

**TOWN OF TOLLAND,
CONNECTICUT**



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2021

This page is intentionally left blank.

TOWN OF TOLLAND, CONNECTICUT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prepared by:
The Finance Department

Lisa A. Hancock
Director of Finance and Records
Interim Town Manager

This page is intentionally left blank.

TOWN OF TOLLAND, CONNECTICUT
TABLE OF CONTENTS
JUNE 30, 2021

Introductory Section		Page
	Letter of Transmittal	i-vii
	GFOA Certificate of Achievement	viii
	GFOA Distinguished Budget Presentation Award	ix
	Organizational Chart	x
	List of Principal Officials	xi
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-17
Basic Financial Statements		
Exhibit		
	Government-Wide Financial Statements:	
I	Statement of Net Position	18
II	Statement of Activities	19
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	20-21
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22-23
V	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	24
VI	Statement of Net Position - Proprietary Funds	25
VII	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	26
VIII	Statement of Cash Flows - Proprietary Funds	27
IX	Statement of Net Position - Fiduciary Funds	28
X	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	29
	Notes to the Financial Statements	30-65
Required Supplementary Information		
RSI-1	Schedule of the Town's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	66
RSI-2	Schedule of Changes in Net OPEB Liability and Related Ratios - OPEB	67
RSI-3	Schedule of Employer Contributions - OPEB	68
RSI-4	Schedule of Investment Returns - OPEB	69
RSI-5	Schedule of the Town's Proportionate Share of the Net OPEB Liability - Teachers Retirement Plan	70
Supplemental, Combining and Individual Fund Statements and Schedules		
	General Fund:	
A-1	Schedule of Revenues and Other Financing Sources - Budget and Actual (Budgetary Basis)	71-72
A-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual (Budgetary Basis)	73-76
A-3	Combining Balance Sheet Schedule - General Fund	77
A-4	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	78
A-5	Report of Tax Collector	79

<u>Exhibit</u>		<u>Page</u>
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet	80-83
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	84-87
	Internal Service Funds:	
C-1	Combining Statement of Net Position	88
C-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	89
C-3	Combining Statement of Cash Flows	90

Statistical Section

Table

	Financial Trends:	
1	Net Position by Component	91
2	Changes in Net Position	92
3	Fund Balances of Governmental Funds	93
4	Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	94
	Revenue Capacity:	
5	Assessed and Estimated Actual Value of Taxable Property	95
6	Principal Property Taxpayers	96
7	Property Tax Levies and Collections	97
	Debt Capacity:	
8	Ratios of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita	98
9	Schedule of Debt Limitation	99
10	Legal Debt Margin Information	100
	Demographic and Economic Statistics:	
11	Demographic and Economic Statistics	101
12	Principal Employers	102
	Operating Information:	
13	Town Government Employees by Function	103
14	Operating Indicators by Function	104
15	Capital Asset Statistics by Function	105

Introductory Section

This page is intentionally left blank.



TOWN of TOLLAND
21 Tolland Green, Tolland, CT 06084

December 21, 2021

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 Annual Comprehensive Financial Report of the Town of Tolland for the fiscal year ended June 30, 2021.

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 an 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, 2021 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, 2021 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

The Town of Tolland first settled before 1715, is a residential community of 40.4 square miles with a population of 14,713. Tolland, originally a part of the Town of Windsor, was settled by people who felt that Windsor was becoming overcrowded and that their growing families were in need of homesteads.

People had started moving to the east, to lands that had been purchased from the Native Americans.

On April 18, 1713, a committee was appointed to lay out a settlement, and the General Assembly was petitioned to charter it as a town. When the Charter was obtained in 1715, the town was named after an English town in Somerset, and was incorporated as Connecticut's 49th town in May 1722.

In 1785, Tolland County was organized by action of the General Assembly and Tolland was designated the county seat. The costs of building the first courthouse and a jail were raised by town subscription. This jail (and three later replacements) proved to be unsatisfactory. The existing jail, of stone construction, was erected in 1856 and served the county continually until 1968 when the state decided to discontinue its use. In 1969 this jail and the 1893 jailer's home, became Town property and are leased to the Tolland Historical Society, and used as a museum.

A new courthouse replaced the original in 1822 at the center of the town green. It is recognized as one of five examples of early civic architecture in Connecticut.

The Tolland Green Historic District was placed on the National Register in June 1997. Several of the important buildings within the District have been adapted to serve modern needs while retaining the flavor of the older village.

The Hicks Municipal Building was built as the Ratcliffe Hicks Memorial School in 1908. The Hicks-Stearns Homestead is also a museum. The Tolland Board of Education building started life in 1830 as Tolland County Bank. Directly across from the Municipal Building, the town's original 1879 Town Hall, has become the Tolland Arts Center. The Courthouse recently became a museum of the Tolland Historical Society and leases the first floor to the French Canadian Genealogy Library.

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

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

The Town is a growing outer-ring suburb of the Hartford metropolitan area. Ninety-three percent of its dwellings are owner-occupied and ninety-four percent are single-family homes. Land subdivision activity and housing starts have slowed down over the last 10 years due to the economic downturn, planned changes in zoning regulations and purchase by the Town of open space. There are indications of increased activity in the commercial and multi-family sector based on discussions with potential developers. Tolland has acquired much land for preserved open space, has an outstanding education system and residents that are actively involved in the community.

The Town has a Council/Manager form of Government, which was approved in 1972. The legislative function is performed by a Town Council consisting of seven members elected at large. The Council formulates public policy, which the Town administration is entrusted to implement. The Board of Education, which is the governing body of the school district, appoints the Superintendent of Schools to implement its policies and goals. The Chief Executive Officer of the community is the Town Manager, who is appointed for an indefinite term by the Town Council. Employment decisions associated with management directly reporting to the Town Manager shall be subject to the approval of the Council.

