<u>(285,673)</u>	<u>(285,673)</u>	<u>-</u>
Net other financing sources (uses)	<u>48,544</u>	<u>48,544</u>	<u>(268,997)</u>	<u>(317,541)</u>
Deficiency of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>(209,456)</u>	<u>\$ (209,456)</u>
Fund Balance at Beginning of Year			<u>7,312,690</u>	
Fund Balance at End of Year			<u>\$ 7,103,234</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Eliminations	Total	Internal Service Funds
Assets:					
Current assets:					
Cash and cash equivalents	\$ 339,855	\$	\$	\$ 339,855	\$ 657,290
Due from other funds	21,226		(21,226)	-	
Advance to plan administrator				-	2,133,335
Accounts receivable	93,224	163,181		256,405	56
Total current assets	454,305	163,181	(21,226)	596,260	2,790,681
Noncurrent assets:					
Capital assets, nondepreciable:					
Land	50,858			50,858	
Capital assets, net of accumulated depreciation:					
Plant and pumping station	416,184	868,352		1,284,536	
Distribution system	2,070,566	5,601,452		7,672,018	
Total noncurrent assets	2,537,608	6,469,804	-	9,007,412	-
Total assets	2,991,913	6,632,985	(21,226)	9,603,672	2,790,681
Liabilities:					
Current liabilities:					
Accounts payable	10,677	53,708		64,385	69,047
Claims payable				-	411,400
Due to other funds		21,226	(21,226)	-	
Total current liabilities	10,677	74,934	(21,226)	64,385	480,447
Net Position:					
Net investment in capital assets	2,537,608	6,469,804		9,007,412	
Restricted for commitments	42,725			42,725	
Unrestricted	400,903	88,247		489,150	2,310,234
Total Net Position	\$ 2,981,236	\$ 6,558,051	\$ -	\$ 9,539,287	\$ 2,310,234

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, 2015

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 341,907	\$ 313,502	\$ 655,409	\$ 1,652,817
Other charges or services	14,997		14,997	
Employer contributions			-	6,747,274
Total operating revenues	<u>356,904</u>	<u>313,502</u>	<u>670,406</u>	<u>8,400,091</u>
Operating Expenses:				
Professional services	80,120	52,280	132,400	
Repairs and maintenance	50,081	78,436	128,517	
Service fees	1,339	156,148	157,487	
Materials and supplies	15,139	9,825	24,964	
Utilities	95,270	32,303	127,573	1,285,973
Administration			-	29,866
Employee benefits			-	5,965,552
Depreciation	95,926	206,012	301,938	
Total operating expenses	<u>337,875</u>	<u>535,004</u>	<u>872,879</u>	<u>7,281,391</u>
Operating Income (Loss)	<u>19,029</u>	<u>(221,502)</u>	<u>(202,473)</u>	<u>1,118,700</u>
Nonoperating Revenue (Expenses):				
Other income			-	413,976
Interest expense			-	(340,386)
Investment income	502	1,456	1,958	4,438
Loss on disposal	(4,572)		(4,572)	
Net nonoperating revenue (expense)	<u>(4,070)</u>	<u>1,456</u>	<u>(2,614)</u>	<u>78,028</u>
Income (Loss) Before Transfers	<u>14,959</u>	<u>(220,046)</u>	<u>(205,087)</u>	<u>1,196,728</u>
Transfers In		15,000	15,000	
Transfers Out			-	(71,518)
Total transfers	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>(71,518)</u>
Change in Net Position	14,959	(205,046)	(190,087)	1,125,210
Net Position at Beginning of Year	<u>2,966,277</u>	<u>6,763,097</u>	<u>9,729,374</u>	<u>1,185,024</u>
Net Position at End of Year	<u>\$ 2,981,236</u>	<u>\$ 6,558,051</u>	<u>\$ 9,539,287</u>	<u>\$ 2,310,234</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, 2015

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers	\$ 362,659	\$ 278,873	\$ 641,532	\$ 8,528,473
Payments to suppliers	(285,747)	(295,329)	(581,076)	(1,284,051)
Payments to providers of benefits			-	(6,751,215)
Net cash provided by (used in) operating activities	<u>76,912</u>	<u>(16,456)</u>	<u>60,456</u>	<u>493,207</u>
Cash Flows from Noncapital Financing Activities:				
Net transfers in		15,000	15,000	
Net cash provided by noncapital financing activities	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Transfers out				(71,518)
Other income				413,976
Interest expense				(340,386)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,072</u>
Cash Flows from Investing Activities:				
Investment income	<u>502</u>	<u>1,456</u>	<u>1,958</u>	<u>4,438</u>
Net Increase in Cash and Cash Equivalents	77,414	-	77,414	499,717
Cash and Cash Equivalents at Beginning of Year	<u>262,441</u>	<u>-</u>	<u>262,441</u>	<u>157,573</u>
Cash and Cash Equivalents at End of Year	<u>\$ 339,855</u>	<u>\$ -</u>	<u>\$ 339,855</u>	<u>\$ 657,290</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 19,029	\$ (221,502)	\$ (202,473)	\$ 1,118,700
Adjustments to reconcile operating gain (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	95,926	206,012	301,938	
(Increase) decrease in accounts receivable	5,755	(34,629)	(28,874)	(56)
Increase (decrease) in due to/from other funds	(21,226)	12,961	(8,265)	128,438
Increase in advance to plan administrator				(759,597)
Increase (decrease) in accounts payable	(22,572)	20,702	(1,870)	1,922
Increase in claims payable				3,800
Net Cash Provided by (Used in) Operating Activities	<u>\$ 76,912</u>	<u>\$ (16,456)</u>	<u>\$ 60,456</u>	<u>\$ 493,207</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	OPEB Trust Fund	Private Purpose Trust Fund Stevenson Scholarship	Agency Funds
Assets:			
Cash and cash equivalents	\$	\$ 25,053	\$ 518,688
Investments:			
Mutual funds	789,028		
Total assets	<u>789,028</u>	<u>25,053</u>	<u>518,688</u>
Liabilities:			
Accounts payable			<u>518,688</u>
Net Position:			
Held in Trust for Other Purposes	\$ <u>789,028</u>	\$ <u>25,053</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, 2015

	OPEB Trust Fund	Private Purpose Trust Fund Stevenson Scholarship
Additions:		
Interest and dividends	\$	\$ 41
Contributions	512,000	
Net increase in fair value of investments	7,370	
Total additions	<u>519,370</u>	<u>41</u>
Deductions:		
Benefits	<u>357,000</u>	
Change in Net Position	162,370	41
Net Position at Beginning of Year	<u>626,658</u>	<u>25,012</u>
Net Position at End of Year	<u>\$ 789,028</u>	<u>\$ 25,053</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.

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These criteria have been considered, and there are no agencies or entities that should be presented with the Town.

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, 2015

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, 2015**

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 estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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/rights of way	-
Construction in progress	-
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/Inflows 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 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.

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 and in the governmental funds balance sheet. 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. Also, 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.

I. 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.

J. 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.

K. 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.

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.

L. 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.

M. 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. During the year, the Town Council approved \$75,217 in additional appropriations. Of these appropriations, \$75,217 was additional appropriations from fund balance.
- 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.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

- 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.

A reconciliation of the accounting treatment required by GAAP and budgetary requirements at June 30, 2015 is as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Fund Balance
Balance, budgetary basis	\$ 52,992,337	\$ 53,201,793	\$ 7,103,234
Prior year encumbrances liquidated		906,540	
Prior year encumbrances cancelled	(1,374)		
Prior year encumbrances still outstanding			174,500
Utility Service Fund Transfer Non-Budgeted	71,518	71,518	
Transfer to Education Reserve Fund Non-GAAP		(75,217)	75,217
Education Reserve Fund Revenues Non-Budgeted	32		32
Current year encumbrances		(1,113,237)	1,113,237
State of Connecticut grants for Special Education Excess Costs, netted for budgetary purposes	1,272,814	1,272,814	
State Teachers' Retirement on-behalf payment	<u>3,421,520</u>	<u>3,421,520</u>	
Balance, GAAP basis	<u>\$ 57,756,847</u>	<u>\$ 57,685,731</u>	<u>\$ 8,466,220</u>

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 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*, \$15,997,661 of the Town’s bank balance of \$18,550,944 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,197,895
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,799,766</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 15,997,661</u>

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Cash Equivalents

At June 30, 2015, the Town's cash equivalents amounted to \$274,499. 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.

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

Investments

As of June 30, 2015, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More than 10
Interest-bearing investments:					
Fixed income funds	N/A	\$ 712,242	\$ 712,242	\$	\$
U.S. Government Obligation					
National Mortgage Pool	N/A	<u>144</u>	<u></u>	<u></u>	<u>144</u>
Total		712,386	<u>\$ 712,242</u>	<u>\$ -</u>	<u>\$ 144</u>
Other investments:					
Mutual funds		1,424,143			
Equities		<u>28,140</u>			
Total Investments		<u>\$ 2,164,669</u>			

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, 2015.

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.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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>2,238</u>	<u>667,674</u>	<u>669,912</u>
Total Value	<u>\$ 294,501</u>	<u>\$ 688,474</u>	<u>\$ 982,975</u>

The original principal received remains in the net assets and is restricted for the trust principal. The net appreciation on investments is included in unrestricted net assets 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.

