

**TOWN OF TOLLAND,  
CONNECTICUT**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016**

**TOWN OF TOLLAND, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Prepared by:  
The Finance Department

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

**TOWN OF TOLLAND, CONNECTICUT**  
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# **Introductory Section**



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

November 22, 2016

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, 2016.

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, 2016 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, 2016 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

### **Profile of the Town of Tolland**

Tolland is a residential community of 40.4 square miles and a population of 14,971 that retains impressive remnants of its rural past and substantial areas of protected open space. Expanding commercial and industrial resources are notably bolstering the economic base of the Town but in a way consistent with planning designed to preserve the community's character. Tolland was ranked 34<sup>th</sup> 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. 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. 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.

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 18<sup>th</sup> and 19<sup>th</sup> 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 92% of its dwellings are owner-occupied and 91% are single-family homes. Land subdivision activity and housing starts have stalled over the last five years due to the economic downturn and changes in housing needs and preferences. Tolland is starting to see increased interest in the commercial development and the multi-family sector.

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, Building, and Public Health. The Department staff 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, Fire Marshal and Animal Control Services.

- Public Works: This division includes the departments of Highway Maintenance, Parks and Facilities and Solid Waste and Recycling. Engineering services are outsourced.
- 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, engineering services, sewer capacity and certain social service functions such as health and sanitary services through the Eastern Highland Health District. The Town is also part of a six Town regional health insurance program that allows for benefits to be administered on a self-insured basis. Information Technology Services are provided through an inter-town cooperative effort to share IT services with the Towns of South Windsor and Coventry.

The Town of Tolland provides water and sewer services to a small sector of the community. Approximately 503 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 in 2011.

### **Budget Process & Budgetary Control**

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

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

### **Local Economy**

Tolland has taken a balanced approach to development with a strong emphasis on land preservation and a proactive approach to encouraging commercial growth. Key focus areas for growth include the Business Park, Tolland Village Area, Technology Zone and the Gateway Design District.

With the assistance of State grants, Tolland has been able to provide infrastructure to support business development in the Business Park, including Dari Farms facility, NESTEEL, Wilson Woodworking, and others. The most recent large-scale development in the Business Park is Star Hill Family Athletic Center, a 145,000 square foot commercial athletic facility. Star Hill offers residents 100,000 square feet of athletic fields, a swimming pool, fitness equipment, locker rooms, meeting rooms and provides space for medical offices.

The Town's Gateway Design District is located immediately south of the main access point to Tolland (I-84 Exit 68) along the primary travel corridor to the University of Connecticut. The successful 133,000-square-foot Fieldstone Commons shopping plaza, anchored by a Big Y Supermarket, is located here. A number of other businesses that serve Tolland residents and the region include medical offices, a bank, smaller retail and personal services. Based upon UConn's biotech initiatives, Tolland created a new Technology Campus Zone along Route 195. This zone is intended to capture biotech research laboratories and associated office space that UConn's investments should spur. Immediately north of the Exit 68 interchange is the Tolland Village Area zone. This zone allows a mixture of retail, restaurants, offices, housing, and a hotel. The town has had ongoing discussions about potential development on both sides of Route 195 in this zone. Both the Tolland Village Area and Technology Campus Zone were the results of a public process where land use commissioners and the public developed a vision for the areas and then adopted zoning regulations to achieve that vision.

Tolland has been working with a green energy consultant to develop two 1.3 megawatt solar photovoltaic systems on town properties, with one to be located in the Business Park. These projects will not only provide lease revenue to the town, but also lower-cost energy for a number of town buildings through "virtual net metering."

The Town has made investments in infrastructure to support business development in other parts of town, in addition to the Business Park. The town extended sewers from Old Post Road through the Gateway Design District to the new High School. More recently, in 2010, the sewer was further extended down Route 195 to the Technology Campus Zone. The town has retained the services of a consultant to analyze possible upgrades to improve the sewer system.

The net taxable grand list of 10/1/2015 was \$1.27 Billion, representing an increase of .78% from 2014. The increase in the taxable grand list is the strongest growth in the tax base since 2011 and appears to signal an improving economy. Individually the real estate values increased by over \$2.6 million or .24%, personal property values increased by 3.67% and the motor vehicle list increased by 4.99%. Although slow, the town continues to see some residential growth, with new single-family homes and the continued build-out of an active adult community and other previously approved subdivisions. An 87-unit town house development was approved in 2014 and expected to be constructed in the near future. Residents continue to invest in the existing housing stock with additions, new pools, and other property improvements.

Tolland remains attractive to business development with a median income (\$103,869 in 2013) that is 50% greater than the state's median income; a highly educated workforce (44% have a bachelor's degree or higher), and low unemployment rate (3.9% in July, 2016 vs. the State of CT 5.6% for the same period).

## **Long-Term Financial Planning**

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

## **Financial Policies and Practices**

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

In August, 2015 the Town revised the delinquent tax collection policy to include abandoned single parcel properties that are only one installment delinquent regardless of tax amount due to be reviewed for the tax sale process. It also increased the amount of reviews of seriously delinquent accounts to go to tax sale twice per year.

**Fund Reserves** - Besides having a goal to maintain a General Fund balance of 8% to 17% of General Fund operating expenditures the Town has created several other reserve funds to address various emergency or other stabilization needs of the Town. These funds include a Debt Service fund, Capital Non-Recurring fund, an Emergency Storm fund, an Education Reserve fund and a Utility Internal Service fund.

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

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

## **Major Initiatives**

Construction is well underway by the State to improve the Route 195 corridor through a key commercial area in Tolland. Tolland also has been working closely with the State to refine the design for the Tolland Green Road Improvements. This project, the subject of planning studies for many years, will calm traffic and realign intersections. Construction is anticipated to begin in 2017.

Tolland is participating in a transportation study, called Eastern Gateways Study, to further study transportation issues and options along the Route 195 between I-84 and the Coventry town line. The study involves Bolton, Coventry, Mansfield and UConn in addition to Tolland. The CT Department of Transportation also plans to expand CTfastrak service to this region. Service is expected to connect the Tolland to UConn via bus.

The Town is in the process of expanding the library into the former gymnasium in the Hicks Memorial Building. This expansion was approved by the voters and will provide additional programming space for the library to meet future demand for service.

The Town has worked closely with the Access Agency (a non-profit housing provider) and the Board of Education to advance plans to repurpose the closed Parker School to 37 units of elderly housing. The Access Agency received a \$5 million loan for construction of the housing units. This project, which is expected to break ground this winter, will help meet Tolland's great need for housing for our aging population.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Tolland for its Comprehensive Annual Financial Report for the year ended June 30, 2015. This was the twenty fourth consecutive year that the Town of Tolland has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

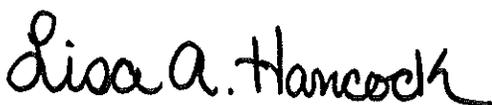
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, the Town received the Distinguished Budget Presentation Award for the 2015-2016 Budget from the GFOA. The Town has received this highest form of recognition in governmental budgeting for seven consecutive years. We have applied for the 2016-17 award and anticipate being eligible for it.

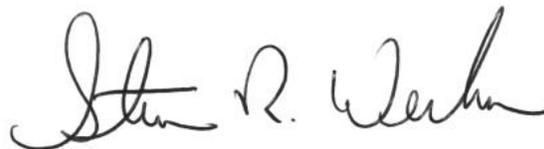
The Town is pleased to announce that the Town's bond rating with Standard and Poor's was reaffirmed at their highest grading level of AAA. This places the Town in a category with only a few other Towns in the State such as West Hartford, Glastonbury, Ridgefield, Greenwich, Avon and Farmington.

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, CPFO  
Director of Finance and Records



Steven R. Werbner  
Town Manager



Government Finance Officers Association

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

Presented to

**Town of Tolland  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Town of Tolland  
Connecticut**

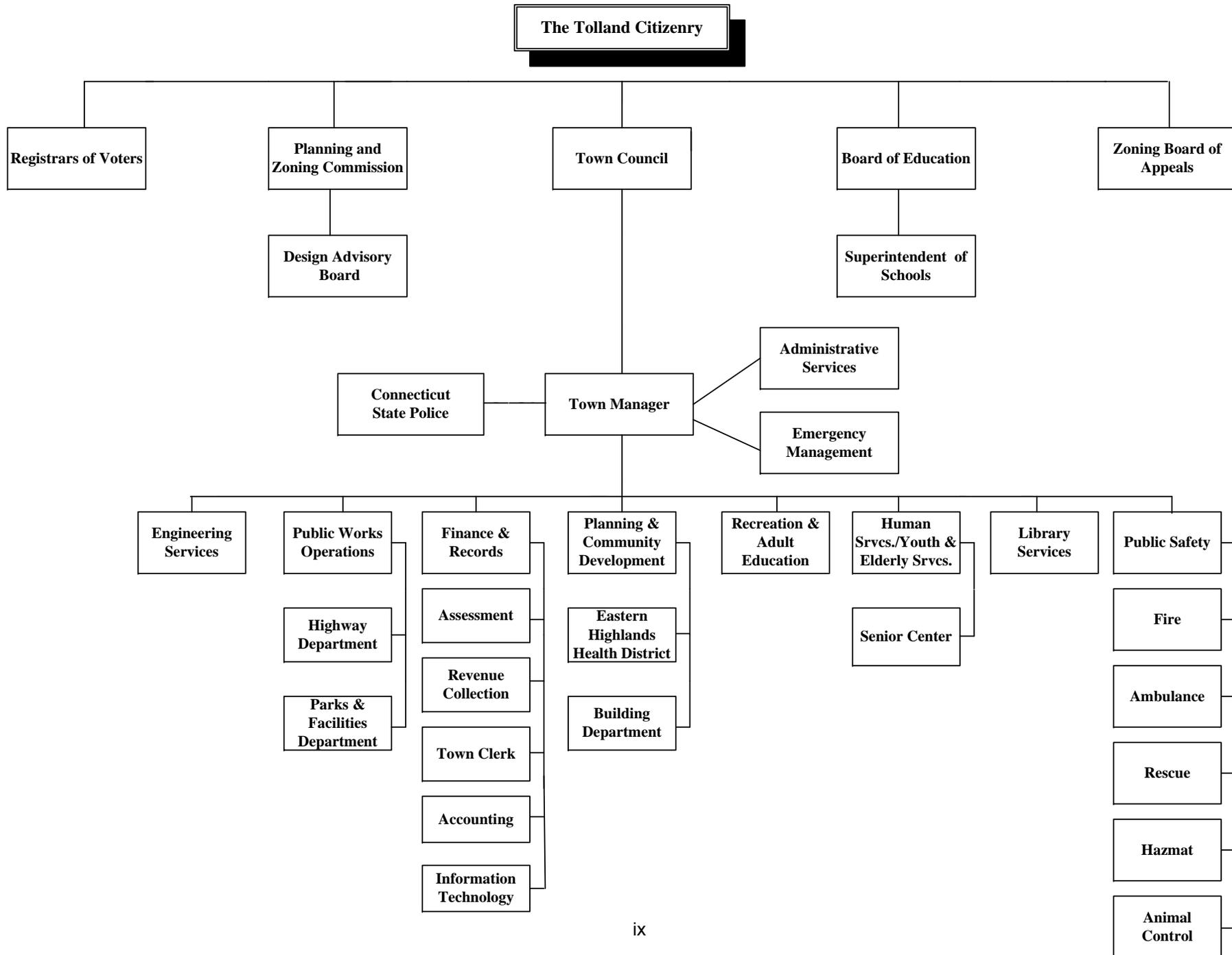
For the Fiscal Year Beginning

**July 1, 2015**

Executive Director

# Town of Tolland

## Organization Chart



**TOWN OF TOLLAND, CONNECTICUT**

**LIST OF PRINCIPAL OFFICIALS**

**JUNE 30, 2016**

**Town Council**

Rick Field, Chairperson  
William Eccles, Vice Chairperson  
David Skoczulek  
Joseph F. Sce III  
Kristen Morgan  
Paul Krasusky  
Robert Green

**Board of Education**

Sam Adlerstein, Chairperson  
Patrick Doyle, Vice Chairperson  
Karen Moran  
Kathy Gorsky  
Collen Yudichak  
Robert Pagoni  
Susan Seaver  
Michelle Harrold  
Jeffrey Schroeder

## **Financial Section**

# BlumShapiro

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, 2016, and the related notes to the financial statements, which collectively comprise the Town of Tolland, Connecticut's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tolland, Connecticut, as of June 30, 2016 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 3 to the financial statements, during the fiscal year ended June 30, 2016, the Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17, and the schedule of the Town's Proportionate Share of the Net Pension Liability, Teachers Retirement Plan on page 59 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 November 22, 2016 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  
November 22, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016. 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 \$104,118,492 (net position). Of this amount, \$18,668,023 (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 \$1,641,836. Governmental and business-type activity expenses were \$66,066,883 while revenues were \$64,425,047.
- The total cost of all Town services for the fiscal year 2016 was \$66,066,883; of which \$65,270,003 was for governmental services and \$796,880 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 \$15,243,235, a decrease of \$700,837 from the prior fiscal year. Of the total fund balance as of June 30, 2016, \$7,113,653 represents the combined unassigned fund balance in the general fund, special revenue funds, capital projects funds and permanent funds.
- At the end of the current fiscal year, the total fund balance on a GAAP basis for the general fund alone was \$8,942,439 an increase of \$476,219 over the prior fiscal year. Unassigned fund balance for the general fund was \$7,113,653 or 12% 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 \$8,942,439 or 15.1% of general fund expenditures and transfers out. There was no restricted fund balance in general fund.

### **Overview of the Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are *not* reflected in the government-wide financial 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 30 of this report.

The combining statements and supplemental schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found beginning on page 59 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 \$104,118,492 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Tolland's net position \$85,087,581 (81.7%) 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, 2016 AND 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 24,177,214	\$ 25,293,315	\$ 757,100	\$ 596,260	\$ 24,934,314	\$ 25,889,575
Capital assets	123,555,608	125,126,411	8,705,538	9,007,412	132,261,146	134,133,823
Total assets	<u>147,732,822</u>	<u>150,419,726</u>	<u>9,462,638</u>	<u>9,603,672</u>	<u>157,195,460</u>	<u>160,023,398</u>
Deferred charge on refunding	1,333,144	1,438,100			1,333,144	1,438,100
Current liabilities	6,578,200	2,381,176	70,022	64,385	6,648,222	2,445,561
Noncurrent liabilities	45,999,608	51,263,789			45,999,608	51,263,789
Total liabilities	<u>52,577,808</u>	<u>53,644,965</u>	<u>70,022</u>	<u>64,385</u>	<u>52,647,830</u>	<u>53,709,350</u>
Advance property tax collections	1,762,282	1,991,820			1,762,282	1,991,820
Net investment in capital assets	76,382,043	76,933,951	8,705,538	9,007,412	85,087,581	85,941,363
Restricted	313,063	313,063	49,825	42,725	362,888	355,788
Unrestricted	<u>18,030,770</u>	<u>18,974,027</u>	<u>637,253</u>	<u>489,150</u>	<u>18,668,023</u>	<u>19,463,177</u>
Total Net Position	<u>\$ 94,725,876</u>	<u>\$ 96,221,041</u>	<u>\$ 9,392,616</u>	<u>\$ 9,539,287</u>	<u>\$ 104,118,492</u>	<u>\$ 105,760,328</u>

An additional portion of the Town of Tolland's total net position, .35% or \$362,888, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$18,668,023 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 \$7,100 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, 2016 AND 2015**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 2,410,026	\$ 2,403,163	\$ 629,930	\$ 670,406	\$ 3,039,956	\$ 3,073,569
Operating grants and contributions	17,379,237	16,783,044			17,379,237	16,783,044
Capital grants and contributions	1,294,653	641,948			1,294,653	641,948
General revenues:						
Property taxes	42,207,337	40,575,260			42,207,337	40,575,260
Grants and contributions not restricted to specific programs	318,864	371,281			318,864	371,281
Investment income	102,253	108,406	5,279	1,958	107,532	110,364
Miscellaneous	77,468	1,092,241			77,468	1,092,241
Total revenues	<u>63,789,838</u>	<u>61,975,343</u>	<u>635,209</u>	<u>672,364</u>	<u>64,425,047</u>	<u>62,647,707</u>
Expenses:						
Administration	1,600,623	1,058,486			1,600,623	1,058,486
Planning and community development	438,009	448,187			438,009	448,187
Community services	1,687,426	1,724,251			1,687,426	1,724,251
Public works	9,763,091	8,579,435			9,763,091	8,579,435
Public safety services	2,445,574	2,170,204			2,445,574	2,170,204
Records and financial services	875,914	1,149,410			875,914	1,149,410
Board of education	47,211,938	45,685,969			47,211,938	45,685,969
Interest expense	1,247,428	1,405,788			1,247,428	1,405,788
Sewer Fund			472,864	535,004	472,864	535,004
Water Fund			324,016	342,447	324,016	342,447
Total expenses	<u>65,270,003</u>	<u>62,221,730</u>	<u>796,880</u>	<u>877,451</u>	<u>66,066,883</u>	<u>63,099,181</u>
Excess (deficiency) before transfers	(1,480,165)	(246,387)	(161,671)	(205,087)	(1,641,836)	(451,474)
Transfers	(15,000)	(15,000)	15,000	15,000	-	-
Change in net position	<u>(1,495,165)</u>	<u>(261,387)</u>	<u>(146,671)</u>	<u>(190,087)</u>	<u>(1,641,836)</u>	<u>(451,474)</u>
Net Position - July 1	<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>
Net Position - June 30	<u>\$ 94,725,876</u>	<u>\$ 96,221,041</u>	<u>\$ 9,392,616</u>	<u>\$ 9,539,287</u>	<u>\$ 104,118,492</u>	<u>\$ 105,760,328</u>

The Town of Tolland's overall net position decreased \$1,641,836 from the prior fiscal year. The major changes in revenues and expenses 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 \$1,495,165 and business-type activities reduced it by \$146,671.