The Manager has appointive and removal authority over other employees of the Town. The Town Manager and Director of Finance are responsible for the financial management of the Town.

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

- Administration: The Town Manager provides general supervision to all Town departments, which collectively staff 77 employees. The Office of the Town Manager includes a Director of Administrative Services who handles the human resources function for all the Town employees. This office also provides clerical support for the Tolland Water System.
- Planning and Community Development: This comprehensive development office houses the departments of Planning and Zoning, Inland Wetlands, Building Inspection, and Public Health. This office provides clerical support for the Water Pollution Control Authority.
- Community Services: This division includes Human Services, Youth, Elderly, Library and Recreation Services. The Human Services staff provides staff support services to the Tolland Water System as well as various grant and construction project oversight.
- Public Safety: This division includes Police (under contract with the Connecticut State Police), a combination volunteer/paid Fire and Ambulance Department, Fire Marshal and Animal Control Services.
- Public Works: This division includes the departments of Highway Maintenance, Parks and Facilities, Cemeteries, and Solid Waste and Recycling. Engineering services are outsourced but the Town reserves the option of converting to a full-time paid Town Engineer if necessary. Department staff provides support for the Water Pollution Control Authority.
- Finance and Records: This division includes Financial Administration and Accounting, Town Clerk, Town Assessment Services, Revenue Collection, Information Technology and Registrar of Voters. The Finance Department provides financial reporting services for the Tolland Non-profit Housing Authority, the Tolland Water System and the Water Pollution Control Authority. The Department also provides oversight for the shared Information Technology services and all central office needs.

The Town has successfully privatized and contracted out several municipal services. Examples include the construction/reconstruction of roads, 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, Andover and Coventry.

The Town of Tolland provides water and sewer services to a small sector of the community. Approximately 504 residences, 34 businesses, 11 private fire services and 6 municipal buildings are serviced by the Tolland water system, while the Connecticut Water Company services other designated sections throughout the Town. The vast majority of the residents are on private wells and septic systems. Public sewers are available in the west central portion of the Town, which includes the expanded Business Park. The sewers have also been extended down to the schools, through the Gateway Design District and up Route 195 which has allowed for current and future economic development.

Budget Process & Budgetary Control

Budget Process - As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, NOTE 2 (A) in the Notes to Basic Financial Statements describes the budget process used by the Town. The annual budget serves as the foundation for the Town's financial planning and control. A five-year Capital Improvement Plan is presented, with the annual budget, but only the first year is adopted. The programs, as presented, are generally followed over the course of the five year planning period. The Capital planning process also incorporates a comprehensive debt management plan as part of the funding resource along with grants, pay-as-you-go 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. The Town Manager may make unencumbered appropriation transfers between departments for up to 3% of the department budget from which the funds will be transferred. The Council may by resolution transfer any unencumbered appropriations, balance or portion thereof from one department, commission, board or office to another. Management approval is required for transfers within departments. Charter Section 9-14 allows for the Council, by resolution, to make appropriations to be funded by grants or gifts, and other additional and supplementary appropriations not to exceed an aggregate of ½ of 1% of the General Fund Budget in any fiscal year. All additional appropriations in excess of the limit must be approved by a public hearing process.

Local Economy

The Town's finances and financial plans remained stable for the end of the fiscal year with over 101% of general fund revenues received at June 30, 2021 including 101% of budgeted property taxes. General fund expenditures were 97.8% of the adopted budget. The Town also has strong reserves in an Emergency Declaration fund which allows for the provision of cash flow for emergency safety measures that will be reimbursed by FEMA and other Federal funding sources.

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

The 2019 Plan of Conservation and Development reflects a strong emphasis on economic development. The plan recommends that the Zoning Regulations be updated to facilitate the types of businesses the Town wishes to see in Tolland. Along with efforts to produce a regional economic development action plan, it is the Town's goal to be more aggressive in marketing opportunities in Tolland and the region for development. The 2019 Plan of Development promotes the Town's vision for mixed-use development. Studies show there is a market potential for restaurants, apartments, possibly a hotel and other uses. Tolland's updated Tax Abatement policy for businesses has been used by new businesses.

The Plan recommends rethinking the regulations for the Tolland Village Area and Technology Campus Zone to attract more businesses. The Town and its Economic Development Commission have worked with property owners, developers, and residents to promote development. Tolland has collaborated with the towns of Bolton, Coventry and Mansfield to develop a regional economic development action plan.

New business expansion in Tolland includes a Brewer, small retail, building contractors and suppliers, investment advisory services, expanded day care facilities and home occupations and a custom-food manufacturer. The Town has entered into a purchase and sale agreement for 9.7 acres located in the Tolland Village area. This allows the abutting property owner to seek permits for business development that encompasses his property and the town owned parcel. The former Dari-Farms facility in the Tolland Business Park was quickly re-tenanted by a custom-food manufacturer.

The net taxable grand list of 10/1/2019 was \$1.28 Billion, representing an increase of .41% from 2018. Individually the real estate values decreased by over \$10.2 million or .91%, personal property values increased by \$2.3 million or 5.9% and the motor vehicle list increased by \$2.6 million or 2%. Real Estate values decreased due to a combinations of the town wide revaluation of all properties and reductions due to crumbling foundations. Personal Property increased by 20 accounts with several additions of small businesses. The increase is mostly due to the increase of contractors and heavy machinery in town. Motor Vehicles increased in value, while the number of accounts decreased by 73. The increase in value is due to the increase in new, higher valued vehicles. The Board of Assessment heard 51 appeals and reduced 22 properties on the Grand List for FY 2019 with a 1.3 million reduction in assessment value. Crumbling foundation appeals made up the majority of the reductions resulting in a loss of 1.1 million. Building permits increased up from 1,174 in 2020 to 1,569 in 2021. It is projected that 2022 permits will drop back to pre-Covid levels. This is a good indication for some increase to our Grand List.