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:

	General	Sewer Assessment	Capital Projects	CDBG Small Cities	Nonmajor and Other Funds	Water	Sewer	Total
Receivables:								
Taxes	\$ 528,741	\$	\$	\$	\$	\$	\$	\$ 528,741
Accounts and other	40,260	735,739	215	967,325	79,959	93,224	163,181	2,079,903
Intergovernmental	<u>17,672</u>		<u>108,057</u>		<u>40,845</u>			<u>166,574</u>
Gross receivables	586,673	735,739	108,272	967,325	120,804	93,224	163,181	2,775,218
Less: Allowance for collection losses	<u>27,580</u>							<u>27,580</u>
Net Total Receivables	<u>\$ 559,093</u>	<u>\$ 735,739</u>	<u>\$ 108,272</u>	<u>\$ 967,325</u>	<u>\$ 120,804</u>	<u>\$ 93,224</u>	<u>\$ 163,181</u>	<u>\$ 2,747,638</u>

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

D. Capital Assets

Capital asset activity for the year ended June 30, 2015 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	\$ 14,148,152	\$ 177,229	\$	\$	\$ 14,325,381
Rights of way	402,962				402,962
Construction in progress	6,191,291	465,677	1,272	(6,190,019)	465,677
Total capital assets not being depreciated	<u>20,742,405</u>	<u>642,906</u>	<u>1,272</u>	<u>(6,190,019)</u>	<u>15,194,020</u>
Capital assets being depreciated:					
Buildings and improvements	125,989,238	4,282,464		6,190,019	136,461,721
Vehicles, furniture and equipment	12,649,906	462,682	560,523		12,552,065
Infrastructure	48,414,131				48,414,131
Total capital assets being depreciated	<u>187,053,275</u>	<u>4,745,146</u>	<u>560,523</u>	<u>6,190,019</u>	<u>197,427,917</u>
Less accumulated depreciation for:					
Buildings and improvements	49,964,077	2,492,354			52,456,431
Vehicles, furniture and equipment	6,784,000	711,762	491,456		7,004,306
Infrastructure	27,032,811	1,001,978			28,034,789
Total accumulated depreciation	<u>83,780,888</u>	<u>4,206,094</u>	<u>491,456</u>	<u>-</u>	<u>87,495,526</u>
Total capital assets being depreciated, net	<u>103,272,387</u>	<u>539,052</u>	<u>69,067</u>	<u>6,190,019</u>	<u>109,932,391</u>
Governmental Activities Capital Assets, Net	<u>\$ 124,014,792</u>	<u>\$ 1,181,958</u>	<u>\$ 70,339</u>	<u>\$ -</u>	<u>\$ 125,126,411</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 50,858	\$	\$	\$	\$ 50,858
Capital assets being depreciated:					
Plant and pumping stations	2,498,316				2,498,316
Water/sewer distribution system	10,764,802		6,570		10,758,232
Total capital assets being depreciated	<u>13,263,118</u>	<u>-</u>	<u>6,570</u>	<u>-</u>	<u>13,256,548</u>
Less accumulated depreciation for:					
Plant and pumping stations	1,133,881	79,899			1,213,780
Water/sewer distribution system	2,866,173	222,039	1,998		3,086,214
Total accumulated depreciation	<u>4,000,054</u>	<u>301,938</u>	<u>1,998</u>	<u>-</u>	<u>4,299,994</u>
Total capital assets being depreciated, net	<u>9,263,064</u>	<u>(301,938)</u>	<u>4,572</u>	<u>-</u>	<u>8,956,554</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,313,922</u>	<u>\$ (301,938)</u>	<u>\$ 4,572</u>	<u>\$ -</u>	<u>\$ 9,007,412</u>

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the government as follows:

Governmental Activities:		
Administration	\$	31,455
General finance		2,212
Planning and development		12,494
Development and community affairs		113,358
Public works		1,520,420
Public safety services		248,567
Board of education		<u>2,277,588</u>
Total Depreciation Expense - Governmental Activities	\$	<u>4,206,094</u>
Business-type activities:		
Water	\$	95,926
Sewer		<u>206,012</u>
Total Depreciation Expense - Business-Type Activities	\$	<u>301,938</u>

Construction Commitments

The Town has active construction projects as of June 30, 2015. 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 Fiber Optics	\$ 260,915	\$ 39,010
Fiber Optics	104,636	650,926
Replace Truck #35 and Truck #23		225,575
Replace Truck #6	140,289	6,711
Cross Farms Concession Building	497,473	13,828
Passive Open Space	3,358,911	12,460
Library Expansion Project	108,010	33,400
Elevator - Level 1	22,500	6,500
ESCO Project	10,461,490	28,614
Tree Trimming	108,057	7,658
Pavement Management	246,157	503,820
Drainage Construction	440,599	35,766
Drainage Design	<u>52,678</u>	<u>34,622</u>
	<u>\$ 15,801,715</u>	<u>\$ 1,598,890</u>

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

TOWN OF TOLLAND, CONNECTICUT
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JUNE 30, 2015

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, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ <u>131,657</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:

	<u>Transfers In</u>				<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:					
General Fund	\$	\$ 15,000	\$ 86,456	\$ 109,000	\$ 210,456
Nonmajor	15,302		15,631		30,933
Internal Service Fund	<u>71,518</u>				<u>71,518</u>
Total Transfers In	\$ <u>86,820</u>	\$ <u>15,000</u>	\$ <u>102,087</u>	\$ <u>109,000</u>	\$ <u>312,907</u>

F. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 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	\$ 32,610,000	\$ 9,635,000	\$ 12,955,000	\$ 29,290,000	\$ 2,985,000
Premium	1,566,289	1,115,522	211,223	2,470,588	
Notes payable		<u>5,410,000</u>		<u>5,410,000</u>	<u>5,410,000</u>
Total bonds and notes payable	<u>34,176,289</u>	<u>16,160,522</u>	<u>13,166,223</u>	<u>37,170,588</u>	<u>8,395,000</u>
Sewer notes	256,195		100,944	155,251	102,983
Capital lease	12,798,157		338,185	12,459,972	354,863
Compensated absences	<u>1,614,721</u>	<u>32,167</u>	<u>168,910</u>	<u>1,477,978</u>	<u>133,516</u>
Total Governmental Activities Long-Term Liabilities	\$ <u>48,845,362</u>	\$ <u>16,192,689</u>	\$ <u>13,774,262</u>	\$ <u>51,263,789</u>	\$ <u>8,986,362</u>

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

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

Refunded Bonds

The government issued \$9,635,000 in general obligation bonds with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund \$9,815,000 of outstanding 2005, 2006 general obligation bonds that had interest rates ranging from 3.90% to 4.25%. The net proceeds of \$10,592,003 (including a \$1,065,684 premium and after payment of \$108,681 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2005, 2006 and 2007 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$777,003. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the 2005, 2006 and 2007 general obligation bonds to reduce its total debt service payments by \$549,598 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$521,435.

The Town has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2015, \$12,695,000 of the defeased debt is outstanding, and \$13,454,930 is held by an escrow agent in an irrevocable trust fund to provide all future debt service payments on the refunded bonds.

Notes Payable

The Town issued general obligation bond anticipation notes (BAN's) in the amount of \$5,410,000 on October 8, 2014. The note was due and payable at maturity on October 21, 2015. The Town placed the proceeds of the note within the capital projects fund to provide for short term financing; effective October 13, 2015 the Town permanently financed the notes with the issuance of a Bond as described in Note 6.C, accordingly, the note payable is not shown as a fund liability on Town's financial statements but as other financing sources.

Sewer Notes

The Town entered into another agreement with Vernon for the upgrade of the Vernon Wastewater Treatment Plant. The Town will pay Vernon for its share of principal and interest payments on the State of Connecticut Clean Water loan issued by Vernon to fund this project. The loan matures in 2016 and bears interest at 2%.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

<u>Description</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Annual Principal</u>	<u>Balance Outstanding June 30, 2015</u>
General purpose:						
General obligation	9/15/06	6/30/26	4-4.25	\$ 1,965,000	Various	\$ 294,810
General obligation	9/1/07	9/1/21	3.9-5	1,872,200	Various	95,000
General obligation	9/1/08	9/1/18	3.0-4.0	2,010,000	Various	995,000
General obligation	8/1/10	8/1/30	2.0-4.0	825,000	Various	702,480
General obligation refunding	10/1/11	10/1/26	2.0-3.0	3,334,864	Various	2,000,000
General obligation	9/1/12	9/1/27	1.5-3.0	845,285	Various	988,410
General obligation refunding	9/1/12	9/1/25	3.0-5.0	160,500	Various	1,269,400
General obligation refunding	10/1/14	8/1/24	2.0-4.0	<u>2,117,715</u>	Various	<u>2,117,715</u>
Total general purpose				<u>13,130,564</u>		<u>8,462,815</u>
School:						
School improvement	9/1/05	9/1/18	4-4.25	11,000,000	Various	2,760,000
School improvement	9/15/06	8/15/26	4-4.25	7,050,000	Various	755,190
School improvement	9/1/07	9/1/27	3.9-5	2,382,800	Various	115,000
School improvement	8/1/10	8/1/30	2.0-4.0	1,700,000	Various	1,447,520
School improvement	10/1/11	10/1/26	2.0-3.0	1,575,136	Various	1,650,000
School improvement	9/1/12	9/1/27	1.5-3.0	614,715	Various	271,590
School improvement - refunding	9/1/12	9/1/25	3.0-5.0	7,864,500	Various	6,310,600
School improvement - refunding	10/1/14	8/1/27	2.0-4.0	<u>7,517,285</u>	Various	<u>7,517,285</u>
Total school				<u>39,704,436</u>		<u>20,827,185</u>
Sewer notes:						
Vernon wastewater	12/31/97	12/31/16	2	<u>1,748,330</u>	Various	<u>155,251</u>
Total sewer notes				<u>1,748,330</u>		<u>155,251</u>
Total Outstanding				<u>\$ 54,583,330</u>		<u>\$ 29,445,251</u>

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Annual debt service requirements to maturity for general obligation bonds and long-term notes are as follows:

	Bonds		Sewer Notes	
	Principal	Interest	Principal	Interest
2016	\$ 2,985,000	\$ 1,008,383	\$ 102,983	\$ 2,164
2017	3,135,000	899,421	52,268	305
2018	3,080,000	797,996		
2019	2,760,000	701,524		
2020	2,500,000	602,562		
2021-2025	11,420,000	1,581,984		
2026-2030	3,260,000	181,844		
2031	150,000	3,000		
	<u>\$ 29,290,000</u>	<u>\$ 5,776,714</u>	<u>\$ 155,251</u>	<u>\$ 2,469</u>

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2015 is \$5,680,100. 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	\$ 91,149,768	\$ 12,549,915	\$ 78,599,853
Schools	182,299,536	19,994,230	162,305,306
Sewers	151,916,280	1,593,000	150,323,280
Urban renewal	131,660,776		131,660,776
Pension deficit	121,533,024		121,533,024

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$283,577,056. 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. School building grants receivable of \$832,955 is reflected as deductions in the computation of net indebtedness.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 has an interest rate of 3.49% and matures on October 2, 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 asset acquired through the capital lease is as follows:

	Governmental Activities
Asset:	
ESCO Project	\$ 6,190,019
Geothermal heating system	3,682,123
Less accumulated depreciation	<u>523,075</u>
Total	<u>\$ 9,349,067</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2015 were as follows:

Fiscal Year Ending June 30,	Governmental Activities
2016	\$ 839,200
2017	840,102
2018	902,687
2019	906,002
2020	1,009,778
Thereafter	<u>13,099,821</u>
Total lease payments	17,597,590
Less amount representing interest	<u>5,137,618</u>
Present Value of Future Minimum Lease Payments	<u>\$ 12,459,972</u>