## Governmental Activities

For governmental activities, approximately 66.2% of the revenues were derived from property taxes, followed by 27.2% 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 65.5% and other intergovernmental revenues were 28.7% of total revenues.

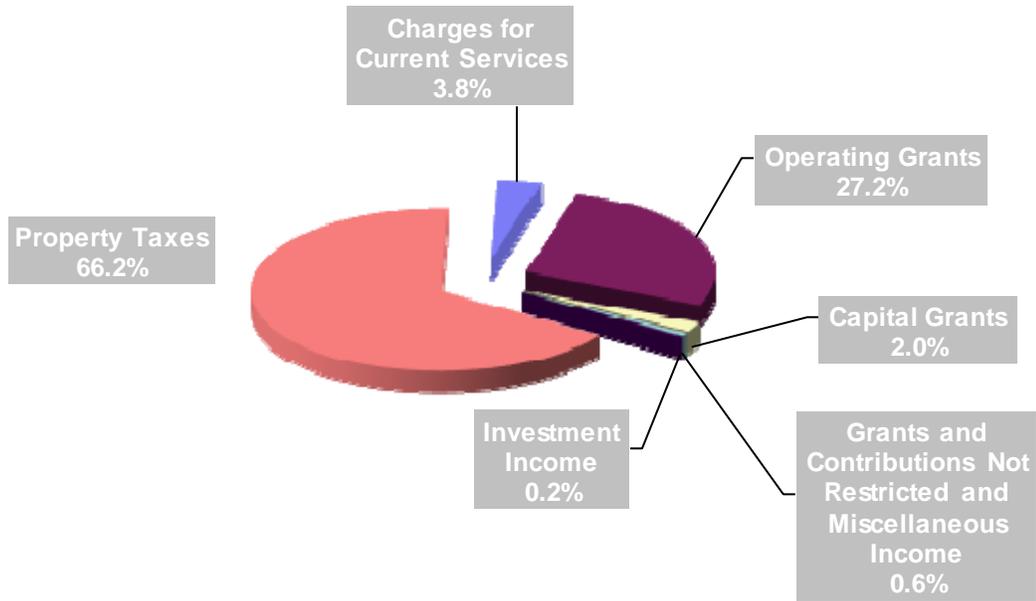
Major revenue factors included:

1. *Property tax revenues* recorded during the fiscal year 2016 reflect a 2.31 mill increase in the mill rate for the current levy and the impact of a 3.51% decline in the grand list. There was \$1,632,077 more in property tax revenues collected over the previous year.
2. *Charges for services* were \$6,863 slightly higher than the prior year due to deferred revenue recognition for government-wide in the prior year.
3. *Operating grants* reflected an increase of \$596,194 mainly due to an increase of \$531,639 in the State Teacher Retirement Revenue.
4. *Capital grants and contributions* reflected an increase of \$652,705 over the previous year due to Open space grant reimbursement of \$395,200 and the nonprofit's donation of Adam's Adventure Playground in the value of \$302,098.
5. *Miscellaneous General Revenues* decreased by \$1,014,773 over the previous year mainly due to receipts received in 2015 a loan and utility project rebates for the Honeywell Energy Project.

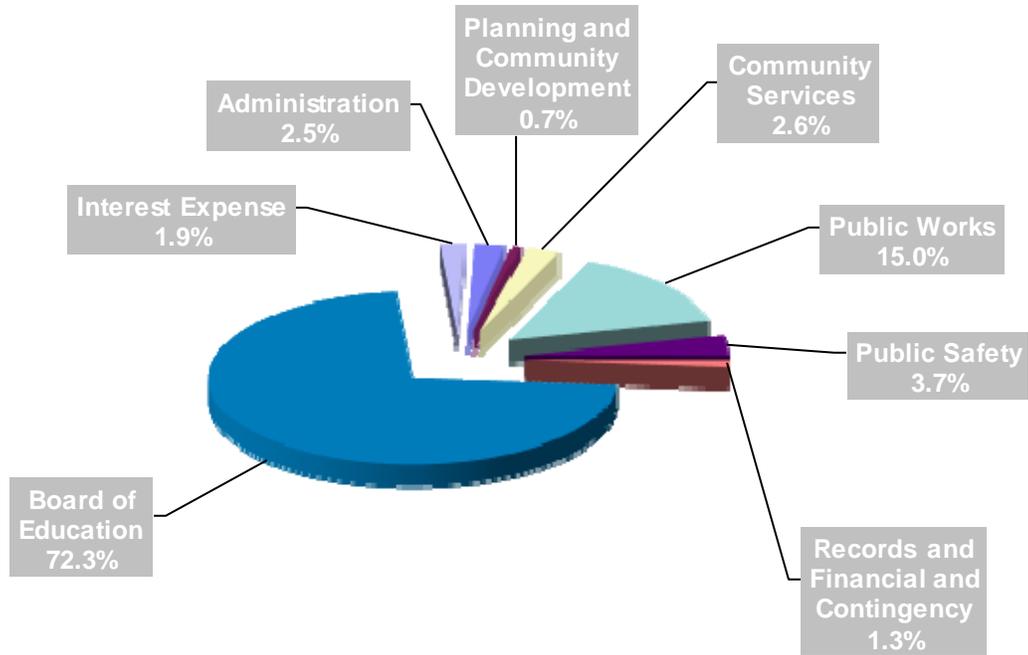
Overall governmental revenue increased by \$1,814,497 due to an increase in program revenues of \$1,255,761 and an increase of property taxes of \$1,632,077 offset by a decrease in miscellaneous income of \$1,014,773.

## REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

The largest component of revenue, which is from property taxes, increased to 66.2% of total revenue in the current year as compared to 65.5% in the prior year.



## EXPENSES BY SOURCE - GOVERNMENTAL ACTIVITIES



For governmental activities, 72.3% of the Town's expenses relate to education, 15% to public works, 3.7% to public safety, 2.6% to community services, 1.9% to interest payments on long-term debt, 2.5% to administration, 1.3% to records & financial services and contingency and 0.7% to planning and community development.

The overall total of governmental expenses excluding transfers increased in the amount of \$3,048,273 with the biggest impact of \$1,183,656 in Public Works due to the funding of ongoing road pavement project. In addition, the increase of \$1,525,969 in the Board of Education expenses reflects the operational needs of 2015/2016 budget year. The Board of Education expenses for State Teacher's Retirement funding for the current year was \$3,953,199 or an increase of \$531,679 over the previous year's amount of \$3,421,520.

**Business-type activities.** Business-type activities decreased the Town of Tolland's net position by \$146,671. Key elements of this year's activities are as follows:

- The Water Fund had operating income of \$38,658, and the Sewer Fund experienced an operating loss of \$205,608 for a combined operating loss of \$166,950. 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 \$146,671 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 \$15,243,235, a decrease of \$700,837 from the previous year.

The largest change in fund balance was a decrease of \$1,779,266 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 \$476,219 due to an excess of \$1,040,505 revenues over expenditures less the other financing uses of \$564,285.

*The sewer assessment* fund decreased by \$67,559 due to sewer assessment fees that were lower than cost of debt service.

The overall amount of the **governmental fund** balances totals up to \$15,243,235. Of that amount the assigned fund balance is \$1,764,973 which includes \$1,514,973 for encumbrances and \$250,000 for the subsequent budget. The restricted amount of the total fund balance is a restriction on spending grant receipts and bond proceeds in the amount of \$264,540. There are balances committed in the amount of \$5,757,237 for capital projects and other special commitments. An additional amount of \$342,832 represents the non-spendable portion of fund balance and the unassigned portion of fund balance is \$7,113,653 or 47% 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 \$7,113,653, while total fund balance was \$8,942,439. 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 12% of total general fund expenditures including transfers out. Total fund balance represents 15% of that same amount. The unassigned portion of fund balance, when compared with unassigned last year portion for the general fund had increased by \$260,419 while the total fund balance increased \$476,219.

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

- Although the Town experienced shortfall in charges for services for \$109,004, the current year levy and Motor vehicle supplement collection exceeded the budget by \$239,857; with additional revenue collected in Investment income and Other revenues by \$86,143. The original intent of using of 281,338 of fund balance ended in saving additional \$260,419.

The *Sewer Assessment* fund had a decrease in its operating revenue by \$67,064 as compared to last year and a decrease of fund balance of \$67,559.

The *CDBG Small Cities Funds* qualified as a major fund again this year due to a new rehabilitation grant that produced program income revenues of \$80,775 which increased fund balance in the same amount of \$80,775.

In the Capital Projects funds, expenditures and other financing uses exceeded revenues and other financing sources by \$1,779,266 due to the timing of capital projects and the bond issue.

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

Net position of the water fund amounted to \$3,021,099 and \$6,371,517 for the sewer fund at year-end. This represented an increase of \$39,863 for water and a decrease of \$186,534 for sewer. The increase in water resulted from an increase in customer user fees 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 Sewer Operating expenses were \$62,140 less than the previous fiscal year. This was mainly due to less repair and maintenance in the previous fiscal year for major pump repairs. 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 \$1,695,043 and operating expenses were \$1,121,070, when combined with non-operating expenses of \$336,961, resulted in a change in net position of \$148,816. Total net position as of June 30, 2016 was \$737,115. Operating expenses decreased by \$164,903 due to the impact of a mild winter and other energy cost savings. Our current fiscal year non-operating revenues /expenses are \$411,048 less than the previous fiscal year mainly due to a one time rebate of \$413,976 during that year.

The ECHIP Health Insurance Internal Service Fund had total revenue of \$6,516,604 and operating expenses of \$6,484,852 resulting in a change in net position of \$51,428. Although positive, the net increase to the net position was not as much as the previous fiscal year's increase of \$755,797. This is due to reduced contributions resulting from workforce reductions and higher claims than previous year. The fund was also impacted for the payment of the new federally required reinsurance payment of approximately \$47,000. The total net position as of June 30, 2016 was \$1,773,363.

### **General Fund Budgetary Highlights**

Comparing the difference between the original budget and the final amended budget reveals an overall increase of \$31,338. The increase for the final amended budget was mainly related to a supplemental appropriation to transfer previous years Education budget savings of \$25,982 to a special reserve fund. During the year, actual revenues and other financing sources on a budgetary basis were \$54,547,288, which was below budgetary estimates by \$82,980.

Actual tax revenues were over budget by \$235,585 due to increase current year tax collections.

Actual intergovernmental revenue was under the budget by \$22,676. The major impact in this revenue shortage was due to the reduction in the State property reimbursement grant of \$50,433 which was offset partially by \$24,706 in additional Educational Cost Sharing (ECS) revenue.

Charges for current services were under the budget by \$109,004 due to a solar project and elderly housing project that didn't begin as planned. The solar project commence after July 2016. Investment income was \$30,918 over budget due to investing a portion of cash not currently needed into longer term investments for higher interest rates. Other financing sources included \$8,310 for cancellation of previous year encumbrances.

Other revenues exceeded the budget by \$55,225. Of that amount, \$24,844 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 for the use of fund balance in the amount of \$250,000 that was revised during the year to \$281,338. The full amount did not have to be used because of the excess revenues received in other revenue sources. \$25,982 of the increased amount

was to transfer funds the Education Reserve fund. The actual amount of fund balance was increased by \$260,419.

Actual expenditures on a budgetary basis and other financing uses totaled \$54,286,869, which was less than budgeted by \$343,399. Of this amount, savings resulting from the Board of Education were \$13,903. The remaining savings are mainly due to savings from substantial \$161,062 in the Public Works department due to a mild winter season and cost associated with snow removal; \$71,788 in the Public Safety due to a reduction in State Trooper sources; less than anticipated prior year refunds and savings resulting from employee attrition and a delay in the hiring process.

**Capital Asset and Debt Administration**

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 14,871,215	\$ 14,728,343	\$ 50,858	\$ 50,858	\$ 14,922,073	\$ 14,779,201
Construction in progress	2,453,306	465,677			2,453,306	465,677
Buildings	81,098,845	84,005,290			81,098,845	84,005,290
Vehicles, furniture and equipment	5,748,628	5,547,759			5,748,628	5,547,759
Plant and pumping station			1,204,637	1,284,536	1,204,637	1,284,536
Water distribution system			7,450,043	7,672,018	7,450,043	7,672,018
Infrastructure	19,383,614	20,379,342			19,383,614	20,379,342
Total	<u>\$ 123,555,608</u>	<u>\$ 125,126,411</u>	<u>\$ 8,705,538</u>	<u>\$ 9,007,412</u>	<u>\$ 132,261,146</u>	<u>\$ 134,133,823</u>

**Capital assets.** The Town of Tolland's investment in capital assets for its combined governmental and business-type assets includes land, buildings and improvements, vehicles and equipment, roads, rights of way, water systems, dams, bridges and sewer lines. The total decrease in the Town of Tolland's investment in capital assets for the current fiscal year was \$1,872,677 or approximately 1.4%, with an decrease of \$1,570,803 for governmental activities and a decrease of \$301,874 for business-type activities.

The Town's Governmental Activities type capital assets decrease of \$1,872,677 is the net result of depreciation and the addition of the following assets:

BLEACHERS	\$ 11,724
SENIOR CENTER CANOPY	24,630
ADAM'S ADVENTURE PLAYGROUND	302,098
2015 F-250 TRUCK	30,000
TIS PA SYSTEM	10,602
ADVANCED FLOOR SCRUBBER	10,075
2015 FORD F-350 PICK-UP TRUCK	36,994
2015 INTERNATIONAL DUMP TRUCK	163,861
EVEREST 14' SIDE DUMP BODY	73,714
2015 F-550 RACK BODY TRUCK	58,695
2015 FORD EXPLORER	30,853
2015 FORD F-550 DUMP TRUCK	54,168
BALLFIELD GROOMER	17,653
CATERPILLAR BACKHOE LOADER MODEL 430F2	125,140
10.96 AC BLACKINGTON PROPERTY	142,872

Business type activities decreased \$301,874 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 43-45 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town of Tolland had total bonded debt outstanding of \$33,870,000, all of which is backed by the full faith and credit of the Town.

