

**TOWN OF TOLLAND,  
CONNECTICUT**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2017**

**TOWN OF TOLLAND, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Prepared by:  
The Finance Department

Lisa A. Hancock  
Director of Finance and Records

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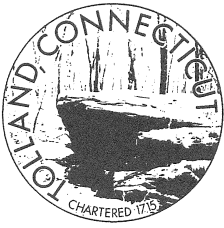
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## **Introductory Section**



November 17, 2017

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, 2017.

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, 2017 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, 2017 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 83 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 504 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 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 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. 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.

A 1.3 megawatt solar photovoltaic systems on a town property came on line this summer. This project 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 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 \$1.1 million or 3.67% and the motor vehicle list increased by \$6.1 million or 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 household income (\$110,593 in 2015) that is 57% greater than the state's median income; a highly educated workforce (44% have a bachelor's degree or higher), and low unemployment rate (2.8% in September 2017 vs. the State of CT 4.0% 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.

**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**

The State completed construction that improved the Route 195 corridor through a key commercial area in Tolland. Tolland also has been working closely with the State to finalize 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 expected to begin in 2018.

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 recently expanded the CTfastrak service to this region. Service connects Tolland to UConn via bus.

The expansion project for the library in the Hicks Memorial Building is complete. This expansion has provided additional programing 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 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**

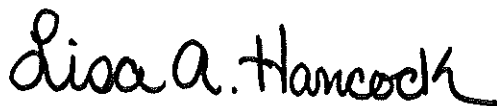
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Tolland for its Comprehensive Annual Financial Report for the year ended June 30, 2016. This was the twenty-fifth consecutive year that the Town of Tolland has 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.

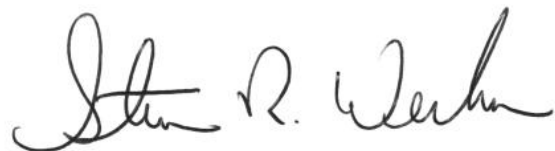
Additionally, the Town received the Distinguished Budget Presentation Award for the 2016-2017 Budget from the GFOA. The Town has received this highest form of recognition in governmental budgeting for eight consecutive years. We will apply for the 2017-18 award and anticipate being eligible for it.

The preparation of this report on a timely basis would not have been possible without the assistance and support of many people. We would like to express our appreciation to all those who contributed to its preparation, including Laura Schwabe, Christine Hutton 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, 2016**



Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Town of Tolland  
Connecticut**

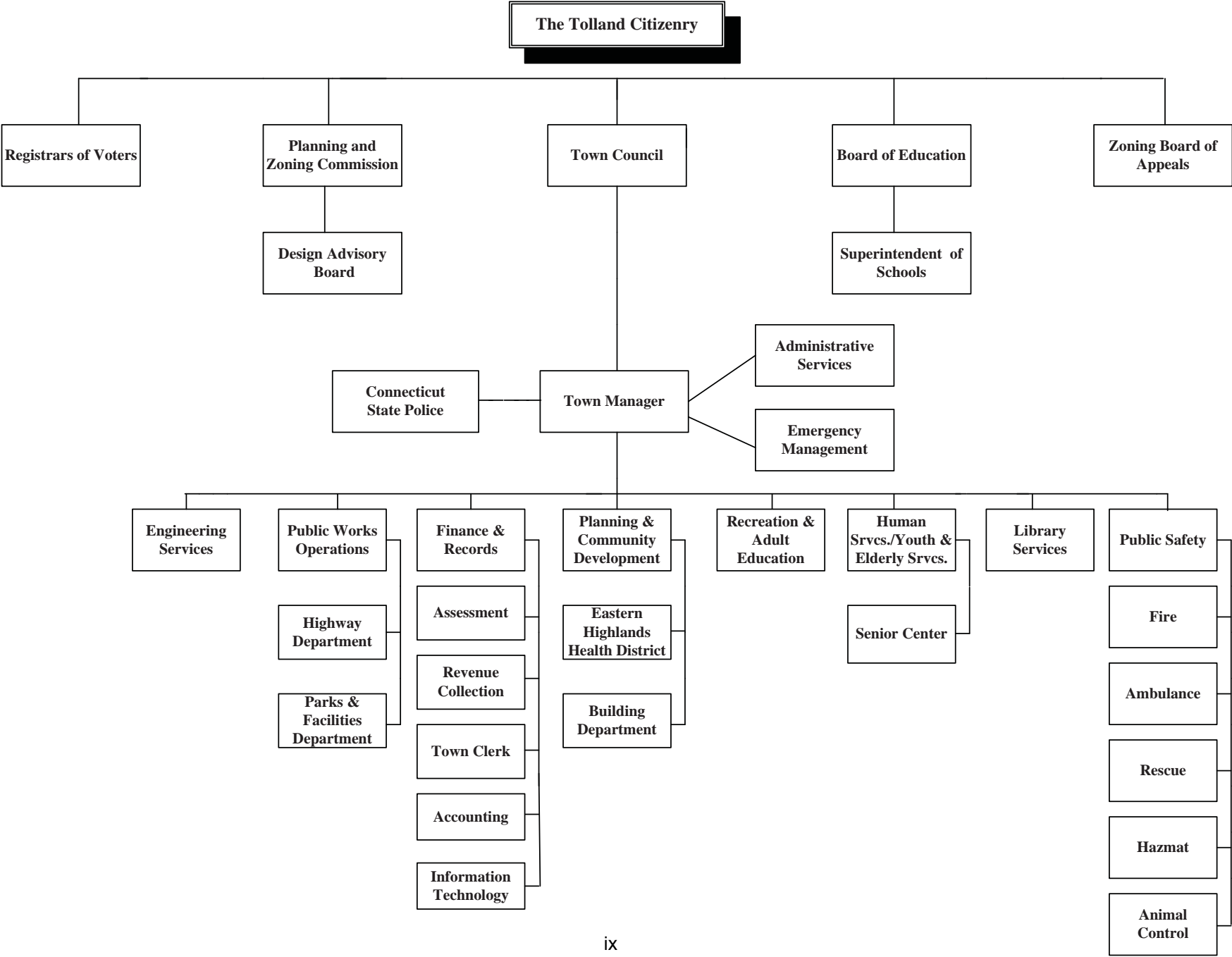
For the Fiscal Year Beginning

**July 1, 2016**

*Jeffrey R. Emer*

Executive Director

**Town of Tolland**  
*Organization Chart*



**TOWN OF TOLLAND, CONNECTICUT**

**LIST OF PRINCIPAL OFFICIALS**

**JUNE 30, 2017**

**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  
Colleen Yudichak, Vice Chairperson  
Cliff Vachon  
Karen Moran  
Kathy Gorsky  
Robert Pagoni  
Susan Seaver  
Michelle Harrold  
Jeffrey Schroeder

## **Financial Section**





Accounting | Tax | Business Consulting

## **Independent Auditors' Report**

To the Town Council  
Town of Tolland, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tolland, Connecticut, as of and for the year ended June 30, 2017, 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, 2017 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As discussed in Note 5 to the financial statements, during the fiscal year ended June 30, 2017, the Town adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. 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 pension and OPEB schedules on pages 60 through 63 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 17, 2017 on our consideration of the Town of Tolland, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Tolland, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tolland, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
November 17, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017. 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 \$104,952,092 (net position). Of this amount, \$18,996,219 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- On a government-wide basis, the government's total net position increased by \$833,600. Governmental and business-type activity expenses were \$68,357,627 while revenues were \$69,191,227.
- The total cost of all Town services for the fiscal year 2017 was \$68,357,627; of which \$67,556,053 was for governmental services and \$801,574 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 \$14,745,587, a decrease of \$497,648 from the prior fiscal year. Of the total fund balance as of June 30, 2017, \$7,923,976 represents the combined unassigned fund balance in the general fund, special revenue funds, capital projects funds and permanent funds.
- At the end of the current fiscal year, the total fund balance on a GAAP basis for the general fund alone was \$10,023,838 an increase of \$1,081,399 over the prior fiscal year. Unassigned fund balance for the general fund was \$7,923,976 or 12.5% of general fund expenditures and transfers out. Unrestricted fund balance (the total of the committed, assigned and unassigned components of fund balance) for the general fund was \$10,023,838 or 15.9% 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 60 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 \$104,952,092 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Tolland's net position \$85,592,985 (81.6%) 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, 2017 AND 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 23,521,151	\$ 24,177,214	\$ 896,692	\$ 757,100	\$ 24,417,843	\$ 24,934,314
Capital assets	120,613,327	123,555,608	8,465,681	8,705,538	129,079,008	132,261,146
Total assets	<u>144,134,478</u>	<u>147,732,822</u>	<u>9,362,373</u>	<u>9,462,638</u>	<u>153,496,851</u>	<u>157,195,460</u>
Deferred charge on refunding	1,228,188	1,333,144			1,228,188	1,333,144
Current liabilities	7,110,202	6,578,200	62,415	70,022	7,172,617	6,648,222
Noncurrent liabilities	41,490,042	45,999,608			41,490,042	45,999,608
Total liabilities	<u>48,600,244</u>	<u>52,577,808</u>	<u>62,415</u>	<u>70,022</u>	<u>48,662,659</u>	<u>52,647,830</u>
Advance property tax collections	1,110,288	1,762,282			1,110,288	1,762,282
Net investment in capital assets	77,127,304	76,382,043	8,465,681	8,705,538	85,592,985	85,087,581
Restricted	313,063	313,063	49,825	49,825	362,888	362,888
Unrestricted	<u>18,211,767</u>	<u>18,030,770</u>	<u>784,452</u>	<u>637,253</u>	<u>18,996,219</u>	<u>18,668,023</u>
Total Net Position	<u>\$ 95,652,134</u>	<u>\$ 94,725,876</u>	<u>\$ 9,299,958</u>	<u>\$ 9,392,616</u>	<u>\$ 104,952,092</u>	<u>\$ 104,118,492</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 \$18,996,219 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 no change in restricted net position in the business-type activities or governmental activities from the previous year.

**TOWN OF TOLLAND CHANGES IN NET POSITION  
JUNE 30, 2017 AND 2016**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Revenues:						
Program revenues:						
Charges for services	\$ 2,700,247	\$ 2,410,026	\$ 705,089	\$ 629,930	\$ 3,405,336	\$ 3,039,956
Operating grants and contributions	19,730,475	17,379,237			19,730,475	17,379,237
Capital grants and contributions	1,676,993	1,294,653			1,676,993	1,294,653
General revenues:						
Property taxes	43,527,376	42,207,337			43,527,376	42,207,337
Grants and contributions not restricted to specific programs	627,533	318,864			627,533	318,864
Investment income	196,135	102,253	3,827	5,279	199,962	107,532
Miscellaneous	23,552	77,468			23,552	77,468
Total revenues	<u>68,482,311</u>	<u>63,789,838</u>	<u>708,916</u>	<u>635,209</u>	<u>69,191,227</u>	<u>64,425,047</u>
Expenses:						
Administration	1,440,490	1,600,623			1,440,490	1,600,623
Planning and community development	474,277	438,009			474,277	438,009
Community services	2,292,140	1,687,426			2,292,140	1,687,426
Public works	8,422,874	9,763,091			8,422,874	9,763,091
Public safety services	2,478,544	2,445,574			2,478,544	2,445,574
Records and financial services	1,139,430	875,914			1,139,430	875,914
Board of education	50,393,047	47,211,938			50,393,047	47,211,938
Interest expense	915,251	1,247,428			915,251	1,247,428
Sewer Fund			487,772	472,864	487,772	472,864
Water Fund			313,802	324,016	313,802	324,016
Total expenses	<u>67,556,053</u>	<u>65,270,003</u>	<u>801,574</u>	<u>796,880</u>	<u>68,357,627</u>	<u>66,066,883</u>
Excess (deficiency) before transfers	926,258	(1,480,165)	(92,658)	(161,671)	833,600	(1,641,836)
Transfers		(15,000)		15,000	-	-
Change in net position	926,258	(1,495,165)	(92,658)	(146,671)	833,600	(1,641,836)
Net Position - July 1	<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>
Net Position - June 30	<u>\$ 95,652,134</u>	<u>\$ 94,725,876</u>	<u>\$ 9,299,958</u>	<u>\$ 9,392,616</u>	<u>\$ 104,952,092</u>	<u>\$ 104,118,492</u>

The Town of Tolland's overall net position increased \$833,600 from the prior fiscal year. The major changes in revenues and expenses creating this overall increase are discussed in the following sections for governmental activities and business-type activities. Governmental activities increased the Town of Tolland's net position by \$926,258 and business-type activities reduced it by \$92,658.



## Governmental Activities

For governmental activities, approximately 63.6% of the revenues were derived from property taxes, followed by 28.8% in other intergovernmental revenues. These numbers reflect a decrease in property tax revenue and an increase in intergovernmental revenue as compared to the prior fiscal year where property taxes were 66.2% and other intergovernmental revenues were 27.2% of total revenues.

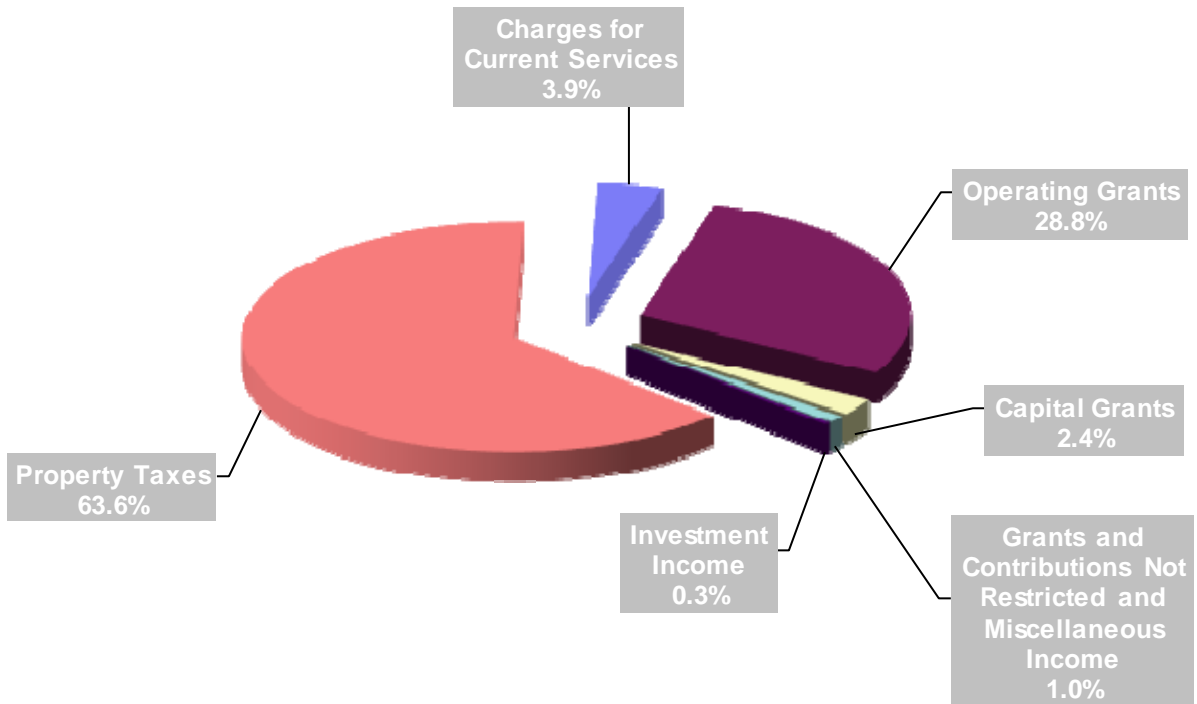
Major revenue factors included:

1. *Property tax revenues* recorded during the fiscal year 2017 reflect a .83 mill increase in the mill rate for the current levy and the impact of a .78% increase in the grand list. There was \$1,320,039 more in property tax revenues collected over the previous year.
2. *Charges for services* were \$290,221 slightly higher than the prior year due to deferred revenue recognition for government-wide in the prior year for school foods and other education programs, higher than anticipated property conveyance taxes and building permits.
3. *Operating grants* reflected an increase of \$2,351,238 mainly due to an increase of \$2,864,408 in the State Teacher Retirement Revenue offset by reductions in Education Cost Sharing and Special Education Excess Cost.
4. *Capital grants and contributions* reflected an increase of \$382,340 over the previous year due to Library construction grant revenue of \$1,273,987 received for our Library addition versus receipts last year from one time grants received.
5. *Miscellaneous General Revenues* decreased by \$53,916 over the previous year mainly due to revenue received in Fiscal Year 2015-16 from the Water Fund to pay for partial funding of the Town Engineer Salary for \$24,844 that was not funded in Fiscal Year 2016-17 because the position was eliminated. There were also revenues reclassified to the Charges for Services category for Probate Court Fees which were recorded in this category in the previous year.