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

4. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2015 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	\$	\$	\$	\$	\$ 37,225	\$ 37,225
Permanent fund principal					313,063	313,063
Restricted for:						
Community rehabilitation services			70,579			70,579
Unspent grant proceeds					39,649	39,649
Committed to:						
Sewer capital improvements		991,471				991,471
Dog warden					17,604	17,604
Open space					116,809	116,809
Sewer escrow					24,767	24,767
Lodge furnishings					27,860	27,860
Business park improvements					17,500	17,500
Recreation					154,087	154,087
Water assessments					139,936	139,936
Food service					83,544	83,544
Education programs	75,249				812,861	888,110
Eviction storage					171	171
Cemeteries					219,929	219,929
Training center repair and replacement					5,998	5,998
Field maintenance					9,782	9,782
Veterans memorial					348	348
300th anniversary					33,392	33,392
Emergency storms					83,292	83,292
Artificial turf operation					5,555	5,555
Debt service					148,959	148,959
Special assessment projects				4,123,471		4,123,471
Assigned to:						
Purchases on order	1,287,737					1,287,737
Contribution to next fiscal budget	250,000					250,000
Unassigned	<u>6,853,234</u>					<u>6,853,234</u>
Total Fund Balances	<u>\$ 8,466,220</u>	<u>\$ 991,471</u>	<u>\$ 70,579</u>	<u>\$ 4,123,471</u>	<u>\$ 2,292,331</u>	<u>\$ 15,944,072</u>

Significant encumbrances of \$1,287,737 at June 30, 2015 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, 2015 was \$465,932 and represented 6% of covered payroll. The employees' required contributions were \$194,140 and represented 2.5% of covered payroll.

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
NOTES TO FINANCIAL STATEMENTS
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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.

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

During the year ended June 30, 2015, the Town of Tolland, Connecticut, adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. The Statement also requires enhanced note disclosure and schedules of required supplementary information.

At June 30, 2015, 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>45,543,825</u>
Total	\$ <u>45,543,825</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2015, the Town recognized pension expense and revenue of \$3,421,520 in Exhibit II for on-behalf amounts for the benefits provided by the State.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

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%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.0%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 8.50%. 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.

C. Annual OPEB Cost and Net OPEB Obligations

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.

At July 1, 2014, plan membership consisted of the following:

	Retiree Medical Program
Retired members and spouses of retired members	73
Active plan members	279
Total	352

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 \$512,000 were made in accordance with actuarially determined requirements. Of this amount, \$357,000 represents premium payments, and \$155,000 was contributed to prefund benefits.

Annual OPEB Cost and Net OPEB Obligations

The Town of Tolland's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation (asset):

	Retiree Medical Program
Annual required contribution (ARC)	\$ 508,000
Interest on net OPEB obligation	(12,332)
Adjustment to annual required contribution	12,328
Annual OPEB Cost	507,996
Contributions made	512,000
Change in net OPEB asset	(4,004)
Net OPEB Asset - beginning of year	(164,428)
Net OPEB Asset - End of Year	\$ (168,432)

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal years ended June 30, 2015, 2014 and 2013, are presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Asset
6/30/2013	\$ 546,162	\$ 549,000	100.52%	\$ 165,978
6/30/2014	484,550	483,000	99.68%	164,428
6/30/2015	507,996	512,000	100.79%	168,432

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2014, the most recent actuarial valuation date, is as follows:

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	(Unfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2010	\$ 229,000	\$ 5,399,000	\$ (5,170,000)	4%	\$ n/a	n/a
7/1/2012	372,000	4,667,000	(4,295,000)	8%	22,286,770	(19)%
7/1/2014	626,658	4,623,714	(3,997,056)	14%	16,844,405	(24)%

Schedule of Employer Contributions			
Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2013	\$ 547,000	\$ 549,000	100.4%
6/30/2014	485,000	483,000	99.6%
6/30/2015	508,000	512,000	100.8%

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 6.2% initially, reduced by decrements to an ultimate rate of 4.7% after 69 years; imbedded within this trend rate is an estimate of the underlying inflation rate of 2.75%. Projected salary increases were 4.5%. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2015 was 20 years.

6. 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, 2015. 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.

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

	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2013-2014	\$ 441,600	\$ 5,991,445	\$ 6,025,445	\$ 407,600
2014-2015	407,600	5,965,552	5,961,752	411,400

B. Contingent Liabilities

There are various lawsuits and claims pending against the Town, the ultimate effect of which, if any, cannot presently be determined; however, the ultimate resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

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.

C. Subsequent Event

On October 13, 2015, the Town issued \$7,565,000 of General Obligation Refunding Bonds with a variable interest rate between 2.00% and 4.00% and a final maturity on October 15, 2035.

**Required Supplementary
Information**

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

	<u>2015</u>
Town's proportion of the net pension liability	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>45,543,825</u>
Total	<u><u>\$ 45,543,825</u></u>
Town's covered-employee payroll	\$ 17,474,844
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	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	22.4 years
Asset valuation method	4-year smoothed market

**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 Special Reserve fund is part of the Board of Education's general ledger. It provides funding resources solely for future Board of Education nonrecurring or unanticipated expenditure 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. All funds shall be confirmed and transferred upon request of the Board of Education to the Town Council for approval. 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
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Property Taxes:				
Current year levy	\$ 39,651,847	\$ 39,651,847	\$ 39,664,979	\$ 13,132
Prior year levy	300,000	300,000	274,389	(25,611)
Interest and lien fees	213,414	213,414	155,086	(58,328)
Motor vehicle supplement	388,125	388,125	429,598	41,473
Suspense	500	500	1,255	755
Telecommunications access line	24,000	24,000	27,171	3,171
Total property taxes	<u>40,577,886</u>	<u>40,577,886</u>	<u>40,552,478</u>	<u>(25,408)</u>
Intergovernmental:				
Education:				
Transportation	126,784	126,784	128,122	1,338
Adult education	9,155	9,155	9,274	119
Education equalization	<u>10,902,485</u>	<u>10,902,485</u>	<u>10,888,029</u>	<u>(14,456)</u>
Total education	<u>11,038,424</u>	<u>11,038,424</u>	<u>11,025,425</u>	<u>(12,999)</u>
General Government:				
Elderly circuit breaker	65,000	65,000	73,126	8,126
State property reimbursement	43,637	43,637	52,883	9,246
Interest subsidy	28,023	28,023	28,023	-
Bond subsidy	294,137	294,137	294,137	-
SDE/MH and AS/DEEP grants	24,338	24,338	24,338	-
Civil defense grant	5,000	5,000	5,000	-
Mashantucket Pequot	40,904	40,904	43,715	2,811
Miscellaneous grants	30,000	30,000	47,797	17,797
Veterans	7,300	7,300	7,674	374
Town Clerk Preservation	5,000	5,000	5,000	-
Disability grant	1,600	1,600	1,667	67
Property tax relief	<u>80,003</u>	<u>80,003</u>	<u>80,003</u>	<u>-</u>
Total general government	<u>624,942</u>	<u>624,942</u>	<u>663,363</u>	<u>38,421</u>
Total intergovernmental	<u>11,663,366</u>	<u>11,663,366</u>	<u>11,688,788</u>	<u>25,422</u>

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**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Charges for Services:				
Building permit fees	\$ 180,000	\$ 180,000	\$ 198,118	\$ 18,118
Fines, fees and penalties	600	600	582	(18)
Pistol permits	5,500	5,500	6,670	1,170
Zoning permit fees	8,500	8,500	8,625	125
Town clerk	16,000	16,000	17,673	1,673
Library fees	10,000	10,000	10,740	740
Motor vehicle fine	8,500	8,500	15,927	7,427
Planning and zoning and IWWC	8,000	8,000	3,134	(4,866)
Rents/PILOT	11,800	11,800	12,622	822
Property conveyance tax	120,000	120,000	118,221	(1,779)
Document recording fees	85,000	85,000	72,344	(12,656)
Map and copy sales	12,000	12,000	12,279	279
Notary fees			1,303	1,303
Zoning board of appeals	3,000	3,000	1,310	(1,690)
Public safety services	1,000	1,000	1,841	841
Solid waste fees/sewer fees	40,000	40,000	43,826	3,826
Tuition			2,013	2,013
Town preservation	9,000	9,000	5,280	(3,720)
Ambulance	91,680	91,680	91,680	-
Total charges for services	<u>610,580</u>	<u>610,580</u>	<u>624,188</u>	<u>13,608</u>
Investment Income:				
General Fund	<u>45,000</u>	<u>45,000</u>	<u>64,466</u>	<u>19,466</u>
Other Revenues	<u>20,000</u>	<u>20,000</u>	<u>45,741</u>	<u>25,741</u>
Total Revenues	<u>52,916,832</u>	<u>52,916,832</u>	<u>52,975,661</u>	<u>58,829</u>
Other Financing Sources:				
Cancellation of prior year encumbrances			1,374	1,374
Appropriation of fund balance	259,000	334,217		(334,217)
Transfers in			15,302	15,302
Total other financing sources	<u>259,000</u>	<u>334,217</u>	<u>16,676</u>	<u>(317,541)</u>
Total Revenues and Other Financing Sources	<u>\$ 53,175,832</u>	<u>\$ 53,251,049</u>	<u>\$ 52,992,337</u>	<u>\$ (258,712)</u>

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Administrative:				
Town council	\$ 37,169	\$ 37,169	\$ 35,871	\$ 1,298
Town manager	213,735	215,075	215,064	11
Economic development commission	4,250	4,250	3,906	344
HR administrative services	2,257,637	2,230,512	2,223,970	6,542
Insurance	199,540	197,974	196,609	1,365
Legal services	79,000	80,566	80,564	2
Probate court	10,539	10,539	10,514	25
Total administrative	<u>2,801,870</u>	<u>2,776,085</u>	<u>2,766,498</u>	<u>9,587</u>
Planning and Community Development:				
Building inspection services	123,371	121,579	121,230	349
Zoning board of appeals	3,660	2,247	2,195	52
Environmental health services	72,200	72,201	72,201	-
Planning and zoning services	137,497	143,193	141,731	1,462
Inland wetlands commission	4,065	4,175	3,792	383
Conservation commission	4,090	3,950	3,949	1
Planning and zoning commission	8,655	8,246	8,120	126
Total planning and community development	<u>353,538</u>	<u>355,591</u>	<u>353,218</u>	<u>2,373</u>
Community Services:				
Elderly services	46,568	55,441	55,070	371
Human services	311,841	316,973	316,875	98
Library	384,272	400,347	399,903	444
Recreation and adult education	84,928	81,938	81,830	108
Total community services	<u>827,609</u>	<u>854,699</u>	<u>853,678</u>	<u>1,021</u>
Public Works:				
Engineering services	105,210	107,425	107,306	119
Parks and facilities	1,303,481	1,221,701	1,221,581	120
Refuse and recycling services	1,184,888	1,144,888	1,144,333	555
Streets and roads	1,826,488	1,955,670	1,954,032	1,638
Total public works	<u>4,420,067</u>	<u>4,429,684</u>	<u>4,427,252</u>	<u>2,432</u>