Of this debt, \$19,092,450 is school related and \$14,777,550 is general obligation. The Town of Tolland's total debt increased by the amount of \$4,580,000 due to \$5,410,000 bond anticipation notes rolled into bonds, \$2,155,000 in new debt and the reduction of \$2,985,000 for payments made during the fiscal year.

In October 2016 the Town has been upgraded to 'AAA' from 'AA+' by Fitch rating agency based on revised criteria on prior debt issuances. The last bond rating for the Town of Tolland was in October, 2015 affirming an "AAA" rating from Standard and Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2¼ to 4½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town of Tolland is \$295,505,581 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 46-49 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 amended the zoning regulations for the Tolland Village Area to allow larger buildings in this mixed use zone. Developers have prepared initial plans for retail and multi-family housing in this area. In an effort to increase economic development growth in this area, the Town Council created a special tax abatement program.
- The Planning and Zoning Commission created 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.
- Improvements to Tolland's transportation infrastructure are underway. Construction continues to better accommodate increased traffic along 195 from I-84 to Goose Lane/ Rhodes Road. The project improves conditions for the traffic heading to and from UCONN and will improve access to businesses in the corridor. The State is in the design phase for road improvements in the Tolland Green area and the Capital Region Council of Governments initiated a corridor study that, in part, will further examine corridors leading to UConn.
- Construction is about to begin on two solar farms on town-owned properties. The projects will provide annual rebates to our electricity accounts for the next fifteen to twenty years.

The new economic indicators were taken into consideration when adopting the general fund budget for fiscal year 2016/2017. The approved State budget reduced all municipal aid categories except Educational Cost Sharing (ECS) by 5.8%. These reductions decreased our municipal aid by \$350,000. Fortunately, for one year the State increased the cap on motor vehicle taxes from 32 mills up to 37 mills. Tolland's motor vehicle mill rate is 34.19 mills, giving the Town \$300,000 in additional tax revenue. Thus the most recent reductions at the State level had a \$50,000 negative impact on the Town.

We are fortunate that we did experience a .78% increase in our October 1, 2015 Grand List. This resulted in an increase of \$319,745 in actual dollars generated based on the current mill rate. Our increase is just above the median increase of some 26 Towns in the area of .67% which demonstrates some recovery within the building industry in Tolland.

When factoring in all the changes in non-tax revenue sources including the new \$303,971 in sales tax sharing and taking into consideration the one year increase in the motor vehicle tax cap, we are experiencing a modest decrease in revenues overall in the amount of \$81,318.

In 2016/2017 the overall Town budget increased by 2.21% which required a .83 mills increase. These increases were much less than comparable Connecticut Towns. As we have on a regular basis over the last several years in response to the economic times, we have minimized, to the extent practical, expenditures while doing everything possible to retain or improve upon the quality of programs and services offered. Our budget philosophy is to focus on our ability to sustain over time essential services and programs and to address absolute needs in a prioritized manner.

Amounts available for the FY 2016/2017 appropriation in the general fund budget are \$55,806,582, an increase of \$1,207,652 over the fiscal year 2016 budget of \$54,598,930. A combination of increased costs for fixed items such as, insurance, utilities, salaries, health benefits and other commodities and a change in professional services (the State Trooper contract, Engineering contract) along with a substantial change in the percentage decrease in State aid had the biggest impact on the fiscal year 2016/2017 budget. In order to achieve this budget level, cost savings measures were employed such as a delayed hiring 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 increased from 3.7% as of June 2015 to 4.2% at June 2016. The State of CT unemployment rate increased from 5.6% (June 2015) to 5.9% as of June 2016.

### **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, 2016**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 15,812,946	\$ 513,447	\$ 16,326,393
Investments	2,685,690		2,685,690
Property taxes receivable	623,268		623,268
Intergovernmental receivable	681,243		681,243
Accounts and other receivables	1,632,959	243,653	1,876,612
Other assets	29,769		29,769
Advance to plan administrator	2,221,963		2,221,963
Restricted cash and investments	313,063		313,063
Other post employment benefit asset	176,313		176,313
Capital assets, nondepreciable	17,324,521	50,858	17,375,379
Capital assets, net of accumulated depreciation	106,231,087	8,654,680	114,885,767
Total assets	<u>147,732,822</u>	<u>9,462,638</u>	<u>157,195,460</u>
Deferred Outflow of Resources:			
Deferred charge on refunding	<u>1,333,144</u>		<u>1,333,144</u>
Liabilities:			
Accounts payable	1,625,027	70,022	1,695,049
Accrued liabilities	56,512		56,512
Accrued interest payable	690,723		690,723
Unearned revenue	127,444		127,444
Noncurrent liabilities, due within one year	4,078,494		4,078,494
Noncurrent liabilities, due in more than one year	45,999,608		45,999,608
Total liabilities	<u>52,577,808</u>	<u>70,022</u>	<u>52,647,830</u>
Deferred Inflows of Resources:			
Advance property tax collections	<u>1,762,282</u>		<u>1,762,282</u>
Net Position:			
Net investment in capital assets	76,382,043	8,705,538	85,087,581
Restricted for:			
Commitments		49,825	49,825
Endowments - nonexpendable	20,800		20,800
Perpetual care - nonexpendable	292,263		292,263
Unrestricted	<u>18,030,770</u>	<u>637,253</u>	<u>18,668,023</u>
Total Net Position	<u>\$ 94,725,876</u>	<u>\$ 9,392,616</u>	<u>\$ 104,118,492</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, 2016**

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	\$ 1,600,623	\$	\$	\$ 387,114	\$ (1,213,509)	\$	\$ (1,213,509)
Planning and community development	438,009	360,580		262	(77,167)		(77,167)
Community services	1,687,426	463,717	22,015	512,213	(689,481)		(689,481)
Public works	9,763,091	93,451	98,715	362,888	(9,208,037)		(9,208,037)
Public safety services	2,445,574	286,369	46,916		(2,112,289)		(2,112,289)
Record and financial services	875,914	105,751			(770,163)		(770,163)
Board of education	47,211,938	1,100,158	17,211,591	11,938	(28,888,251)		(28,888,251)
Interest expense	1,247,428			20,238	(1,227,190)		(1,227,190)
Total governmental activities	<u>65,270,003</u>	<u>2,410,026</u>	<u>17,379,237</u>	<u>1,294,653</u>	<u>(44,186,087)</u>	<u>-</u>	<u>(44,186,087)</u>
Business-Type Activities:							
Sewer Fund	472,864	267,256				(205,608)	(205,608)
Water Fund	<u>324,016</u>	<u>362,674</u>				<u>38,658</u>	<u>38,658</u>
Total business-type activities	<u>796,880</u>	<u>629,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(166,950)</u>	<u>(166,950)</u>
Total	<u>\$ 66,066,883</u>	<u>\$ 3,039,956</u>	<u>\$ 17,379,237</u>	<u>\$ 1,294,653</u>	<u>(44,186,087)</u>	<u>(166,950)</u>	<u>(44,353,037)</u>
General revenues:							
Property taxes					42,207,337		42,207,337
Grants and contributions not restricted to specific programs					318,864		318,864
Investment income					102,253	5,279	107,532
Miscellaneous					77,468		77,468
Transfers					(15,000)	15,000	-
Total general revenues and transfers					<u>42,690,922</u>	<u>20,279</u>	<u>42,711,201</u>
Change in net position					(1,495,165)	(146,671)	(1,641,836)
Net Position at Beginning of Year					<u>96,221,041</u>	<u>9,539,287</u>	<u>105,760,328</u>
Net Position at End of Year					<u>\$ 94,725,876</u>	<u>\$ 9,392,616</u>	<u>\$ 104,118,492</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<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>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 9,709,769	\$ 923,912	\$ 151,354	\$ 2,137,000	\$ 2,364,701	\$ 15,286,736
Investments	1,507,072			590,399	609,019	2,706,490
Receivables	487,146	635,649	886,550	132,517	77,864	2,219,726
Due from other funds				197,036		197,036
Other					29,769	29,769
Total Assets	<u>\$ 11,703,987</u>	<u>\$ 1,559,561</u>	<u>\$ 1,037,904</u>	<u>\$ 3,056,952</u>	<u>\$ 3,081,353</u>	<u>\$ 20,439,757</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 357,801	\$	\$	\$ 712,152	\$ 25,116	\$ 1,095,069
Accrued liabilities	55,917			595		56,512
Due to other funds	197,036					197,036
Unearned revenue					127,444	127,444
Total liabilities	<u>610,754</u>	<u>-</u>	<u>-</u>	<u>712,747</u>	<u>152,560</u>	<u>1,476,061</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	388,512					388,512
Unavailable revenue - special assessments		635,649			33,843	669,492
Unavailable revenue - loans receivable			886,550			886,550
Unavailable revenue - cemetery					13,625	13,625
Advance property tax collections	1,762,282					1,762,282
Total deferred inflows of resources	<u>2,150,794</u>	<u>635,649</u>	<u>886,550</u>	<u>-</u>	<u>47,468</u>	<u>3,720,461</u>
Fund balances:						
Nonspendable					342,832	342,832
Restricted			151,354	77,789	35,397	264,540
Committed	63,813	923,912		2,266,416	2,503,096	5,757,237
Assigned	1,764,973					1,764,973
Unassigned	7,113,653					7,113,653
Total fund balances	<u>8,942,439</u>	<u>923,912</u>	<u>151,354</u>	<u>2,344,205</u>	<u>2,881,325</u>	<u>15,243,235</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,703,987</u>	<u>\$ 1,559,561</u>	<u>\$ 1,037,904</u>	<u>\$ 3,056,952</u>	<u>\$ 3,081,353</u>	<u>\$ 20,439,757</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2016**

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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)	\$ 15,243,235
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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	\$ 215,343,094	
Less accumulated depreciation	<u>(91,787,486)</u>	123,555,608

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	190,901
Property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	1,958,179
Other post employment benefit asset	176,313
School building grant receivable	544,024
Allowance for doubtful accounts on interest and liens	(17,181)

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.	2,510,478
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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	(33,922,268)
Deferred charge on refunding	1,333,144
Compensated absences	(1,519,125)
Accrued interest payable	(690,723)
Capital lease	(12,105,109)
Bond premium	<u>(2,531,600)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 94,725,876</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, 2016**

	<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	\$ 42,183,337	\$	\$	\$	\$	\$ 42,183,337
Intergovernmental	16,861,099			872,507	1,116,195	18,849,801
Charges for services	585,333	151,225	80,775		1,567,762	2,385,095
Investment income	70,918			26,325	5,010	102,253
Other revenues	75,225	72		232,956	24,292	332,545
Total revenues	<u>59,775,912</u>	<u>151,297</u>	<u>80,775</u>	<u>1,131,788</u>	<u>2,713,259</u>	<u>63,853,031</u>
Expenditures:						
Current:						
Administration	3,024,034					3,024,034
Planning and community development	355,841					355,841
Community services	932,577				377,599	1,310,176
Public works	4,455,193				33,732	4,488,925
Public safety services	1,857,452				69,613	1,927,065
Record and financial services	633,230					633,230
Contingency and other	124,671					124,671
Board of Education	43,158,871				1,974,152	45,133,023
Capital outlay				5,322,867		5,322,867
Debt service	4,193,538	218,856		56,874	278,364	4,747,632
Total expenditures	<u>58,735,407</u>	<u>218,856</u>	<u>-</u>	<u>5,379,741</u>	<u>2,733,460</u>	<u>67,067,464</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,040,505</u>	<u>(67,559)</u>	<u>80,775</u>	<u>(4,247,953)</u>	<u>(20,201)</u>	<u>(3,214,433)</u>
Other Financing Sources (Uses):						
Bond anticipation note repayment				(5,410,000)		(5,410,000)
Bond issuance				7,565,000		7,565,000
Bond premiums				56,874	228,526	285,400
Transfers in	88,196			256,813	453,669	798,678
Transfers out	(652,482)				(73,000)	(725,482)
Net other financing sources (uses)	<u>(564,286)</u>	<u>-</u>	<u>-</u>	<u>2,468,687</u>	<u>609,195</u>	<u>2,513,596</u>
Net Change in Fund Balances	476,219	(67,559)	80,775	(1,779,266)	588,994	(700,837)
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 8,942,439</u>	<u>\$ 923,912</u>	<u>\$ 151,354</u>	<u>\$ 2,344,205</u>	<u>\$ 2,881,325</u>	<u>\$ 15,243,235</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, 2016**

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) \$ (700,837)

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 2,833,594  
Depreciation expense (4,700,694)

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. 387,114

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. (90,817)

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 (288,931)  
Increase in other post employment benefit asset 7,881  
Decrease in property tax, sewer use, water assessment and community development block grant receivable - accrual basis change (196,111)  
Decrease in property tax interest and lien revenue 38,170  
Decrease in property tax, sewer use and community development block grant allowance for doubtful accounts (3,435)  
Amortization of bond premiums 224,388

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

Issuance of refunding bonds (7,565,000)  
Note payment 5,410,000  
Bond payments 2,985,000  
Premium on bond issuance (285,400)  
Capital lease payments 354,863

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 (41,147)  
Change in accrued interest (62,074)  
Amortization of deferred charge on refunding (104,956)  
Note principal payments 102,983

The net expense of the internal service funds is reported with governmental activities. 200,244

Change in Net Position of Governmental Activities (Exhibit II) \$ (1,495,165)

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, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 41,947,752	\$ 41,947,752	\$ 42,183,337	\$ 235,585
Intergovernmental	11,646,841	11,646,841	11,624,165	(22,676)
Charges for services	694,337	694,337	585,333	(109,004)
Investment income	40,000	40,000	70,918	30,918
Other revenues	20,000	20,000	75,225	55,225
Total revenues	<u>54,348,930</u>	<u>54,348,930</u>	<u>54,538,978</u>	<u>190,048</u>
Expenditures:				
Current:				
Administrative	2,836,928	2,854,218	2,808,657	45,561
Planning and community development	354,117	354,447	348,251	6,196
Community services	923,295	942,392	938,655	3,737
Public works	4,470,412	4,476,379	4,315,317	161,062
Public safety services	1,862,685	1,878,447	1,806,659	71,788
Record and financial services	971,623	982,722	967,252	15,470
Contingency and other	153,049	82,023	56,341	25,682
Board of Education	38,275,831	38,275,831	38,261,928	13,903
Debt service	4,424,558	4,105,344	4,105,344	-
Total expenditures	<u>54,272,498</u>	<u>53,951,803</u>	<u>53,608,404</u>	<u>343,399</u>
Excess of Revenues over Expenditures	<u>76,432</u>	<u>397,127</u>	<u>930,574</u>	<u>533,447</u>
Other Financing Sources (Uses):				
Cancellation of prior year encumbrances			8,310	8,310
Appropriation of fund balance	250,000	281,338		(281,338)
Transfers out	(326,432)	(678,465)	(678,465)	-
Net other financing sources (uses)	<u>(76,432)</u>	<u>(397,127)</u>	<u>(670,155)</u>	<u>(273,028)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	260,419	<u>\$ 260,419</u>
Fund Balance at Beginning of Year			<u>7,103,234</u>	
Fund Balance at End of Year			<u>\$ 7,363,653</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016**