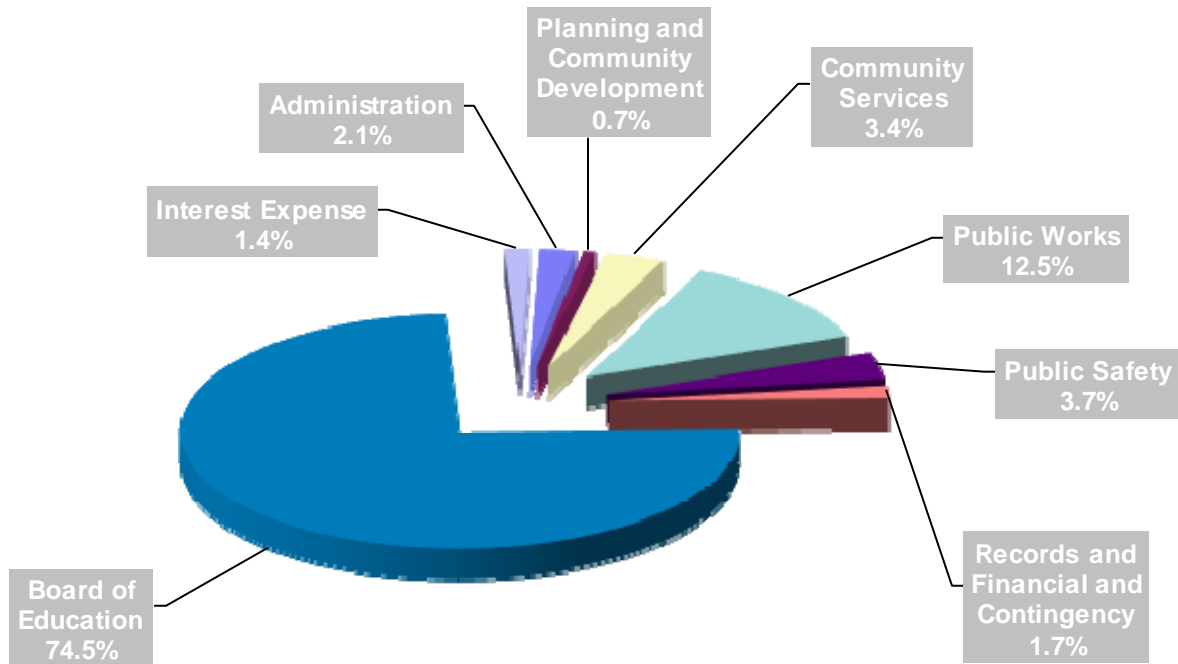
Overall governmental revenue increased by \$4,692,473 due to an increase in program revenues of \$3,023,799 and an increase of property taxes of \$1,320,039, an increase in miscellaneous and investment income of \$39,966 and an increase of \$308,669 in grants and contributions not restricted to specific programs.

## REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

The largest component of revenue, which is from property taxes, decreased to 63.6% of total revenue in the current year as compared to 66.2% in the prior year.



## EXPENSES BY SOURCE - GOVERNMENTAL ACTIVITIES



For governmental activities, 74.5% of the Town's expenses relate to education, 12.5% to public works, 3.7% to public safety, 3.4% to community services, 1.4% to interest payments on long-term debt, 2.1% to administration, 1.7% 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 \$2,286,050 with the biggest impact of an increase \$3,181,109 in the Board of Education expenses reflects the operational needs of 2016/2017 fiscal year. The Board of Education expenses include the impact for the State Teacher's Retirement funding for the current year in the amount of \$6,817,607 or an increase of \$2,864,408 over the previous year's amount of \$3,953,199. The overall increase for governmental expenditures was impacted by various increases and decreases within other Town operations with the largest decrease in Public Works in the amount of \$1,340,217 due to capital projects that had been completed in the previous fiscal year.

**Business-type activities.** Business-type activities decreased the Town of Tolland's net position by \$92,658. Key elements of this year's activities are as follows:

- The Water Fund had operating income of \$64,204, and the Sewer Fund experienced an operating loss of \$160,689 for a combined operating loss of \$96,485. 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 \$92,658 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 \$14,745,587, a decrease of \$497,648 from the previous year.

The largest change in fund balance was an increase in the General Fund by \$1,081,399. This increase was mainly offset by a decrease in the Capital Projects fund of \$1,697,068 due to the timing of expenditures with revenues that had been reported in the prior year. There were also decreases in the Sewer Assessment and Small Cities funds. Nonmajor Governmental funds of had an increase of \$160,813.

*The general fund* balance increased by \$1,081,399 due to an excess of \$1,257,739 revenues over expenditures less the other financing uses of \$176,340.

*The sewer assessment* fund decreased by \$33,670 due to sewer assessment fees that were lower than cost of debt service.

The overall amount of the **governmental fund** balances totals up to \$14,745,587. Of that amount the assigned fund balance is \$2,053,282 which includes \$1,823,282 for encumbrances and \$230,000 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 \$189,978. There are balances committed in the amount of \$4,230,429 for capital projects and other special commitments. An additional amount of \$347,922 represents the non-spendable portion of fund balance and the unassigned portion of fund balance is \$7,923,976 or 54% 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 \$7,923,976, while total fund balance was \$10,023,838. 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 12.5% of total general fund expenditures including transfers out. Total fund balance represents 15.9% of that same amount. The unassigned portion of fund balance, when compared with unassigned last year portion for the general fund had increased by \$810,323 while the total fund balance increased \$1,081,199.

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

- Although the Town experienced shortfall in Intergovernmental revenues for \$38,028, the current year levy and Motor vehicle supplement collection exceeded the budget by \$269,329. Motor Vehicle Supplemental taxes collected as part of this amount account for \$107,003 due to more than anticipated vehicles being added to the Motor Vehicle list.
- Additional revenue collected in investment income and other revenues was \$136,985 was mainly due to higher investment returns and longer maturity investments.
- The original intent of using of \$150,000 of fund balance did not have to be used.
- Total Expenditures were \$528,471 less than anticipated.

The *Sewer Assessment* fund had an increase in its operating revenue by \$16,864 as compared to last year and a decrease of fund balance of \$33,670.

The *CDBG Small Cities Funds* produced program income revenues of \$31,060 and program expenditures of \$40,182 resulting in a net reduction to fund balance by \$9,122.

In the Capital Projects funds, expenditures and other financing uses exceeded revenues and other financing sources by \$1,697,068 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 \$3,087,808 and \$6,212,150 for the sewer fund at year end. This represented an increase of \$66,709 for water and a decrease of \$159,367 for sewer. The increase in water resulted from an increase in customer user fees and a decrease in professional service expenses. The decrease in sewer is due mainly to expenses, including depreciation, not being covered by user fees. The Sewer Operating expenses were \$14,908 higher than the previous fiscal year. This was mainly due to increased repair and maintenance and materials than in the previous fiscal year. The Water Pollution Control Authority continues to address user fees and other funding resources to eliminate future operating losses.

The Utility Internal Service Fund operating revenues were \$1,702,207 and operating expenses were \$1,136,863, when combined with non-operating expenses of \$334,722, resulted in a change in net position of \$251,037. Total net position as of June 30, 2017 was \$988,152. Operating expenses increased by \$15,793 due to costs associated with professional fees. Our current fiscal year non-operating revenues/expenses are \$75,749 less than the previous fiscal year mainly due to the payment of a Honeywell energy savings guarantee of \$72,933 during that year.

The ECHIP Health Insurance Internal Service Fund had total revenue of \$7,404,514 and operating expenses of \$7,152,642 resulting in a change in net position of \$251,872. A majority of these excess funds were expended in July due to timing differences. The total net position as of June 30, 2017 was \$2,025,235.

### **General Fund Budgetary Highlights**

Comparing the difference between the original budget and the final amended budget reveals an overall increase of \$176,114. The increase for the final amended budget was mainly related to a supplemental appropriation to transfer previous years balances reserved for the Town Wide Revaluation to a new special reserve fund allowed under State Statute. During the year, actual revenues and other financing sources on a budgetary basis were \$56,244,548, which exceeded budgetary estimates by \$261,852.

Actual tax revenues were over budget by \$269,329 due to increase current year tax collections.

Actual intergovernmental revenue was under the budget by \$38,028. The major impact in this revenue shortage was due to the reduction in the State payment for Educational cost sharing of \$51,373 which was offset partially by \$13,345 in other miscellaneous grants.

Charges for current services exceeded the budget by \$86,526 due to higher than anticipated Property Conveyance Taxes. Investment income was \$40,895 over budget due to investing a portion of cash not currently needed into longer term investments for higher interest rates. Other financing sources included \$178,154 for cancellation of previous year encumbrances which \$176,114 was transferred for the Town-wide Revaluation Reserve. There was also a Transfer In from the Athletic Turf Fund for \$15,000 to offset the cost for debt related to the Field.

Other revenues exceeded the budget by \$36,090. Of that amount, \$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 \$150,000. Fund Balance did not have to be used mainly due to unanticipated excess revenues received for motor vehicle supplemental taxes and property conveyance taxes. The actual amount of budgetary basis fund balance was increased by \$790,323.

Actual expenditures on a budgetary basis and other financing uses totaled \$55,454,225 which was less than budgeted by \$528,471. Of this amount, savings resulting from the Board of Education were \$444,713. The remaining savings are mainly due to savings from \$23,338 in the Public Works department due to a mild winter season and cost associated with snow removal; \$23,481 in the Public Safety due to a retirement in the State Trooper's office and attrition within the Fire/Rescue Operations; less than anticipated prior year refunds and savings resulting from other 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	
	2017	2016	2017	2016	2017	2016
Land	\$ 14,871,215	\$ 14,871,215	\$ 50,858	\$ 50,858	\$ 14,922,073	\$ 14,922,073
Construction in progress	3,267,753	2,453,306			3,267,753	2,453,306
Buildings	78,311,014	81,098,845			78,311,014	81,098,845
Vehicles, furniture and equipment	5,756,673	5,748,628			5,756,673	5,748,628
Plant and pumping station			1,186,754	1,204,637	1,186,754	1,204,637
Water distribution system			7,228,069	7,450,043	7,228,069	7,450,043
Infrastructure	18,406,672	19,383,614			18,406,672	19,383,614
Total	<u>\$ 120,613,327</u>	<u>\$ 123,555,608</u>	<u>\$ 8,465,681</u>	<u>\$ 8,705,538</u>	<u>\$ 129,079,008</u>	<u>\$ 132,261,146</u>

**Capital assets.** The Town of Tolland's investment in capital assets for its combined governmental and business-type assets includes land, buildings and improvements, vehicles and equipment, roads, rights of way, water systems, dams, bridges and sewer lines. The total decrease in the Town of Tolland's investment in capital assets for the current fiscal year was \$3,182,138 or approximately 2.4%, with a decrease of \$2,942,281 for governmental activities and a decrease of \$239,857 for business-type activities.

The Town's Governmental Activities type capital assets decrease of \$2,942,281 is the net result of depreciation and deletions combined with the addition of the following assets:

CONTROL LINK SYSTEM FOR CRANDALL PARK LIGHTS	9,650
AV SYSTEM	16,307
60" WIRELESS TELEVISION	6,132
BOE BOILER REPLACEMENT	13,838
2016 FORD F-550 CAB & CHASSIS	64,303
2016 DODGE CARAVAN	22,296
PORTABLE HYDRAULIC LIFT	66,993
2017 INTERNATIONAL DUMP TRUCK	142,234
NEW HOLLAND BRUSH HOG	6,299
HIGH PERFORMANCE TIRE BALANCER	6,420
HURST/JL-4G-TR POWER UNIT W/STREAMLINES	9,500
HURST DEFENDER W/RAM PROMO, COMPLETE RAM SET 20,30,60	10,000
HURST/JL-4GH-SI, HONDA SIMO P/U W/STREAMLINE, PROMO	7,300
FORTINET FORTI-GATE SECURITY FIREWALL	10,275
FORTINET FORTI-GATE SECURITY FIREWALL	10,275
TOWN WIDE VOIP SYSTEM	221,450
LIBRARY EXPANSION PROJECT	738,052
PUBLIC WORKS GARAGE RENOVATION	51,054
2015 FORD F-550 SERVICE TRUCK	25,260
AMBULANCE 640	41,479
TOWN WIDE FIBER OPTICS	40,663
REFURBISHMENT OF ET-340	51,574
DISTRICT WIDE SECURITY UPGRADE	212,034

Business type activities decreased \$239,857 due to the net effect of depreciation and the addition of the following assets:

OLD POST ROAD SEWER PUMP MODIFICATION	24,571
CHEMICAL STORAGE TANK WATER OPERATION	4,392
STORAGE TANK REFURBISHMENT	22,275
TORRY ROAD INTERCONNECT	11,625

Additional information on the Town of Tolland's capital assets can be found in Note 3D on pages 42-43 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town of Tolland had total bonded debt outstanding of \$30,435,000, all of which is backed by the full faith and credit of the Town. Of this debt, \$16,886,426 is school related and \$13,548,574 is general obligation. The Town of Tolland's total debt decreased by the amount of \$3,435,000 due to the reduction of \$3,435,000 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 \$304,004,526 which is significantly in excess of the Town of Tolland's outstanding general obligation debt.

Additional information on the Town of Tolland's long-term debt can be found in Note 3F on pages 44-47 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 Town Council updated its Tax Abatement Program to increase eligibility.
- The Town Council retained a consultant to conduct a market study. The study concluded that there is a market for multi-family housing, additional restaurants and some retail (ie, a pharmacy).
- 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. That housing development is currently obtaining State approvals.
- Improvements to Tolland's transportation infrastructure are underway. Construction to better accommodate increased traffic along 195 from I-84 to Goose Lane/ Rhodes Road is completed. 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.

The new economic indicators were taken into consideration when adopting the general fund budget for fiscal year 2017/2018. The approved State budget reduced Tolland's municipal aid by \$984,625 or 8.45%. The entire budget process was extremely challenging due to the State not adopting a budget until early November, 2017. The Town held off from sending a budget to referendum until we could get the best revenue numbers in order to reduce the impact on taxation. A budget was approved at Town-wide referendum on November 14, 2017. Until that point the Town operated under the previous year mill rate as permitted by Charter and put an immediate spending freeze in place with only purchasing the items that were needed to carry on with public safety and other operational needs.