Tolland remains attractive to business development with a median household income of \$118,194 (American Community Survey 2020). Tolland's unemployment rate was 4.2% in September 2021 vs. the State of CT 6.8% for the same period. As the economy recovers from the impact of the COVID pandemic the unemployment rates are declining.

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 and Town Council immensely in developing affordability benchmarks. In conjunction with this, a debt management plan was structured to layer in debt issues for the next five years based on approved projects and anticipated needs. By employing this tool, it makes it readily apparent when new debt can be issued and when projects should be deferred to the future.

Financial Policies and Practices

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

Fund Reserves – The Town Council approved Fund Balance policy requires a minimum level of fund balance 10% of the General Fund expenditure budget and also provides for detailed requirements for replenishment if the balance should fall below the threshold. It also includes that the preference would be to maintain at least two months of operating reserves if possible. Besides having a goal to maintain a General Fund balance of 10% to 17% of General Fund operating expenditures the Town has created several other reserve funds to address various emergency or other stabilization needs of the Town. These funds include a Municipal Tax Stabilization fund, Debt Service fund, Capital Non-Recurring fund, an Emergency Declaration fund, an Education Reserve fund, a Town-wide Property Revaluation 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.

Bond Rating – Due to its strong financial management practices, Tolland has maintained a credit rating of AAA from Standard and Poors Rating Agency since 2013. The Town also has an AAA rating from Fitch Rating Agency, which was recently reaffirmed.

Major Initiatives

The Town receives significant grant monies which help to offset the costs of capital projects. To strengthen this revenue source, a position for a Project Manager/Grants Administrator has been added to the budget with a start date of January 3, 2022.

Major grant awards include \$685,452 for the Tolland Intermediate School Roof and \$1.1 million for the Tolland Middle School Roof. The Town is completing the replacement of Birch Grove Primary School, which was impacted by the crumbling foundation epidemic prevalent in Eastern Connecticut. The Town qualified under “Emergency Status” for two school construction grants to rebuild the school. We received a grant from the State to pay 100% of the cost of the portable classrooms and a separate 89% grant for the construction of the new school. The total cost of the new school is \$46 million. An additional grant of \$1.9 million to cover the cost of unsuitable soil mitigation was received from the State of CT through special legislation. Construction was completed in the summer of 2021.

The Town continues to address the issue of residential/crumbling foundations, assisting property owners to find funding and resources to correct the problem.

A grant of \$135,670 has been received from the CARES ACT. In addition, a COVID relief fund for the Board of Education was established to assist the Board of Education with resources to address the safety needs related to the COVID pandemic response.

As part of the continual effort to reduce costs where possible, the Town is planning a feasibility study of back office consolidation between the Town and Schools.

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 Annual Comprehensive Financial Report for the year ended June 30, 2020. This was the twenty-ninth 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 Annual Comprehensive 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 Annual Comprehensive 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 2020-2021 Budget from the GFOA. The Town has received this highest form of recognition in governmental budgeting for ten consecutive years. We have applied for the 2021-22 award and anticipate being eligible for it.

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

Respectfully submitted,



Lisa A. Hancock, CPFO
Temporary Town Manager/Director of Finance and Records



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, 2020

Christopher P. Morrill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Town of Tolland