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**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Public Safety Services:				
Water supply	\$ 78,498	78,498	\$ 77,448	\$ 1,050
Ambulance	323,484	339,176	335,790	3,386
Canine control	42,728	41,968	38,465	3,503
Civil preparedness	12,663	12,725	12,674	51
Fire prevention	48,153	52,489	52,257	232
Fire suppression	588,818	585,953	581,162	4,791
Law enforcement	733,499	734,739	734,733	6
Total public safety services	<u>1,827,843</u>	<u>1,845,548</u>	<u>1,832,529</u>	<u>13,019</u>
Record and Financial Services:				
Accounting services	308,150	318,832	318,828	4
Assessment services	223,983	231,537	231,366	171
Board of assessment appeals	750	750	669	81
Independent audit	23,500	23,500	23,500	-
Registrar of voters	47,378	47,340	44,365	2,975
Revenue services	160,957	163,408	163,064	344
Town clerk	145,084	145,091	145,077	14
Total record and financial services	<u>909,802</u>	<u>930,458</u>	<u>926,869</u>	<u>3,589</u>
Contingency and Other	<u>191,890</u>	<u>140,480</u>	<u>135,177</u>	<u>5,303</u>
Board of Education:				
Language arts	56,583	56,583	75,122	(18,539)
Math	31,466	31,466	167,404	(135,938)
Social studies	15,120	15,120	10,916	4,204
Science	64,700	64,700	41,292	23,408
Art	26,955	26,955	20,169	6,786
Music	15,235	15,235	13,294	1,941
Physical education	12,038	12,038	7,531	4,507
World language	10,224	10,224	8,170	2,054
Family and consumer science	14,879	14,879	14,903	(24)
Technology education	26,530	26,530	18,673	7,857
Business education	20,825	20,825	15,599	5,226
Computer education	9,366	9,366	1,562	7,804
Talc	1,240	1,240		1,240
Special services	2,399,935	2,399,935	2,225,953	173,982
Special education	102,732	102,732	85,493	17,239
Interdistrict programs	217,441	217,441	205,042	12,399

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**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Board of Education (continued):				
Student athletics	\$ 175,086	175,086	\$ 168,413	\$ 6,673
Student activities	19,850	19,850	14,718	5,132
Guidance and counseling	9,015	9,015	3,949	5,066
Nursing	20,327	20,327	13,394	6,933
Library	13,445	13,445	10,002	3,443
Audiovisual	2,015	2,015	499	1,516
Staff services	6,297,407	6,297,407	6,636,581	(339,174)
Communication/Insurance	196,830	196,830	191,485	5,345
Principals' offices	158,596	158,596	107,299	51,297
Transportation	2,360,862	2,360,862	2,374,938	(14,076)
Superintendent's office	25,580	25,580	29,383	(3,803)
Business office	193,137	193,137	201,406	(8,269)
Technology services	293,745	293,745	316,641	(22,896)
Custodial Services	166,155	166,155	220,074	(53,919)
Energy management	6,380	6,380	990	5,390
Energy management - utilities	1,377,053	1,377,053	1,377,053	-
Plant maintenance	438,162	438,162	532,687	(94,525)
BOE Payroll Clerk	2,420	2,420	2,530	(110)
Program/Professional development	69,635	69,635	70,386	(751)
Certified regular education payroll	13,420,826	13,420,826	13,264,112	156,714
Certified special education payroll	2,882,696	2,882,696	2,672,352	210,344
Noncertified payroll	1,262,816	1,262,816	1,358,344	(95,528)
Building operations	804,555	804,555	779,637	24,918
Building maintenance	177,327	177,327	183,528	(6,201)
Business services	312,339	312,339	315,016	(2,677)
Superintendent services	282,037	282,037	295,679	(13,642)
Principals' services	1,589,348	1,589,348	1,549,584	39,764
System-wide substitutes	413,099	413,099	421,018	(7,919)
System-wide services	1,091,871	1,091,871	1,010,627	81,244
Adult education	30,872	30,872	30,872	-
Board of Education	70,826	70,826	113,330	(42,504)
Total Board of Education	<u>37,189,581</u>	<u>37,189,581</u>	<u>37,177,650</u>	<u>11,931</u>
Debt Service	<u>4,443,176</u>	<u>4,443,250</u>	<u>4,443,249</u>	<u>1</u>
Total Expenditures	<u>52,965,376</u>	<u>52,965,376</u>	<u>52,916,120</u>	<u>49,256</u>

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**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<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	-
Debt Service	99,000	99,000	99,000	-
Capital improvements	86,456	86,456	86,456	-
Education Reserve Fund		75,217	75,217	-
	<u>210,456</u>	<u>285,673</u>	<u>285,673</u>	<u>-</u>
Total other financing uses				
	<u>210,456</u>	<u>285,673</u>	<u>285,673</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 53,175,832</u>	<u>\$ 53,251,049</u>	<u>\$ 53,201,793</u>	<u>\$ 49,256</u>

TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET SCHEDULE
JUNE 30, 2015

	<u>General</u>	<u>Education Reserve Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 11,367,442	\$ 75,249	\$ 11,442,691
Receivables	559,093		559,093
Other	<u>7,371</u>	<u></u>	<u>7,371</u>
Total Assets	<u>\$ 11,933,906</u>	<u>\$ 75,249</u>	<u>\$ 12,009,155</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts and other payables	\$ 787,818	\$	\$ 787,818
Accrued liabilities	232,393		232,393
Due to other funds	<u>131,657</u>	<u></u>	<u>131,657</u>
Total liabilities	<u>1,151,868</u>	<u>-</u>	<u>1,151,868</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	399,247		399,247
Advance property tax collections	<u>1,991,820</u>	<u></u>	<u>1,991,820</u>
Total deferred inflows of resources	<u>2,391,067</u>	<u>-</u>	<u>2,391,067</u>
Fund balances:			
Committed		75,249	75,249
Assigned	1,537,737		1,537,737
Unassigned	<u>6,853,234</u>	<u></u>	<u>6,853,234</u>
Total fund balances	<u>8,390,971</u>	<u>75,249</u>	<u>8,466,220</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,933,906</u>	<u>\$ 75,249</u>	<u>\$ 12,009,155</u>

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	General	Education Reserve Fund	Eliminations	Total
Revenues:				
Property taxes	\$ 40,552,478	\$	\$	\$ 40,552,478
Intergovernmental	16,383,122			16,383,122
Charges for services	624,188			624,188
Investment income	64,466	32		64,498
Other revenues	45,741			45,741
Total revenues	<u>57,669,995</u>	<u>32</u>	<u>-</u>	<u>57,670,027</u>
Expenditures:				
Current:				
Administration	2,674,620			2,674,620
Planning and community development	360,179			360,179
Community services	848,992			848,992
Public works	4,404,190			4,404,190
Public safety services	1,747,294			1,747,294
Record and financial services	935,031			935,031
Contingency and other	144,844			144,844
Board of Education	41,845,358			41,845,358
Debt service	4,514,767			4,514,767
Total expenditures	<u>57,475,275</u>	<u>-</u>	<u>-</u>	<u>57,475,275</u>
Excess of Revenues over Expenditures	<u>194,720</u>	<u>32</u>	<u>-</u>	<u>194,752</u>
Other Financing Sources (Uses):				
Transfers in	86,820	75,217	(75,217)	86,820
Transfers out	(285,673)		75,217	(210,456)
Net other financing sources (uses)	<u>(198,853)</u>	<u>75,217</u>	<u>-</u>	<u>(123,636)</u>
Net Change in Fund Balances	(4,133)	75,249	-	71,116
Fund Balances at Beginning of Year	<u>8,395,104</u>	<u>-</u>	<u>-</u>	<u>8,395,104</u>
Fund Balances at End of Year	<u>\$ 8,390,971</u>	<u>\$ 75,249</u>	<u>\$ -</u>	<u>\$ 8,466,220</u>

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2015**

Grand List Year	Uncollected Taxes July 1, 2014	Supplement	Lawful Corrections		Transfers to Suspense	Adjusted Amount Collectible	Collections				Uncollected Taxes June 30, 2015
			Additions	Deductions			Taxes	Net Taxes Collected	Interest and Lien Fees	Total	
1999	\$	\$	\$	\$	\$	\$ -	\$	-	\$	-	\$ -
2000						-		-		-	-
2001						-		-		-	-
2002						-		-		-	-
2003						-		-		-	-
2004						-		-		-	-
2005			147			147	147	147	226	373	-
2006	193		211			404	250	250	298	548	154
2007	975		393	177	264	927	801	801	597	1,398	126
2008	2,753		341	177	341	2,576	1,055	1,055	623	1,678	1,521
2009	6,051		284	175	1,908	4,252	1,388	1,388	1,183	2,571	2,864
2010	25,749		8,599	6,464	3,380	24,504	6,452	6,452	1,969	8,421	18,052
2011	79,274		7,492	4,220	7,136	75,410	33,584	33,584	10,223	43,807	41,826
2012	297,801		21,988	19,393	9,151	291,245	201,742	201,742	41,505	243,247	89,503
Total Prior Years	412,796	-	39,455	30,606	22,180	399,465	245,419	245,419	56,624	302,043	154,046
2013	40,100,730	450,325	34,108	114,545	1,346	40,469,272	40,094,577	40,094,577	114,388	40,208,965	374,695
Total	\$ 40,513,526	\$ 450,325	\$ 73,563	\$ 145,151	\$ 23,526	\$ 40,868,737	\$ 40,339,996	\$ 40,339,996	\$ 171,012	\$ 40,511,008	\$ 528,741

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.

Conservation Green Grant - To account for funds to maintain open space.

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.

300th Anniversary Fund - To account for donations and sales and expenditures for the upcoming celebration of the 300th year of the town.