	<b>Business-Type Activities Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 495,025	\$ 18,422	\$ 513,447	\$ 818,473
Advance to plan administrator			-	2,221,963
Accounts receivable	<u>100,821</u>	<u>142,832</u>	<u>243,653</u>	
Total current assets	<u>595,846</u>	<u>161,254</u>	<u>757,100</u>	<u>3,040,436</u>
Noncurrent assets:				
Capital assets, nondepreciable:				
Land	50,858		50,858	
Capital assets, net of accumulated depreciation:				
Plant and pumping station	399,350	805,287	1,204,637	
Distribution system	<u>1,991,539</u>	<u>5,458,504</u>	<u>7,450,043</u>	
Total noncurrent assets	<u>2,441,747</u>	<u>6,263,791</u>	<u>8,705,538</u>	<u>-</u>
Total assets	<u>3,037,593</u>	<u>6,425,045</u>	<u>9,462,638</u>	<u>3,040,436</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	16,494	53,528	70,022	81,358
Claims payable			-	448,600
Total current liabilities	<u>16,494</u>	<u>53,528</u>	<u>70,022</u>	<u>529,958</u>
<b>Net Position:</b>				
Net investment in capital assets	2,441,747	6,263,791	8,705,538	
Restricted for commitments	49,825		49,825	
Unrestricted	<u>529,527</u>	<u>107,726</u>	<u>637,253</u>	<u>2,510,478</u>
Total Net Position	<u>\$ 3,021,099</u>	<u>\$ 6,371,517</u>	<u>\$ 9,392,616</u>	<u>\$ 2,510,478</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 344,626	\$ 267,256	\$ 611,882	\$ 1,695,043
Other charges for services	18,048		18,048	
Employer contributions			-	6,516,604
Total operating revenues	<u>362,674</u>	<u>267,256</u>	<u>629,930</u>	<u>8,211,647</u>
Operating Expenses:				
Professional services	82,870	77,140	160,010	
Repairs and maintenance	42,074	22,797	64,871	
Service fees	2,497	121,324	123,821	
Materials and supplies	23,050	11,414	34,464	
Utilities	77,665	34,175	111,840	1,121,070
Administration			-	73,471
Employee benefits			-	6,411,381
Depreciation	95,860	206,014	301,874	
Total operating expenses	<u>324,016</u>	<u>472,864</u>	<u>796,880</u>	<u>7,605,922</u>
Operating Income (Loss)	<u>38,658</u>	<u>(205,608)</u>	<u>(166,950)</u>	<u>605,725</u>
Nonoperating Revenue (Expenses):				
Interest expense			-	(337,850)
Investment income	1,205	4,074	5,279	20,565
Net nonoperating revenue (expense)	<u>1,205</u>	<u>4,074</u>	<u>5,279</u>	<u>(317,285)</u>
Income (Loss) Before Transfers	<u>39,863</u>	<u>(201,534)</u>	<u>(161,671)</u>	<u>288,440</u>
Transfers In		15,000	15,000	
Transfers Out			-	(88,196)
Total transfers	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>(88,196)</u>
Change in Net Position	39,863	(186,534)	(146,671)	200,244
Net Position at Beginning of Year	<u>2,981,236</u>	<u>6,558,051</u>	<u>9,539,287</u>	<u>2,310,234</u>
Net Position at End of Year	<u>\$ 3,021,099</u>	<u>\$ 6,371,517</u>	<u>\$ 9,392,616</u>	<u>\$ 2,510,478</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, 2016**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers	\$ 355,077	\$ 287,605	\$ 642,682	\$ 8,211,703
Payments to suppliers	(201,112)	(288,257)	(489,369)	(1,108,759)
Payments to providers of benefits			-	(6,536,280)
Net cash provided by (used in) operating activities	<u>153,965</u>	<u>(652)</u>	<u>153,313</u>	<u>566,664</u>
Cash Flows from Noncapital Financing Activities:				
Net transfers in		15,000	15,000	
Cash Flows from Capital and Related Financing Activities:				
Transfers out				(88,196)
Interest expense	1,205	4,074		(337,850)
Net cash provided by (used in) capital and related financing activities	<u>1,205</u>	<u>4,074</u>	<u>-</u>	<u>(426,046)</u>
Cash Flows from Investing Activities:				
Investment income	1,205	4,074	5,279	20,565
Net Increase (Decrease) in Cash and Cash Equivalents	155,170	18,422	173,592	161,183
Cash and Cash Equivalents at Beginning of Year	<u>339,855</u>	<u>-</u>	<u>339,855</u>	<u>657,290</u>
Cash and Cash Equivalents at End of Year	<u>\$ 495,025</u>	<u>\$ 18,422</u>	<u>\$ 513,447</u>	<u>\$ 818,473</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 38,658	\$ (205,608)	\$ (166,950)	\$ 605,725
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	95,860	206,014	301,874	
(Increase) decrease in accounts receivable	(7,597)	20,349	12,752	56
Increase (decrease) in due to/from other funds	21,226	(21,226)	-	
(Increase) decrease in advance to plan administrator				(88,628)
Increase (decrease) in accounts payable	5,818	(181)	5,637	12,311
Increase (decrease) in claims payable				37,200
Net Cash Provided by (Used in) Operating Activities	<u>\$ 153,965</u>	<u>\$ (652)</u>	<u>\$ 153,313</u>	<u>\$ 566,664</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016**

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Fund Stevenson Scholarship</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$	\$ 25,079	\$ 647,321
Investments:			
Mutual funds	924,993		
Accounts receivable			26,683
Total assets	<u>924,993</u>	<u>25,079</u>	<u>674,004</u>
Liabilities:			
Accounts payable			<u>674,004</u>
Net Position:			
Held in Trust for Other Purposes	<u>\$ 924,993</u>	<u>\$ 25,079</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, 2016**

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Fund Stevenson Scholarship</u>
Additions:		
Interest and dividends	\$	\$ 26
Contributions	457,613	
Net change in fair value of investments	12,108	
Total additions	<u>469,721</u>	<u>26</u>
Deductions:		
Benefits	<u>333,756</u>	
Change in Net Position	135,965	26
Net Position at Beginning of Year	<u>789,028</u>	<u>25,053</u>
Net Position at End of Year	<u>\$ 924,993</u>	<u>\$ 25,079</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

**B. Basis of Presentation**

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

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following major proprietary funds:

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

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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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, 2016**

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**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.

<u>Assets</u>	<u>Years</u>
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.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**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, \$31,338 of additional appropriations were approved 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, 2016**

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- 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, 2016 is as follows:

	<b>Revenues and Other Financing Sources</b>	<b>Expenditures and Other Financing Uses</b>	<b>Fund Balance</b>
Balance, budgetary basis	\$ 54,547,288	\$ 54,286,869	\$ 7,363,653
Prior year encumbrances liquidated		1,056,060	
Prior year encumbrances cancelled	(8,310)		
Prior year encumbrances still outstanding			223,367
Utility Service Fund Transfer Non-Budgeted	88,196	88,196	
Education Reserve Fund Beginning Fund Balance			75,249
Transfer to Education Reserve Fund Non-GAAP		(25,982)	25,982
Education Reserve Fund Expenditures Non-Budgeted		37,418	(37,418)
Current year encumbrances		(1,291,606)	1,291,606
State of Connecticut grants for Special Education Excess Costs, netted for budgetary purposes	1,283,735	1,283,735	
State Teachers' Retirement on-behalf payment	<u>3,953,199</u>	<u>3,953,199</u>	
Balance, GAAP basis	<u>\$ 59,864,108</u>	<u>\$ 59,387,889</u>	<u>\$ 8,942,439</u>

**TOWN OF TOLLAND, CONNECTICUT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016**

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**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*, \$17,541,894 of the Town’s bank balance of \$19,369,753 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 15,610,197
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,931,697</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 17,541,894</u></u>

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Cash Equivalents**

At June 30, 2016, the Town’s cash equivalents amounted to \$216,384. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

**Investments**

As of June 30, 2016, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More than 10</u>
U.S. Government Obligation					
National Mortgage Pool	N/A	\$ 109	\$	\$ 109	\$
Certificates of Deposit*		<u>1,507,072</u>	<u>1,507,072</u>		
Total		1,507,181	<u>\$ 1,507,072</u>	<u>\$ 109</u>	<u>\$ -</u>
Other investments:					
Mutual funds		2,069,947			
Equities		<u>54,355</u>			
Total Investments		<u>\$ 3,631,483</u>			

\*Subject to coverage by Federal Depository Insurance and collateralization.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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The Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The new disclosure is presented below:

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2016:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
U.S. Government Agencies	\$ 109	\$ 109	\$	\$
Equities	54,355	54,355		
Mutual Funds	<u>2,069,947</u>	<u>2,069,947</u>		
Total investments by fair value level	2,124,411	<u>\$ 2,124,411</u>	<u>\$ -</u>	<u>\$ -</u>
Certificates of Deposit	<u>1,507,072</u>			
Total Investments	<u>\$ 3,631,483</u>			

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

**Investment Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value if its investment or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk. The Town does not hold any uninsured or unregistered securities at June 30, 2016.

**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.

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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**

	<u>Cemetery Perpetual Care Fund</u>	<u>Ratcliff Hicks Memorial School Fund</u>	<u>Total</u>
Original principal received	\$ 292,263	\$ 20,800	\$ 313,063
Net appreciation on investments	<u>2,839</u>	<u>656,942</u>	<u>659,781</u>
Total Value	<u>\$ 295,102</u>	<u>\$ 677,742</u>	<u>\$ 972,844</u>

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

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

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions

**TOWN OF TOLLAND, CONNECTICUT  
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- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Town
- The investment policies of the Town

**C. Receivables**

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

	<u>General</u>	<u>Sewer Assessment</u>	<u>Capital Projects</u>	<u>CDBG Small Cities</u>	<u>Nonmajor and Other Funds</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Receivables:								
Taxes	\$ 477,128	\$	\$	\$	\$	\$	\$	\$ 477,128
Accounts and other	27,083	635,649	31,504	886,550	78,856	100,821	142,832	1,903,295
Intergovernmental	10,515		101,013		25,691			137,219
Gross receivables	<u>514,726</u>	<u>635,649</u>	<u>132,517</u>	<u>886,550</u>	<u>104,547</u>	<u>100,821</u>	<u>142,832</u>	<u>2,517,642</u>
Less: Allowance for collection losses	<u>27,580</u>							<u>27,580</u>
Net Total Receivables	<u>\$ 487,146</u>	<u>\$ 635,649</u>	<u>\$ 132,517</u>	<u>\$ 886,550</u>	<u>\$ 104,547</u>	<u>\$ 100,821</u>	<u>\$ 142,832</u>	<u>\$ 2,490,062</u>

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**D. Capital Assets**

Capital asset activity for the year ended June 30, 2016 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	\$ 14,325,381	\$ 142,872	\$	\$	\$ 14,468,253
Rights of way	402,962				402,962
Construction in progress	465,677	1,987,629			2,453,306
Total capital assets not being depreciated	<u>15,194,020</u>	<u>2,130,501</u>	<u>-</u>	<u>-</u>	<u>17,324,521</u>
Capital assets being depreciated:					
Buildings and improvements	136,461,721	22,261			136,483,982
Vehicles, furniture and equipment	12,552,065	1,067,946	499,551		13,120,460
Infrastructure	48,414,131				48,414,131
Total capital assets being depreciated	<u>197,427,917</u>	<u>1,090,207</u>	<u>499,551</u>	<u>-</u>	<u>198,018,573</u>
Less accumulated depreciation for:					
Buildings and improvements	52,456,431	2,928,706			55,385,137
Vehicles, furniture and equipment	7,004,306	776,260	408,734		7,371,832
Infrastructure	28,034,789	995,728			29,030,517
Total accumulated depreciation	<u>87,495,526</u>	<u>4,700,694</u>	<u>408,734</u>	<u>-</u>	<u>91,787,486</u>
Total capital assets being depreciated, net	<u>109,932,391</u>	<u>(3,610,487)</u>	<u>90,817</u>	<u>-</u>	<u>106,231,087</u>
Governmental Activities Capital Assets, Net	<u>\$ 125,126,411</u>	<u>\$ (1,479,986)</u>	<u>\$ 90,817</u>	<u>\$ -</u>	<u>\$ 123,555,608</u>

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	<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	10,758,232				10,758,232
Total capital assets being depreciated	<u>13,256,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,256,548</u>
Less accumulated depreciation for:					
Plant and pumping stations	1,213,780	79,899			1,293,679
Water/sewer distribution system	3,086,214	221,975			3,308,189
Total accumulated depreciation	<u>4,299,994</u>	<u>301,874</u>	<u>-</u>	<u>-</u>	<u>4,601,868</u>
Total capital assets being depreciated, net	<u>8,956,554</u>	<u>(301,874)</u>	<u>-</u>	<u>-</u>	<u>8,654,680</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,007,412</u>	<u>\$ (301,874)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,705,538</u>

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

Governmental Activities:

Administration	\$ 30,568
General finance	4,006
Planning and development	13,478
Development and community affairs	118,036
Public works	1,981,612
Public safety services	269,950
Board of education	<u>2,283,044</u>

Total Depreciation Expense - Governmental Activities \$ 4,700,694

Business-type activities:

Water	\$ 95,860
Sewer	<u>206,014</u>

Total Depreciation Expense - Business-Type Activities \$ 301,874

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**Construction Commitments**

The Town has active construction projects as of June 30, 2016. 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	\$ 260,990	\$ 39,010
Various Paving and Drainage	270,877	5,423
Pavement Management	922,211	77,789
Library Expansion Project	1,201,013	1,093,077
Info Technology Improvement	18,221	37,078
Town Fiber Network Connect	704,535	57,710
Security Improvements	200,950	182,060
Resurface C P tennis Court		14,975
Pavement Management	745,326	4,674
Refurbishment of ED-340	35,818	47,066
Fire Gear	46,311	3,688
Recreation Center Heating System	16,000	2,400
Tree Trimming	20,863	18,852
Drainage Construction	9,500	90,500
TIS Parent Drop-Off	13,688	43,522
Bleachers & Parks Equipment	11,955	3,045
	<u>\$ 4,478,258</u>	<u>\$ 1,720,869</u>

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

**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, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ <u>197,036</u>

All balances are expected to be repaid within a year.

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

	<b>Transfers In</b>				<b>Total Transfers Out</b>
	<b>General Fund</b>	<b>Sewer Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	
Transfers out:					
General Fund	\$	\$ 15,000	\$ 183,813	\$ 453,669	\$ 652,482
Nonmajor			73,000		73,000
Internal Service Fund	<u>88,196</u>				<u>88,196</u>
Total Transfers In	<u>\$ 88,196</u>	<u>\$ 15,000</u>	<u>\$ 256,813</u>	<u>\$ 453,669</u>	<u>\$ 813,678</u>

**F. Long-Term Debt**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2016 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 29,290,000	\$ 7,565,000	\$ 2,985,000	\$ 33,870,000	\$ 3,435,000
Premium	2,470,588	285,400	224,388	2,531,600	
Notes payable	<u>5,410,000</u>		<u>5,410,000</u>	-	
Total bonds and notes payable	37,170,588	7,850,400	8,619,388	36,401,600	3,435,000
Sewer notes	155,251		102,983	52,268	52,268
Capital lease	12,459,972		354,863	12,105,109	372,520
Compensated absences	<u>1,477,978</u>	<u>271,452</u>	<u>230,305</u>	<u>1,519,125</u>	<u>218,706</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 51,263,789</u>	<u>\$ 8,121,852</u>	<u>\$ 9,307,539</u>	<u>\$ 50,078,102</u>	<u>\$ 4,078,494</u>

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

**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.

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**Refunded Bonds**

In prior years the Town 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, 2016, \$12,500,000 of the defeased debt is outstanding, and \$12,807,810 is held by an escrow agent in an irrevocable trust fund to provide all future debt service payments on the refunded bonds.