We are fortunate that we did experience a .81% increase in our October 1, 2016 Grand List. This resulted in an increase of approximately \$328,000 in actual dollars generated based on the FY 16-17 mill rate. The value of these funds is factored into the FY 17-18 mill rate calculation. Without them, the mill rate would have been much higher. The previous tax exempt Woodlake/ECHN property was added to our Grand List as taxable property for both real estate and personal property values. This addition helped offset a loss in residential assessed value due to crumbling foundations.

When factoring in all the changes in non-tax revenue sources including the reduction of State Municipal aid we are experiencing a decrease in revenues overall in the amount of \$732,025. A majority of this revenue loss is covered by a combined increase in tax revenue along with using \$400,000 from fund balance along with reductions in spending. The Town Manager and Finance Director have recommended cautious use of fund balance and a plan should be in place for the next budget to responsibly plan to replenish or limit the future use of fund balance.



In 2017/2018 the overall Town expenditure budget decreased by .16% which required a .29 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 2017/2018 appropriation in the general fund budget are \$55,720,247, a decrease of \$86,335 over the fiscal year 2017 budget of \$55,806,582. 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) along with a substantial change in the percentage decrease in State aid had the biggest impact on the fiscal year 2017/2018 budget. In order to achieve this budget level, cost savings measures were employed such as a hiring and spending freeze, closure of the State Trooper building and relocation of those offices to the Town Hall, a reduction of State Troopers in the police unit, a reduction in positions at the Board of Education and savings in insurance premiums using revised trend assumptions, reserve balance.

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

Tolland's unemployment rate decreased from 4.2% as of June 2016 to 3.7% at June 2017. The State of Connecticut unemployment rate decreased from 5.9% (June 2016) to 5.1% as of June 2017.

### **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, 2017**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 14,294,368	\$ 633,713	\$ 14,928,081
Investments	3,536,637		3,536,637
Property taxes receivable	686,798		686,798
Intergovernmental receivable	303,685		303,685
Accounts and other receivables	1,620,954	269,404	1,890,358
Internal balances	6,425	(6,425)	-
Other assets	34,859		34,859
Advance to plan administrator	2,543,335		2,543,335
Restricted cash	292,263		292,263
Restricted investments	20,800		20,800
Other post employment benefit asset	181,027		181,027
Capital assets, nondepreciable	18,138,968	50,858	18,189,826
Capital assets, net of accumulated depreciation	102,474,359	8,414,823	110,889,182
<b>Total assets</b>	<b>144,134,478</b>	<b>9,362,373</b>	<b>153,496,851</b>
<b>Deferred Outflow of Resources:</b>			
Deferred charge on refunding	1,228,188		1,228,188
<b>Liabilities:</b>			
Accounts payable	1,625,137	62,415	1,687,552
Accrued liabilities	80,822		80,822
Accrued interest payable	379,607		379,607
Unearned revenue	552,289		552,289
Noncurrent liabilities, due within one year	4,472,347		4,472,347
Noncurrent liabilities, due in more than one year	41,490,042		41,490,042
<b>Total liabilities</b>	<b>48,600,244</b>	<b>62,415</b>	<b>48,662,659</b>
<b>Deferred Inflows of Resources:</b>			
Advance property tax collections	1,110,288		1,110,288
<b>Net Position:</b>			
Net investment in capital assets	77,127,304	8,465,681	85,592,985
Restricted for:			
Committed for capital repairs and improvements		49,825	49,825
Endowments - nonexpendable	20,800		20,800
Perpetual care - nonexpendable	292,263		292,263
Unrestricted	18,211,767	784,452	18,996,219
<b>Total Net Position</b>	<b>\$ 95,652,134</b>	<b>\$ 9,299,958</b>	<b>\$ 104,952,092</b>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

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	\$ 1,440,490	\$	\$	\$	\$ (1,440,490)	\$	\$ (1,440,490)
Planning and community development	474,277	454,427			(19,850)		(19,850)
Community services	2,292,140	504,979	12,499	1,273,987	(500,675)		(500,675)
Public works	8,422,874	128,353		390,955	(7,903,566)		(7,903,566)
Public safety services	2,478,544	311,219	34,743		(2,132,582)		(2,132,582)
Record and financial services	1,139,430	107,063			(1,032,367)		(1,032,367)
Board of education	50,393,047	1,194,206	19,683,233		(29,515,608)		(29,515,608)
Interest expense	915,251			12,051	(903,200)		(903,200)
Total governmental activities	<u>67,556,053</u>	<u>2,700,247</u>	<u>19,730,475</u>	<u>1,676,993</u>	<u>(43,448,338)</u>	<u>-</u>	<u>(43,448,338)</u>
Business-Type Activities:							
Sewer Fund	487,772	327,083				(160,689)	(160,689)
Water Fund	<u>313,802</u>	<u>378,006</u>				<u>64,204</u>	<u>64,204</u>
Total business-type activities	<u>801,574</u>	<u>705,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,485)</u>	<u>(96,485)</u>
Total	<u>\$ 68,357,627</u>	<u>\$ 3,405,336</u>	<u>\$ 19,730,475</u>	<u>\$ 1,676,993</u>	<u>(43,448,338)</u>	<u>(96,485)</u>	<u>(43,544,823)</u>
General revenues:							
Property taxes					43,527,376		43,527,376
Grants and contributions not restricted to specific programs					627,533		627,533
Investment income					196,135	3,827	199,962
Miscellaneous					<u>23,552</u>		<u>23,552</u>
Total general revenues and transfers					<u>44,374,596</u>	<u>3,827</u>	<u>44,378,423</u>
Change in net position					926,258	(92,658)	833,600
Net Position at Beginning of Year					<u>94,725,876</u>	<u>9,392,616</u>	<u>104,118,492</u>
Net Position at End of Year					<u>\$ 95,652,134</u>	<u>\$ 9,299,958</u>	<u>\$ 104,952,092</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<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	\$ 9,916,342	\$ 883,817	\$ 142,232	\$ 519,171	\$ 2,111,290	\$ 13,572,852
Investments	2,027,194			493,367	1,036,876	3,557,437
Receivables	754,836	505,591	925,296		86,667	2,272,390
Due from other funds		6,425		218,620		225,045
Other					34,859	34,859
Total Assets	<u>\$ 12,698,372</u>	<u>\$ 1,395,833</u>	<u>\$ 1,067,528</u>	<u>\$ 1,231,158</u>	<u>\$ 3,269,692</u>	<u>\$ 19,662,583</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 863,348	\$	\$	\$ 183,271	\$ 34,791	\$ 1,081,410
Accrued liabilities	80,072			750		80,822
Due to other funds	218,620					218,620
Unearned revenue				400,000	152,289	552,289
Total liabilities	<u>1,162,040</u>	<u>-</u>	<u>-</u>	<u>584,021</u>	<u>187,080</u>	<u>1,933,141</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	402,206					402,206
Unavailable revenue - special assessments		505,591			30,899	536,490
Unavailable revenue - loans receivable			925,296			925,296
Unavailable revenue - cemetery					9,575	9,575
Advance property tax collections	1,110,288					1,110,288
Total deferred inflows of resources	<u>1,512,494</u>	<u>505,591</u>	<u>925,296</u>	<u>-</u>	<u>40,474</u>	<u>2,983,855</u>
Fund balances:						
Nonspendable					347,922	347,922
Restricted			142,232		47,746	189,978
Committed	46,580	890,242		647,137	2,646,470	4,230,429
Assigned	2,053,282					2,053,282
Unassigned	7,923,976					7,923,976
Total fund balances	<u>10,023,838</u>	<u>890,242</u>	<u>142,232</u>	<u>647,137</u>	<u>3,042,138</u>	<u>14,745,587</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,698,372</u>	<u>\$ 1,395,833</u>	<u>\$ 1,067,528</u>	<u>\$ 1,231,158</u>	<u>\$ 3,269,692</u>	<u>\$ 19,662,583</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2017**

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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)	\$ 14,745,587
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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	\$ 216,821,926	
Less accumulated depreciation	<u>(96,208,599)</u>	120,613,327

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	89,397
Property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	1,873,567
Other post employment benefit asset	181,027
School building grant receivable	257,696
Allowance for doubtful accounts on interest and liens	(8,046)

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.	3,013,387
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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	(30,435,000)
Deferred charge on refunding	1,228,188
Compensated absences	(1,248,178)
Accrued interest payable	(379,607)
Capital lease	(11,971,999)
Bond premium	<u>(2,307,212)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 95,652,134</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, 2017**

	<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	\$ 43,606,051	\$	\$	\$	\$	\$ 43,606,051
Intergovernmental	19,708,750			1,638,723	932,616	22,280,089
Charges for services	681,566	168,065	31,060		1,665,045	2,545,736
Investment income	90,895			17,357	87,883	196,135
Other revenues	46,090	96		253,028	18,395	317,609
Total revenues	<u>64,133,352</u>	<u>168,161</u>	<u>31,060</u>	<u>1,909,108</u>	<u>2,703,939</u>	<u>68,945,620</u>
Expenditures:						
Current:						
Administration	2,950,835					2,950,835
Planning and community development	397,518					397,518
Community services	918,523		40,182		364,770	1,323,475
Public works	4,332,924				41,773	4,374,697
Public safety services	1,882,243				37,820	1,920,063
Record and financial services	936,000					936,000
Contingency and other	68,707					68,707
Board of Education	46,732,919				1,937,626	48,670,545
Capital outlay				3,888,346		3,888,346
Debt service	4,655,944	216,831		186,652	146,160	5,205,587
Total expenditures	<u>62,875,613</u>	<u>216,831</u>	<u>40,182</u>	<u>4,074,998</u>	<u>2,528,149</u>	<u>69,735,773</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,257,739</u>	<u>(48,670)</u>	<u>(9,122)</u>	<u>(2,165,890)</u>	<u>175,790</u>	<u>(790,153)</u>
Other Financing Sources (Uses):						
Issuance of capital lease				9,572,000		9,572,000
Refinancing of capital lease				(9,332,590)		(9,332,590)
Transfers in	120,853	15,000		282,170	10,000	428,023
Transfers out	(297,193)			(52,758)	(24,977)	(374,928)
Net other financing sources (uses)	<u>(176,340)</u>	<u>15,000</u>	<u>-</u>	<u>468,822</u>	<u>(14,977)</u>	<u>292,505</u>
Net Change in Fund Balances	1,081,399	(33,670)	(9,122)	(1,697,068)	160,813	(497,648)
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 10,023,838</u>	<u>\$ 890,242</u>	<u>\$ 142,232</u>	<u>\$ 647,137</u>	<u>\$ 3,042,138</u>	<u>\$ 14,745,587</u>

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, 2017**

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)	\$ (497,648)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	1,783,388
Depreciation expense	(4,696,253)

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.	(29,416)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(286,328)
Increase in other post employment benefit asset	4,714
Decrease in property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	(84,612)
Decrease in property tax interest and lien revenue	(101,504)
Decrease in property tax, sewer use and community development block grant allowance for doubtful accounts	9,135
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:

Bond payments	3,435,000
Issuance of capital lease	(9,572,000)
Refinancing of capital lease	9,332,590
Capital lease payments	372,520

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	270,947
Change in accrued interest	311,116
Amortization of deferred charge on refunding	(104,956)
Note principal payments	52,268

The net income of the internal service funds is reported with governmental activities.	<u>502,909</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 926,258</u>
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The accompanying notes are an integral part of the financial statements



**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 43,336,722	\$ 43,336,722	\$ 43,606,051	\$ 269,329
Intergovernmental	11,664,820	11,664,820	11,626,792	(38,028)
Charges for services	595,040	595,040	681,566	86,526
Investment income	50,000	50,000	90,895	40,895
Other revenues	10,000	186,114	46,090	(140,024)
Total revenues	<u>55,656,582</u>	<u>55,832,696</u>	<u>56,051,394</u>	<u>218,698</u>
Expenditures:				
Current:				
Administrative	2,860,647	2,880,357	2,866,904	13,453
Planning and community development	404,211	409,204	400,984	8,220
Community services	926,683	942,598	941,530	1,068
Public works	4,415,159	4,436,793	4,413,405	23,388
Public safety services	2,026,190	1,968,580	1,945,099	23,481
Record and financial services	986,934	932,026	931,217	809
Contingency and other	223,232	231,905	218,567	13,338
Board of Education	39,333,948	39,333,948	38,889,235	444,713
Debt service	4,550,000	4,550,092	4,550,091	1
Total expenditures	<u>55,727,004</u>	<u>55,685,503</u>	<u>55,157,032</u>	<u>528,471</u>
Excess of Revenues over Expenditures	<u>(70,422)</u>	<u>147,193</u>	<u>894,362</u>	<u>747,169</u>
Other Financing Sources (Uses):				
Cancellation of prior year encumbrances			178,154	178,154
Appropriation of fund balance	150,000	150,000		(150,000)
Transfers in			15,000	15,000
Transfers out	<u>(79,578)</u>	<u>(297,193)</u>	<u>(297,193)</u>	<u>-</u>
Net other financing sources (uses)	<u>70,422</u>	<u>(147,193)</u>	<u>(104,039)</u>	<u>43,154</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>790,323</u>	<u>\$ 790,323</u>
Fund Balance at Beginning of Year			<u>7,363,653</u>	
Fund Balance at End of Year			<u>\$ 8,153,976</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Eliminations	Total	Internal Service Funds
Assets:					
Current assets:					
Cash and cash equivalents	\$ 633,713	\$	\$	\$ 633,713	\$ 1,013,779
Due from other funds	19,279		(19,279)	-	
Advance to plan administrator				-	2,543,335
Accounts receivable	80,296	189,108		269,404	
Total current assets	<u>733,288</u>	<u>189,108</u>	<u>(19,279)</u>	<u>903,117</u>	<u>3,557,114</u>
Noncurrent assets:					
Capital assets, nondepreciable:					
Land	50,858			50,858	
Capital assets, net of accumulated depreciation:					
Plant and pumping station	420,779	765,975		1,186,754	
Distribution system	1,912,513	5,315,556		7,228,069	
Total noncurrent assets	<u>2,384,150</u>	<u>6,081,531</u>	<u>-</u>	<u>8,465,681</u>	<u>-</u>
Total assets	<u>3,117,438</u>	<u>6,270,639</u>	<u>(19,279)</u>	<u>9,368,798</u>	<u>3,557,114</u>
Liabilities:					
Current liabilities:					
Accounts payable	29,630	32,785		62,415	25,627
Claims payable				-	518,100
Due to other funds		25,704	(19,279)	6,425	
Total current liabilities	<u>29,630</u>	<u>58,489</u>	<u>(19,279)</u>	<u>68,840</u>	<u>543,727</u>
Net Position:					
Net investment in capital assets	2,384,150	6,081,531		8,465,681	
Restricted for commitments for capital repairs and improvements	49,825			49,825	
Unrestricted	<u>653,833</u>	<u>130,619</u>		<u>784,452</u>	<u>3,013,387</u>
Total Net Position	<u>\$ 3,087,808</u>	<u>\$ 6,212,150</u>	<u>\$ -</u>	<u>\$ 9,299,958</u>	<u>\$ 3,013,387</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, 2017**