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, 2015**

	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	\$ 29,124	\$ 3,693	\$ 14,523	\$ 10,244	\$ 50,315	\$ 113,116	\$ 17,500	\$ 9,349
Investments								
Receivables								
Due from other funds								
Other								
Total Assets	\$ 29,124	\$ 3,693	\$ 14,523	\$ 10,244	\$ 50,315	\$ 113,116	\$ 17,500	\$ 9,349
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts and other payables/due to State	\$ 11,520	\$	\$	\$	\$ 60	\$	\$	
Due to other funds								
Unearned revenue					22,395			
Total liabilities	11,520	-	-	-	22,455	-	-	-
Deferred inflows of resources:								
Unavailable revenue - special assessments								
Unavailable revenue - cemetery								
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable								
Restricted								9,349
Committed	17,604	3,693	14,523	10,244	27,860	113,116	17,500	
Total fund balances	17,604	3,693	14,523	10,244	27,860	113,116	17,500	9,349
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 29,124	\$ 3,693	\$ 14,523	\$ 10,244	\$ 50,315	\$ 113,116	\$ 17,500	\$ 9,349

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**TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2015**

	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	\$ 139,124	\$ 139,935	\$ 116,423	\$	\$ 222,304	\$ 171	\$ 217,718	\$ 3,747
Investments								
Receivables	17,859	38,720	26,633	2,895	1,589		8,560	
Due from other funds								
Other			37,225					
Total Assets	\$ 156,983	\$ 178,655	\$ 180,281	\$ 2,895	\$ 223,893	\$ 171	\$ 226,278	\$ 3,747
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts and other payables/due to State	\$ 2,896	\$	\$	\$	\$	\$	\$ 27	\$
Due to other funds				1,343				
Unearned revenue			32,879	1,552	82,453			
Total liabilities	2,896	-	32,879	2,895	82,453	-	27	-
Deferred inflows of resources:								
Unavailable revenue - special assessments		38,719						
Unavailable revenue - cemetery							8,560	
Total deferred inflows of resources	-	38,719	-	-	-	-	8,560	-
Fund balances:								
Nonspendable			37,225					
Restricted			26,633					
Committed	154,087	139,936	83,544		141,440	171	217,691	3,747
Total fund balances	154,087	139,936	147,402	-	141,440	171	217,691	3,747
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 156,983	\$ 178,655	\$ 180,281	\$ 2,895	\$ 223,893	\$ 171	\$ 226,278	\$ 3,747

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**TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2015**

	Special Revenue Funds						
	Training Center Fund	Conservation Green Grant	Traffic Fund	Field Maintenance	Veterans Memorial Fund	300th Anniversary Fund	Miscellaneous Grants Fund
ASSETS							
Cash	\$ 5,998	\$ 157	\$	\$ 9,955	\$ 348	\$ 33,494	\$
Investments							
Receivables			11,317				8,475
Due from other funds							
Other							
Total Assets	\$ 5,998	\$ 157	\$ 11,317	\$ 9,955	\$ 348	\$ 33,494	\$ 8,475
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts and other payables/due to State	\$	\$	\$ 2,122	\$ 173	\$	\$ 102	\$
Due to other funds			7,309				6,851
Unearned revenue							
Total liabilities	-	-	9,431	173	-	102	6,851
Deferred inflows of resources:							
Unavailable revenue - special assessments							
Unavailable revenue - cemetery							
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund balances:							
Nonspendable							
Restricted		157	1,886				1,624
Committed	5,998			9,782	348	33,392	
Total fund balances	5,998	157	1,886	9,782	348	33,392	1,624
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,998	\$ 157	\$ 11,317	\$ 9,955	\$ 348	\$ 33,494	\$ 8,475

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**TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2015**

	Special Revenue Funds		Debt Service Funds	Permanent Funds			Total Nonmajor Governmental Funds
	Emergency Storm Fund	Turf Field Operations Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	Eliminations	
ASSETS							
Cash	\$ 67,789	\$ 5,555	\$ 148,959	\$ 294,501	\$ 688,474	\$	\$ 1,654,042
Investments							688,474
Receivables				4,700			120,748
Due from other funds	15,503					(15,503)	-
Other							37,225
Total Assets	<u>\$ 83,292</u>	<u>\$ 5,555</u>	<u>\$ 148,959</u>	<u>\$ 299,201</u>	<u>\$ 688,474</u>	<u>\$ (15,503)</u>	<u>\$ 2,500,489</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts and other payables/due to State	\$	\$	\$	\$	\$	\$	\$ 16,900
Due to other funds						(15,503)	-
Unearned revenue							139,279
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,503)</u>	<u>156,179</u>
Deferred inflows of resources:							
Unavailable revenue - special assessments							38,719
Unavailable revenue - cemetery				4,700			13,260
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,700</u>	<u>-</u>	<u>-</u>	<u>51,979</u>
Fund balances:							
Nonspendable				292,263	20,800		350,288
Restricted							39,649
Committed	83,292	5,555	148,959	2,238	667,674		1,902,394
Total fund balances	<u>83,292</u>	<u>5,555</u>	<u>148,959</u>	<u>294,501</u>	<u>688,474</u>	<u>-</u>	<u>2,292,331</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 83,292</u>	<u>\$ 5,555</u>	<u>\$ 148,959</u>	<u>\$ 299,201</u>	<u>\$ 688,474</u>	<u>\$ (15,503)</u>	<u>\$ 2,500,489</u>

TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	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	\$		\$	\$	\$	\$	\$	
Charges for services	23,464				33,146	4,500		
Investment income	23		24	12	2	155	24	12
Other	42	96						
Total revenues	23,529	96	24	12	33,148	4,655	24	12
Expenditures:								
Current:								
Community services					41,250			
Public works								
Public safety services	21,508							
Education								
Total expenditures	21,508	-	-	-	41,250	-	-	-
Excess (Deficiency) of Revenues over Expenditures	2,021	96	24	12	(8,102)	4,655	24	12
Other Financing Sources (Uses):								
Transfers in	10,000							
Transfers out								(632)
Bond premium								
Net other financing sources (uses)	10,000	-	-	-	-	-	-	(632)
Net Change in Fund Balances	12,021	96	24	12	(8,102)	4,655	24	(620)
Fund Balances at Beginning of Year	5,583	3,597	14,499	10,232	35,962	108,461	17,476	9,969
Fund Balances at End of Year	\$ 17,604	3,693	\$ 14,523	\$ 10,244	\$ 27,860	\$ 113,116	\$ 17,500	\$ 9,349

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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, 2015

	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	\$ 6,100	\$	\$ 204,448	\$ 763,401	\$	\$	\$ 500	\$
Charges for services	328,846	7,037	653,397		431,637		26,540	
Investment income	126	4,342					326	27
Other	399							
Total revenues	335,471	11,379	857,845	763,401	431,637	-	27,366	27
Expenditures:								
Current:								
Community services	299,536	6,626					12,599	
Public works								
Public safety services								
Education			897,849	763,401	392,478			53
Total expenditures	299,536	6,626	897,849	763,401	392,478	-	12,599	53
Excess (Deficiency) of Revenues over Expenditures	35,935	4,753	(40,004)	-	39,159	-	14,767	(26)
Other Financing Sources (Uses):								
Transfers in							1,457	
Transfers out	(15,000)							
Bond premium								
Net other financing sources (uses)	(15,000)	-	-	-	-	-	1,457	-
Net Change in Fund Balances	20,935	4,753	(40,004)	-	39,159	-	16,224	(26)
Fund Balances at Beginning of Year	133,152	135,183	187,406	-	102,281	171	201,467	3,773
Fund Balances at End of Year	\$ 154,087	\$ 139,936	\$ 147,402	\$ -	\$ 141,440	\$ 171	\$ 217,691	\$ 3,747

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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, 2015

	Special Revenue Funds						
	Training Center Fund	Conservation Green Grant	Traffic Fund	Field Maintenance	Veterans Memorial Fund	300th Anniversary Fund	Miscellaneous Grants Fund
Revenues:							
Intergovernmental	\$	\$	\$ 29,578	\$	\$	\$	\$ 36,180
Charges for services	975						
Investment income	11		10	12		58	1
Other				3,450	470	37,500	3,347
Total revenues	<u>986</u>	<u>-</u>	<u>29,588</u>	<u>3,462</u>	<u>470</u>	<u>37,558</u>	<u>39,528</u>
Expenditures:							
Current:							
Community services					122	29,964	
Public works			23,529	4,140			
Public safety services	3,985						39,890
Education							
Total expenditures	<u>3,985</u>	<u>-</u>	<u>23,529</u>	<u>4,140</u>	<u>122</u>	<u>29,964</u>	<u>39,890</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,999)</u>	<u>-</u>	<u>6,059</u>	<u>(678)</u>	<u>348</u>	<u>7,594</u>	<u>(362)</u>
Other Financing Sources (Uses):							
Transfers in							
Transfers out							
Bond 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	(2,999)	-	6,059	(678)	348	7,594	(362)
Fund Balances at Beginning of Year	<u>8,997</u>	<u>157</u>	<u>(4,173)</u>	<u>10,460</u>	<u>-</u>	<u>25,798</u>	<u>1,986</u>
Fund Balances at End of Year	<u>\$ 5,998</u>	<u>\$ 157</u>	<u>\$ 1,886</u>	<u>\$ 9,782</u>	<u>\$ 348</u>	<u>\$ 33,392</u>	<u>\$ 1,624</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, 2015

	Special Revenue Funds		Debt Service Funds	Permanent Funds			Total Nonmajor Governmental Funds
	Emergency Storm Fund	Turf Field Operations Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	Eliminations	
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$ 1,040,207
Charges for services							1,509,542
Investment income	205	13	121	1,457	20,282		27,243
Other		11,440					56,744
Total revenues	<u>205</u>	<u>11,453</u>	<u>121</u>	<u>1,457</u>	<u>20,282</u>	<u>-</u>	<u>2,633,736</u>
Expenditures:							
Current:							
Community services		2,364					392,461
Public works	75,000						102,669
Public safety services							65,383
Education					4,896		2,058,677
Total expenditures	<u>75,000</u>	<u>2,364</u>	<u>-</u>	<u>-</u>	<u>4,896</u>	<u>-</u>	<u>2,619,190</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(74,795)</u>	<u>9,089</u>	<u>121</u>	<u>1,457</u>	<u>15,386</u>	<u>-</u>	<u>14,546</u>
Other Financing Sources (Uses):							
Transfers in			99,000			(1,457)	109,000
Transfers out		(15,301)		(1,457)		1,457	(30,933)
Bond premium			49,838				49,838
Net other financing sources (uses)	<u>-</u>	<u>(15,301)</u>	<u>148,838</u>	<u>(1,457)</u>	<u>-</u>	<u>-</u>	<u>127,905</u>
Net Change in Fund Balances	(74,795)	(6,212)	148,959	-	15,386	-	142,451
Fund Balances at Beginning of Year	<u>158,087</u>	<u>11,767</u>	<u>-</u>	<u>294,501</u>	<u>673,088</u>	<u>-</u>	<u>2,149,880</u>
Fund Balances at End of Year	<u>\$ 83,292</u>	<u>\$ 5,555</u>	<u>\$ 148,959</u>	<u>\$ 294,501</u>	<u>\$ 688,474</u>	<u>\$ -</u>	<u>\$ 2,292,331</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, 2015