Connecticut

For the Fiscal Year Beginning

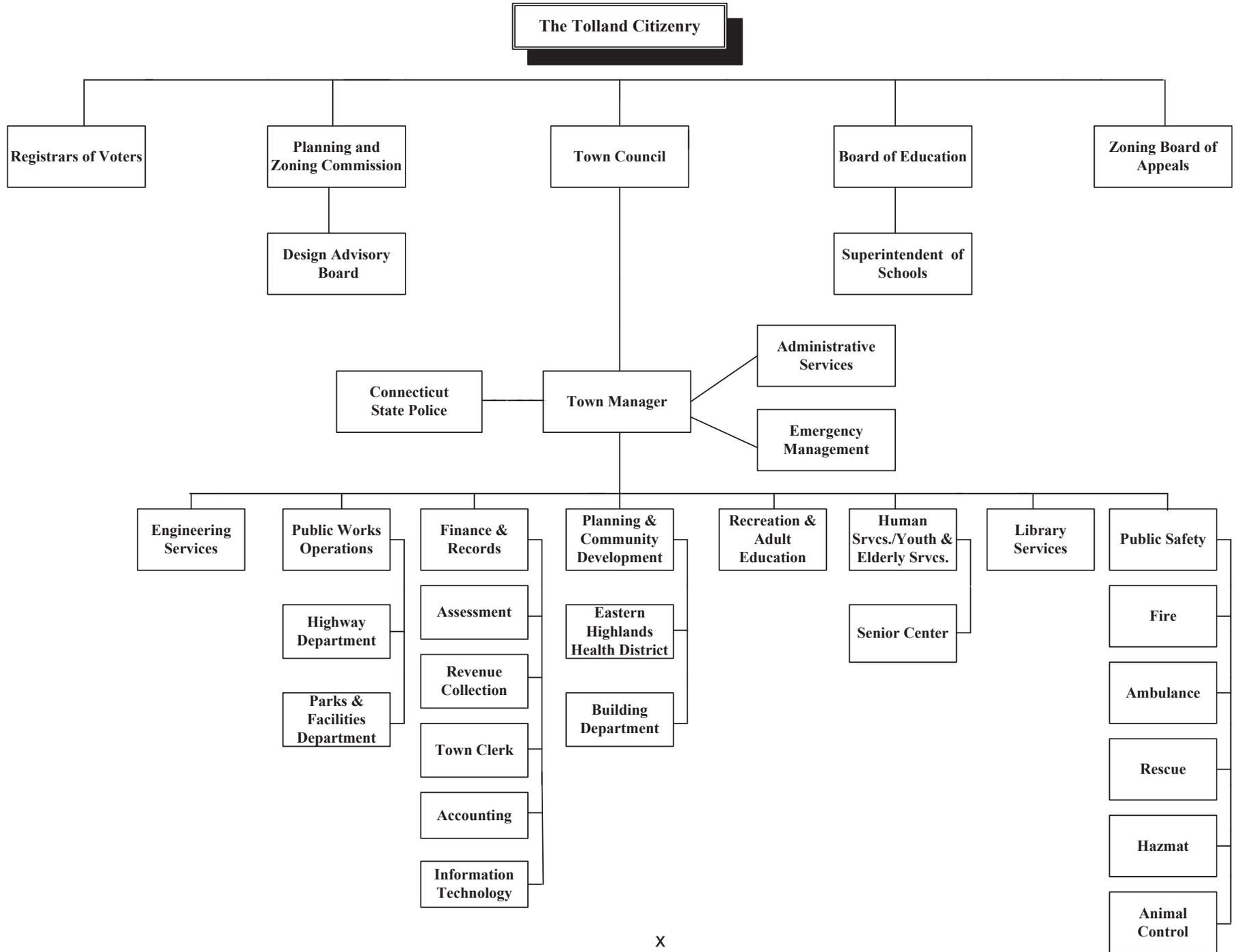
July 1, 2020

Christopher P. Morill

Executive Director

Town of Tolland

Organization Chart



TOWN OF TOLLAND, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2021

Town Council

Tammy Nuccio, Chairperson
Steven Jones, Vice Chairperson
William Bode III
Brenda Falusi
Lou Luba
John Reagan
Kurt Schenher

Board of Education

Ashley Lundgren, Chairperson
Christina Plourd, Vice Chairperson
Renie Besaw
Christine Griffin
Anthony Holt
Jacob Marie
Dana Philbin
Madhu Renduchintala
Sophia Shaikh

This page is intentionally left blank.

Financial Section

This page is intentionally left blank.



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, 2021, 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 auditor considers 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, 2021 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.

Emphasis of a Matter

As discussed in Note 8, during fiscal year ended June 30, 2021, the Town of Tolland, Connecticut adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the Town of Tolland, Connecticut reported a restatement for the change in accounting principle. Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021 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.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 21, 2021

This page is intentionally left blank.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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 \$129,421,485 (net position). Of this amount, \$27,671,013 (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 \$26,284,497. Governmental and business-type activity expenses were \$76,686,649 while revenues were \$102,971,146.
- The total cost of all Town services for the fiscal year 2021 was \$76,686,649 of which \$75,839,992 was for governmental services and \$846,657 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 \$20,882,336, a decrease \$2,885,722 from the prior fiscal year. Of the total fund balance as of June 30, 2021, \$9,947,007 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 \$12,859,597, a decrease of \$98,651 over the prior fiscal year. Unassigned fund balance for the general fund was \$9,947,007 or 15.6% 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 \$12,859,597 or 20.2% 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, Emergency Declaration and Capital Projects, which are considered to be major funds. Data from the other 27 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, Training Center, Conservation Fund, Traffic Grant, Field Maintenance, Veterans Memorial, Emergency Declaration, Miscellaneous Grants, Artificial Turf, Cemetery Perpetual Care, Debt Service Fund, Agricultural Fund, Tax Stabilization Fund and Ratcliff Hicks Memorial School funds. Individual fund data for each of these nonmajor governmental funds is provided in the *form of combining statements* elsewhere in this report.

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

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

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

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

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

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

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

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

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

The combining statements and supplemental schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found beginning on page 71 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 \$129,421,485 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Tolland's net position \$94,824,607 (73.3%) reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, water systems and infrastructure) less related outstanding debt used to acquire those assets. The Town of Tolland uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Tolland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN OF TOLLAND NET POSITION
JUNE 30, 2021 AND 2020**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 40,830,416	\$ 40,552,799	\$ 1,892,324	\$ 1,591,768	\$ 42,722,740	\$ 42,144,567
Capital assets	<u>140,470,058</u>	<u>118,285,202</u>	<u>7,954,904</u>	<u>8,281,210</u>	<u>148,424,962</u>	<u>126,566,412</u>
Total assets	<u>181,300,474</u>	<u>158,838,001</u>	<u>9,847,228</u>	<u>9,872,978</u>	<u>191,147,702</u>	<u>168,710,979</u>
Deferred outflows of resources	<u>764,118</u>	<u>1,072,299</u>			<u>764,118</u>	<u>1,072,299</u>
Current liabilities	14,218,769	16,378,173	184,448	155,066	14,403,217	16,533,239
Noncurrent liabilities	<u>46,340,677</u>	<u>48,721,818</u>			<u>46,340,677</u>	<u>48,721,818</u>
Total liabilities	<u>60,559,446</u>	<u>65,099,991</u>	<u>184,448</u>	<u>155,066</u>	<u>60,743,894</u>	<u>65,255,057</u>
Deferred inflows of resources	<u>1,746,441</u>	<u>1,391,233</u>			<u>1,746,441</u>	<u>1,391,233</u>
Net investment in capital assets	86,869,703	77,712,083	7,954,904	8,281,210	94,824,607	85,993,293
Restricted	6,925,865	313,063		87,107	6,925,865	400,170
Unrestricted	<u>25,963,137</u>	<u>15,393,930</u>	<u>1,707,876</u>	<u>1,349,595</u>	<u>27,671,013</u>	<u>16,743,525</u>
Total Net Position	<u>\$ 119,758,705</u>	<u>\$ 93,419,076</u>	<u>\$ 9,662,780</u>	<u>\$ 9,717,912</u>	<u>\$ 129,421,485</u>	<u>\$ 103,136,988</u>

An additional portion of the Town of Tolland's total net position, 5.35% or \$6,925,865, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$27,671,013 is *unrestricted net position* and may be used to meet the Town's ongoing obligations to citizens and creditors.