	<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>
Operating Revenues:				
Charges for services	\$ 375,836	\$ 327,083	\$ 702,919	\$ 1,702,207
Other charges for services	2,170		2,170	
Employer contributions			-	7,394,488
Total operating revenues	<u>378,006</u>	<u>327,083</u>	<u>705,089</u>	<u>9,096,695</u>
Operating Expenses:				
Professional services	59,910	51,817	111,727	
Repairs and maintenance	30,845	39,309	70,154	
Service fees	11,253	126,243	137,496	
Materials and supplies	14,998	28,802	43,800	
Utilities	100,907	34,770	135,677	1,077,136
Administration			-	158,749
Employee benefits			-	7,053,620
Depreciation	95,889	206,831	302,720	
Total operating expenses	<u>313,802</u>	<u>487,772</u>	<u>801,574</u>	<u>8,289,505</u>
Operating Income (Loss)	<u>64,204</u>	<u>(160,689)</u>	<u>(96,485)</u>	<u>807,190</u>
Nonoperating Revenue (Expenses):				
Other income			-	72,933
Interest expense			-	(334,722)
Investment income	2,505	1,322	3,827	10,603
Net nonoperating revenue (expense)	<u>2,505</u>	<u>1,322</u>	<u>3,827</u>	<u>(251,186)</u>
Income (Loss) Before Transfers	<u>66,709</u>	<u>(159,367)</u>	<u>(92,658)</u>	<u>556,004</u>
Transfers In			-	52,758
Transfers Out			-	(105,853)
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,095)</u>
Change in Net Position	66,709	(159,367)	(92,658)	502,909
Net Position at Beginning of Year	<u>3,021,099</u>	<u>6,371,517</u>	<u>9,392,616</u>	<u>2,510,478</u>
Net Position at End of Year	<u>\$ 3,087,808</u>	<u>\$ 6,212,150</u>	<u>\$ 9,299,958</u>	<u>\$ 3,013,387</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, 2017**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers	\$ 398,531	\$ 280,807	\$ 679,338	\$ 9,096,695
Payments to suppliers	(224,056)	(275,980)	(500,036)	(1,192,594)
Payments to providers of benefits			-	(7,404,514)
Net cash provided by (used in) operating activities	<u>174,475</u>	<u>4,827</u>	<u>179,302</u>	<u>499,587</u>
Cash Flows from Capital and Related Financing Activities:				
Transfers out			-	(53,095)
Other income			-	72,933
Interest expense	2,505	1,322	3,827	(334,722)
Purchase of capital assets	<u>(38,292)</u>	<u>(24,571)</u>	<u>(62,863)</u>	
Net cash provided by (used in) capital and related financing activities	<u>(35,787)</u>	<u>(23,249)</u>	<u>(59,036)</u>	<u>(314,884)</u>
Cash Flows from Investing Activities:				
Investment income	<u>2,505</u>	<u>1,322</u>	<u>3,827</u>	<u>10,603</u>
Net Increase (Decrease) in Cash and Cash Equivalents	138,688	(18,422)	120,266	195,306
Cash and Cash Equivalents at Beginning of Year	<u>495,025</u>	<u>18,422</u>	<u>513,447</u>	<u>818,473</u>
Cash and Cash Equivalents at End of Year	<u>\$ 633,713</u>	<u>\$ -</u>	<u>\$ 633,713</u>	<u>\$ 1,013,779</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 64,204	\$ (160,689)	\$ (96,485)	\$ 807,190
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	95,889	206,831	302,720	
(Increase) decrease in accounts receivable	20,525	(46,276)	(25,751)	
Increase (decrease) in due to/from other funds	(19,279)	25,704	6,425	
(Increase) decrease in advance to plan administrator				(321,372)
Increase (decrease) in accounts payable	13,136	(20,743)	(7,607)	(55,731)
Increase (decrease) in claims payable				69,500
Net Cash Provided by (Used in) Operating Activities	<u>\$ 174,475</u>	<u>\$ 4,827</u>	<u>\$ 179,302</u>	<u>\$ 499,587</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2017**

	<b>OPEB Trust Fund</b>	<b>Private Purpose Trust Fund Stevenson Scholarship</b>	<b>Agency Funds</b>
<b>Assets:</b>			
Cash and cash equivalents	\$	\$ 24,990	\$ 679,593
Investments:			
Mutual funds	1,077,512		
Accounts receivable			26,148
Total assets	<u>1,077,512</u>	<u>24,990</u>	<u>705,741</u>
<b>Liabilities:</b>			
Accounts payable			<u>705,741</u>
<b>Net Position:</b>			
Held in Trust for Other Purposes	\$ <u>1,077,512</u>	\$ <u>24,990</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, 2017**

	<b>OPEB Trust Fund</b>	<b>Private Purpose Trust Fund Stevenson Scholarship</b>
Additions:		
Interest and dividends	\$	\$ 21
Contributions	473,839	
Net change in fair value of investments	71,772	
Total additions	<u>545,611</u>	<u>21</u>
Deductions:		
Scholarships awarded		110
Benefits	393,092	
Total deductions	<u>393,092</u>	<u>110</u>
Change in Net Position	152,519	(89)
Net Position at Beginning of Year	<u>924,993</u>	<u>25,079</u>
Net Position at End of Year	<u>\$ 1,077,512</u>	<u>\$ 24,990</u>

The accompanying notes are an integral part of the financial statements

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Reporting Entity**

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

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

### **B. Basis of Presentation**

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

#### **Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following major proprietary funds:

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



**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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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, 2017**

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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 acquisition value at the date of donation.

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

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

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

<b>Assets</b>	<b>Years</b>
Buildings	50-75
Building improvements	50
Land/rights of way	-
Construction in progress	-
Land improvements	20-30
Roads	30-50
Bridges	30-50
Sewer transmission lines	50
Meters and hydrants	50
Vehicles	5-30
Machinery and equipment	3-10
Fire equipment	20-25

#### **H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

#### **I. Compensated Absences**

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

#### **J. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

## **K. Equity**

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

### **Net Investment in Capital Assets**

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

### **Restricted Net Position**

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

### **Unrestricted Net Position**

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

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

### **Nonspendable Fund Balance**

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

### **Restricted Fund Balance**

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

### **Committed Fund Balance**

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

### **Assigned Fund Balance**

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

### **Unassigned Fund Balance**

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

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

## **L. Property Taxes**

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

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

## **M. Accounting Estimates**

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

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

- The Town Council is authorized to transfer any budgeted amounts between departments and to approve additional appropriations up to \$40,000 in the aggregate in any one year. All additional appropriations in excess of \$40,000 in the aggregate must be subject to a public hearing. During the year, \$176,114 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, 2017**

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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, 2017 is as follows:

	<b>Revenues and Other Financing Sources</b>	<b>Expenditures and Other Financing Uses</b>	<b>Fund Balance</b>
Balance, budgetary basis	\$ 56,244,548	\$ 55,454,225	\$ 8,153,976
Prior year encumbrances liquidated		1,267,683	
Prior year encumbrances cancelled	(178,154)		
Prior year encumbrances still outstanding			69,136
Utility Service Fund transfer non-budgeted	105,853	105,853	
Education Reserve Fund beginning fund balance			63,813
Education Reserve Fund expenditures non-budgeted		17,233	(17,233)
Current year encumbrances		(1,754,146)	1,754,146
State of Connecticut grants for Special Education Excess Costs, netted for budgetary purposes	1,264,351	1,264,351	
State Teachers' Retirement on-behalf payment	<u>6,817,607</u>	<u>6,817,607</u>	
Balance, GAAP basis	<u>\$ 64,254,205</u>	<u>\$ 63,172,806</u>	<u>\$ 10,023,838</u>

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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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*, \$13,875,363 of the Town’s bank balance of \$15,698,869 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,310,328
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,565,035</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 13,875,363</u>

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**Cash Equivalents**

At June 30, 2017, the Town's cash equivalents amounted to \$2,597,810. 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.

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

**Investments**

As of June 30, 2017, the Town had the following investments:

<b>Investment Type</b>	<b>Credit Rating</b>	<b>Fair Value</b>	<b>Investment Maturities (Years)</b>		
			<b>Less Than 1</b>	<b>1 - 10</b>	<b>More than 10</b>
Certificates of Deposit*		\$ 2,322,702	\$ 2,322,702	\$ _____	\$ _____
Total		2,322,702	\$ <u>2,322,702</u>	\$ <u>-</u>	\$ <u>-</u>
Other investments:					
Mutual funds		<u>2,312,247</u>			
Total Investments		\$ <u>4,634,949</u>			

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

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2017:

	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments by fair value level:				
Mutual Funds	\$ 2,312,247	\$ 2,312,247	\$ _____	\$ _____
Total investments by fair value level	2,312,247	\$ <u>2,312,247</u>	\$ <u>-</u>	\$ <u>-</u>
Certificates of Deposit	<u>2,322,702</u>			
Total Investments	\$ <u>4,634,949</u>			



**TOWN OF TOLLAND, CONNECTICUT**  
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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, 2017.

**Credit Risk**

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

**Concentration of Credit Risk**

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

**Interest Rate Risk**

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

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

**B. Endowments Received**

	<b>Cemetery Perpetual Care Fund</b>	<b>Ratcliff Hicks Memorial School Fund</b>	<b>Total</b>
Original principal received	\$ 292,263	\$ 20,800	\$ 313,063
Net appreciation on investments	<u>3,238</u>	<u>724,244</u>	<u>727,482</u>
Total Value	<u>\$ 295,501</u>	<u>\$ 745,044</u>	<u>\$ 1,040,545</u>

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

**C. Receivables**

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

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Nonmajor and Other Funds</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Receivables:							
Taxes	\$ 626,445	\$	\$	\$	\$	\$	\$ 626,445
Accounts and other	140,154	505,591	925,296	78,327	80,296	189,108	1,918,772
Intergovernmental	<u>9,235</u>			<u>34,488</u>			<u>43,723</u>
Gross receivables	775,834	505,591	925,296	112,815	80,296	189,108	2,588,940
Less: Allowance for collection losses	<u>20,998</u>						<u>20,998</u>
Net Total Receivables	<u>\$ 754,836</u>	<u>\$ 505,591</u>	<u>\$ 925,296</u>	<u>\$ 112,815</u>	<u>\$ 80,296</u>	<u>\$ 189,108</u>	<u>\$ 2,567,942</u>

**TOWN OF TOLLAND, CONNECTICUT**  
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**D. Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 14,468,253	\$	\$	\$	\$ 14,468,253
Rights of way	402,962				402,962
Construction in progress	2,453,306	1,051,219		(236,772)	3,267,753
Total capital assets not being depreciated	<u>17,324,521</u>	<u>1,051,219</u>	<u>-</u>	<u>(236,772)</u>	<u>18,138,968</u>
Capital assets being depreciated:					
Buildings and improvements	136,483,982	212,034	91,000	(79,964)	136,525,052
Vehicles, furniture and equipment	13,120,460	520,135	213,556	316,736	13,743,775
Infrastructure	48,414,131				48,414,131
Total capital assets being depreciated	<u>198,018,573</u>	<u>732,169</u>	<u>304,556</u>	<u>236,772</u>	<u>198,682,958</u>
Less accumulated depreciation for:					
Buildings and improvements	55,385,137	2,906,251	77,350		58,214,038
Vehicles, furniture and equipment	7,371,832	813,060	197,790		7,987,102
Infrastructure	29,030,517	976,942			30,007,459
Total accumulated depreciation	<u>91,787,486</u>	<u>4,696,253</u>	<u>275,140</u>	<u>-</u>	<u>96,208,599</u>
Total capital assets being depreciated, net	<u>106,231,087</u>	<u>(3,964,084)</u>	<u>29,416</u>	<u>236,772</u>	<u>102,474,359</u>
Governmental Activities Capital Assets, Net	<u>\$ 123,555,608</u>	<u>\$ (2,912,865)</u>	<u>\$ 29,416</u>	<u>\$ -</u>	<u>\$ 120,613,327</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 50,858	\$	\$	\$	\$ 50,858
Construction in progress					-
Total capital assets not being depreciated	<u>50,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,858</u>
Capital assets being depreciated:					
Plant and pumping stations	2,498,316	62,863			2,561,179
Water/sewer distribution system	10,758,232				10,758,232
Total capital assets being depreciated	<u>13,256,548</u>	<u>62,863</u>	<u>-</u>	<u>-</u>	<u>13,319,411</u>
Less accumulated depreciation for:					
Plant and pumping stations	1,293,679	80,746			1,374,425
Water/sewer distribution system	3,308,189	221,974			3,530,163
Total accumulated depreciation	<u>4,601,868</u>	<u>302,720</u>	<u>-</u>	<u>-</u>	<u>4,904,588</u>
Total capital assets being depreciated, net	<u>8,654,680</u>	<u>(239,857)</u>	<u>-</u>	<u>-</u>	<u>8,414,823</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,705,538</u>	<u>\$ (239,857)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,465,681</u>

**TOWN OF TOLLAND, CONNECTICUT**  
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Depreciation expense was charged to functions/programs of the government as follows:

Governmental Activities:		
Administration	\$	30,567
General finance		4,840
Planning and development		8,574
Development and community affairs		124,467
Public works		1,961,750
Public safety services		313,191
Board of education		<u>2,252,864</u>
Total Depreciation Expense - Governmental Activities	\$	<u>4,696,253</u>
Business-type activities:		
Water	\$	95,889
Sewer		<u>206,831</u>
Total Depreciation Expense - Business-Type Activities	\$	<u>302,720</u>

**Construction Commitments**

The Town has active construction projects as of June 30, 2017. The projects include new construction. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Town Wide VOIP	\$ 221,450	\$ 107,640
2017-2018 Bond issue	166,940	9,433,060
Ambulance 540	1,051,413	1,164,676
Recreation Center Heating System	12,500	106,148
Library Expansion Project	2,420,756	179,274
Public Works Garage Renovations	98,603	2,679,734
Bonded Roads	3,828,911	1,171,089
TIS Parent Drop Off	96,078	150,414
Drainage Design	1,400	98,600
Pavement Management 2016-2017	168,415	170,708

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

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**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, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Assessment Fund	Sewer Enterprise Fund	\$ 6,425
Capital Projects Fund	General Fund	<u>218,620</u>
		<u>\$ 225,045</u>

All balances are expected to be repaid within a year.

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

	<u>Transfers In</u>					<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Sewer Assessment Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	
Transfers out:						
General Fund	\$	\$ 15,000	\$ 272,193	\$ 10,000	\$	\$ 297,193
Capital Projects Fund					52,758	52,758
Nonmajor	15,000		9,977			24,977
Internal Service Fund	<u>105,853</u>					<u>105,853</u>
Total Transfers In	<u>\$ 120,853</u>	<u>\$ 15,000</u>	<u>\$ 282,170</u>	<u>\$ 10,000</u>	<u>\$ 52,758</u>	<u>\$ 480,781</u>

**F. Long-Term Debt**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 33,870,000	\$	\$ 3,435,000	\$ 30,435,000	\$ 3,465,000
Premium	<u>2,531,600</u>		<u>224,388</u>	<u>2,307,212</u>	
Total bonds and notes payable	36,401,600	-	3,659,388	32,742,212	3,465,000
Sewer notes	52,268		52,268	-	
Capital lease	12,105,109	9,572,000	9,705,110	11,971,999	740,228
Compensated absences	<u>1,519,125</u>	<u>18,118</u>	<u>289,065</u>	<u>1,248,178</u>	<u>267,119</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 50,078,102</u>	<u>\$ 9,590,118</u>	<u>\$ 13,705,831</u>	<u>\$ 45,962,389</u>	<u>\$ 4,472,347</u>

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

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**General Obligation Bonds**

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

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

**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, 2017, \$2,635,000 of the defeased debt is outstanding, and \$2,676,684 is held by an escrow agent in an irrevocable trust fund to provide all future debt service payments on the refunded bonds.