	Utility Service Fund	Health Insurance	Total Internal Service Funds
Assets:			
Current:			
Cash and cash equivalents	\$ 657,290	\$	\$ 657,290
Receivables	56		56
Advance to plan administrator		2,133,335	2,133,335
Total Assets	<u>657,346</u>	<u>2,133,335</u>	<u>2,790,681</u>
Liabilities:			
Current:			
Accounts payable	69,047		69,047
Claims payable		411,400	411,400
Total Liabilities	<u>69,047</u>	<u>411,400</u>	<u>480,447</u>
Net Position:			
Unrestricted	<u>\$ 588,299</u>	<u>\$ 1,721,935</u>	<u>\$ 2,310,234</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, 2015

	<u>Utility Service Fund</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Operating Revenues:			
Charges for services	\$ 1,652,817	\$	\$ 1,652,817
Employer contributions		6,747,274	6,747,274
Total operating revenues	<u>1,652,817</u>	<u>6,747,274</u>	<u>8,400,091</u>
Operating Expenses:			
Utilities	1,285,973		1,285,973
Administration		29,866	29,866
Employee benefits		5,965,552	5,965,552
Total operating expenses	<u>1,285,973</u>	<u>5,995,418</u>	<u>7,281,391</u>
Operating Income	<u>366,844</u>	<u>751,856</u>	<u>1,118,700</u>
Nonoperating Revenue (Expenses):			
Other income	413,976		413,976
Investment income	497	3,941	4,438
Interest expense	(340,386)		(340,386)
Total nonoperating revenues	<u>74,087</u>	<u>3,941</u>	<u>78,028</u>
Transfer out	<u>(71,518)</u>		<u>(71,518)</u>
Change in Net Position	369,413	755,797	1,125,210
Net Position at Beginning of Year	<u>218,886</u>	<u>966,138</u>	<u>1,185,024</u>
Net Position at End of Year	<u>\$ 588,299</u>	<u>\$ 1,721,935</u>	<u>\$ 2,310,234</u>

TOWN OF TOLLAND, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Utility Service Fund</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities:			
Received from customers	\$ 1,781,199	\$ 6,747,274	\$ 8,528,473
Payments to suppliers	(1,284,051)		(1,284,051)
Payments to providers of benefits		(6,751,215)	(6,751,215)
Net cash provided by (used in) operating activities	<u>497,148</u>	<u>(3,941)</u>	<u>493,207</u>
Cash Flows from Capital and Related Financing Activities:			
Transfers out	(71,518)		(71,518)
Other income	413,976		413,976
Interest expense	(340,386)		(340,386)
Net cash provided by (used in) capital and related financing activities	<u>2,072</u>	<u>-</u>	<u>2,072</u>
Cash Flows from Investing Activities:			
Investment income	<u>497</u>	<u>3,941</u>	<u>4,438</u>
Net Increase in Cash and Cash Equivalents	499,717	-	499,717
Cash and Cash Equivalents at Beginning of Year	<u>157,573</u>	<u>-</u>	<u>157,573</u>
Cash and Cash Equivalents at End of Year	<u>\$ 657,290</u>	<u>\$ -</u>	<u>\$ 657,290</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 366,844	\$ 751,856	\$ 1,118,700
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Increase in accounts receivable	(56)		(56)
Decrease in due to/from other funds	128,438		128,438
Increase in advance to plan administrator		(759,597)	(759,597)
Increase in accounts payable	1,922		1,922
Increase in claims payable		3,800	3,800
Net Cash Provided by (Used in) Operating Activities	<u>\$ 497,148</u>	<u>\$ (3,941)</u>	<u>\$ 493,207</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.

D.A.R.E. - To accumulate donations to provide for the expenses of the D.A.R.E. program.

Land Preservation Fund - To account for maintenance of Town-owned open space.

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.

Barn Restoration - To account for donations received for painting of the barn on the Campbell farm.

TOWN OF TOLLAND, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance, July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2015</u>
Cash:				
Youth Center Reserve	\$ 43,832	\$ 31,471	\$ 40,364	\$ 34,939
Student Activity Fund	271,097	887,022	836,192	321,927
Senior Citizens Center	18,171	14,697	9,046	23,822
Tolland Public Library	49,339	10,855	3,230	56,964
Tolland Emergency Fund	44,964	14,945	14,181	45,728
D.A.R.E.	2,055			2,055
Land Preservation Fund	67		67	-
Education Fund	2,982	354,450	339,470	17,962
Board of Education - Section 125	16,927	26,978	28,614	15,291
Barn Restoration	29		29	-
Total Cash	<u>\$ 449,463</u>	<u>\$ 1,340,418</u>	<u>\$ 1,271,193</u>	<u>\$ 518,688</u>
Accounts Payable:				
Youth Center Reserve	\$ 43,832	\$ 31,471	\$ 40,364	\$ 34,939
Student Activity Fund	271,097	887,022	836,192	321,927
Senior Citizens Center	18,171	14,697	9,046	23,822
Tolland Public Library	49,339	10,855	3,230	56,964
Tolland Emergency Fund	44,964	14,945	14,181	45,728
D.A.R.E.	2,055			2,055
Land Preservation Fund	67		67	-
Education Fund	2,982	354,450	339,470	17,962
Board of Education - Section 125	16,927	26,978	28,614	15,291
Barn Restoration	29		29	-
Total Liabilities	<u>\$ 449,463</u>	<u>\$ 1,340,418</u>	<u>\$ 1,271,193</u>	<u>\$ 518,688</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	77-80
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	81-83
These schedules contain information to help the reader assess the Town's most significant local revenue source, property taxes.	
Debt Capacity	84-86
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	87-88
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	89-91
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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Net investment in capital assets	\$ 85,563,227	\$ 81,254,819	\$ 80,889,930	\$ 80,876,436	\$ 81,360,747	\$ 80,465,804	\$ 79,197,477	\$ 78,699,978	\$ 81,610,820	\$ 76,933,951
Restricted	313,063	313,138	313,063	313,063	313,063	313,063	313,063	313,063	313,063	313,063
Unrestricted	7,315,984	11,812,235	15,252,055	16,283,861	15,413,879	16,943,872	16,742,638	15,874,642	14,558,545	18,974,027
Total governmental activities net position	<u>93,192,274</u>	<u>93,380,192</u>	<u>96,455,048</u>	<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>
Business-Type Activities:										
Net investment in capital assets	8,248,910	9,369,285	9,134,790	9,245,889	9,294,194	10,069,400	9,859,251	9,609,679	9,313,922	9,007,412
Restricted			16,100				24,357	30,682	36,239	42,725
Unrestricted	521,909	590,528	618,074	291,738	254,954	247,954	268,614	303,016	379,213	489,150
Total business-type activities net position	<u>8,770,819</u>	<u>9,959,813</u>	<u>9,768,964</u>	<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>
Primary Government:										
Net investment in capital assets	93,812,137	90,624,104	90,024,720	90,122,325	90,654,941	90,535,204	89,056,728	88,309,657	90,924,742	85,941,363
Restricted	313,063	313,138	329,163	313,063	313,063	313,063	337,420	343,745	349,302	355,788
Unrestricted	7,837,893	12,402,763	15,870,129	16,575,599	15,668,833	17,191,826	17,011,252	16,177,658	14,937,758	19,463,177
Total Primary Government Net Position	<u>\$ 101,963,093</u>	<u>\$ 103,340,005</u>	<u>\$ 106,224,012</u>	<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>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
Administration	\$ 918,022	\$ 868,729	\$ 1,179,140	\$ 1,161,198	\$ 1,197,703	\$ 1,152,320	\$ 1,170,393	\$ 1,128,418	\$ 1,100,996	\$ 1,058,486
Planning and community development	492,192	510,916	535,217	494,459	437,811	459,598	505,425	478,632	355,708	448,187
Community services	1,771,273	1,917,465	2,039,569	2,436,453	2,241,062	1,756,255	2,125,783	1,307,822	1,993,470	1,724,251
Public works	5,849,385	6,533,106	6,691,773	7,627,881	7,327,481	7,843,996	8,260,781	9,389,371	7,775,750	8,579,435
Public safety services	1,531,744	1,689,193	1,875,910	2,018,465	1,476,762	1,967,888	2,021,332	2,068,676	2,147,154	2,170,204
Records and financial services	981,271	1,019,719	1,098,650	1,224,626	1,163,683	1,038,972	1,029,158	1,093,230	1,051,896	1,149,410
Board of Education	34,120,009	40,523,002	48,761,510	41,413,090	42,227,879	42,181,314	44,963,365	44,748,673	45,552,363	45,685,969
Interest expense	1,690,346	1,756,875	1,856,342	1,785,519	1,601,756	1,469,838	1,524,853	1,405,217	1,515,547	1,405,788
Total governmental activities expenses	47,354,242	54,819,005	64,038,111	58,161,691	57,674,137	57,870,181	61,601,090	61,620,039	61,492,884	62,221,730
Business-type activities:										
Water	244,777	315,437	378,020	361,474	376,151	388,310	368,586	376,706	386,035	342,447
Sewer	246,901	262,121	352,643	316,824	309,562	447,724	453,389	460,248	427,194	535,004
Total business-type activities expenses	491,678	577,558	730,663	678,298	685,713	836,034	821,975	836,954	813,229	877,451
Total primary government expenses	47,845,920	55,396,563	64,768,774	58,839,989	58,359,850	58,706,215	62,423,065	62,456,993	62,306,113	63,099,181
Program Revenues:										
Governmental activities:										
Charges for services:										
Administration	33,468							10,756		
Planning and community development	308,758	294,081	427,071	226,064	272,661	296,752	286,961	302,962	382,127	347,892
Community services	542,351	649,450	632,107	449,231	489,934	721,398	370,474	376,711	545,223	409,067
Public works	2,025,275	114,177	103,175	247,389	34,725	495,316	45,948	48,035	72,179	110,844
Public safety services	72,866	275,718	102,882	373,317	154,448	490,783	259,484	135,789	330,423	344,714
Records and financial services	362,998	121,541	108,141	94,691	97,487	117,532	122,561	125,682	104,747	103,599
Board of Education	740,835	1,136,808	1,245,530	1,206,132	1,299,973	1,235,591	1,180,834	1,236,580	1,227,663	1,087,047
Operating grants and contributions:										
Community services	108,972						23,516	54,620	38,258	55,909
Public works	150,197						713,000	243,507	200,290	338,861
Public safety services	2,000							26,500	11,500	39,527
Board of Education	12,364,381	12,142,535	24,146,095	15,560,242	15,676,752	15,742,394	16,506,865	16,733,049	17,510,095	16,687,608
Capital grants and contributions:										
Administration	159,320	571,630								16,586
Planning and community development			631,245	212,265	749,762	1,227,483	289,946	102,017	247,737	150,957
Community services	482,162			1,178,000			848,986	300,640	642,137	107,521
Public works	469,897						256,910	436,075	94,000	
Public safety services	216,825									
Board of Education	15,569,354	956,886	450,762	421,147	364,361	301,946	512,458		765,355	
Interest expense				102,793	67,925	59,612	51,637	43,731	35,860	28,023
Total governmental activities program revenues	33,609,659	16,262,826	27,847,008	20,071,271	19,208,028	20,688,807	21,469,580	20,176,654	22,207,594	19,828,155
Business-type activities:										
Charges for services:										
Water	221,176	231,115	222,541	227,024	199,308	225,340	303,144	243,188	257,244	313,502
Sewer	96,069	104,868	161,817	181,663	227,429	268,531	337,485	333,676	325,755	356,904
Capital grants and contributions:										
Water	77,000	107,440	114,345	10,066	159,047					
Sewer		139,169								
Total business-type activities program revenues	394,245	582,592	498,703	418,753	585,784	493,871	640,629	576,864	582,999	670,406
Total primary government program revenues	34,003,904	16,845,418	28,345,711	20,490,024	19,793,812	21,182,678	22,110,209	20,753,518	22,790,593	20,498,561
Net (expense) revenue:										
Governmental activities	(13,744,583)	(38,556,179)	(36,191,103)	(38,090,420)	(38,466,109)	(37,181,374)	(40,131,510)	(41,443,385)	(39,285,290)	(42,393,575)
Business-type activities	(97,433)	5,034	(231,960)	(259,545)	(99,929)	(342,163)	(181,346)	(260,090)	(230,230)	(207,045)
Total primary government net expense	(13,842,016)	(38,551,145)	(36,423,063)	(38,349,965)	(38,566,038)	(37,523,537)	(40,312,856)	(41,703,475)	(39,515,520)	(42,600,620)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	31,445,290	33,851,289	34,457,677	36,444,090	36,569,603	37,290,129	38,343,637	39,058,990	39,472,811	40,575,260
Unrestricted grants and contributions	347,899	1,355,620	1,442,362	1,273,901	574,468	771,764	357,609	529,845	267,332	371,281
Investment income	686,252	1,020,661	588,117	358,911	398,723	448,225	202,173	264,739	293,666	108,406
Loss on sale of asset										
Donated asset		884,165	2,198,752	555,592						
Miscellaneous	307,857	802,499	576,945	496,238	641,127	405,717	506,984	274,316	88,287	1,092,241
Transfers	(2,219,170)	(30,000)	(20,000)	(20,000)	(103,483)	(1,099,411)	(15,000)	(50,000)	(15,000)	(15,000)
Total governmental activities	30,568,128	37,884,234	39,243,853	39,108,732	38,080,438	37,816,424	39,395,403	40,077,890	40,107,096	42,132,188
Business-type activities:										
Investment income	17,987	26,960	21,111	8,208	3,064	819	1,490	1,245	1,227	1,958
Miscellaneous					4,903	9,863				
Donated asset										
Transfers	2,219,170	30,000	20,000	20,000	103,483	1,099,411	15,000	50,000	15,000	15,000
Total business-type activities	2,237,157	56,960	41,111	28,208	111,450	1,110,093	16,490	51,245	16,227	16,958
Total primary government	32,805,285	37,941,194	39,284,964	39,136,940	38,191,888	38,926,517	39,411,893	40,129,135	40,123,323	42,149,146
Change in Net Position:										
Governmental activities	16,823,545	(671,945)	3,052,750	1,018,312	(385,671)	635,050	(736,107)	(1,365,495)	821,806	(261,387)
Business-type activities	2,139,724	61,994	(190,849)	(231,337)	11,521	767,930	(164,856)	(208,845)	(214,003)	(190,087)
Total Primary Government	\$ 18,963,269	\$ (609,951)	\$ 2,861,901	\$ 786,975	\$ (374,150)	\$ 1,402,980	\$ (900,963)	\$ (1,574,340)	\$ 607,803	\$ (451,474)