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

Restricted net position in the business-type activities decreased by \$87,107 to zero and governmental activities increased by \$6,612,802 from the previous year.

**TOWN OF TOLLAND CHANGES IN NET POSITION
JUNE 30, 2021 AND 2020**

The Town of Tolland's overall net position increased \$26,284,479 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 \$26,339,629 and business-type activities decreased it by \$55,132.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,014,540	\$ 2,108,489	\$ 794,696	\$ 752,741	\$ 2,809,236	\$ 2,861,230
Operating grants and contributions	23,262,433	18,883,341			23,262,433	18,883,341
Capital grants and contributions	29,482,565	19,767,330			29,482,565	19,767,330
General revenues:						
Property taxes	46,462,712	46,685,864			46,462,712	46,685,864
Grants and contributions not restricted to specific programs	510,373	519,024			510,373	519,024
Investment income	355,761	475,553	8,254	7,471	364,015	483,024
Miscellaneous	79,812	169,561			79,812	169,561
Total revenues	<u>102,168,196</u>	<u>88,609,162</u>	<u>802,950</u>	<u>760,212</u>	<u>102,971,146</u>	<u>89,369,374</u>
Expenses:						
Administration	2,012,338	1,753,006			2,012,338	1,753,006
Planning and community development	528,407	645,191			528,407	645,191
Community services	1,351,726	1,414,041			1,351,726	1,414,041
Public works	8,158,702	10,252,618			8,158,702	10,252,618
Public safety services	3,207,753	1,903,423			3,207,753	1,903,423
Records and financial services	1,137,503	1,531,846			1,137,503	1,531,846
Board of education	57,870,430	72,076,692			57,870,430	72,076,692
Interest expense	1,573,133	1,273,113			1,573,133	1,273,113
Sewer Fund			470,730	442,663	470,730	442,663
Water Fund			375,927	411,474	375,927	411,474
Total expenses	<u>75,839,992</u>	<u>90,849,930</u>	<u>846,657</u>	<u>854,137</u>	<u>76,686,649</u>	<u>91,704,067</u>
Excess (deficiency) before transfers	26,328,204	(2,240,768)	(43,707)	(93,925)	26,284,497	(2,334,693)
Transfers	11,425	(638,575)	(11,425)	638,575	-	-
Change in net position	<u>26,339,629</u>	<u>(2,879,343)</u>	<u>(55,132)</u>	<u>544,650</u>	<u>26,284,497</u>	<u>(2,334,693)</u>
Net Position - July 1	<u>93,419,076</u>	<u>95,673,595</u>	<u>9,717,912</u>	<u>9,173,262</u>	<u>103,136,988</u>	<u>104,846,857</u>
Restatement		624,824		-		624,824
Net Position, Restated July 1		<u>96,298,419</u>		<u>-</u>		<u>105,471,681</u>
Net Position - June 30	<u>\$ 119,758,705</u>	<u>\$ 93,419,076</u>	<u>\$ 9,662,780</u>	<u>\$ 9,717,912</u>	<u>\$ 129,421,485</u>	<u>\$ 103,136,988</u>

Governmental Activities

For governmental activities, approximately 45.5% of the revenues were derived from property taxes, followed by 51.6% 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 52.7% and other intergovernmental revenues were 43.6% of total revenues.

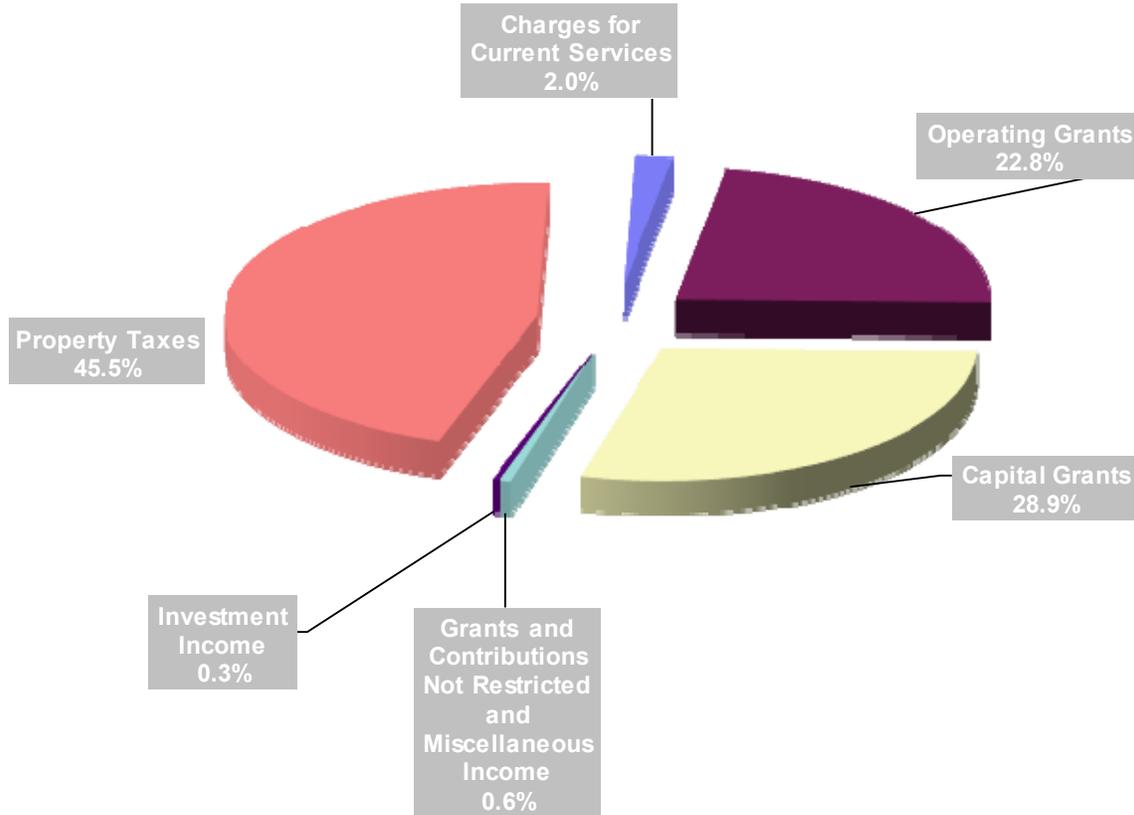
Major revenue factors included:

1. *Property tax revenues* recorded during the fiscal year 2021 reflect a zero (0) mill increase in the mill rate for the current levy and the impact of a 0.41% decrease in the grand list. There was \$223,152 less in property tax revenues collected over the previous year. The decrease in the grand list is mainly due to adjustments for the Town-wide property revaluation.
2. *Charges for services* were \$93,949 lower than the prior year. Reductions are mainly due to the impact of the closures or reduction in services in response to the COVID pandemic are Before/After School program (\$62,377) and Lodge rentals (\$26,109).
3. *Operating grants* reflected an increase of \$4,379,092 mainly due to an increase in State Teacher Retirement pension and OPEB expense for \$6,426,284, a decrease of \$314,593 in Education Cost Sharing, a decrease in Special Education Excess Cost of \$83,881 and decreases in other operating grants. Education Cost Sharing was supposed to decrease for the next several years by approximately \$330,000 annually as part of the State phase in plan to reduce ECS for Tolland; however, the State Legislature has frozen this process for the next couple of years.
4. *Capital grants and contributions* reflected an increase of \$9,715,235 over the previous year due to grants received for one-time school construction projects.
5. *Grants and contributions not restricted to specific programs* decreased by \$8,651 mainly due to a decrease in the state violation fees that the Town receives for traffic tickets.
6. *Miscellaneous General Revenues* decreased by \$89,749 over the previous year due to a reduction of bond premiums from debt issuance of \$25,652 and \$64,097 for the sale of property and close-out of unexpended purchase order received in the prior year but not in FY-2020/2021.

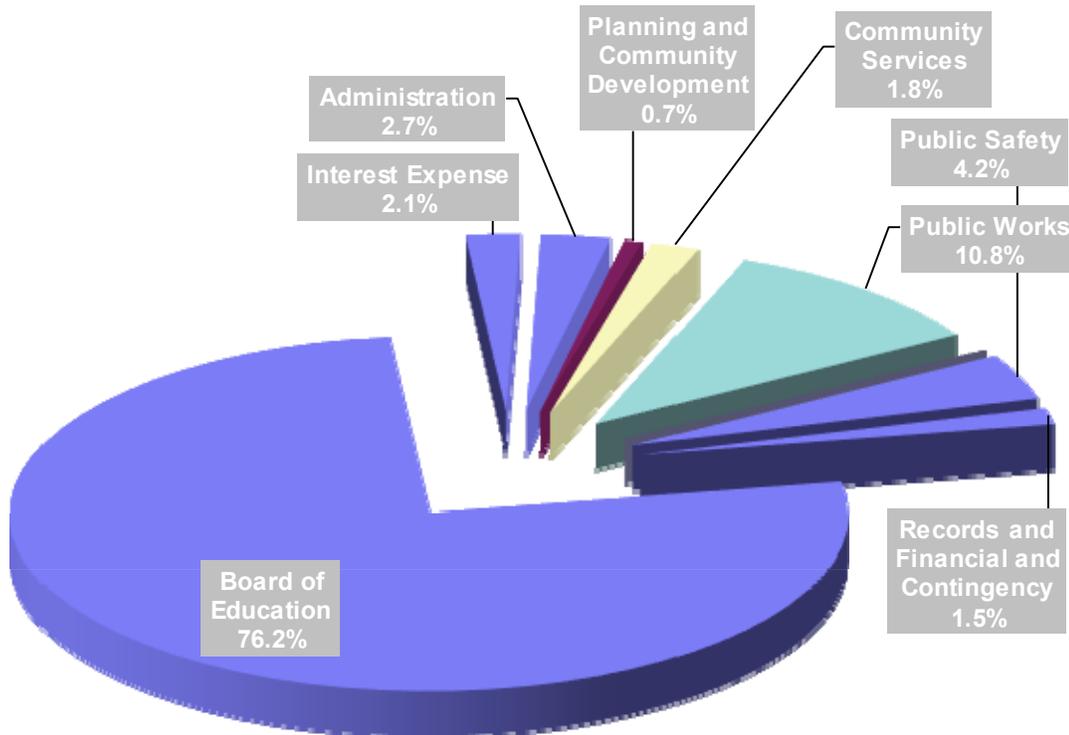
Overall governmental revenue increased by \$13,559,034. This is mainly due to an increase in State Teacher Retirement grants of \$6,426,284 as mentioned above and school construction grants for the Birch Grove School building project and other capital grants for \$4,531,978. This was offset by reductions in grants for Education and other operating grants. Property taxes decreased by \$223,152 and there was a decrease in miscellaneous and investment income of \$209,541.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

The largest component of revenue, which is from property taxes, decreased to 47.9% of total revenue in the current year as compared to 52.7% in the prior year. This decrease was mainly due to the proportionate share of overall revenues increasing by capital and operating grants.