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

<b>Description</b>	<b>Date of Issue</b>	<b>Maturity</b>	<b>Interest Rate (%)</b>	<b>Amount of Original Issue</b>	<b>Annual Principal</b>	<b>Balance Outstanding June 30, 2017</b>
General purpose:						
General obligation	9/1/07	9/1/21	3.9-5.0	\$ 1,872,200	Various	\$ 95,000
General obligation	9/1/08	9/1/18	3.0-4.0	2,010,000	Various	520,000
General obligation	8/1/10	8/1/30	2.0-4.0	825,000	Various	620,800
General obligation refunding	10/1/11	10/1/26	2.0-3.0	2,880,344	Various	1,500,000
General obligation	9/1/12	9/1/27	1.5-3.0	845,285	Various	831,510
General obligation refunding	9/1/12	9/1/25	3.0-5.0	160,500	Various	1,042,000
General obligation refunding	10/1/14	8/1/24	2.0-4.0	2,117,715	Various	2,020,264
General obligation	10/15/15	10/15/35	2.0-4.0	7,199,036	Various	6,919,000
Total general purpose				<u>17,910,080</u>		<u>13,548,574</u>
School:						
School improvement	9/1/05	9/1/18	4.0-4.25	11,000,000	Various	495,000
School improvement	9/1/07	9/1/27	3.9-5.0	2,382,800	Various	115,000
School improvement	8/1/10	8/1/30	2.0-4.0	1,700,000	Various	1,279,200
School improvement	10/1/11	10/1/26	2.0-3.0	2,662,656	Various	1,320,000
School improvement	9/1/12	9/1/27	1.5-3.0	614,715	Various	228,490
School improvement - refunding	9/1/12	9/1/25	3.0-5.0	7,864,500	Various	5,708,000
School improvement - refunding	10/1/14	8/1/27	2.0-4.0	7,517,285	Various	7,394,736
School improvement	10/15/15	10/15/35	2.0-4.0	365,964	Various	346,000
Total school				<u>34,107,920</u>		<u>16,886,426</u>
Total Outstanding				<u>\$ 52,018,000</u>		<u>\$ 30,435,000</u>

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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>Principal</b>	<b>Interest</b>
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	2,895,000	557,113
2023-2027	10,735,000	1,384,359
2028-2032	2,910,000	417,987
2033-2036	1,520,000	91,200
	<u>\$ 30,435,000</u>	<u>\$ 5,800,185</u>

**Authorized but Unissued Bonds**

The total of authorized but unissued bonds at June 30, 2017 is \$15,508,617. 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	\$ 97,715,741	\$ 17,642,738	\$ 80,073,003
Schools	195,431,481	26,767,183	168,664,298
Sewers	162,859,568	1,276,000	161,583,568
Urban renewal	141,144,959		141,144,959
Pension deficit	130,287,654		130,287,654

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$304,004,526. All long-term debt obligations are retired through General Fund appropriations. The indebtedness reflected above includes bonds and notes outstanding in addition to the amounts of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$257,696 is reflected as deductions in the computation of net indebtedness.

**TOWN OF TOLLAND, CONNECTICUT**  
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**Capital Lease**

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

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

The assets acquired through the capital leases are as follows:

	<b>Governmental Activities</b>
Asset:	
ESCO Project	\$ 10,461,490
Geothermal heating system	3,682,123
Less accumulated depreciation	<u>1,915,780</u>
Total	<u>\$ 12,227,833</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2017 were as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Governmental Activities</b>
2018	\$ 1,062,387
2019	1,048,762
2020	1,035,135
2021	1,021,508
2022	1,007,881
Thereafter	<u>9,307,156</u>
Total lease payments	14,482,829
Less amount representing interest	<u>2,510,830</u>
Present Value of Future Minimum Lease Payments	<u>\$ 11,971,999</u>



**TOWN OF TOLLAND, CONNECTICUT  
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**4. FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2017 are as follows:

	<u>General Fund</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	\$ 34,859	\$ 34,859
Permanent fund principal					313,063	313,063
Restricted for:						
Community rehabilitation services			142,232			142,232
Unspent grant proceeds					47,746	47,746
Committed to:						
Sewer capital improvements		890,242				890,242
Dog warden					44,807	44,807
Open space					124,476	124,476
Sewer escrow					24,903	24,903
Lodge furnishings					57,216	57,216
Business park improvements					17,575	17,575
Recreation					245,584	245,584
Water assessments					204,470	204,470
Food service					97,339	97,339
Education programs	46,580				1,014,563	1,061,143
Eviction storage					541	541
Cemeteries					211,078	211,078
Training center repair and replacement					6,535	6,535
Field maintenance					12,386	12,386
Veterans memorial					335	335
Emergency storms					175,791	175,791
Artificial turf operation					8,084	8,084
Debt service					400,787	400,787
Special assessment projects				647,137		647,137
Assigned to:						
Purchases on order	1,823,282					1,823,282
Contribution to next fiscal budget	230,000					230,000
Unassigned	<u>7,923,976</u>					<u>7,923,976</u>
Total Fund Balances	<u>\$ 10,023,838</u>	<u>\$ 890,242</u>	<u>\$ 142,232</u>	<u>\$ 647,137</u>	<u>\$ 3,042,138</u>	<u>\$ 14,745,587</u>

Significant encumbrances of \$1,823,282 at June 30, 2017 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 \$477,067 and represented 6% of covered payroll. The employees' required contributions were \$211,041 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 \$85,114 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, 2017, 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>62,516,115</u>
Total	\$ <u>62,516,115</u>

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

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$6,817,607 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**Actuarial Assumptions**

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

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

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

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

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

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

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

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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:

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

**Discount Rate**

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

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

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

**Other Information**

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

**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.

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

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

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

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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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</b>	
		<b>Premiums</b>	
		<b>Employee</b>	<b>Spouse</b>
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 \$473,839 were made in accordance with actuarially determined requirements.

**Investments**

**Investment policy**

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

**Rate of return**

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 7.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested

**Net OPEB Liability of the Town**

During the year, the Town implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

Total OPEB liability	\$	4,880,301
Plan fiduciary net position		<u>1,077,512</u>
Net OPEB Liability	\$	<u><u>3,802,789</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		22.08%

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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The Town's net OPEB liability will be required to be recorded on the government-wide financial statement of net position at June 30, 2018.

**Actuarial assumptions**

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US Core Fixed Income	62 %	2.66 %
US Large Caps	30	4.86
Foreign Developed Equity	8	5.88
Total	100 %	

**Discount Rate**

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



**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

	<b>1% Decrease 5.0%</b>	<b>Current Discount Rate 6.0%</b>	<b>1% Increase 7.0%</b>
Net OPEB liability	\$ 4,210,399	\$ 3,802,789	\$ 3,441,906

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

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

	<b>1% Decrease Healthcare cost Trend Rates (4.3%, 4.2%) Decreasing to (3.4%, 3.3%)</b>	<b>Current Rate Healthcare cost Trend Rates (5.3%, 5.2%) Decreasing to (4.4%, 4.3%)</b>	<b>1% Increase Healthcare cost Trend Rates (6.3%, 6.2%) Decreasing to (5.4%, 5.3%)</b>
Net OPEB liability	\$ 3,348,148	\$ 3,802,789	\$ 4,333,271

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**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)	\$	466,488
Interest on net OPEB obligation		(10,579)
Adjustment to annual required contribution		<u>13,216</u>
Annual OPEB Cost		469,125
Contributions made		<u>473,839</u>
Change in net OPEB asset		(4,714)
Net OPEB Asset - beginning of year		<u>(176,313)</u>
Net OPEB Asset - End of Year	\$	<u><u>(181,027)</u></u>

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, 2017, 2016 and 2015, are presented below.

<b>Fiscal Year Ending</b>		<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>		<b>Net OPEB Asset</b>
6/30/2015	\$	507,996	\$ 512,000	100.79%	\$	168,432
6/30/2016		449,732	457,613	101.75%		176,313
6/30/2017		469,125	473,839	101.00%		181,027

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.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Funding Status and Funding Progress**

The funded status of the plan as of July 1, 2016, the most recent actuarial valuation date, is as follows:

<b>Schedule of Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>(Unfunded) AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
7/1/2012	\$ 372,000	\$ 4,667,000	\$ (4,295,000)	8%	\$ 22,286,770	(19)%
7/1/2014	627,000	4,624,000	(3,997,000)	14%	16,844,000	(24)%
7/1/2016	925,000	4,630,000	(3,705,000)	20%	16,324,000	(23)%

**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, 2017. There have been no significant reductions in insurance coverage during the year.

**Health Insurance Internal Service Fund**

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

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

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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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, 2016 and 2017, are as follows:

	<u>Claims Payable July 1</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
2015-2016	\$ 411,400	\$ 6,411,381	\$ 6,374,181	\$ 448,600
2016-2017	448,600	7,053,620	6,984,120	518,100

**B. Contingent Liabilities**

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

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

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

**C. Subsequent Event**

On August 29, 2017, the Town issued \$4,810,000 of General Obligation Bond Anticipation Notes. The Notes carry interest at 2.00% and mature on May 24, 2018.

**Required Supplementary  
Information**

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>62,516,115</u>	<u>49,337,774</u>	<u>45,543,825</u>
Total	<u>\$ 62,516,115</u>	<u>\$ 49,337,774</u>	<u>\$ 45,543,825</u>
Town's covered-employee payroll	\$ 16,928,720	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

**Notes to Schedule**

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

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

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

	<u><b>2017</b></u>
Total OPEB liability:	
Service cost	\$ 129,359
Interest	287,531
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions	
Benefit payments	<u>(393,092)</u>
Net change in total OPEB liability	23,798
Total OPEB liability - beginning	<u>4,856,503</u>
Total OPEB liability - ending	<u>4,880,301</u>
Plan fiduciary net position:	
Contributions - employer	473,839
Contributions - member	
Net investment income (loss)	71,772
Benefit payments	(393,092)
Administrative expense	
Net change in plan fiduciary net position	<u>152,519</u>
Plan fiduciary net position - beginning	<u>924,993</u>
Plan fiduciary net position - ending	<u>1,077,512</u>
Net OPEB Liability - Ending	<u><u>\$ 3,802,789</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	22.08%
Covered-employee payroll	\$ 16,844,000
Net OPEB liability as a percentage of covered-employee payroll	22.58%

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

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

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

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

**Notes to Schedule**

Valuation date: July 1, 2016

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

Methods and assumptions used to determine contribution rates:

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

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



**TOWN OF TOLLAND, CONNECTICUT**  
**SCHEDULE OF INVESTMENT RETURNS**  
**OPEB**  
**LAST FISCAL YEAR\***

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**2017**

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Annual money-weighted rate of return,  
net of investment expense

7.39%

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

**Supplemental, Combining  
and Individual Fund**

**Statements**

**and**

**Schedules**

# **General Fund**

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

The Board of Education 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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Property Taxes:				
Current year levy	\$ 42,346,026	\$ 42,346,026	\$ 42,410,644	\$ 64,618
Prior year levy	333,536	333,536	413,760	80,224
Interest and lien fees	155,000	155,000	166,826	11,826
Motor vehicle supplement	478,660	478,660	585,663	107,003
Suspense	500	500	1,783	1,283
Telecommunications access line	23,000	23,000	27,375	4,375
Total property taxes	<u>43,336,722</u>	<u>43,336,722</u>	<u>43,606,051</u>	<u>269,329</u>
Intergovernmental:				
Education:				
Adult education	8,572	8,572	9,117	545
Education equalization	<u>10,784,974</u>	<u>10,784,974</u>	<u>10,733,601</u>	<u>(51,373)</u>
Total education	<u>10,793,546</u>	<u>10,793,546</u>	<u>10,742,718</u>	<u>(50,828)</u>
General Government:				
Elderly circuit breaker	65,000	65,000	70,907	5,907
Interest subsidy	13,608	13,608	12,051	(1,557)
Bond subsidy	286,328	286,328	286,328	-
SDE/MH and AS/DEEP grants	24,360	24,360	23,307	(1,053)
Civil defense grant	5,000	5,000	5,000	-
Mashantucket Pequot	34,843	34,843	34,843	-
Miscellaneous grants	40,000	40,000	48,357	8,357
Veterans	7,500	7,500	8,636	1,136
Town Clerk Preservation	4,000	4,000	4,000	-
Disability grant	1,600	1,600	1,610	10
MRSA: Property tax relief	85,064	85,064	85,064	-
MRSA: Sales tax funds	<u>303,971</u>	<u>303,971</u>	<u>303,971</u>	<u>-</u>
Total general government	<u>871,274</u>	<u>871,274</u>	<u>884,074</u>	<u>12,800</u>
Total intergovernmental	<u>11,664,820</u>	<u>11,664,820</u>	<u>11,626,792</u>	<u>(38,028)</u>

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Charges for Services:				
Building permit fees	\$ 210,000	\$ 210,000	\$ 218,016	\$ 8,016
Fines, fees and penalties	500	500	380	(120)
Pistol permits	5,500	5,500	9,115	3,615
Zoning permit fees	8,000	8,000	8,650	650
Town clerk	16,500	16,500	17,465	965
Library fees	9,000	9,000	8,503	(497)
Motor vehicle fine	15,000	15,000	18,356	3,356
Planning and zoning and IWWC	7,200	7,200	3,735	(3,465)
Rents/PILOT	30,500	30,500	32,276	1,776
Property conveyance tax	120,000	120,000	183,220	63,220
Document recording fees	70,000	70,000	73,363	3,363
Map and copy sales	12,000	12,000	14,930	2,930
Notary fees	1,000	1,000	1,305	305
Zoning board of appeals	2,000	2,000	2,720	720
Public safety services	1,200	1,200	925	(275)
Solid waste fees/sewer fees	43,000	43,000	44,037	1,037
Town preservation	4,500	4,500	5,430	930
Ambulance	39,140	39,140	39,140	-
Total charges for services	<u>595,040</u>	<u>595,040</u>	<u>681,566</u>	<u>86,526</u>
Investment Income:				
General Fund	<u>50,000</u>	<u>50,000</u>	<u>90,895</u>	<u>40,895</u>
Other Revenues	<u>10,000</u>	<u>10,000</u>	<u>46,090</u>	<u>36,090</u>
Total Revenues	<u>55,656,582</u>	<u>55,656,582</u>	<u>56,051,394</u>	<u>394,812</u>
Other Financing Sources:				
Cancellation of prior year encumbrances		176,114	178,154	2,040
Appropriation of fund balance	150,000	150,000		(150,000)
Transfers in			15,000	15,000
Total other financing sources	<u>150,000</u>	<u>326,114</u>	<u>193,154</u>	<u>(132,960)</u>
Total Revenues and Other Financing Sources	<u>\$ 55,806,582</u>	<u>\$ 55,982,696</u>	<u>\$ 56,244,548</u>	<u>\$ 261,852</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Administrative:				
Town council	\$ 39,312	\$ 39,289	\$ 38,892	\$ 397
Town manager	221,223	223,665	223,400	265
Economic development commission	2,867	2,867	2,727	140
HR administrative services	2,299,081	2,266,509	2,257,136	9,373
Insurance	219,919	223,592	223,591	1
Legal services	66,000	112,165	108,891	3,274
Probate court	12,245	12,270	12,267	3
Total administrative	<u>2,860,647</u>	<u>2,880,357</u>	<u>2,866,904</u>	<u>13,453</u>
Planning and Community Development:				
Building inspection services	118,396	120,645	119,289	1,356
Zoning board of appeals	3,150	4,124	4,122	2
Environmental health services	77,782	77,782	77,780	2
Planning and zoning services	187,172	182,516	181,079	1,437
Inland wetlands commission	4,465	10,981	8,149	2,832
Planning and zoning commission	8,156	8,066	6,750	1,316
Conservation commission	4,790	4,790	3,587	1,203
Agricultural commission	300	300	228	72
Total planning and community development	<u>404,211</u>	<u>409,204</u>	<u>400,984</u>	<u>8,220</u>
Community Services:				
Elderly services	57,078	58,301	58,291	10
Human services	330,100	336,213	336,065	148
Library	410,195	417,187	416,372	815
Recreation and adult education	129,310	130,897	130,802	95
Total community services	<u>926,683</u>	<u>942,598</u>	<u>941,530</u>	<u>1,068</u>
Public Works:				
Engineering services	36,300	36,300	36,212	88
Parks and facilities	1,329,214	1,320,237	1,304,777	15,460
Refuse and recycling services	1,058,452	1,061,189	1,061,187	2
Streets and roads	1,991,193	2,019,067	2,011,229	7,838
Total public works	<u>4,415,159</u>	<u>4,436,793</u>	<u>4,413,405</u>	<u>23,388</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Public Safety Services:				
Water supply	\$ 88,000	\$ 88,000	\$ 88,000	\$ -
Ambulance	379,381	343,840	335,061	8,779
Canine control	58,100	58,709	50,696	8,013
Emergency preparedness	14,189	14,415	14,414	1
Fire prevention	91,552	71,141	70,823	318
Fire suppression	617,512	614,426	613,028	1,398
Community emergency response team	4,500	4,500	4,185	315
Law enforcement	772,956	773,549	768,892	4,657
Total public safety services	<u>2,026,190</u>	<u>1,968,580</u>	<u>1,945,099</u>	<u>23,481</u>
Record and Financial Services:				
Accounting services	328,239	335,300	335,250	50
Assessment services	256,047	218,531	218,337	194
Board of assessment appeals	600	600	225	375
Independent audit	25,250	25,250	25,250	-
Registrar of voters	65,070	65,070	65,024	46
Revenue services	167,145	140,353	140,349	4
Town clerk	144,583	146,922	146,782	140
Total record and financial services	<u>986,934</u>	<u>932,026</u>	<u>931,217</u>	<u>809</u>
Contingency and Other	<u>223,232</u>	<u>231,905</u>	<u>218,567</u>	<u>13,338</u>
Board of Education:				
Language arts	173,052	173,052	233,620	(60,568)
Math	78,067	78,067	80,065	(1,998)
Social studies	10,724	10,724	8,755	1,969
Science	61,535	61,535	67,266	(5,731)
Art	26,385	26,385	22,611	3,774
Music	14,940	14,940	13,511	1,429
Physical education	14,188	14,188	9,244	4,944
World language	11,317	11,317	9,594	1,723
Family and consumer science	17,500	17,500	16,297	1,203
Technology education	23,430	23,430	16,853	6,577
Business education	22,325	22,325	17,544	4,781
Digital education	10,328	10,328	28,281	(17,953)
Talc	1,280	1,280	1,279	1
Special services	2,743,023	2,743,023	2,663,392	79,631
Special education	112,732	112,732	79,655	33,077
Interdistrict programs	263,712	263,712	233,149	30,563