TABLE 3

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 1,083,083	\$ 1,117,199	\$ 1,484,504	\$ 1,085,203	\$ 1,176,551	\$	\$	\$	\$	
Unreserved	4,353,581	4,894,670	5,175,165	5,855,314	6,119,876					
Nonspendable										
Committed										75,249
Restricted							140,862	170,722	59,680	
Assigned						1,601,935	1,309,480	1,086,458	1,281,734	1,537,737
Unassigned						6,209,332	6,588,695	6,649,387	7,053,690	6,853,234
Total General Fund	<u>\$ 5,436,664</u>	<u>\$ 6,011,869</u>	<u>\$ 6,659,669</u>	<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>
All Other Governmental Funds:										
Reserved	\$ 6,886,690	\$ 235,642	\$ 642,654	\$ 794,358	\$ 329,059	\$	\$	\$	\$	
Unreserved, reported in:										
Special Revenue Funds	2,329,034	2,349,434	2,690,894	2,932,590	2,836,172					
Capital Projects Funds	(9,734,439)	(3,706,449)	(483,411)	894,010	250,097					
Permanent Funds	503,184	574,396	523,715	442,255	781,822					
Nonspendable						350,896	349,238	354,191	353,280	350,288
Restricted						264,177	166,425	89,708	4,127,934	110,228
Committed						8,336,702	7,126,927	5,685,035	3,100,145	7,017,336
Assigned										
Unassigned							(2,459)		(4,173)	
Total All Other Governmental Funds	<u>\$ (15,531)</u>	<u>\$ (546,977)</u>	<u>\$ 3,373,852</u>	<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>

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

TABLE 4

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Property taxes	\$ 31,414,813	\$ 33,785,185	\$ 34,338,609	\$ 36,412,114	\$ 36,529,867	\$ 37,233,490	\$ 38,322,762	\$ 39,100,634	\$ 39,438,201	\$ 40,552,478
Intergovernmental	30,159,758	15,315,428	26,828,386	18,947,374	17,210,059	17,912,905	19,468,002	18,414,199	20,026,194	18,020,668
Charges for services	2,767,669	2,622,418	2,765,424	2,573,103	2,575,458	2,568,392	2,309,929	2,414,067	2,520,931	2,378,727
Investment income	682,401	1,020,661	588,117	358,912	398,723	448,225	202,173	264,739	289,584	108,406
Net increase in fair value of investment	3,851	7,277								
Other revenues	336,334	810,222	576,945	592,386	761,405	405,717	528,023	552,436	268,990	1,348,950
Total revenues	65,364,826	53,561,191	65,097,481	58,883,889	57,475,512	58,568,729	60,830,889	60,746,075	62,543,900	62,409,229
Expenditures:										
Administration	1,997,846	2,092,235	2,182,068	2,317,706	2,406,461	2,388,643	2,456,691	2,585,864	2,587,899	2,674,620
Planning and community development	385,289	390,443	430,956	370,967	353,395	357,485	353,474	369,838	328,045	360,179
Community services	1,528,215	1,647,115	1,688,501	2,169,528	1,976,783	1,482,441	1,779,801	1,258,941	1,477,915	1,383,962
Public works	3,633,670	4,188,154	4,413,376	4,766,504	4,758,619	4,588,172	4,672,022	5,079,375	4,423,762	4,506,859
Public safety services	1,261,595	1,353,132	1,406,752	1,460,169	942,775	1,402,161	1,530,271	1,623,645	1,667,369	1,812,677
Records and financial services	806,604	831,021	907,091	1,016,583	958,041	836,717	803,047	887,048	860,910	935,031
Contingency and other	43,979	41,193	42,154	41,734	48,783	106,293	681,042	39,993	144,636	144,844
Board of Education	32,882,552	34,667,352	46,345,151	39,122,338	39,905,194	39,894,224	42,059,147	42,599,914	43,424,363	43,904,035
Capital outlay	35,575,549	13,550,025	3,064,323	2,885,426	1,808,716	3,358,775	4,807,253	4,575,746	10,319,486	7,526,243
Debt service:										
Principal	2,866,629	2,273,331	2,460,067	2,961,839	3,118,640	3,300,490	3,445,310	3,402,386	3,383,503	3,241,654
Interest	1,497,019	1,670,476	1,845,519	1,823,321	1,700,016	1,572,380	1,572,380	1,572,380	1,572,380	1,572,380
Total expenditures	82,478,947	62,704,477	64,785,958	58,936,115	57,977,423	59,287,781	64,160,438	63,995,130	70,190,268	68,062,484
Excess of revenues over (under) expenditures	(17,114,121)	(9,143,286)	311,523	(52,226)	(501,911)	(719,052)	(3,329,549)	(3,249,055)	(7,646,368)	(5,653,255)
Other financing sources (uses):										
Proceeds from capital lease	424,486					3,600,000				
Bond issue proceeds	17,215,000	9,015,000	4,255,000	2,010,000		2,525,000	2,675,000	1,460,000	9,598,157	5,410,000
Bond anticipation notes proceeds										
Issuance of refunding bonds							2,235,000	8,025,000		9,635,000
Payments to escrow agents	(6,240,441)						(2,345,417)	(9,122,074)		(10,592,003)
Bond premium	221,442	68,882		32,435			191,275	134,338		49,838
Premium on refunding bond issuance							153,420	1,158,124		1,065,684
Transfers in	593,091	1,658,825	980,003	1,637,398	834,944	884,920	630,810	603,353	510,704	297,907
Transfers out	(650,438)	(1,658,825)	(1,000,003)	(1,657,398)	(843,186)	(936,552)	(645,810)	(653,353)	(525,704)	(241,389)
Total other financing sources (uses)	11,563,140	9,083,882	4,235,000	2,022,435	(8,242)	6,073,368	2,894,278	1,605,388	9,583,157	5,625,037
Net change in fund balances	(5,550,981)	(59,404)	4,546,523	1,970,209	(510,153)	5,354,316	(435,271)	(1,643,667)	1,936,789	(28,218)
Fund balances at beginning of year	11,105,277 *	5,554,296	5,486,998 *	10,033,521	12,003,730	11,493,577	16,114,439 *	15,679,168 *	14,035,501	15,972,290
Fund Balances at End of Year	\$ 5,554,296	\$ 5,494,892	\$ 10,033,521	\$ 12,003,730	\$ 11,493,577	\$ 16,847,893	\$ 15,679,168	\$ 14,035,501	\$ 15,972,290	\$ 15,944,072
Debt Service as a Percentage of Noncapital Expenditures	9.6%	8.1%	7.7%	9.2%	9.3%	9.2%	8.7%	8.7%	7.8%	8.3%