EXPENSES BY SOURCE - GOVERNMENTAL ACTIVITIES



For governmental activities, 76.2% of the Town's expenses relate to education, 10.8% to public works, 4.2% to public safety, 1.8% to community services, 2.1% to interest payments on long-term debt, 2.7% to administration, 1.5% to records & financial services and contingency and 0.7% to planning and community development.

The overall total of governmental expenses excluding transfers decreased in the amount of \$15,009,938 with the biggest impact resulting from a decrease of \$14,206,232 in Education for School Construction.

Business-Type Activities. Business-type activities decreased the Town of Tolland's net position by \$55,132. Key elements of this year's activities are as follows:

- The Water Fund had operating income of \$63,402 and the Sewer Fund experienced an operating loss of \$115,363 for a combined operating loss of \$51,961. The non-operating losses of \$43,707 and transfers out to Capital Reserves of \$11,425 brought the decrease in net position to \$55,132 at year end. A majority of the operating loss in the Sewer Fund relates to the impact of depreciation expense.

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 \$20,882,336, a decrease of \$2,885,722 from the previous year.

The largest change in fund balance was the decrease in the Capital Projects Fund of \$3,932,568. There were also decreases in the General Fund of \$98,651 and the Sewer Assessment fund of \$25,398. The Nonmajor Governmental funds had an increase of \$1,064,462 along with increases of \$58,383 in the Small Cities Fund and \$48,050 in the Emergency Declaration Fund.

The general fund balance decreased by \$98,651 due to an excess of \$449,597 in revenues over expenditures combined with other financing sources and uses for a reduction of a net (\$548,248).

The sewer assessment fund decreased by \$25,398 due to sewer assessment and other fees that were lower than the cost of debt service.

The Capital Projects fund decreased by \$3,932,568 due to a delay in reimbursement requests for school construction grant payments for the Birch Grove School project.

The overall amount of the governmental fund balances totals up to \$20,882,336. Of that amount the assigned fund balance is \$2,024,576 which includes \$1,577,590 for encumbrances and \$350,000 for the subsequent budget. The restricted amount of the total fund balance is a restriction on spending grant receipts in the amount of \$529,896. There are balances committed in the amount of \$8,034,108. Of this amount, \$1,855,672 is for capital projects, \$503,014 for the Education Reserve fund, \$110,000 for Municipal Tax Stabilization, \$1,654,776 for Debt Service, \$686,601 for Sewer Reserve bond payments, \$1,985,326 for an Education Construction Grant and the balance is for other non-major funds and special commitments. An additional amount of \$346,749 represents the non-spendable portion of fund balance and the unassigned portion of fund balance is \$9,947,007 or 47.6% 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 \$9,947,007, while total fund balance was \$12,859,597. 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 15.6% of total general fund expenditures including transfers out. Total fund balance represents 20.2% of that same amount. The unassigned portion of fund balance, when compared with unassigned last year portion for the general fund had increased by \$452,712 while the total fund balance decreased by \$98,651.

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

- Overall the Town experienced an excess in revenues for \$548,743. The current and prior year property tax levy collections exceeded the budget by \$385,590 and interest and lien fees exceeded budget by \$114,393. Motor vehicle supplemental tax collections came in \$32,289 under budget.
- Additional revenue collected in investment income and other revenues was \$219,870 less than budgeted mainly due to lower investment rates.
- Charges for Services exceeded the budget by \$322,958. Of this amount, \$129,503 was for building permit fees that were higher due to more people staying at home and did home improvements with various savings. In addition, \$95,206 for Property Conveyance Tax and \$60,393 Document Recording fees due to more property transactions.
- Total Expenditures were \$1,274,171 less than anticipated. Of this amount, \$796,311 was unexpended from the Board of Education.
 - Special Education tuitions were significantly less during the year due to the COVID pandemic. The pandemic impacted services provided, and funds were provided by our Open Choice participation also part of this area. A higher Excess-cost reimbursement also provided additional resources for this area.
 - Student transportation was significantly under budget due to bus savings generated from split week runs, no bus runs on some days during the pandemic, fewer late bus services due to the pandemic and the closing of the Tech and outplaced schools saving transport costs. This also resulted in savings in bus fuel.
 - There were salary and associated fringe benefit savings during the COVID year and gaps between resignations and hiring of positions.
 - Some repairs, maintenance, custodial and cleaning resulted in savings because some of the projects or items were not incurred by year end.
- The Town unexpended balance of \$477,860 mainly consisted of unexpended State Police contracted services of \$66,909 due to attrition and staffing changes and \$204,400 for savings resulting from employee attrition/retirements and delays in the hiring process. Additionally, there were a few employees within the Public Works and Safety areas that were out due to workers compensation claims. Their salaries were paid by insurance which then resulted in budgetary savings. There were also additional savings in other departments due to COVID restrictions and other miscellaneous savings.

The *Sewer Assessment fund* had an increase in its operating revenue by \$15,773 as compared to last year and a decrease of fund balance of \$25,389. The decrease in the fund is a result of the annual debt service costs expended versus the assessment collections. Funds for this differential had been collected in prior years which provides the cash flow for these expenditures.

The *CDBG Small Cities funds* produced program income revenues of \$58,818 and program expenditures of \$435 resulting in a net increase to fund balance of \$58,383. There were loan repayments made within the current year however there were very little new loans issued during the year.

The *Capital Projects funds* produced revenues and other financing sources that were less than expenditures and other financing uses by \$7,074,257 due to the timing of capital projects and the bond issue and school construction grant reimbursements from this year resulting in a \$3,932,568 reduction in fund balance.