(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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Board of Education (continued):				
Student athletics	\$ 199,597	\$ 199,597	\$ 181,193	\$ 18,404
Student activities	19,717	19,717	12,163	7,554
Guidance and counseling	24,492	24,492	11,292	13,200
Nursing	16,790	16,790	17,180	(390)
Library	15,593	15,593	13,978	1,615
Audiovisual	2,034	2,034	1,598	436
Staff services	7,180,870	7,180,870	7,367,756	(186,886)
Communication / Insurance	200,486	200,486	222,636	(22,150)
Principals' offices	138,090	138,090	211,375	(73,285)
Transportation	2,623,445	2,623,445	2,475,592	147,853
Superintendent's office	48,332	48,332	34,839	13,493
Business services	241,551	241,551	227,150	14,401
Technology services	347,125	347,125	522,642	(175,517)
Custodial Services	221,027	221,027	276,997	(55,970)
Energy management	17,200	17,200		17,200
Energy management - utilities	1,408,981	1,408,981	1,408,981	-
Plant maintenance	575,397	575,397	547,725	27,672
BOE Payroll Clerk	2,640	2,640	2,090	550
Program/Professional development	173,605	173,605	222,825	(49,220)
Certified regular education payroll	13,029,570	13,029,570	12,568,319	461,251
Certified special education payroll	2,832,431	2,832,431	2,779,236	53,195
Noncertified payroll	1,433,247	1,433,247	1,348,402	84,845
Building operations	870,870	870,870	844,878	25,992
Building maintenance	261,443	261,443	252,929	8,514
Business services	371,044	371,044	338,385	32,659
Superintendent services	280,017	280,017	286,459	(6,442)
Principals' services	1,638,764	1,638,764	1,599,376	39,388
System-wide substitutes	427,866	427,866	487,358	(59,492)
System-wide services	934,214	934,214	917,933	16,281
Adult education	34,000	34,000	31,335	2,665
Board of Education	178,972	178,972	175,497	3,475
Total Board of Education	<u>39,333,948</u>	<u>39,333,948</u>	<u>38,889,235</u>	<u>444,713</u>
Debt Service	<u>4,550,000</u>	<u>4,550,092</u>	<u>4,550,091</u>	<u>1</u>
Total Expenditures	<u>55,727,004</u>	<u>55,685,503</u>	<u>55,157,032</u>	<u>528,471</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Other Financing Uses:				
Transfers out:				
Sewer fund	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Dog fund	10,000	10,000	10,000	-
Capital improvements	<u>54,578</u>	<u>272,193</u>	<u>272,193</u>	<u>-</u>
Total other financing uses	<u>79,578</u>	<u>297,193</u>	<u>297,193</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 55,806,582</u>	<u>\$ 55,982,696</u>	<u>\$ 55,454,225</u>	<u>\$ 528,471</u>

**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
COMBINING BALANCE SHEET SCHEDULE  
JUNE 30, 2017**

	<b>General</b>	<b>Education Reserve Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,869,762	\$ 46,580	\$ 9,916,342
Investments	2,027,194		2,027,194
Receivables	<u>754,836</u>		<u>754,836</u>
Total Assets	<u>\$ 12,651,792</u>	<u>\$ 46,580</u>	<u>\$ 12,698,372</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts and other payables	\$ 863,348	\$	\$ 863,348
Accrued liabilities	80,072		80,072
Due to other funds	<u>218,620</u>		<u>218,620</u>
Total liabilities	<u>1,162,040</u>	<u>-</u>	<u>1,162,040</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	402,206		402,206
Advance property tax collections	<u>1,110,288</u>		<u>1,110,288</u>
Total deferred inflows of resources	<u>1,512,494</u>	<u>-</u>	<u>1,512,494</u>
Fund balances:			
Committed		46,580	46,580
Assigned	2,053,282		2,053,282
Unassigned	<u>7,923,976</u>		<u>7,923,976</u>
Total fund balances	<u>9,977,258</u>	<u>46,580</u>	<u>10,023,838</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,651,792</u>	<u>\$ 46,580</u>	<u>\$ 12,698,372</u>

## TOWN OF TOLLAND, CONNECTICUT

## GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2017

	General	Education Reserve Fund	Total
Revenues:			
Property taxes	\$ 43,606,051	\$	\$ 43,606,051
Intergovernmental	19,708,750		19,708,750
Charges for services	681,566		681,566
Investment income	90,895		90,895
Other revenues	46,090		46,090
Total revenues	<u>64,133,352</u>	<u>-</u>	<u>64,133,352</u>
Expenditures:			
Current:			
Administration	2,950,835		2,950,835
Planning and community development	397,518		397,518
Community services	918,523		918,523
Public works	4,332,924		4,332,924
Public safety services	1,882,243		1,882,243
Record and financial services	936,000		936,000
Contingency and other	68,707		68,707
Board of Education	46,715,686	17,233	46,732,919
Debt service	4,655,944		4,655,944
Total expenditures	<u>62,858,380</u>	<u>17,233</u>	<u>62,875,613</u>
Excess of Revenues over Expenditures	<u>1,274,972</u>	<u>(17,233)</u>	<u>1,257,739</u>
Other Financing Sources (Uses):			
Transfers in	120,853		120,853
Transfers out	(297,193)		(297,193)
Net other financing sources (uses)	<u>(176,340)</u>	<u>-</u>	<u>(176,340)</u>
Net Change in Fund Balances	1,098,632	(17,233)	1,081,399
Fund Balances at Beginning of Year	<u>8,878,626</u>	<u>63,813</u>	<u>8,942,439</u>
Fund Balances at End of Year	<u>\$ 9,977,258</u>	<u>\$ 46,580</u>	<u>\$ 10,023,838</u>

**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2017**

Grand List Year	Uncollected Taxes July 1, 2016	Supplement	Lawful Corrections		Transfers to Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2017
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2001	\$	\$	\$ 147	\$	\$	\$ 147	\$ 147	\$ 371	\$ 518	\$ -
2002			182			182	182	423	605	-
2003			98			98	98	214	312	-
2004			65			65	65	130	195	-
2005			40			40	40	80	120	-
2006						-			-	-
2007			365			365	365	430	795	-
2008			184			184	184	246	430	-
2009	230		8			238	8	10	18	230
2010	14,694				56	14,638	60	116	176	14,578
2011	24,661		78		1,846	22,893	518	696	1,214	22,375
2012	35,630		3,079	2,964	1,943	33,802	11,952	2,602	14,554	21,850
2013	74,261		136	63	2,464	71,870	31,520	8,235	39,755	40,350
2014	327,652		5,447	8,230	8,273	316,596	228,204	48,132	276,336	88,392
Total Prior Years	477,128	-	9,829	11,257	14,582	461,118	273,343	61,685	335,028	187,775
2015	42,921,139	595,133	93,699	175,956	3,695	43,430,320	42,991,650	102,540	43,094,190	438,670
Total	\$ 43,398,267	\$ 595,133	\$ 103,528	\$ 187,213	\$ 18,277	\$ 43,891,438	\$ 43,264,993	\$ 164,225	\$ 43,429,218	\$ 626,445

# 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, 2017**

	Special Revenue Funds							
	Dog Fund	Open Space Maintenance	Stone Pond Sewer Escrow	Tolland Townhouse Sewer Escrow	Lodge Activity Fund	Open Space Fund	Tolland Business Park Fund	Town Aid Road
ASSETS								
Cash	\$ 55,313	\$ 2,940	\$ 14,650	\$ 10,253	\$ 64,710	\$ 121,536	\$ 17,575	\$ 9,381
Investments								
Receivables								
Due from other funds								
Other								
Total Assets	\$ 55,313	\$ 2,940	\$ 14,650	\$ 10,253	\$ 64,710	\$ 121,536	\$ 17,575	\$ 9,381
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts and other payables/due to State	\$ 10,506	\$	\$	\$	\$ 474	\$	\$	
Due to other funds								
Unearned revenue					7,020			
Total liabilities	10,506	-	-	-	7,494	-	-	-
Deferred inflows of resources:								
Unavailable revenue - special assessments								
Unavailable revenue - cemetery								
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable								
Restricted								9,381
Committed	44,807	2,940	14,650	10,253	57,216	121,536	17,575	
Total fund balances	44,807	2,940	14,650	10,253	57,216	121,536	17,575	9,381
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 55,313	\$ 2,940	\$ 14,650	\$ 10,253	\$ 64,710	\$ 121,536	\$ 17,575	\$ 9,381

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**TOWN OF TOLLAND, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2017**

	Special Revenue Funds							
	Recreation	Water Assessment	School Lunch	State and Federal Education Grants	Before/After School Programs	Eviction Fund	Cemetery Operations Fund	Minnie Hicks Fund
ASSETS								
Cash	\$ 255,647	\$ 204,470	\$ 126,138	\$ 508	\$ 391,800	\$ 541	\$ 208,083	\$ 3,706
Investments								
Receivables		30,899	22,076	4,292	11,705		6,475	
Due from other funds							7	
Other			34,859					
Total Assets	\$ 255,647	\$ 235,369	\$ 183,073	\$ 4,800	\$ 403,505	\$ 541	\$ 214,565	\$ 3,706
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts and other payables/due to State	\$ 10,063	\$	\$ 533	\$ 4,689	\$	\$	\$ 250	\$
Due to other funds								
Unearned revenue			28,266	111	116,892			
Total liabilities	10,063	-	28,799	4,800	116,892	-	250	-
Deferred inflows of resources:								
Unavailable revenue - special assessments		30,899						
Unavailable revenue - cemetery							6,475	
Total deferred inflows of resources	-	30,899	-	-	-	-	6,475	-
Fund balances:								
Nonspendable			34,859					
Restricted			22,076					
Committed	245,584	204,470	97,339		286,613	541	207,840	3,706
Total fund balances	245,584	204,470	154,274	-	286,613	541	207,840	3,706
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 255,647	\$ 235,369	\$ 183,073	\$ 4,800	\$ 403,505	\$ 541	\$ 214,565	\$ 3,706

(Continued on next page)



**TOWN OF TOLLAND, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2017**

	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	\$ 6,932	\$	\$ 6,286	\$ 12,386	\$ 335	\$	\$ 9,762
Investments							
Receivables			3,139				4,981
Due from other funds							
Other							
Total Assets	\$ 6,932	\$ -	\$ 9,425	\$ 12,386	\$ 335	\$ -	\$ 14,743
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables/due to State	\$ 397	\$	\$ 7,879	\$	\$	\$	\$
Due to other funds							
Unearned revenue							
Total liabilities	397	-	7,879	-	-	-	-
Deferred inflows of resources:							
Unavailable revenue - special assessments							
Unavailable revenue - cemetery							
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund balances:							
Nonspendable							
Restricted			1,546				14,743
Committed	6,535			12,386	335		
Total fund balances	6,535	-	1,546	12,386	335	-	14,743
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,932	\$ -	\$ 9,425	\$ 12,386	\$ 335	\$ -	\$ 14,743

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2017**

	<b>Special Revenue Funds</b>		<b>Debt Service Funds</b>	<b>Permanent Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Emergency Storm Fund</b>	<b>Turf Field Operations Fund</b>	<b>Debt Service Fund</b>	<b>Cemetery Perpetual Care Fund</b>	<b>Ratcliff Hicks Memorial School Fund</b>	<b>Eliminations</b>	
<b>ASSETS</b>							
Cash	\$ 175,791	\$ 8,084	\$ 400,787	\$	\$ 3,676	\$	\$ 2,111,290
Investments				295,508	741,368		1,036,876
Receivables				3,100			86,667
Due from other funds						(7)	-
Other							34,859
Total Assets	<u>\$ 175,791</u>	<u>\$ 8,084</u>	<u>\$ 400,787</u>	<u>\$ 298,608</u>	<u>\$ 745,044</u>	<u>\$ (7)</u>	<u>\$ 3,269,692</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables/due to State	\$	\$	\$	\$	\$	\$	\$ 34,791
Due to other funds				7		(7)	-
Unearned revenue							152,289
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>(7)</u>	<u>187,080</u>
Deferred inflows of resources:							
Unavailable revenue - special assessments							30,899
Unavailable revenue - cemetery				3,100			9,575
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,100</u>	<u>-</u>	<u>-</u>	<u>40,474</u>
Fund balances:							
Nonspendable				292,263	20,800		347,922
Restricted							47,746
Committed	175,791	8,084	400,787	3,238	724,244		2,646,470
Total fund balances	<u>175,791</u>	<u>8,084</u>	<u>400,787</u>	<u>295,501</u>	<u>745,044</u>	<u>-</u>	<u>3,042,138</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 175,791</u>	<u>\$ 8,084</u>	<u>\$ 400,787</u>	<u>\$ 298,608</u>	<u>\$ 745,044</u>	<u>\$ (7)</u>	<u>\$ 3,269,692</u>