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
2006	1,012,933,746	113,292,659	29,903,330	1,156,129,735	27.22	1,651,613,907	70.00%
2007	1,040,370,770	121,269,537	32,969,806	1,194,610,113	28.39	1,925,548,216	62.04%
2008	1,060,000,490	122,059,235	33,597,853	1,215,657,578	28.39	1,959,789,744	62.03%
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%

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	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Capitol Ventures	\$ 12,335,300	1	0.95%	\$ 6,691,400	2	0.59%
Connecticut Light and Power	11,945,730	2	0.92%	6,305,846	3	0.55%
MJB Realty (includes settlement agreement)	6,246,000	3	0.48%			
Silva Real Estate/Dari Farms	6,113,460	4	0.47%	4,156,000	5	0.36%
Gerber Scientific, Inc.	5,479,940	5	0.42%	8,401,050	8	0.29%
Summers and Summers Realty	5,615,700	6	0.43%	3,364,400	1	0.74%
Ivy Woods LLC	3,964,000	7	0.30%			
Norwegian Woods, Inc.	3,741,000	8	0.29%	3,749,350	6	0.33%
Carriage Crossing LLC	3,730,900	9	0.29%			
Tomlen	2,881,700	10	0.22%			
NERAC				5,109,989	4	0.45%
Dari Farms				3,456,010	7	0.30%
Interet Properties, Inc.				3,319,100	9	0.29%
Connecticut Water Company				2,838,726	10	0.25%
Total	\$ 62,053,730		4.77%	\$ 47,391,871		4.15%

Note: Based on net taxable grand list, October 1, 2013 and October 1, 2004.

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
2006	27.22	31,275,379	31,100,571	99.44%	129,604	31,230,175	99.86%
2007	28.39	33,675,313	33,433,238	99.28%	235,189	33,668,427	99.98%
2008	28.39	34,273,077	34,008,516	99.23%	199,043	34,207,559	99.81%
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	99.00%		40,094,577	99.07%

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							
2006	34,332,276	n/a	34,332,276	3.0%	2,368	1,245,879	372,655	35,950,810	8.29%	2,479
2007	41,244,765	n/a	41,244,765	2.1%	2,815	1,127,548	316,165	42,688,478	9.75%	2,914
2008	43,143,372	n/a	43,143,372	3.5%	2,935	1,007,480	257,537	44,408,389	10.11%	3,021
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

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, 2015

Total Tax Collections (Including Interest and Lien Fees)
for the Year Ended June 30, 2015 \$ 40,511,008

Reimbursement for Revenue Loss:

Tax relief for elderly freeze

Base for Debt Limitation Computation \$ 40,511,008

	<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	\$ 91,149,768	\$	\$	\$	\$
4 1/2 times base		182,299,536			
3 3/4 times base			151,916,280		
3 1/4 times base				131,660,776	
3 times base					121,533,024
	<u>91,149,768</u>	<u>182,299,536</u>	<u>151,916,280</u>	<u>131,660,776</u>	<u>121,533,024</u>
Total debt limitation	<u>91,149,768</u>	<u>182,299,536</u>	<u>151,916,280</u>	<u>131,660,776</u>	<u>121,533,024</u>
Indebtedness:					
Bonds payable	6,869,815	20,827,185	1,593,000		
Bond authorized but unissued	5,680,100				
Less: School building grants receivable		(832,955)			
	<u>12,549,915</u>	<u>19,994,230</u>	<u>1,593,000</u>	<u>-</u>	<u>-</u>
Net Indebtedness (1) (2)	<u>12,549,915</u>	<u>19,994,230</u>	<u>1,593,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 78,599,853</u>	<u>\$ 162,305,306</u>	<u>\$ 150,323,280</u>	<u>\$ 131,660,776</u>	<u>\$ 121,533,024</u>

(1) The total of the above net indebtedness amounts to: \$ 34,137,145

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 283,577,056

(2) There is no overlapping debt.

TABLE 10

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 219,545,501	\$ 235,696,293	\$ 240,090,690	\$ 253,980,272	\$ 255,521,231	\$ 260,406,559	\$ 267,626,436	\$ 273,336,217	\$ 276,365,677	283,577,056
Total net debt applicable to limit	<u>80,627,288</u>	<u>53,637,510</u>	<u>71,644,562</u>	<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>
Legal Debt Margin	<u>\$ 138,918,213</u>	<u>\$ 182,058,783</u>	<u>\$ 168,446,128</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	36.7%	22.8%	29.8%	27.2%	17.3%	16.7%	15.0%	13.6%	13.5%	12.0%

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 2015 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 (3)	Personal Income	Per Capita Personal Income (1)	Median Age (4)	School Enrollment	Unemployment Rate (2)
2006	14,500	433,434,000	29,892	37.4	3,181	3.3%
2007	14,650	437,917,800	29,892	37.4	3,142	3.1%
2008	14,699	439,382,508	29,892	40.0	3,131	4.2%
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%

Sources:

- (1) U.S. Department of Commerce, Bureau of Census, 2010 Census
- (2) State of Connecticut, Department of Labor, Labor Market Information
- (3) Connecticut Department of Public Health (estimated 2011)
- (4) Connecticut Economic Resource Center (CERC) Town Profile (2013)

TABLE 12

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

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Town of Tolland (1)	498	1	6.0%	510	2	6.1%
Gerber Garment Technologies	300	2	3.6%	500	1	5.4%
Woodlake at Tolland	275	3	3.3%	200	4	2.0%
Big Y	210	4	2.5%	200	4	N/A
CNC Software	154	5	1.9%	N/A	N/A	N/A
Dari Farms	128	6	1.5%	170	5	2.3%
Star Hill Athletic/ Standard Register	75	7	0.9%	160	6	1.5%
NERAC, Inc.	40	8	0.5%	240	3	2.4%
Northeast Utilities	62	9	0.7%	N/A	N/A	N/A
Soldream, Inc.	60	10	0.7%	N/A	N/A	N/A
	<u>1,802</u>					

Notes:

(1): Full-time equivalents

TABLE 13

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration	4	4	4	4	4	4	4	4	4	4
Planning and community development	7	7	7	7	5	5	5	5	4	4
Community services	20	20	20	17	18	18	18	18	16	17
Public works	34	34	34	35	34	33	33	32	31	32
Public safety services	9	9	10	11	12	12	12	13	13	13
Records and financial services	16	16	15	14	14	14	14	14	14	14
Total	90	90	90	88	87	86	86	86	82	84

**Based on head count

TABLE 14

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Planning and community development:										
Residential permit inspections	66	40	50	20	9	6	8	7	13	17
Commercial permit inspections	24	23	20	25	12	22	11	34	21	22
Subdivision lots approved (P&Z Comm)	12	2	5	2	8	2	3			2
COs issued (P&Z Services)***	283	277	350	700	131	146	212	28	195	15
Elderly services:										
Senior center attendance	9,750	9,500	7,239	8,000	8,568	7,792	8,029	8,405	8,511	8,455
Library:										
Total circulation	148,380	177,798	138,265	148,891	144,512	136,776	112,356	119,949	122,365	125,480
Attendance at library	108,872	87,477	83,698	94,723	97,219	91,294	70,000	77,231	77,630	75,996
Recreation:										
Youth programs and sports participation	3,009	2,991	3,108	3,221	2,553	2,243	2,213	2,111	2,316	2,517
Adult programs and sports participation	1,216	1,213	1,281	1,333	1,576	1,397	1,061	965	970	997
Refuse and recycling:										
Tons of refuse co-generated	6,554	6,864	6,864	5,970	4,595	4,557	4,806	4,348	4,256	4,325
Tons of single stream recycling	2,062	2,082	2,187	1,530	1,824	1,840	1,737	1,772	1,730	1,753
Public safety:										
Ambulance medical calls	815	823	868	954	1,031	1,095	1,183	1,102	1,135	1,320
Ambulance non-emergency calls	2,121	2,142	2,324	2,221	2,253	2,343	2,534	2,610	2,120	2,627
Fire calls	410	414	432	427	476	264	540	505	517	525
Fire medical calls*	815	823	868	954	1,031	1,095	1,183	N/A	N/A	N/A
Fire non-emergency calls	2,121	2,142	2,234	2,221	2,253	2,343	2,534	2,610	2,120	2,627
Hazardous materials	64	65	66	43	43	44	51	53	50	46
Other calls / service calls**								283	304	298
Vehicle Accidents										131
Law enforcement:										
Criminal investigations	502	450	357	450	375	214	169	398	396	458
Motor vehicle accident investigations	350	340	279	350	286	252	255	234	251	316
Registrar of voters:										
Total registered voters	9,400	9,400	9,278	10,000	9,661	9,300	9,186	9,419	9,100	9,168
Revenue services:										
Total taxes collected	\$ 31,229,206	\$ 33,665,945	\$ 34,183,960	\$ 36,079,493	\$ 36,045,688	\$ 36,706,615	\$ 37,641,605	\$ 38,505,984	\$ 3,885,680	\$ 40,094,577

* no longer used

** new in 2013

*** only for new houses starting in 2015

TABLE 15

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
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	5	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	10	16	16	16	16	16	16	16	16	16
Water:										
Water mains (Municipal) (miles)	66,591	67,560	66,591	66,991	66,991	66,991	66,991	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)	79	84	85	86	86	86	86	86	86	86
Fire hydrants (Private)	12	12	12	14	15	15	15	15	15	15
Wastewater:										
Sewer line (feet)	41,532	41,532	41,532	41,532	46,432	46,432	46,432	46,432	46,432	46,432
Highway:										
Paved miles	119.81	120.25	122.79	123.11	123.11	123.50	123.60	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