**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%.

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, 2016</u>
General purpose:						
General obligation	9/15/06	6/30/26	4-4.25	\$ 1,965,000	Various	\$ 149,750
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	765,000
General obligation	8/1/10	8/1/30	2.0-4.0	825,000	Various	661,640
General obligation refunding	10/1/11	10/1/26	2.0-3.0	2,880,344	Various	1,750,000
General obligation	9/1/12	9/1/27	1.5-3.0	845,285	Various	909,960
General obligation refunding	9/1/12	9/1/25	3.0-5.0	160,500	Various	1,177,400
General obligation refunding	10/1/14	8/1/24	2.0-4.0	2,117,715	Various	2,069,764
General obligation	10/15/15	10/15/35	2.0-4.0	7,199,036	Various	7,199,036
Total general purpose				<u>19,875,080</u>		<u>14,777,550</u>
School:						
School improvement	9/1/05	9/1/18	4-4.25	11,000,000	Various	1,625,000
School improvement	9/15/06	8/15/26	4-4.25	7,050,000	Various	375,250
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	1,363,360
School improvement	10/1/11	10/1/26	2.0-3.0	2,662,656	Various	1,480,000
School improvement	9/1/12	9/1/27	1.5-3.0	614,715	Various	250,040
School improvement - refunding	9/1/12	9/1/25	3.0-5.0	7,864,500	Various	6,062,600
School improvement - refunding	10/1/14	8/1/27	2.0-4.0	7,517,285	Various	7,455,236
School improvement	10/15/15	10/15/35	2.0-4.0	365,964	Various	365,964
Total school				<u>41,157,920</u>		<u>19,092,450</u>
Sewer notes:						
Vernon wastewater	12/31/97	12/31/16	2	<u>1,748,330</u>	Various	<u>52,268</u>
Total sewer notes				<u>1,748,330</u>		<u>52,268</u>
Total Outstanding				<u>\$ 62,781,330</u>		<u>\$ 33,922,268</u>

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

	<b>Bonds</b>		<b>Sewer Notes</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2017	\$ 3,435,000	\$ 1,110,871	\$ 52,268	305
2018	3,465,000	1,000,671		
2019	3,145,000	892,649		
2020	2,885,000	782,137		
2021	2,880,000	674,069		
2022-2026	12,410,000	1,792,860		
2027-2031	3,750,000	515,300		
2032-2036	1,900,000	142,500		
	<u>\$ 33,870,000</u>	<u>\$ 6,911,057</u>	<u>\$ 52,268</u>	<u>\$ 305</u>

**Authorized but Unissued Bonds**

The total of authorized but unissued bonds at June 30, 2016 is \$4,284,740. 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:

<b>Category</b>	<b>Debt Limitation</b>	<b>Net Indebtedness</b>	<b>Balance</b>
General purpose	\$ 94,983,937	\$ 17,786,290	\$ 77,197,647
Schools	189,967,874	18,548,426	171,419,448
Sewers	158,306,561	1,276,000	157,030,561
Urban renewal	137,199,020		137,199,020
Pension deficit	126,645,249		126,645,249

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$295,505,581. 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 \$544,024 is reflected as deductions in the computation of net indebtedness.

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**Capital Lease**

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

In October 2013, the Town entered into a \$9,598,157 equipment lease to finance energy improvements across the Town's facilities to generate energy savings in the future. The lease 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 assets acquired through the capital leases are as follows:

	<b>Governmental Activities</b>
Asset:	
ESCO Project	\$ 6,190,019
Geothermal heating system	3,682,123
Less accumulated depreciation	<u>1,208,599</u>
Total	<u>\$ 8,663,543</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2016 were as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Governmental Activities</b>
2017	\$ 840,102
2018	902,687
2019	906,002
2020	1,009,778
2021	1,014,028
Thereafter	<u>12,085,793</u>
Total lease payments	16,758,390
Less amount representing interest	<u>4,653,281</u>
Present Value of Future Minimum Lease Payments	<u>\$ 12,105,109</u>

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**4. FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2016 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	\$	\$	\$	\$	\$ 29,769	\$ 29,769
Permanent fund principal					313,063	313,063
Restricted for:						
Community rehabilitation services			151,354			151,354
Unspent bond proceeds				77,789		77,789
Unspent grant proceeds					35,397	35,397
Committed to:						
Sewer capital improvements		923,912				923,912
Dog warden					26,822	26,822
Open space					118,775	118,775
Sewer escrow					24,822	24,822
Lodge furnishings					46,831	46,831
Business park improvements					17,532	17,532
Recreation					213,403	213,403
Water assessments					150,547	150,547
Food service					102,431	102,431
Education programs	63,813				852,972	916,785
Eviction storage					541	541
Cemeteries					191,707	191,707
Training center repair and replacement					7,584	7,584
Field maintenance					11,041	11,041
Veterans memorial					310	310
300th anniversary					1,828	1,828
Emergency storms					174,770	174,770
Artificial turf operation					17,031	17,031
Debt service					544,149	544,149
Special assessment projects				2,266,416		2,266,416
Assigned to:						
Purchases on order	1,514,973					1,514,973
Contribution to next fiscal budget	250,000					250,000
Unassigned	<u>7,113,653</u>					<u>7,113,653</u>
Total Fund Balances	<u>\$ 8,942,439</u>	<u>\$ 923,912</u>	<u>\$ 151,354</u>	<u>\$ 2,344,205</u>	<u>\$ 2,881,325</u>	<u>\$ 15,243,235</u>

Significant encumbrances of \$1,514,973 at June 30, 2016 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, 2016 was \$478,107 and represented 6% of covered payroll. The employees' required contributions were \$199,000 and represented 2.5% of covered payroll. The Town fully funded required employer's contributions and members who left the Town employment during a year have forfeiture assets in the amount of \$27,175 which will be available for future contributions.

### **Employer and Employee Obligations**

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

## **B. Teachers Retirement**

### **Plan Description**

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

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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**

At June 30, 2016, 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>49,337,774</u>
Total	<u>\$ 49,337,774</u>

The net pension liability was measured as of June 30, 2015, 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, 2016, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the Town recognized pension expense and revenue of \$3,953,199 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**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:

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

**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:

	<b>Retiree Medical Program</b>
	<u>                    </u>
Retired members and spouses of retired members	73
Active plan members	<u>279</u>
Total	<u><u>352</u></u>

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Funding Policy**

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

		<b>2010-2011 Monthly COBRA Premiums</b>	
		<u>Employee</u>	<u>Spouse</u>
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 \$457,613 were made in accordance with actuarially determined requirements. Of this amount, \$333,756 represents premium payments, and \$123,857 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):

	<b>Retiree Medical Program</b>
Annual required contribution (ARC)	\$ 447,781
Interest on net OPEB obligation	(10,106)
Adjustment to annual required contribution	<u>12,057</u>
Annual OPEB Cost	449,732
Contributions made	<u>457,613</u>
Change in net OPEB asset	(7,881)
Net OPEB Asset - beginning of year	<u>(168,432)</u>
Net OPEB Asset - End of Year	<u><u>\$ (176,313)</u></u>

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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, 2016, 2015 and 2014, are presented below.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Asset</u>
6/30/2014	\$ 484,550	\$ 483,000	99.68%	\$ 164,428
6/30/2015	507,996	512,000	100.79%	168,432
6/30/2016	449,732	457,613	101.75%	176,313

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:

<b>Schedule of Funding Progress</b>						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>(Unfunded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
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)%

<b>Schedule of Employer Contributions</b>			
<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/2014	\$ 485,000	\$ 483,000	99.6%
6/30/2015	508,000	512,000	100.8%
6/30/2016	447,781	457,613	102.2%

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, 2016**

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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, 2016 was 19 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, 2016. 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 June 30, 2015 and 2016, are as follows:

	<b>Claims Payable July 1</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Paid</b>	<b>Claims Payable June 30</b>
2014-2015	\$ 407,600	\$ 5,965,552	\$ 5,961,752	\$ 411,400
2015-2016	411,400	6,411,381	6,374,181	448,600

**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 3, 2016 the Town refinanced its existing energy lease with TD Bank. The lease interest rate was lowered from 3.49% to 2.12%. The Town saved \$1,435,458 of budgetary dollars over the remaining life of the lease or \$944,604 on a net present value basis. The Town also restructured the lease payment so that the annual payment (P&I) is relatively equal approximately \$676,488 each per year.

**Required Supplementary  
Information**

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

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>49,337,774</u>	<u>45,543,825</u>
Total	<u>\$ 49,337,774</u>	<u>\$ 45,543,825</u>
Town's covered-employee payroll	\$ 17,285,173	\$ 17,474,844
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	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 (BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Property Taxes:				
Current year levy	\$ 40,971,809	\$ 40,971,809	\$ 41,149,359	\$ 177,550
Prior year levy	300,000	300,000	301,866	1,866
Interest and lien fees	209,423	209,423	194,176	(15,247)
Motor vehicle supplement	442,020	442,020	504,327	62,307
Suspense	500	500	6,029	5,529
Telecommunications access line	24,000	24,000	27,580	3,580
Total property taxes	<u>41,947,752</u>	<u>41,947,752</u>	<u>42,183,337</u>	<u>235,585</u>
Intergovernmental:				
Education:				
Transportation	121,431	121,431	109,171	(12,260)
Adult education	8,833	8,833	9,173	340
Education equalization	10,886,097	10,886,097	10,910,803	24,706
Total education	<u>11,016,361</u>	<u>11,016,361</u>	<u>11,029,147</u>	<u>12,786</u>
General Government:				
Elderly circuit breaker	65,000	65,000	73,345	8,345
State property reimbursement	50,443	50,443		(50,443)
Interest subsidy	20,238	20,238	20,238	-
Bond subsidy	288,932	288,932	288,931	(1)
SDE/MH and AS/DEEP grants	24,338	24,338	23,572	(766)
Civil defense grant	5,000	5,000	5,000	-
Mashantucket Pequot	44,365	44,365	37,585	(6,780)
Miscellaneous grants	35,000	35,000	48,276	13,276
Veterans	7,500	7,500	8,211	711
Town Clerk Preservation	3,000	3,000	3,000	-
Disability grant	1,600	1,600	1,796	196
Property tax relief	85,064	85,064	85,064	-
Total general government	<u>630,480</u>	<u>630,480</u>	<u>595,018</u>	<u>(35,462)</u>
Total intergovernmental	<u>11,646,841</u>	<u>11,646,841</u>	<u>11,624,165</u>	<u>(22,676)</u>

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**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Charges for Services:				
Building permit fees	\$ 300,000	\$ 300,000	\$ 190,509	\$ (109,491)
Fines, fees and penalties	600	600	171	(429)
Pistol permits	5,500	5,500	10,150	4,650
Zoning permit fees	8,500	8,500	7,846	(654)
Town clerk	16,000	16,000	17,749	1,749
Library fees	10,000	10,000	9,707	(293)
Motor vehicle fine	12,000	12,000	18,460	6,460
Planning and zoning and IWWC	10,000	10,000	3,113	(6,887)
Rents/PILOT	12,500	12,500	12,992	492
Property conveyance tax	130,000	130,000	137,545	7,545
Document recording fees	85,000	85,000	73,891	(11,109)
Map and copy sales	12,000	12,000	12,896	896
Notary fees	1,000	1,000	1,215	215
Zoning board of appeals	2,500	2,500	3,082	582
Public safety services	1,000	1,000	1,674	674
Solid waste fees/sewer fees	45,000	45,000	42,774	(2,226)
Town preservation	6,500	6,500	5,322	(1,178)
Ambulance	36,237	36,237	36,237	-
Total charges for services	<u>694,337</u>	<u>694,337</u>	<u>585,333</u>	<u>(109,004)</u>
Investment Income:				
General Fund	<u>40,000</u>	<u>40,000</u>	<u>70,918</u>	<u>30,918</u>
Other Revenues	<u>20,000</u>	<u>20,000</u>	<u>75,225</u>	<u>55,225</u>
Total Revenues	<u>54,348,930</u>	<u>54,348,930</u>	<u>54,538,978</u>	<u>190,048</u>
Other Financing Sources:				
Cancellation of prior year encumbrances			8,310	8,310
Appropriation of fund balance	<u>250,000</u>	<u>281,338</u>		<u>(281,338)</u>
Total other financing sources	<u>250,000</u>	<u>281,338</u>	<u>8,310</u>	<u>(273,028)</u>
Total Revenues and Other Financing Sources	<u>\$ 54,598,930</u>	<u>\$ 54,630,268</u>	<u>\$ 54,547,288</u>	<u>\$ (82,980)</u>

**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Administrative:				
Town council	\$ 38,879	\$ 39,719	\$ 37,140	\$ 2,579
Town manager	216,067	227,067	226,854	213
Economic development commission	2,750	2,750	1,751	999
HR administrative services	2,296,700	2,280,150	2,246,026	34,124
Insurance	208,614	208,614	207,174	1,440
Legal services	62,000	84,000	77,802	6,198
Probate court	11,918	11,918	11,910	8
Total administrative	<u>2,836,928</u>	<u>2,854,218</u>	<u>2,808,657</u>	<u>45,561</u>
Planning and Community Development:				
Building inspection services	117,340	119,186	116,854	2,332
Zoning board of appeals	3,160	3,176	2,896	280
Environmental health services	74,725	74,725	74,724	1
Planning and zoning services	140,632	137,792	136,545	1,247
Inland wetlands commission	4,065	5,373	4,933	440
Planning and zoning commission	9,905	9,905	8,015	1,890
Conservation commission	4,290	4,290	4,284	6
Total planning and community development	<u>354,117</u>	<u>354,447</u>	<u>348,251</u>	<u>6,196</u>
Community Services:				
Elderly services	57,024	57,403	56,996	407
Human services	325,616	331,766	331,755	11
Library	406,655	410,645	408,503	2,142
Senior center	-	5,356	5,356	-
Recreation and adult education	134,000	137,222	136,045	1,177
Total community services	<u>923,295</u>	<u>942,392</u>	<u>938,655</u>	<u>3,737</u>
Public Works:				
Engineering services	107,530	123,808	123,397	411
Parks and facilities	1,373,132	1,375,988	1,295,007	80,981
Refuse and recycling services	1,067,227	1,067,227	1,061,623	5,604
Streets and roads	1,922,523	1,909,356	1,835,290	74,066
Total public works	<u>4,470,412</u>	<u>4,476,379</u>	<u>4,315,317</u>	<u>161,062</u>

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**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Public Safety Services:				
Water supply	\$ 82,278	82,278	\$ 80,872	\$ 1,406
Ambulance	345,900	323,590	321,259	2,331
Canine control	43,501	43,501	39,477	4,024
Emergency preparedness	13,689	12,613	12,613	-
Fire prevention	83,454	82,300	81,232	1,068
Fire suppression	622,892	663,011	659,121	3,890
Community emergency response team	2,000	2,000	2,000	-
Law enforcement	668,971	669,154	610,085	59,069
Total public safety services	<u>1,862,685</u>	<u>1,878,447</u>	<u>1,806,659</u>	<u>71,788</u>
Record and Financial Services:				
Accounting services	332,737	332,737	329,797	2,940
Assessment services	253,381	257,582	257,377	205
Board of assessment appeals	750	750	744	6
Independent audit	25,250	25,250	25,250	-
Registrar of voters	49,615	51,535	50,995	540
Revenue services	164,561	166,542	154,846	11,696
Town clerk	145,329	148,326	148,243	83
Total record and financial services	<u>971,623</u>	<u>982,722</u>	<u>967,252</u>	<u>15,470</u>
Contingency and Other	<u>153,049</u>	<u>82,023</u>	<u>56,341</u>	<u>25,682</u>
Board of Education:				
Language arts	274,552	279,822	189,314	90,508
Math	74,238	59,538	120,574	(61,036)
Social studies	11,224	10,133	21,413	(11,280)
Science	61,535	61,535	77,409	(15,874)
Art	26,385	26,385	23,816	2,569
Music	14,840	14,840	11,270	3,570
Physical education	15,188	15,757	13,362	2,395
World language	10,317	9,023	8,393	630
Family and consumer science	17,500	17,500	15,886	1,614
Technology education	23,430	23,430	14,502	8,928
Business education	22,325	22,325	21,720	605
Digital education	9,198	9,198	8,158	1,040
Talc	1,280	1,280	1,070	210
Special services	2,760,176	2,760,176	2,394,355	365,821
Special education	103,348	103,348	84,290	19,058
Interdistrict programs	201,789	201,789	225,057	(23,268)