**TOWN OF TOLLAND, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds							
	Dog Fund	Open Space Maintenance	Stone Pond Sewer Escrow	Tolland Townhouse Sewer Escrow	Lodge Activity Fund	Open Space Fund	Tolland Business Park Fund	Town Aid Road
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	
Charges for services	20,754				55,607	5,411		
Investment income	31		81		140	574	43	65
Other	1,374							
Total revenues	22,159	-	81	-	55,747	5,985	43	65
Expenditures:								
Current:								
Community services					39,362	202		
Public works		82						
Public safety services	14,174							
Debt Service								
Education								
Total expenditures	14,174	82	-	-	39,362	202	-	-
Excess (Deficiency) of Revenues over Expenditures	7,985	(82)	81	-	16,385	5,783	43	65
Other Financing Sources (Uses):								
Transfers in	10,000							
Transfers out					(6,000)			(327)
Net other financing sources (uses)	10,000	-	-	-	(6,000)	-	-	(327)
Net Change in Fund Balances	17,985	(82)	81	-	10,385	5,783	43	(262)
Fund Balances at Beginning of Year	26,822	3,022	14,569	10,253	46,831	115,753	17,532	9,643
Fund Balances at End of Year	\$ 44,807	\$ 2,940	\$ 14,650	\$ 10,253	\$ 57,216	\$ 121,536	\$ 17,575	\$ 9,381

(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, 2017**

	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	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services	335,022	49,259	193,446	665,111	486,524		500	
Investment income	761	4,664	676,418				34,280	
Other	3,060						1,012	8
Total revenues	338,843	53,923	869,864	665,111	486,524	-	35,792	8
Expenditures:								
Current:								
Community services	303,012						17,005	
Public works								
Public safety services								
Debt Service								
Education			871,073	665,111	395,941			43
Total expenditures	303,012	-	871,073	665,111	395,941	-	17,005	43
Excess (Deficiency) of Revenues over Expenditures	35,831	53,923	(1,209)	-	90,583	-	18,787	(35)
Other Financing Sources (Uses):								
Transfers in	6,000						3,926	
Transfers out	(9,650)							
Net other financing sources (uses)	(3,650)	-	-	-	-	-	3,926	-
Net Change in Fund Balances	32,181	53,923	(1,209)	-	90,583	-	22,713	(35)
Fund Balances at Beginning of Year	213,403	150,547	155,483	-	196,030	541	185,127	3,741
Fund Balances at End of Year	\$ 245,584	\$ 204,470	\$ 154,274	\$ -	\$ 286,613	\$ 541	\$ 207,840	\$ 3,706

(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, 2017**

	Special Revenue Funds						
	Training Center Fund	Conservation Green Grant	Traffic Fund	Field Maintenance	Veterans Memorial Fund	300th Anniversary Fund	Miscellaneous Grants Fund
Revenues:							
Intergovernmental	\$	\$	\$ 41,338	\$	\$	\$	\$ 32,221
Charges for services	1,370						
Investment income				2,000	25		2,522
Other							
Total revenues	<u>1,370</u>	<u>-</u>	<u>41,338</u>	<u>2,000</u>	<u>25</u>	<u>-</u>	<u>34,743</u>
Expenditures:							
Current:							
Community services						1,828	
Public works			41,036	655			
Public safety services	2,419	157					21,070
Debt Service							
Education							
Total expenditures	<u>2,419</u>	<u>157</u>	<u>41,036</u>	<u>655</u>	<u>-</u>	<u>1,828</u>	<u>21,070</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,049)</u>	<u>(157)</u>	<u>302</u>	<u>1,345</u>	<u>25</u>	<u>(1,828)</u>	<u>13,673</u>
Other Financing Sources (Uses):							
Transfers in							
Transfers out							
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,049)	(157)	302	1,345	25	(1,828)	13,673
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 6,535</u>	<u>\$ -</u>	<u>\$ 1,546</u>	<u>\$ 12,386</u>	<u>\$ 335</u>	<u>\$ -</u>	<u>\$ 14,743</u>

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**TOWN OF TOLLAND, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Special Revenue Funds</b>		<b>Debt Service Funds</b>	<b>Permanent Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Emergency Storm Fund</b>	<b>Turf Field Operations Fund</b>	<b>Debt Service Fund</b>	<b>Cemetery Perpetual Care Fund</b>	<b>Ratcliff Hicks Memorial School Fund</b>	<b>Eliminations</b>	
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$ 932,616
Charges for services				400			1,665,045
Investment income	1,021		2,798	3,925	72,760		87,883
Other		9,414					18,395
Total revenues	<u>1,021</u>	<u>9,414</u>	<u>2,798</u>	<u>4,325</u>	<u>72,760</u>	<u>-</u>	<u>2,703,939</u>
Expenditures:							
Current:							
Community services		3,361					364,770
Public works							41,773
Public safety services							37,820
Debt Service			146,160				146,160
Education					5,458		1,937,626
Total expenditures	<u>-</u>	<u>3,361</u>	<u>146,160</u>	<u>-</u>	<u>5,458</u>	<u>-</u>	<u>2,528,149</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,021</u>	<u>6,053</u>	<u>(143,362)</u>	<u>4,325</u>	<u>67,302</u>	<u>-</u>	<u>175,790</u>
Other Financing Sources (Uses):							
Transfers in						(9,926)	10,000
Transfers out		(15,000)		(3,926)		9,926	(24,977)
Net other financing sources (uses)	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>(3,926)</u>	<u>-</u>	<u>-</u>	<u>(14,977)</u>
Net Change in Fund Balances	1,021	(8,947)	(143,362)	399	67,302	-	160,813
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 175,791</u>	<u>\$ 8,084</u>	<u>\$ 400,787</u>	<u>\$ 295,501</u>	<u>\$ 745,044</u>	<u>\$ -</u>	<u>\$ 3,042,138</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, 2017**

	<b>Utility Service Fund</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
Assets:			
Current:			
Cash and cash equivalents	\$ 1,013,779	\$	\$ 1,013,779
Advance to plan administrator		2,543,335	2,543,335
Total Assets	<u>1,013,779</u>	<u>2,543,335</u>	<u>3,557,114</u>
Liabilities:			
Current:			
Accounts payable	25,627		25,627
Claims payable		518,100	518,100
Total Liabilities	<u>25,627</u>	<u>518,100</u>	<u>543,727</u>
Net Position:			
Unrestricted	\$ <u>988,152</u>	\$ <u>2,025,235</u>	\$ <u>3,013,387</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, 2017**

	<u>Utility Service Fund</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Operating Revenues:			
Charges for services	\$ 1,702,207	\$	\$ 1,702,207
Employer contributions		7,394,488	7,394,488
Total operating revenues	<u>1,702,207</u>	<u>7,394,488</u>	<u>9,096,695</u>
Operating Expenses:			
Utilities	1,077,136		1,077,136
Administration	59,727	99,022	158,749
Employee benefits		7,053,620	7,053,620
Total operating expenses	<u>1,136,863</u>	<u>7,152,642</u>	<u>8,289,505</u>
Operating Income	<u>565,344</u>	<u>241,846</u>	<u>807,190</u>
Nonoperating Revenue (Expenses):			
Other income	72,933		72,933
Investment income	577	10,026	10,603
Interest expense	(334,722)		(334,722)
Total nonoperating revenues	<u>(261,212)</u>	<u>10,026</u>	<u>(251,186)</u>
Transfers in and out:			
Transfer In	52,758		52,758
Transfer out	(105,853)		(105,853)
Total transfers	<u>(53,095)</u>	<u>-</u>	<u>(53,095)</u>
Change in Net Position	251,037	251,872	502,909
Net Position at Beginning of Year	<u>737,115</u>	<u>1,773,363</u>	<u>2,510,478</u>
Net Position at End of Year	<u>\$ 988,152</u>	<u>\$ 2,025,235</u>	<u>\$ 3,013,387</u>

**TOWN OF TOLLAND, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Utility Service Fund</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities:			
Received from customers	\$ 1,702,207	\$ 7,394,488	\$ 9,096,695
Payments to suppliers	(1,192,594)		(1,192,594)
Payments to providers of benefits		(7,404,514)	(7,404,514)
Net cash provided by (used in) operating activities	<u>509,613</u>	<u>(10,026)</u>	<u>499,587</u>
Cash Flows from Capital and Related Financing Activities:			
Transfers in/out	(53,095)		(53,095)
Other income	72,933		72,933
Interest expense	(334,722)		(334,722)
Net cash provided by (used in) capital and related financing activities	<u>(314,884)</u>	<u>-</u>	<u>(314,884)</u>
Cash Flows from Investing Activities:			
Investment income	<u>577</u>	<u>10,026</u>	<u>10,603</u>
Net Increase (Decrease) in Cash and Cash Equivalents	195,306	-	195,306
Cash and Cash Equivalents at Beginning of Year	<u>818,473</u>	<u>-</u>	<u>818,473</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,013,779</u>	<u>\$ -</u>	<u>\$ 1,013,779</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 565,344	\$ 241,846	\$ 807,190
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in advance to plan administrator		(321,372)	(321,372)
Increase (decrease) in accounts payable	(55,731)		(55,731)
Increase (decrease) in claims payable		69,500	69,500
Net Cash Provided by (Used in) Operating Activities	<u>\$ 509,613</u>	<u>\$ (10,026)</u>	<u>\$ 499,587</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, 2017**

	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2017</u>
Cash:				
Youth Center Reserve	\$ 27,716	\$ 36,809	\$ 40,834	\$ 23,691
Student Activity Fund	336,443	812,996	769,997	379,442
Senior Citizens Center	16,080	35,689	29,769	22,000
Tolland Public Library	69,477	12,357	28,098	53,736
Tolland Emergency Fund	44,104	10,739	12,746	42,097
D.A.R.E.	2,055		2,055	-
Education Fund	28,736	397,138	391,128	34,746
Board of Education - Section 125	10,178	15,089	14,906	10,361
Non-Profit Housing Corporation	112,532	9,131	8,143	113,520
Total Cash	647,321	1,329,948	1,297,676	679,593
Accounts Receivable:				
Non-Profit Housing Corporation	26,683		535	26,148
Total Assets	\$ <u>674,004</u>	\$ <u>1,329,948</u>	\$ <u>1,298,211</u>	\$ <u>705,741</u>
Accounts Payable:				
Youth Center Reserve	\$ 27,716	\$ 36,809	\$ 40,834	\$ 23,691
Student Activity Fund	336,443	812,996	769,997	379,442
Senior Citizens Center	16,080	35,689	29,769	22,000
Tolland Public Library	69,477	12,357	28,098	53,736
Tolland Emergency Fund	44,104	10,739	12,746	42,097
D.A.R.E.	2,055		2,055	-
Education Fund	28,736	397,138	391,128	34,746
Board of Education - Section 125	10,178	15,089	14,906	10,361
Non-Profit Housing Corporation	139,215	9,131	8,678	139,668
Total Liabilities	\$ <u>674,004</u>	\$ <u>1,329,948</u>	\$ <u>1,298,211</u>	\$ <u>705,741</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	85-88
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	89-91
These schedules contain information to help the reader assess the Town's most significant local revenue source, property taxes.	
Debt Capacity	92-94
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	95-96
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	97-99
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

TABLE 1

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 77,127,304
Restricted	313,063	313,063	313,063	313,063	313,063	313,063	313,063	313,063	313,063	313,063
Unrestricted	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	18,211,767
Total governmental activities net position	<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>	<u>95,652,134</u>
Business-Type Activities:										
Net investment in capital assets	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	8,465,681
Restricted	16,100				24,357	30,682	36,239	42,725	49,825	49,825
Unrestricted	618,074	291,738	254,954	247,954	268,614	303,016	379,213	489,150	637,253	784,452
Total business-type activities net position	<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>	<u>9,299,958</u>
Primary Government:										
Net investment in capital assets	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	85,592,985
Restricted	329,163	313,063	313,063	313,063	337,420	343,745	349,302	355,788	362,888	362,888
Unrestricted	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	18,996,219
Total Primary Government Net Position	<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>	<u>\$ 104,952,092</u>

TABLE 2

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
Administration	\$ 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	\$ 1,440,490
Planning and community development	535,217	494,459	437,811	459,598	505,425	478,632	355,708	448,187	438,009	474,277
Community services	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	2,292,140
Public works	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	8,422,874
Public safety services	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	2,478,544
Records and financial services	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	1,139,430
Board of Education	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	50,393,047
Interest expense	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	915,251
Total governmental activities expenses	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	67,556,053
Business-type activities:										
Water	378,020	361,474	376,151	388,310	368,586	376,706	386,035	342,447	324,016	313,802
Sewer	352,643	316,824	309,562	447,724	453,389	460,248	427,194	535,004	472,864	487,772
Total business-type activities expenses	730,663	678,298	685,713	836,034	821,975	836,954	813,229	877,451	796,880	801,574
Total primary government expenses	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	68,357,627
Program Revenues:										
Governmental activities:										
Charges for services:										
Administration						10,756				
Planning and community development	427,071	226,064	272,661	296,752	286,961	302,962	382,127	347,892	360,580	454,427
Community services	632,107	449,231	489,934	721,398	370,474	376,711	545,223	409,067	463,717	504,979
Public works	103,175	247,389	34,725	495,316	45,948	48,035	72,179	110,844	93,451	128,353
Public safety services	102,882	373,317	154,448	490,783	259,484	135,789	330,423	344,714	286,369	311,219
Records and financial services	108,141	94,691	97,487	117,532	122,561	125,682	104,747	103,599	105,751	107,063
Board of Education	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	1,194,206
Operating grants and contributions:										
Community services					23,516	54,620	38,258	55,909	22,015	12,499
Public works					713,000	243,507	200,290	338,861	98,715	
Public safety services					26,500	26,500	11,500	39,527	46,916	34,743
Board of Education	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	19,683,233
Capital grants and contributions:										
Administration								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	1,273,987
Public works					256,910	436,075	94,000		362,888	390,955
Public safety services										
Board of Education	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	12,051
Total governmental activities program revenues	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	24,107,715
Business-type activities:										
Charges for services:										
Water	222,541	227,024	199,308	225,340	303,144	243,188	257,244	313,502	267,256	327,083
Sewer	161,817	181,663	227,429	268,531	337,485	333,676	325,755	356,904	362,674	378,006
Capital grants and contributions:										
Water	114,345	10,066	159,047							
Sewer										
Total business-type activities program revenues	498,703	418,753	585,784	493,871	640,629	576,864	582,999	670,406	629,930	705,089
Total primary government program revenues	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	24,812,804
Net (expense) revenue:										
Governmental activities	(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)	(43,448,338)
Business-type activities	(231,960)	(259,545)	(99,929)	(342,163)	(181,346)	(260,090)	(230,230)	(207,045)	(166,950)	(96,485)
Total primary government net expense	(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)	(43,544,823)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	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	43,527,376
Unrestricted grants and contributions	1,442,362	1,273,901	574,468	771,764	357,609	529,845	267,332	371,281	318,864	627,533
Investment income	588,117	358,911	398,723	448,225	202,173	264,739	293,666	108,406	102,253	196,135
Loss on sale of asset										
Donated asset	2,198,752	555,592								
Miscellaneous	576,945	496,238	641,127	405,717	506,984	274,316	88,287	1,092,241	77,468	23,552
Transfers	(20,000)	(20,000)	(103,483)	(1,099,411)	(15,000)	(50,000)	(15,000)	(15,000)	(15,000)	
Total governmental activities	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	44,374,596
Business-type activities:										
Investment income	21,111	8,208	3,064	819	1,490	1,245	1,227	1,958	5,279	3,827
Miscellaneous			4,903	9,863						
Donated asset										
Transfers	20,000	20,000	103,483	1,099,411	15,000	50,000	15,000	15,000	15,000	
Total business-type activities	41,111	28,208	111,450	1,110,093	16,490	51,245	16,227	16,958	20,279	3,827
Total primary government	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	44,378,423
Change in Net Position:										
Governmental activities	3,052,750	1,018,312	(385,671)	635,050	(736,107)	(1,365,495)	821,806	(261,387)	(1,495,165)	926,258
Business-type activities	(190,849)	(231,337)	11,521	767,930	(164,856)	(208,845)	(214,003)	(190,087)	(146,671)	(92,658)
Total Primary Government	\$ 2,861,901	\$ 786,975	\$ (374,150)	\$ 1,402,980	\$ (900,963)	\$ (1,574,340)	\$ 607,803	\$ (451,474)	\$ (1,641,836)	\$ 833,600