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Board of Education (continued):				
Student athletics	\$ 179,677	179,677	\$ 195,460	\$ (15,783)
Student activities	19,439	19,439	13,048	6,391
Guidance and counseling	9,190	8,690	6,202	2,488
Nursing	14,946	14,346	18,778	(4,432)
Library	14,593	14,593	13,921	672
Audiovisual	2,034	2,034	1,032	1,002
Staff services	6,993,752	6,993,752	6,859,428	134,324
Communication / Insurance	195,725	195,725	195,823	(98)
Principals' offices	1,583,092	1,583,092	1,635,156	(52,064)
Transportation	2,438,496	2,438,496	2,337,951	100,545
Superintendent's office	271,141	271,141	286,504	(15,363)
Business services	224,937	224,937	201,011	23,926
Technology services	319,380	319,380	606,005	(286,625)
Custodial Services	165,706	165,706	198,868	(33,162)
Energy management	6,390	3,477	641	2,836
Energy management - utilities	1,396,566	1,396,566	1,396,566	-
Plant maintenance	430,362	433,275	590,371	(157,096)
BOE Payroll Clerk	2,970	2,970	2,225	745
Program/Professional development	152,205	166,905	241,442	(74,537)
Certified regular education payroll	13,122,309	13,122,309	13,062,355	59,954
Certified special education payroll	2,748,688	2,748,688	2,748,120	568
Noncertified payroll	1,281,297	1,281,297	1,328,894	(47,597)
Building operations	844,596	844,596	790,560	54,036
Building maintenance	179,671	179,671	209,574	(29,903)
Business services	345,758	345,758	341,750	4,008
Superintendent services	33,974	33,974	39,168	(5,194)
Principals' services	137,541	135,187	153,516	(18,329)
System-wide substitutes	423,866	423,866	452,176	(28,310)
System-wide services	898,105	898,105	878,576	19,529
Adult education	32,000	32,000	31,336	664
Board of Education	180,100	180,100	194,882	(14,782)
Total Board of Education	<u>38,275,831</u>	<u>38,275,831</u>	<u>38,261,928</u>	<u>13,903</u>
Debt Service	<u>4,424,558</u>	<u>4,105,344</u>	<u>4,105,344</u>	<u>-</u>
Total Expenditures	<u>54,272,498</u>	<u>53,951,803</u>	<u>53,608,404</u>	<u>343,399</u>

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<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	117,618	443,669	443,669	-
Capital improvements	183,814	183,814	183,814	-
Education Reserve Fund		25,982	25,982	-
	<u>326,432</u>	<u>678,465</u>	<u>678,465</u>	<u>-</u>
Total other financing uses				
	<u>326,432</u>	<u>678,465</u>	<u>678,465</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 54,598,930</u>	<u>\$ 54,630,268</u>	<u>\$ 54,286,869</u>	<u>\$ 343,399</u>

**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
COMBINING BALANCE SHEET SCHEDULE  
JUNE 30, 2016**

	<u>General</u>	<u>Education Reserve Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,645,956	\$ 63,813	\$ 9,709,769
Investments	1,507,072		1,507,072
Receivables	<u>487,146</u>		<u>487,146</u>
Total Assets	<u>\$ 11,640,174</u>	<u>\$ 63,813</u>	<u>\$ 11,703,987</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts and other payables	\$ 357,801	\$	\$ 357,801
Accrued liabilities	55,917		55,917
Due to other funds	197,036		197,036
Total liabilities	<u>610,754</u>	<u>-</u>	<u>610,754</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	388,512		388,512
Advance property tax collections	<u>1,762,282</u>		<u>1,762,282</u>
Total deferred inflows of resources	<u>2,150,794</u>	<u>-</u>	<u>2,150,794</u>
Fund balances:			
Committed		63,813	63,813
Assigned	1,764,973		1,764,973
Unassigned	<u>7,113,653</u>		<u>7,113,653</u>
Total fund balances	<u>8,878,626</u>	<u>63,813</u>	<u>8,942,439</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,640,174</u>	<u>\$ 63,813</u>	<u>\$ 11,703,987</u>

**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>Education Reserve Fund</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Property taxes	\$ 42,183,337	\$	\$	\$ 42,183,337
Intergovernmental	16,861,099			16,861,099
Charges for services	585,333			585,333
Investment income	70,918			70,918
Other revenues	75,225			75,225
Total revenues	<u>59,775,912</u>	<u>-</u>	<u>-</u>	<u>59,775,912</u>
Expenditures:				
Current:				
Administration	3,024,034			3,024,034
Planning and community development	355,841			355,841
Community services	932,577			932,577
Public works	4,455,193			4,455,193
Public safety services	1,857,452			1,857,452
Record and financial services	633,230			633,230
Contingency and other	124,671			124,671
Board of Education	43,121,453	37,418		43,158,871
Debt service	4,193,538			4,193,538
Total expenditures	<u>58,697,989</u>	<u>37,418</u>	<u>-</u>	<u>58,735,407</u>
Excess of Revenues over Expenditures	<u>1,077,923</u>	<u>(37,418)</u>	<u>-</u>	<u>1,040,505</u>
Other Financing Sources (Uses):				
Transfers in	88,196	25,982	(25,982)	88,196
Transfers out	(678,464)		25,982	(652,482)
Net other financing sources (uses)	<u>(590,268)</u>	<u>25,982</u>	<u>-</u>	<u>(564,286)</u>
Net Change in Fund Balances	487,655	(11,436)	-	476,219
Fund Balances at Beginning of Year	<u>8,390,971</u>	<u>75,249</u>	<u>-</u>	<u>8,466,220</u>
Fund Balances at End of Year	<u>\$ 8,878,626</u>	<u>\$ 63,813</u>	<u>\$ -</u>	<u>\$ 8,942,439</u>

**TOWN OF TOLLAND, CONNECTICUT  
 GENERAL FUND  
 REPORT OF TAX COLLECTOR  
 FOR THE YEAR ENDED JUNE 30, 2016**

Grand List Year	Uncollected Taxes July 1, 2015	Supplement	Lawful Corrections		Transfers to Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2016
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2000	\$	\$	\$	\$	\$	\$ -	\$	\$	\$ -	\$ -
2001						-			-	-
2002						-			-	-
2003						-			-	-
2004						-			-	-
2005			1,926	100		1,826	1,826	3,120	4,946	-
2006	154		1,356		125	1,385	1,385	2,095	3,480	-
2007	126		179		126	179	179	358	537	-
2008	1,521		321		118	1,724	1,724	1,649	3,373	-
2009	2,864		371		184	3,051	2,821	2,612	5,433	230
2010	18,052		429	319	966	17,196	2,502	1,957	4,459	14,694
2011	41,826		4,006	4,731	4,035	37,066	12,405	7,564	19,969	24,661
2012	89,503		1,617	2,133	11,431	77,556	41,926	15,498	57,424	35,630
2013	374,695		6,758	8,167	15,034	358,252	283,991	53,934	337,925	74,261
Total Prior Years	528,741	-	16,963	15,450	32,019	498,235	348,759	88,787	437,546	149,476
2014	41,586,636	522,620	43,354	167,098	4,174	41,981,338	41,653,686	123,851	41,777,537	327,652
Total	\$ 42,115,377	\$ 522,620	\$ 60,317	\$ 182,548	\$ 36,193	\$ 42,479,573	\$ 42,002,445	\$ 212,638	\$ 42,215,083	\$ 477,128

# 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 300<sup>th</sup> 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, 2016

	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
<b>ASSETS</b>								
Cash	\$ 37,808	\$ 3,022	\$ 14,569	\$ 10,253	\$ 59,037	\$ 115,753	\$ 17,532	\$ 9,643
Investments								
Receivables								
Due from other funds								
Other								
Total Assets	<u>\$ 37,808</u>	<u>\$ 3,022</u>	<u>\$ 14,569</u>	<u>\$ 10,253</u>	<u>\$ 59,037</u>	<u>\$ 115,753</u>	<u>\$ 17,532</u>	<u>\$ 9,643</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
Liabilities:								
Accounts and other payables/due to State	\$ 10,986	\$	\$	\$	116	\$	\$	\$
Due to other funds								
Unearned revenue					12,090			
Total liabilities	<u>10,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,206</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:								
Unavailable revenue - special assessments								
Unavailable revenue - cemetery								
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable								
Restricted								9,643
Committed	26,822	3,022	14,569	10,253	46,831	115,753	17,532	
Total fund balances	<u>26,822</u>	<u>3,022</u>	<u>14,569</u>	<u>10,253</u>	<u>46,831</u>	<u>115,753</u>	<u>17,532</u>	<u>9,643</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 37,808</u>	<u>\$ 3,022</u>	<u>\$ 14,569</u>	<u>\$ 10,253</u>	<u>\$ 59,037</u>	<u>\$ 115,753</u>	<u>\$ 17,532</u>	<u>\$ 9,643</u>

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TOWN OF TOLLAND, CONNECTICUT  
 NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET (CONTINUED)  
 JUNE 30, 2016

	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
<b>ASSETS</b>								
Cash	\$ 217,339	\$ 160,288	\$ 132,428	\$ 6,850	\$ 272,821	\$ 541	\$ 183,543	\$ 3,741
Investments								
Receivables		33,843	23,283	210	1,506		10,125	
Due from other funds							1,584	
Other			29,769					
<b>Total Assets</b>	<b>\$ 217,339</b>	<b>\$ 194,131</b>	<b>\$ 185,480</b>	<b>\$ 7,060</b>	<b>\$ 274,327</b>	<b>\$ 541</b>	<b>\$ 195,252</b>	<b>\$ 3,741</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
Liabilities:								
Accounts and other payables/due to State	\$ 3,936	\$ 9,741	\$	\$	\$	\$	\$	\$
Due to other funds								
Unearned revenue			29,997	7,060	78,297			
<b>Total liabilities</b>	<b>3,936</b>	<b>9,741</b>	<b>29,997</b>	<b>7,060</b>	<b>78,297</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred inflows of resources:								
Unavailable revenue - special assessments		33,843						
Unavailable revenue - cemetery							10,125	
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>33,843</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,125</b>	<b>-</b>
Fund balances:								
Nonspendable			29,769					
Restricted			23,283					
Committed	213,403	150,547	102,431		196,030	541	185,127	3,741
<b>Total fund balances</b>	<b>213,403</b>	<b>150,547</b>	<b>155,483</b>	<b>-</b>	<b>196,030</b>	<b>541</b>	<b>185,127</b>	<b>3,741</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 217,339</b>	<b>\$ 194,131</b>	<b>\$ 185,480</b>	<b>\$ 7,060</b>	<b>\$ 274,327</b>	<b>\$ 541</b>	<b>\$ 195,252</b>	<b>\$ 3,741</b>

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TOWN OF TOLLAND, CONNECTICUT  
 NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET (CONTINUED)  
 JUNE 30, 2016

	Special Revenue Funds						
	Training Center Fund	Conservation Green Grant	Traffic Fund	Field Maintenance	Veterans Memorial Fund	300th Anniversary Fund	Miscellaneous Grants Fund
<b>ASSETS</b>							
Cash	\$ 7,609	\$ 157	\$	\$ 11,041	\$ 310	\$ 1,828	\$
Investments							
Receivables			2,198				3,199
Due from other funds							
Other							
Total Assets	<u>\$ 7,609</u>	<u>\$ 157</u>	<u>\$ 2,198</u>	<u>\$ 11,041</u>	<u>\$ 310</u>	<u>\$ 1,828</u>	<u>\$ 3,199</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables/due to State	\$ 25	\$	\$	\$	\$	\$	\$ 312
Due to other funds			954				1,817
Unearned revenue							
Total liabilities	<u>25</u>	<u>-</u>	<u>954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,129</u>
Deferred inflows of resources:							
Unavailable revenue - special assessments							
Unavailable revenue - cemetery							
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable							
Restricted		157	1,244				1,070
Committed	7,584			11,041	310	1,828	
Total fund balances	<u>7,584</u>	<u>157</u>	<u>1,244</u>	<u>11,041</u>	<u>310</u>	<u>1,828</u>	<u>1,070</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,609</u>	<u>\$ 157</u>	<u>\$ 2,198</u>	<u>\$ 11,041</u>	<u>\$ 310</u>	<u>\$ 1,828</u>	<u>\$ 3,199</u>

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TOWN OF TOLLAND, CONNECTICUT  
 NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET (CONTINUED)  
 JUNE 30, 2016

	Special Revenue Funds		Debt Service Funds	Permanent Funds		Eliminations	Total Nonmajor Governmental Funds
	Emergency Storm Fund	Turf Field Operations Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund		
<b>ASSETS</b>							
Cash	\$ 171,999	\$ 17,031	\$ 544,149	\$ 296,686	\$ 68,723	\$	\$ 2,364,701
Investments					609,019		609,019
Receivables				3,500			77,864
Due from other funds	2,771					(4,355)	-
Other							29,769
Total Assets	<u>\$ 174,770</u>	<u>\$ 17,031</u>	<u>\$ 544,149</u>	<u>\$ 300,186</u>	<u>\$ 677,742</u>	<u>\$ (4,355)</u>	<u>\$ 3,081,353</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables/due to State	\$	\$	\$	\$	\$	\$	\$ 25,116
Due to other funds				1,584		(4,355)	-
Unearned revenue							127,444
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,584</u>	<u>-</u>	<u>(4,355)</u>	<u>152,560</u>
Deferred inflows of resources:							
Unavailable revenue - special assessments							33,843
Unavailable revenue - cemetery				3,500			13,625
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>47,468</u>
Fund balances:							
Nonspendable				292,263	20,800		342,832
Restricted							35,397
Committed	174,770	17,031	544,149	2,839	656,942		2,503,096
Total fund balances	<u>174,770</u>	<u>17,031</u>	<u>544,149</u>	<u>295,102</u>	<u>677,742</u>	<u>-</u>	<u>2,881,325</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 174,770</u>	<u>\$ 17,031</u>	<u>\$ 544,149</u>	<u>\$ 300,186</u>	<u>\$ 677,742</u>	<u>\$ (4,355)</u>	<u>\$ 3,081,353</u>

**TOWN OF TOLLAND, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds							Town Aid Road
	Dog Fund	Open Space Maintenance	Stone Pond Sewer Escrow	Tolland Townhouse Sewer Escrow	Lodge Activity Fund	Open Space Fund	Tolland Business Park Fund	
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$ 262
Charges for services	21,232				57,200	2,297		
Investment income	38	4	46	9	77	340	32	32
Other	92							
Total revenues	<u>21,362</u>	<u>4</u>	<u>46</u>	<u>9</u>	<u>57,277</u>	<u>2,637</u>	<u>32</u>	<u>294</u>
Expenditures:								
Current:								
Community services					32,306			
Public works		675						
Public safety services	22,144							
Debt Service								
Education								
Total expenditures	<u>22,144</u>	<u>675</u>	<u>-</u>	<u>-</u>	<u>32,306</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(782)</u>	<u>(671)</u>	<u>46</u>	<u>9</u>	<u>24,971</u>	<u>2,637</u>	<u>32</u>	<u>294</u>
Other Financing Sources (Uses):								
Transfers in	10,000							
Transfers out					(6,000)			
Bond premium								
Net other financing sources (uses)	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	9,218	(671)	46	9	18,971	2,637	32	294
Fund Balances at Beginning of Year	<u>17,604</u>	<u>3,693</u>	<u>14,523</u>	<u>10,244</u>	<u>27,860</u>	<u>113,116</u>	<u>17,500</u>	<u>9,349</u>
Fund Balances at End of Year	<u>\$ 26,822</u>	<u>\$ 3,022</u>	<u>\$ 14,569</u>	<u>\$ 10,253</u>	<u>\$ 46,831</u>	<u>\$ 115,753</u>	<u>\$ 17,532</u>	<u>\$ 9,643</u>

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016

	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	\$	\$	\$ 208,396	\$ 737,114	\$	\$	\$ 600	\$	
Charges for services	358,512	5,570	642,705		443,353		34,665		47
Investment income	456	5,041					525		
Other	1,233					370			
Total revenues	<u>360,201</u>	<u>10,611</u>	<u>851,101</u>	<u>737,114</u>	<u>443,353</u>	<u>370</u>	<u>35,790</u>		<u>47</u>
Expenditures:									
Current:									
Community services	291,885						12,482		
Public works									
Public safety services									
Debt Service									
Education			843,020	737,114	388,763				53
Total expenditures	<u>291,885</u>	<u>-</u>	<u>843,020</u>	<u>737,114</u>	<u>388,763</u>	<u>-</u>	<u>12,482</u>		<u>53</u>
Excess (Deficiency) of Revenues over Expenditures	<u>68,316</u>	<u>10,611</u>	<u>8,081</u>	<u>-</u>	<u>54,590</u>	<u>370</u>	<u>23,308</u>		<u>(6)</u>
Other Financing Sources (Uses):									
Transfers in	6,000						2,128		
Transfers out	(15,000)						(58,000)		
Bond premium									
Net other financing sources (uses)	<u>(9,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,872)</u>		<u>-</u>
Net Change in Fund Balances	59,316	10,611	8,081	-	54,590	370	(32,564)		(6)
Fund Balances at Beginning of Year	<u>154,087</u>	<u>139,936</u>	<u>147,402</u>	<u>-</u>	<u>141,440</u>	<u>171</u>	<u>217,691</u>		<u>3,747</u>
Fund Balances at End of Year	<u>\$ 213,403</u>	<u>\$ 150,547</u>	<u>\$ 155,483</u>	<u>\$ -</u>	<u>\$ 196,030</u>	<u>\$ 541</u>	<u>\$ 185,127</u>		<u>\$ 3,741</u>

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds						
	Training Center Fund	Conservation Green Grant	Traffic Fund	Field Maintenance	Veterans Memorial Fund	300th Anniversary Fund	Miscellaneous Grants Fund
Revenues:							
Intergovernmental	\$	\$	\$ 32,415	\$	\$	\$	\$ 46,351
Charges for services	1,580						
Investment income	6			9		12	(1)
Other				1,250	70	6,434	565
Total revenues	<u>1,586</u>	<u>-</u>	<u>32,415</u>	<u>1,259</u>	<u>70</u>	<u>6,446</u>	<u>46,915</u>
Expenditures:							
Current:							
Community services					108	38,010	
Public works			33,057				
Public safety services							47,469
Debt Service							
Education							
Total expenditures	<u>-</u>	<u>-</u>	<u>33,057</u>	<u>-</u>	<u>108</u>	<u>38,010</u>	<u>47,469</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,586</u>	<u>-</u>	<u>(642)</u>	<u>1,259</u>	<u>(38)</u>	<u>(31,564)</u>	<u>(554)</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	1,586	-	(642)	1,259	(38)	(31,564)	(554)
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 7,584</u>	<u>\$ 157</u>	<u>\$ 1,244</u>	<u>\$ 11,041</u>	<u>\$ 310</u>	<u>\$ 1,828</u>	<u>\$ 1,070</u>

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	<u>Permanent Funds</u>		<u>Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Emergency Storm Fund</u>	<u>Turf Field Operations Fund</u>	<u>Debt Service Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Ratcliff Hicks Memorial School Fund</u>		
Revenues:							
Intergovernmental	\$ 91,057	\$	\$	\$	\$	\$	\$ 1,116,195
Charges for services				601			1,567,762
Investment income	421	6	1,359	2,128	(5,530)		5,010
Other		14,278					24,292
Total revenues	<u>91,478</u>	<u>14,284</u>	<u>1,359</u>	<u>2,729</u>	<u>(5,530)</u>	<u>-</u>	<u>2,713,259</u>
Expenditures:							
Current:							
Community services		2,808					377,599
Public works							33,732
Public safety services							69,613
Debt Service			278,364				278,364
Education					5,202		1,974,152
Total expenditures	<u>-</u>	<u>2,808</u>	<u>278,364</u>	<u>-</u>	<u>5,202</u>	<u>-</u>	<u>2,733,460</u>
Excess (Deficiency) of Revenues over Expenditures	<u>91,478</u>	<u>11,476</u>	<u>(277,005)</u>	<u>2,729</u>	<u>(10,732)</u>	<u>-</u>	<u>(20,201)</u>
Other Financing Sources (Uses):							
Transfers in			443,669			(8,128)	453,669
Transfers out				(2,128)		8,128	(73,000)
Bond premium			228,526				228,526
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>672,195</u>	<u>(2,128)</u>	<u>-</u>	<u>-</u>	<u>609,195</u>
Net Change in Fund Balances	91,478	11,476	395,190	601	(10,732)	-	588,994
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 174,770</u>	<u>\$ 17,031</u>	<u>\$ 544,149</u>	<u>\$ 295,102</u>	<u>\$ 677,742</u>	<u>\$ -</u>	<u>\$ 2,881,325</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, 2016**

	<u>Utility Service Fund</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Assets:			
Current:			
Cash and cash equivalents	\$ 818,473	\$	\$ 818,473
Advance to plan administrator		<u>2,221,963</u>	<u>2,221,963</u>
Total Assets	<u>818,473</u>	<u>2,221,963</u>	<u>3,040,436</u>
Liabilities:			
Current:			
Accounts payable	81,358		81,358
Claims payable		<u>448,600</u>	<u>448,600</u>
Total Liabilities	<u>81,358</u>	<u>448,600</u>	<u>529,958</u>
Net Position:			
Unrestricted	<u>\$ 737,115</u>	<u>\$ 1,773,363</u>	<u>\$ 2,510,478</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, 2016**

	<u>Utility Service Fund</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Operating Revenues:			
Charges for services	\$ 1,695,043	\$	\$ 1,695,043
Employer contributions		6,516,604	6,516,604
Total operating revenues	<u>1,695,043</u>	<u>6,516,604</u>	<u>8,211,647</u>
Operating Expenses:			
Utilities	1,121,070		1,121,070
Administration		73,471	73,471
Employee benefits		6,411,381	6,411,381
Total operating expenses	<u>1,121,070</u>	<u>6,484,852</u>	<u>7,605,922</u>
Operating Income	<u>573,973</u>	<u>31,752</u>	<u>605,725</u>
Nonoperating Revenue (Expenses):			
Investment income	889	19,676	20,565
Interest expense	<u>(337,850)</u>		<u>(337,850)</u>
Total nonoperating revenues	<u>(336,961)</u>	<u>19,676</u>	<u>(317,285)</u>
Transfer out	<u>(88,196)</u>		<u>(88,196)</u>
Change in Net Position	148,816	51,428	200,244
Net Position at Beginning of Year	<u>588,299</u>	<u>1,721,935</u>	<u>2,310,234</u>
Net Position at End of Year	<u>\$ 737,115</u>	<u>\$ 1,773,363</u>	<u>\$ 2,510,478</u>

**TOWN OF TOLLAND, CONNECTICUT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Utility Service Fund</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities:			
Received from customers	\$ 1,695,099	\$ 6,516,604	\$ 8,211,703
Payments to suppliers	(1,108,759)		(1,108,759)
Payments to providers of benefits		(6,536,280)	(6,536,280)
Net cash provided by (used in) operating activities	<u>586,340</u>	<u>(19,676)</u>	<u>566,664</u>
Cash Flows from Capital and Related Financing Activities:			
Transfers out	(88,196)		(88,196)
Interest expense	(337,850)		(337,850)
Net cash provided by (used in) capital and related financing activities	<u>(426,046)</u>	<u>-</u>	<u>(426,046)</u>
Cash Flows from Investing Activities:			
Investment income	<u>889</u>	<u>19,676</u>	<u>20,565</u>
Net Increase (Decrease) in Cash and Cash Equivalents	161,183	-	161,183
Cash and Cash Equivalents at Beginning of Year	<u>657,290</u>	<u>-</u>	<u>657,290</u>
Cash and Cash Equivalents at End of Year	<u>\$ 818,473</u>	<u>\$ -</u>	<u>\$ 818,473</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 573,973	\$ 31,752	\$ 605,725
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in accounts receivable	56		56
(Increase) decrease in advance to plan administrator		(88,628)	(88,628)
Increase (decrease) in accounts payable	12,311		12,311
Increase (decrease) in claims payable		37,200	37,200
Net Cash Provided by (Used in) Operating Activities	<u>\$ 586,340</u>	<u>\$ (19,676)</u>	<u>\$ 566,664</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.

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

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

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

**TOWN OF TOLLAND, CONNECTICUT**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance,</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2016</u>
Cash:				
Youth Center Reserve	\$ 34,939	\$ 33,733	\$ 40,956	\$ 27,716
Student Activity Fund	321,927	811,205	796,689	336,443
Senior Citizens Center	23,822	40,046	47,788	16,080
Tolland Public Library	56,964	19,369	6,856	69,477
Tolland Emergency Fund	45,728	13,218	14,842	44,104
D.A.R.E.	2,055			2,055
Education Fund	17,962	353,674	342,900	28,736
Board of Education - Section 125	15,291	23,767	28,880	10,178
Non-Profit Housing Corporation	106,492	9,090	3,050	112,532
Total Cash	625,180	1,304,102	1,281,961	647,321
Accounts Receivable:				
Non-Profit Housing Corporation	20,235	6,448		26,683
Total Assets	<u>\$ 645,415</u>	<u>\$ 1,310,550</u>	<u>\$ 1,281,961</u>	<u>\$ 674,004</u>
Accounts Payable:				
Youth Center Reserve	\$ 34,939	\$ 33,733	\$ 40,956	\$ 27,716
Student Activity Fund	321,927	811,205	796,689	336,443
Senior Citizens Center	23,822	40,046	47,788	16,080
Tolland Public Library	56,964	19,369	6,856	69,477
Tolland Emergency Fund	45,728	13,218	14,842	44,104
D.A.R.E.	2,055			2,055
Education Fund	17,962	353,674	342,900	28,736
Board of Education - Section 125	15,291	23,767	28,880	10,178
Non-Profit Housing Corporation	126,727	15,538	3,050	139,215
Total Liabilities	<u>\$ 645,415</u>	<u>\$ 1,310,550</u>	<u>\$ 1,281,961</u>	<u>\$ 674,004</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.

<b>Contents</b>	<b>Page</b>
Financial Trends	81-84
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	85-87
These schedules contain information to help the reader assess the Town's most significant local revenue source, property taxes.	
Debt Capacity	88-90
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	91-92
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	93-95
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.	

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 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	\$ 76,382,043
Restricted	313,138	313,063	313,063	313,063	313,063	313,063	313,063	313,063	313,063	313,063
Unrestricted	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	18,030,770
Total governmental activities net position	<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>	<u>94,725,876</u>
<b>Business-Type Activities:</b>										
Net investment in capital assets	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	8,705,538
Restricted		16,100				24,357	30,682	36,239	42,725	49,825
Unrestricted	590,528	618,074	291,738	254,954	247,954	268,614	303,016	379,213	489,150	637,253
Total business-type activities net position	<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>	<u>9,392,616</u>
<b>Primary Government:</b>										
Net investment in capital assets	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	85,087,581
Restricted	313,138	329,163	313,063	313,063	313,063	337,420	343,745	349,302	355,788	362,888
Unrestricted	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	18,668,023
<b>Total Primary Government Net Position</b>	<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>	<u>\$ 104,118,492</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses:</b>										
<b>Governmental activities:</b>										
Administration	\$ 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	\$ 1,600,623
Planning and community development	510,916	535,217	494,459	437,811	459,598	505,425	478,632	355,708	448,187	438,009
Community services	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	1,687,426
Public works	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	9,763,091
Public safety services	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	2,445,574
Records and financial services	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	875,914
Board of Education	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	47,211,938
Interest expense	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	1,247,428
Total governmental activities expenses	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	65,270,003
<b>Business-type activities:</b>										
Water	315,437	378,020	361,474	376,151	388,310	368,586	376,706	386,035	342,447	324,016
Sewer	262,121	352,643	316,824	309,562	447,724	453,389	460,248	427,194	535,004	472,864
Total business-type activities expenses	577,558	730,663	678,298	685,713	836,034	821,975	836,954	813,229	877,451	796,880
Total primary government expenses	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	66,066,883
<b>Program Revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
Administration							10,756			
Planning and community development	294,081	427,071	226,064	272,661	296,752	286,961	302,962	382,127	347,892	360,580
Community services	649,450	632,107	449,231	489,934	721,398	370,474	376,711	545,223	409,067	463,717
Public works	114,177	103,175	247,389	34,725	495,316	45,948	48,035	72,179	110,844	93,451
Public safety services	275,718	102,882	373,317	154,448	490,783	259,484	135,789	330,423	344,714	286,369
Records and financial services	121,541	108,141	94,691	97,487	117,532	122,561	125,682	104,747	103,599	105,751
Board of Education	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	1,100,158
<b>Operating grants and contributions:</b>										
Community services						23,516	54,620	38,258	55,909	22,015
Public works						713,000	243,507	200,290	338,861	98,715
Public safety services							26,500	11,500	39,527	46,916
Board of Education	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	17,211,591
<b>Capital grants and contributions:</b>										
Administration	571,630								16,586	387,114
Planning and community development		631,245	212,265	749,762	1,227,483	289,946	102,017	247,737	150,957	262
Community services			1,178,000			848,986	300,640	642,137	107,521	512,213
Public works						256,910	436,075	94,000		362,888
Public safety services										
Board of Education	956,886	450,762	421,147	364,361	301,946	512,458		765,355		11,938
Interest expense			102,793	67,925	59,612	51,637	43,731	35,860	28,023	20,238
Total governmental activities program revenues	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	21,083,916
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Water	231,115	222,541	227,024	199,308	225,340	303,144	243,188	257,244	313,502	267,256
Sewer	104,868	161,817	181,663	227,429	268,531	337,485	333,676	325,755	356,904	362,674
<b>Capital grants and contributions:</b>										
Water	107,440	114,345	10,066	159,047						
Sewer	139,169									
Total business-type activities program revenues	582,592	498,703	418,753	585,784	493,871	640,629	576,864	582,999	670,406	629,930
Total primary government program revenues	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	21,713,846
<b>Net (expense) revenue:</b>										
Governmental activities	(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)	(44,186,087)
Business-type activities	5,034	(231,960)	(259,545)	(99,929)	(342,163)	(181,346)	(260,090)	(230,230)	(207,045)	(166,950)
Total primary government net expense	(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)	(44,353,037)
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental activities:</b>										
Property taxes	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	42,207,337
Unrestricted grants and contributions	1,355,620	1,442,362	1,273,901	574,468	771,764	357,609	529,845	267,332	371,281	318,864
Investment income	1,020,661	588,117	358,911	398,723	448,225	202,173	264,739	293,666	108,406	102,253
Loss on sale of asset										
Donated asset	884,165	2,198,752	555,592							
Miscellaneous	802,499	576,945	496,238	641,127	405,717	506,984	274,316	88,287	1,092,241	77,468
Transfers	(30,000)	(20,000)	(20,000)	(103,483)	(1,099,411)	(15,000)	(50,000)	(15,000)	(15,000)	(15,000)
Total governmental activities	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	42,690,922
<b>Business-type activities:</b>										
Investment income	26,960	21,111	8,208	3,064	819	1,490	1,245	1,227	1,958	5,279
Miscellaneous				4,903	9,863					
Donated asset										
Transfers	30,000	20,000	20,000	103,483	1,099,411	15,000	50,000	15,000	15,000	15,000
Total business-type activities	56,960	41,111	28,208	111,450	1,110,093	16,490	51,245	16,227	16,958	20,279
Total primary government	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	42,711,201
<b>Change in Net Position:</b>										
Governmental activities	(671,945)	3,052,750	1,018,312	(385,671)	635,050	(736,107)	(1,365,495)	821,806	(261,387)	(1,495,165)
Business-type activities	61,994	(190,849)	(231,337)	(11,521)	767,930	(164,856)	(208,845)	(214,003)	(190,087)	(146,671)
Total Primary Government	\$ (609,951)	\$ 2,861,901	\$ 786,975	\$ (374,150)	\$ 1,402,980	\$ (900,963)	\$ (1,574,340)	\$ 607,803	\$ (451,474)	\$ (1,641,836)