TABLE 3

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 1,484,504	\$ 1,085,203	\$ 1,176,551	\$	\$	\$	\$	\$	\$	\$
Unreserved	5,175,165	5,855,314	6,119,876							
Nonspendable										
Committed								75,249	63,813	46,580
Restricted					140,862	170,722	59,680			
Assigned				1,601,935	1,309,480	1,086,458	1,281,734	1,537,737	1,764,973	2,053,282
Unassigned				6,209,332	6,588,695	6,649,387	7,053,690	6,853,234	7,113,653	7,923,976
Total General Fund	\$ <u>6,659,669</u>	\$ <u>6,940,517</u>	\$ <u>7,296,427</u>	\$ <u>7,811,267</u>	\$ <u>8,039,037</u>	\$ <u>7,906,567</u>	\$ <u>8,395,104</u>	\$ <u>8,466,220</u>	\$ <u>8,942,439</u>	\$ <u>10,023,838</u>
All Other Governmental Funds:										
Reserved	\$ 642,654	\$ 794,358	\$ 329,059	\$	\$	\$	\$	\$	\$	\$
Unreserved, reported in:										
Special Revenue Funds	2,690,894	2,932,590	2,836,172							
Capital Projects Funds	(483,411)	894,010	250,097							
Permanent Funds	523,715	442,255	781,822							
Nonspendable				350,896	349,238	354,191	353,280	350,288	342,832	347,922
Restricted				264,177	166,425	89,708	4,127,934	110,228	264,540	189,978
Committed				8,336,702	7,126,927	5,685,035	3,100,145	7,017,336	5,693,424	4,183,849
Assigned										
Unassigned					(2,459)		(4,173)			
Total All Other Governmental Funds	\$ <u>3,373,852</u>	\$ <u>5,063,213</u>	\$ <u>4,197,150</u>	\$ <u>8,951,775</u>	\$ <u>7,640,131</u>	\$ <u>6,128,934</u>	\$ <u>7,577,186</u>	\$ <u>7,477,852</u>	\$ <u>6,300,796</u>	\$ <u>4,721,749</u>

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



TABLE 4

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Property taxes	\$ 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	\$ 43,606,051
Intergovernmental	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	22,280,089
Charges for services	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	2,545,736
Investment income	588,117	358,912	398,723	448,225	202,173	264,739	289,584	108,406	102,253	196,135
Net increase in fair value of investment										
Other revenues	576,945	592,386	761,405	405,717	528,023	552,436	268,990	1,348,950	332,545	317,609
Total revenues	65,097,481	58,883,889	57,475,512	58,568,729	60,830,889	60,746,075	62,543,900	62,409,229	63,853,031	68,945,620
<b>Expenditures:</b>										
Administration	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	2,950,835
Planning and community development	430,956	370,967	353,395	357,485	353,474	369,838	328,045	360,179	355,841	397,518
Community services	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	1,323,475
Public works	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	4,374,697
Public safety services	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	1,920,063
Records and financial services	907,091	1,016,583	958,041	836,717	803,047	887,048	860,910	935,031	633,230	936,000
Contingency and other	42,154	41,734	48,783	106,293	681,042	39,993	144,636	144,844	124,671	68,707
Board of Education	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	48,670,545
Capital outlay	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	3,888,346
Debt service:										
Principal	2,460,067	2,961,839	3,118,640	3,300,490	3,445,310	3,402,386	3,383,503	3,241,654	3,500,204	4,290,336
Interest	1,845,519	1,823,321	1,700,016	1,572,380	1,572,380	1,572,380	1,572,380	1,572,380	1,247,428	915,251
Total expenditures	64,785,958	58,936,115	57,977,423	59,287,781	64,160,438	63,995,130	70,190,268	68,062,484	67,067,464	69,735,773
Excess of revenues over (under) expenditures	311,523	(52,226)	(501,911)	(719,052)	(3,329,549)	(3,249,055)	(7,646,368)	(5,653,255)	(3,214,433)	(790,153)
<b>Other financing sources (uses):</b>										
Proceeds from capital lease				3,600,000						9,572,000
Refinancing of capital lease										(9,332,590)
Bond anticipation note repayment									(5,410,000)	
Bond issue proceeds	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		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	980,003	1,637,398	834,944	884,920	630,810	603,353	510,704	297,907	798,678	428,023
Transfers out	(1,000,003)	(1,657,398)	(843,186)	(936,552)	(645,810)	(653,353)	(525,704)	(241,389)	(725,482)	(374,928)
Total other financing sources (uses)	4,235,000	2,022,435	(8,242)	6,073,368	2,894,278	1,605,388	9,583,157	5,625,037	2,513,596	292,505
Net change in fund balances	4,546,523	1,970,209	(510,153)	5,354,316	(435,271)	(1,643,667)	1,936,789	(28,218)	(700,837)	(497,648)
Fund balances at beginning of year	* 5,486,998 *	10,033,521	12,003,730	11,493,577	16,114,439 *	15,679,168 *	14,035,501 *	15,972,290 *	15,944,072	15,243,235
Fund Balances at End of Year	\$ 10,033,521	\$ 12,003,730	\$ 11,493,577	\$ 16,847,893	\$ 15,679,168	\$ 14,035,501	\$ 15,972,290	\$ 15,944,072	\$ 15,243,235	\$ 14,745,587
Debt Service as a Percentage of Noncapital Expenditures	7.1%	8.4%	8.5%	8.5%	8.0%	8.0%	7.2%	8.3%	7.4%	7.7%

\* Fund balance restated

TABLE 5

**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>
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%
2017	1,106,946,632	144,981,536	30,240,615	1,282,168,783	34.19	1,836,128,860	69.83%

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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Connecticut Light and Power	\$ 14,100,180	1	1.11%	\$ 6,959,670	3	0.58%
Capitol Ventures	13,848,900	2	1.09%	11,872,300	1	0.99%
Gerber Scientific, Inc.	7,542,290	3	0.60%	8,355,008	2	0.69%
Silva Real Estate/Dari Farms	5,930,780	4	0.47%	3,975,712	5	0.33%
Summers and Summers Realty	5,575,200	5	0.44%	3,965,100	6	0.33%
Norwegian Woods, Inc.	4,840,030	6	0.38%	3,749,300	7	0.31%
Ivy Woods LLC	4,173,800	7	0.33%	3,077,700	10	0.26%
MJB Realty (Star Hill Athletic Facility)	3,839,400	8	0.30%			
Carriage Crossing LLC	3,287,200	9	0.26%	3,187,500	9	0.27%
Tomlen	2,540,400	10	0.20%			
NERAC, Inc.				4,440,060	4	0.37%
Interet Properties, Inc.				3,319,100	8	0.28%
Total	\$ <u>65,678,180</u>		<u>5.18%</u>	\$ <u>52,901,450</u>		<u>4.41%</u>

Note: Based on net taxable grand list, October 1, 2015 and October 1, 2006.

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>
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	99.07%	69,760	40,164,337	99.25%
2016	33.36	41,981,338	41,653,686	99.22%	92,967	41,746,653	99.44%
2017	34.19	43,430,320	42,996,306	99.00%		42,996,306	99.00%

TABLE 8

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

Fiscal Year	General Bonded Debt			Percentage of Actual Taxable Value of Property (a)	Per Capita	Sewer Notes	Capital Lease	Total Primary Government	Percentage of Personal Income (b)	Total Debt Per Capita
	General Obligation Bonds	Notes Payable	Total							
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
2017	30,435,000	n/a	30,435,000	2.4%	2,038		11,971,999	42,406,999	6.48%	2,839

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, 2017**

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

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

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 97,715,741	\$	\$	\$	\$
4 1/2 times base		195,431,481			
3 3/4 times base			162,859,568		
3 1/4 times base				141,144,959	
3 times base					130,287,654
	<u>97,715,741</u>	<u>195,431,481</u>	<u>162,859,568</u>	<u>141,144,959</u>	<u>130,287,654</u>
Total debt limitation	<u>97,715,741</u>	<u>195,431,481</u>	<u>162,859,568</u>	<u>141,144,959</u>	<u>130,287,654</u>
Indebtedness:					
Bonds payable	12,272,574	16,886,426	1,276,000		
Bond authorized but unissued	5,370,164	10,138,453			
Less: School building grants receivable		(257,696)			
	<u>17,642,738</u>	<u>26,767,183</u>	<u>1,276,000</u>	<u>-</u>	<u>-</u>
Net Indebtedness (1) (2)	<u>17,642,738</u>	<u>26,767,183</u>	<u>1,276,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	\$ <u><u>80,073,003</u></u>	\$ <u><u>168,664,298</u></u>	\$ <u><u>161,583,568</u></u>	\$ <u><u>141,144,959</u></u>	\$ <u><u>130,287,654</u></u>

(1) The total of the above net indebtedness amounts to: \$ 45,685,921

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

(2) There is no overlapping debt.

TABLE 10

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 304,004,526
Total net debt applicable to limit	71,644,562	69,053,708	44,220,139	43,543,142	40,060,513	37,096,154	37,193,008	34,137,145	37,610,716	45,685,921
Legal Debt Margin	\$ 168,446,128	\$ 184,926,564	\$ 211,301,092	\$ 216,863,417	\$ 227,565,923	\$ 236,240,063	\$ 239,172,669	\$ 249,439,911	\$ 257,894,865	\$ 258,318,605
Total net debt applicable to the limit as a percentage of debt limit	29.8%	27.2%	17.3%	16.7%	15.0%	13.6%	13.5%	12.0%	12.7%	15.0%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 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>
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%
2017	14,935	654,840,010	43,846	43.0	2,484	3.8%

Sources:

(1) U.S. Department of Commerce, Bureau of Census, 2010 Census

(2) Connecticut Economic Resource Center (CERC) Town Profile (2016)



TABLE 12

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

<b>Employer</b>	<b>2017</b>			<b>2008</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)	498	1	6.2%	518	1	6.3%
Gerber Garment Technologies	300	2	3.7%	500	2	6.1%
Woodlake at Tolland	275	3	3.4%	153	6	1.9%
Big Y	210	4	2.6%	225	3	2.7%
CNC Software	154	5	1.9%	110	8	1.3%
Dari Farms	128	6	1.6%	170	5	2.1%
Star Hill Family Athletic Center	75	7	0.9%			0.0%
Northeast Utilities	62	8	0.8%	80	9	1.0%
Soldream, Inc.	60	9	0.7%	48	10	0.6%
NERAC, Inc.	40	10	0.5%	220	4	2.7%
Standard Register				115	7	1.4%
	<u>1,802</u>			<u>2,139</u>		

Notes:

(1): Full-time equivalents

Source: Assessor Office / Official Statements

TABLE 13

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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Administration	4	4	4	4	4	4	4	4	4	4
Planning and community development	7	7	5	5	5	5	4	4	4	4
Community services	20	17	18	18	18	18	16	17	17	17
Public works	34	35	34	33	33	32	31	32	32	31
Public safety services	10	11	12	12	12	13	13	13	13	13
Records and financial services	15	14	14	14	14	14	14	14	14	14
Total	<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>	<u>83</u>

\*\*Based on head count

Source: Accounting Department

TABLE 14

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

<b>Function</b>	<b>Fiscal Year</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>	<b>2017</b>
Planning and community development:										
Residential permit inspections	50	20	9	6	8	7	13	17	8	10
Commercial permit inspections	20	25	12	22	11	34	21	22	24	66
Subdivision lots approved (P&Z Comm)	5	2	8	2	3			2	2	2
COs issued (P&Z Services)***	350	700	131	146	212	28	195	15	20	14
Elderly services:										
Senior center attendance	7,239	8,000	8,568	7,792	8,029	8,231	8,311	8,070	9,246	9,701
Library:										
Total circulation	138,265	148,891	144,512	136,776	112,356	119,949	122,365	125,480	120,000	98,074 ****
Attendance at library	83,698	94,723	97,219	91,294	70,000	77,231	77,630	75,996	70,933	60,000 ****
Recreation:										
Youth programs and sports participation	3,108	3,221	2,553	2,243	2,213	1,853	1,858	1,835	2,092	1,806
Adult programs and sports participation	1,281	1,333	1,576	1,397	1,061	710	731	755	795	880
Refuse and recycling:										
Tons of refuse co-generated	6,864	5,970	4,595	4,557	4,806	4,348	4,256	4,325	4,347	4,180
Tons of single stream recycling	2,187	1,530	1,824	1,840	1,737	1,772	1,730	1,753	1,711	1,761
Public safety:										
Ambulance medical calls	868	954	1,031	1,095	1,183	1,135	1,235	1,272	1,307	1,338
Ambulance non-emergency calls	2,324	2,221	2,253	2,343	2,534	2,464	2,563	2,750	N/A	N/A
Fire calls	432	427	476	264	540	516	405	525	525	478
Fire medical calls*	868	954	1,031	1,095	1,183	N/A	N/A	N/A	N/A	N/A
Fire non-emergency calls	2,234	2,221	2,253	2,343	2,534	2,464	2,563	2,750	N/A	N/A
Hazardous materials	66	43	43	44	51	46	33	40	29	32
Other calls / service calls**						869	368	375	237	322
Vehicle Accidents								131	139	117
Law enforcement:										
Criminal investigations	357	450	375	214	169	398	396	458	502	456
Motor vehicle accident investigations	279	350	286	252	255	234	251	316	266	288
Registrar of voters:										
Total registered voters	9,278	10,000	9,661	9,300	9,186	9,415	9,271	9,400	9,436	10,128
Revenue services:										
Total taxes collected	\$ 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	\$ 42,996,306

\* no longer used

\*\* new in 2013

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

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

Source: Department heads

TABLE 15

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

<b>Function</b>	<b>Fiscal Year</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>	<b>2017</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	4	4	4	4	4	4	4	4	4	4
Parks and recreation:										
Fields - Municipal	16	16	16	16	16	16	16	16	16	16
Fields - Schools	16	16	16	16	16	16	16	16	16	16
Water:										
Water mains (Municipal) (miles)	66,591	66,991	66,991	66,991	66,991	66,994	66,994	66,994	66,994	66,994
Water mains (Private) (miles)	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772
Fire hydrants (Public)	82	83	83	83	83	83	83	83	83	83
Fire hydrants (Private)	12	14	14	14	14	14	14	14	14	14
Wastewater:										
Sewer line (feet)	41,532	41,532	46,432	46,432	46,432	46,432	46,432	46,432	46,432	46,432
Highway:										
Paved miles	122.79	123.11	123.11	123.50	123.60	123.68	123.68	123.68	123.68	123.68
Unimproved miles	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85

Source: Accounting Department