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 1,117,199	\$ 1,484,504	\$ 1,085,203	\$ 1,176,551	\$	\$	\$	\$	\$	\$
Unreserved	4,894,670	5,175,165	5,855,314	6,119,876						
Nonspendable										
Committed									75,249	63,813
Restricted						140,862	170,722	59,680		
Assigned					1,601,935	1,309,480	1,086,458	1,281,734	1,537,737	1,764,973
Unassigned					6,209,332	6,588,695	6,649,387	7,053,690	6,853,234	7,113,653
<b>Total General Fund</b>	<b>\$ 6,011,869</b>	<b>\$ 6,659,669</b>	<b>\$ 6,940,517</b>	<b>\$ 7,296,427</b>	<b>\$ 7,811,267</b>	<b>\$ 8,039,037</b>	<b>\$ 7,906,567</b>	<b>\$ 8,395,104</b>	<b>\$ 8,466,220</b>	<b>\$ 8,942,439</b>
All Other Governmental Funds:										
Reserved	\$ 235,642	\$ 642,654	\$ 794,358	\$ 329,059	\$	\$	\$	\$	\$	\$
Unreserved, reported in:										
Special Revenue Funds	2,349,434	2,690,894	2,932,590	2,836,172						
Capital Projects Funds	(3,706,449)	(483,411)	894,010	250,097						
Permanent Funds	574,396	523,715	442,255	781,822						
Nonspendable					350,896	349,238	354,191	353,280	350,288	342,832
Restricted					264,177	166,425	89,708	4,127,934	110,228	264,540
Committed					8,336,702	7,126,927	5,685,035	3,100,145	7,017,336	5,693,424
Assigned										
Unassigned						(2,459)		(4,173)		
<b>Total All Other Governmental Funds</b>	<b>\$ (546,977)</b>	<b>\$ 3,373,852</b>	<b>\$ 5,063,213</b>	<b>\$ 4,197,150</b>	<b>\$ 8,951,775</b>	<b>\$ 7,640,131</b>	<b>\$ 6,128,934</b>	<b>\$ 7,577,186</b>	<b>\$ 7,477,852</b>	<b>\$ 6,300,796</b>

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Property taxes	\$ 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	\$ 42,183,337
Intergovernmental	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	18,849,801
Charges for services	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	2,385,095
Investment income	1,020,661	588,117	358,912	398,723	448,225	202,173	264,739	289,584	108,406	102,253
Net increase in fair value of investment	7,277									
Other revenues	810,222	576,945	592,386	761,405	405,717	528,023	552,436	268,990	1,348,950	332,545
<b>Total revenues</b>	<b>53,561,191</b>	<b>65,097,481</b>	<b>58,883,889</b>	<b>57,475,512</b>	<b>58,568,729</b>	<b>60,830,889</b>	<b>60,746,075</b>	<b>62,543,900</b>	<b>62,409,229</b>	<b>63,853,031</b>
<b>Expenditures:</b>										
Administration	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	3,024,034
Planning and community development	390,443	430,956	370,967	353,395	357,485	353,474	369,838	328,045	360,179	355,841
Community services	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	1,310,176
Public works	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	4,488,925
Public safety services	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	1,927,065
Records and financial services	831,021	907,091	1,016,583	958,041	836,717	803,047	887,048	860,910	935,031	633,230
Contingency and other	41,193	42,154	41,734	48,783	106,293	681,042	39,993	144,636	144,844	124,671
Board of Education	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	45,133,023
Capital outlay	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	5,322,867
<b>Debt service:</b>										
Principal	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	3,175,252
Interest	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	1,572,380
<b>Total expenditures</b>	<b>62,704,477</b>	<b>64,785,958</b>	<b>58,936,115</b>	<b>57,977,423</b>	<b>59,287,781</b>	<b>64,160,438</b>	<b>63,995,130</b>	<b>70,190,268</b>	<b>68,062,484</b>	<b>67,067,464</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(9,143,286)</b>	<b>311,523</b>	<b>(52,226)</b>	<b>(501,911)</b>	<b>(719,052)</b>	<b>(3,329,549)</b>	<b>(3,249,055)</b>	<b>(7,646,368)</b>	<b>(5,653,255)</b>	<b>(3,214,433)</b>
<b>Other financing sources (uses):</b>										
Proceeds from capital lease					3,600,000					
Bond anticipation note repayment										(5,410,000)
Bond issue proceeds	9,015,000	4,255,000	2,010,000		2,525,000	2,675,000	1,460,000	9,598,157	5,410,000	7,565,000
Issuance of refunding bonds						2,235,000	8,025,000		9,635,000	
Payments to escrow agents						(2,345,417)	(9,122,074)		(10,592,003)	
Bond premium	68,882		32,435			191,275	134,338		49,838	285,400
Premium on refunding bond issuance						153,420	1,158,124		1,065,684	
Transfers in	1,658,825	980,003	1,637,398	834,944	884,920	630,810	603,353	510,704	297,907	798,678
Transfers out	(1,658,825)	(1,000,003)	(1,657,398)	(843,186)	(936,552)	(645,810)	(653,353)	(525,704)	(241,389)	(725,482)
<b>Total other financing sources (uses)</b>	<b>9,083,882</b>	<b>4,235,000</b>	<b>2,022,435</b>	<b>(8,242)</b>	<b>6,073,368</b>	<b>2,894,278</b>	<b>1,605,388</b>	<b>9,583,157</b>	<b>5,625,037</b>	<b>2,513,596</b>
<b>Net change in fund balances</b>	<b>(59,404)</b>	<b>4,546,523</b>	<b>1,970,209</b>	<b>(510,153)</b>	<b>5,354,316</b>	<b>(435,271)</b>	<b>(1,643,667)</b>	<b>1,936,789</b>	<b>(28,218)</b>	<b>(700,837)</b>
<b>Fund balances at beginning of year</b>	<b>* 5,554,296</b>	<b>5,486,998</b>	<b>* 10,033,521</b>	<b>12,003,730</b>	<b>11,493,577</b>	<b>16,114,439</b>	<b>* 15,679,168</b>	<b>* 14,035,501</b>	<b>* 15,972,290</b>	<b>15,944,072</b>
<b>Fund Balances at End of Year</b>	<b>\$ 5,494,892</b>	<b>\$ 10,033,521</b>	<b>\$ 12,003,730</b>	<b>\$ 11,493,577</b>	<b>\$ 16,847,893</b>	<b>\$ 15,679,168</b>	<b>\$ 14,035,501</b>	<b>\$ 15,972,290</b>	<b>\$ 15,944,072</b>	<b>\$ 15,243,235</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>7.5%</b>	<b>7.1%</b>	<b>8.4%</b>	<b>8.5%</b>	<b>8.5%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>7.2%</b>	<b>8.3%</b>	<b>7.4%</b>

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

<b>Fiscal Year Ended June 30</b>	<b>Real Estate Assessed Value</b>	<b>Motor Vehicle Assessed Value</b>	<b>Personal Property Assessed Value</b>	<b>Total Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Value</b>	<b>Percentage of Total Assessed Value to Total Estimated Value</b>
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%
2016	1,104,541,199	137,134,911	29,171,246	1,270,847,356	33.36	1,815,496,223	70.00%

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	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Capitol Ventures	\$ 13,848,900	1	1.09%	\$ 11,872,300	1	1.01%
Connecticut Light and Power	13,116,980	2	1.03%	6,959,670	4	0.59%
Gerber Scientific, Inc.	7,542,290	3	0.59%	8,712,820	2	0.74%
Silva Real Estate/Dari Farms	5,930,780	4	0.47%	8,131,712	3	0.69%
Summers and Summers Realty	5,575,200	5	0.44%	5,185,178	5	0.44%
Norwegian Woods, Inc.	4,840,030	6	0.38%	3,749,300	7	0.32%
Ivy Woods LLC	4,173,800	7	0.33%	3,186,873	10	0.27%
MJB Realty (includes settlement agreement)	3,909,400	8	0.31%			
Carriage Crossing LLC	3,287,200	9	0.26%	3,187,500	9	0.27%
Tomlen	2,704,700	10	0.21%			
Dari Farms				4,440,060	6	0.38%
Interet Properties, Inc.				3,319,100	8	0.28%
Total	\$ <u>64,929,280</u>		<u>5.11%</u>	\$ <u>58,744,513</u>		<u>4.99%</u>

Note: Based on net taxable grand list, October 1, 2014 and October 1, 2005.

TABLE 7

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

<b>Fiscal Year Ended June 30</b>	<b>Mill Rate</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected Within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
			<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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%	69,760	40,164,337	99.25%
2016	33.36	41,981,338	41,653,686	99.22%		41,653,686	99.22%

**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							
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
2016	33,870,000	n/a	33,870,000	2.7%	2,262	52,268	12,105,109	46,027,377	7.01%	3,074

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, 2016**

Total Tax Collections (Including Interest and Lien Fees)  
for the Year Ended June 30, 2016 \$ 42,215,083

Base for Debt Limitation Computation \$ 42,215,083

	<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	\$ 94,983,937	\$	\$	\$	
4 1/2 times base		189,967,874			
3 3/4 times base			158,306,561		
3 1/4 times base				137,199,020	
3 times base					126,645,249
	<u>94,983,937</u>	<u>189,967,874</u>	<u>158,306,561</u>	<u>137,199,020</u>	<u>126,645,249</u>
Total debt limitation	<u>94,983,937</u>	<u>189,967,874</u>	<u>158,306,561</u>	<u>137,199,020</u>	<u>126,645,249</u>
Indebtedness:					
Bonds payable	13,501,550	19,092,450	1,276,000		
Bond authorized but unissued	4,284,740				
Less: School building grants receivable		(544,024)			
	<u>17,786,290</u>	<u>18,548,426</u>	<u>1,276,000</u>	<u>-</u>	<u>-</u>
Net Indebtedness (1) (2)	<u>17,786,290</u>	<u>18,548,426</u>	<u>1,276,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	\$ <u><u>77,197,647</u></u>	\$ <u><u>171,419,448</u></u>	\$ <u><u>157,030,561</u></u>	\$ <u><u>137,199,020</u></u>	\$ <u><u>126,645,249</u></u>

(1) The total of the above net indebtedness amounts to: \$ 37,610,716

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 295,505,581

(2) There is no overlapping debt.

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

	Fiscal Year									
	<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>	<u>2016</u>
Debt limit	\$ 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	\$ 295,505,581
Total net debt applicable to limit	<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>	<u>37,610,716</u>
Legal Debt Margin	<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>	<u>\$ 257,894,865</u>
Total net debt applicable to the limit as a percentage of debt limit	22.8%	29.8%	27.2%	17.3%	16.7%	15.0%	13.6%	13.5%	12.0%	12.7%

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

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

<b>Fiscal Year</b>	<b>Population (2)</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (2)</b>	<b>School Enrollment</b>	<b>Unemployment Rate (2)</b>
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%
2016	14,971	656,418,466	43,846	43.0	2,706	4.5%

## Sources:

- (1) U.S. Department of Commerce, Bureau of Census, 2010 Census
- (2) Connecticut Economic Resource Center (CERC) Town Profile (2016)

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

<b>Employer</b>	<b>2016</b>			<b>2007</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Town of Tolland (1)	507	1	6.3%	512	1	6.2%
Gerber Garment Technologies	335	2	4.1%	500	2	6.1%
Woodlake at Tolland	241	3	3.0%	156	6	1.9%
Big Y	220	4	2.7%	225	3	2.7%
CNC Software	146	5	1.8%	94	8	1.1%
Dari Farms	126	6	1.6%	170	5	2.1%
Star Hill Athletic/ Standard Register	75	7	0.9%	130	7	1.6%
NERAC, Inc.	62	8	0.8%	220	4	2.7%
Northeast Utilities	62	9	0.8%	80	9	1.0%
Soldream, Inc.	60	10	0.7%	49	10	0.6%
	<u>1,834</u>					

Notes:

(1): Full-time equivalents

Source: Assessor Office / Official Statements

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administration	4	4	4	4	4	4	4	4	4	4
Planning and community development	7	7	7	5	5	5	5	4	4	4
Community services	20	20	17	18	18	18	18	16	17	17
Public works	34	34	35	34	33	33	32	31	32	32
Public safety services	9	10	11	12	12	12	13	13	13	13
Records and financial services	16	15	14	14	14	14	14	14	14	14
Total	<u>90</u>	<u>90</u>	<u>88</u>	<u>87</u>	<u>86</u>	<u>86</u>	<u>86</u>	<u>82</u>	<u>84</u>	<u>84</u>

\*\*Based on head count

Source: Accounting Department

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Planning and community development:										
Residential permit inspections	40	50	20	9	6	8	7	13	17	8
Commercial permit inspections	23	20	25	12	22	11	34	21	22	24
Subdivision lots approved (P&Z Comm)	2	5	2	8	2	3			2	2
COs issued (P&Z Services)***	277	350	700	131	146	212	28	195	15	20
Elderly services:										
Senior center attendance	9,500	7,239	8,000	8,568	7,792	8,029	8,231	8,311	8,070	9,246
Library:										
Total circulation	177,798	138,265	148,891	144,512	136,776	112,356	119,949	122,365	125,480	120,000
Attendance at library	87,477	83,698	94,723	97,219	91,294	70,000	77,231	77,630	75,996	70,933
Recreation:										
Youth programs and sports participation	2,991	3,108	3,221	2,553	2,243	2,213	1,853	1,858	1,835	2,092
Adult programs and sports participation	1,213	1,281	1,333	1,576	1,397	1,061	710	731	755	795
Refuse and recycling:										
Tons of refuse co-generated	6,864	6,864	5,970	4,595	4,557	4,806	4,348	4,256	4,325	4,347
Tons of single stream recycling	2,082	2,187	1,530	1,824	1,840	1,737	1,772	1,730	1,753	1,711
Public safety:										
Ambulance medical calls	823	868	954	1,031	1,095	1,183	1,135	1,235	1,272	1,307
Ambulance non-emergency calls	2,142	2,324	2,221	2,253	2,343	2,534	2,464	2,563	2,750	N/A
Fire calls	414	432	427	476	264	540	516	405	525	525
Fire medical calls*	823	868	954	1,031	1,095	1,183	N/A	N/A	N/A	N/A
Fire non-emergency calls	2,142	2,234	2,221	2,253	2,343	2,534	2,464	2,563	2,750	N/A
Hazardous materials	65	66	43	43	44	51	46	33	40	29
Other calls / service calls**							869	368	375	237
Vehicle Accidents									131	139
Law enforcement:										
Criminal investigations	450	357	450	375	214	169	398	396	458	502
Motor vehicle accident investigations	340	279	350	286	252	255	234	251	316	266
Registrar of voters:										
Total registered voters	9,400	9,278	10,000	9,661	9,300	9,186	9,415	9,271	9,400	9,436
Revenue services:										
Total taxes collected	\$ 33,665,945	\$ 34,183,960	\$ 36,079,493	\$ 36,045,688	\$ 36,706,615	\$ 37,641,605	\$ 38,505,984	\$ 38,882,421	\$ 40,094,577	\$ 41,653,686

\* no longer used

\*\* new in 2013

\*\*\* only for new houses starting in 2015

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

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
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	5	4	4	4	4	4	4	4	4	4
Parks and recreation:										
Fields - Municipal	16	16	16	16	16	16	16	16	16	16
Fields - Schools	16	16	16	16	16	16	16	16	16	16
Water:										
Water mains (Municipal) (miles)	67,560	66,591	66,991	66,991	66,991	66,991	66,994	66,994	66,994	66,994
Water mains (Private) (miles)	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772
Fire hydrants (Public)	81	82	83	83	83	83	83	83	83	83
Fire hydrants (Private)	12	12	14	14	14	14	14	14	14	14
Wastewater:										
Sewer line (feet)	41,532	41,532	41,532	46,432	46,432	46,432	46,432	46,432	46,432	46,432
Highway:										
Paved miles	120.25	122.79	123.11	123.11	123.50	123.60	123.68	123.68	123.68	123.68
Unimproved miles	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85

Source: Accounting Department