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 \$3,296,340 and \$6,366,440 for the sewer fund at year end. This represented an increase of \$65,065 for water and a decrease of \$120,197 for sewer. The increase in water resulted from an increase in customer user fees and a reduction in other charges for services. While utility costs increased by \$31,556, there were substantial reductions in other operating expenses. The decrease in sewer is due mainly to expenses, including depreciation, not being covered by user fees. The Sewer Operating expenses were \$51,752 more than the previous fiscal year. This was mainly due to an increase in service fees due to additional sewer connections.

The Utility Internal Service Fund operating revenues and transfers in were \$1,835,337 and operating expenses were \$989,132, when combined with non-operating expenses of \$172,165, non-operating revenues of \$245 and transfers-out of \$599,323, resulted in an increase in net position of \$78,840. This was due to savings in utility usage versus the estimated increase in tariffs. Total net position as of June 30, 2021 was \$681,095. Operating expenses increased over the last year by \$12,811 due to estimated increases in utility tariffs that did not increase as much as anticipated. Operating revenues decreased by \$61,051.

The ECHIP Health Insurance Internal Service Fund had total revenue of \$7,515,987 and operating expenses of \$6,630,349 resulting in an increase in net position of \$895,282. A majority of these excess funds were expended in July 2021 due to timing differences. The total net position as of June 30, 2021 was \$2,777,340.

General Fund Budgetary Highlights

The final amended budget of \$58,078,636 was increased by \$896,139. The increase to the budget was approved by Town Council to provide \$400,000 towards the purchase of a fire truck in lieu of issuing debt; \$212,631 was allocated to the Education Reserve fund pursuant to the ordinance which allows reserves to be set aside for the Board of Education from prior year savings; and \$282,508 to a newly established COVID Reserve Fund for the Board of Education. This fund will provide funds for unanticipated COVID related supplies and services for the Board of Education. The Town Council and Board of Education entered into an agreement as to how these funds would be used.

During the year, actual revenues and other financing sources on a budgetary basis were \$57,379,433, which was less than the budgetary estimates by \$699,203.

Actual tax revenues were over budget by \$475,960 due to aggressive prior year's delinquent collections of \$265,294 (prior taxes) and \$114,393 (delinquent interest charges) and better than expected current levy collections of \$120,296. Supplemental Motor Vehicle fees fell short by \$32,289 due to less than anticipated motor vehicles being added to the grand list. This shortfall was offset by the excess of the other tax revenues.

Actual intergovernmental revenue was less than the budget by \$30,035. Less funds were received for the Education Cost Sharing grant for \$21,992 resulting from prior year calculation adjustments. The Town also had a reduction of \$8,478 in Miscellaneous Grants that had less than anticipated collections for traffic violations.

Charges for current services exceeded the budget by \$322,958 due to higher than anticipated Building Permit applications, Property Conveyance and document recording fees. Investment income was \$214,827 under budget due to lower interest rates. Interest rates were significantly lower than what was estimated during the budget process. During the budget process we did make an adjustment for lower interest however, the market plunged much worse than we had estimated. Other financing sources included \$148,193 for cancellation of previous year encumbrances for both the Town and Education.

Other revenues fell short of the budget by \$5,043. This shortfall came from less than anticipated funds from our sports leagues to assist with the cost associated with the Artificial Turf field. Since sports were restricted for safety due to the COVID pandemic, leagues were unable to do fund raising to support their payments. The Town Manager approved a lower payment due from each league due to these circumstances.

The Town had an original budgeted appropriation for the use of fund balance in the amount of \$1,396,139. All of this amount did not have to be used mainly due to unanticipated excess revenues received for current and prior year levies, charges for services and expenditures less than budgeted. The actual amount of Generally Accepted Accounting Principles basis fund balance decreased by \$98,651.

Actual expenditures on a budgetary basis and other financing uses totaled \$56,804,465 which was less than budgeted by \$1,274,171. These savings are discussed under key factors contributing to the general fund increase.

Capital Asset and Debt Administration

**TOWN OF TOLLAND’S CAPITAL ASSETS
(Net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 14,881,115	\$ 14,881,115	\$ 50,858	\$ 50,858	\$ 14,931,973	\$ 14,931,973
Construction in progress		12,970,834	48,374	48,374	48,374	13,019,208
Buildings	103,181,011	67,537,246			103,181,011	67,537,246
Vehicles, furniture and equipment	6,223,493	5,896,148			6,223,493	5,896,148
Plant and pumping station			1,446,121	1,553,178	1,446,121	1,553,178
Water distribution system			6,409,551	6,628,800	6,409,551	6,628,800
Infrastructure	16,184,439	16,999,859			16,184,439	16,999,859
Total	\$ 140,470,058	\$ 118,285,202	\$ 7,954,904	\$ 8,281,210	\$ 148,424,962	\$ 126,566,412

Capital Assets. The Town of Tolland’s investment in capital assets for its combined governmental and business-type assets includes land, buildings and improvements, vehicles and equipment, roads, rights of way, water systems, dams, bridges and sewer lines. The total increase in the Town of Tolland’s investment in capital assets for the current fiscal year was \$21,858,550 or approximately 17.3%, with an increase of \$22,184,856 for governmental activities and a decrease of \$326,306 for business-type activities.

The Town's Governmental Activities type capital assets increase of \$22,184,856 is the net result of depreciation and deletions combined with the addition of the following assets:

TMS RISERS	\$31,198
TMS STAGE DRAPERY	16,305
CHEVY TAHOE	64,596
BOBCAT SKIDSTEER T66	71,823
2021 FREIGHTLINER TRUCK	192,706
FORD F-550 TRUCK	68,024
FORD F-250 PICK UP TRUCK	33,000
TENCO 12M ALL SEASON BODY	52,000
LAZER Z "X" MOWER	11,999
LAZER Z "X" MOWER	11,999
AIR CONDITIONING UNIT FOR TRAINING CENTER	9,624
SELF-CONTAINED BREATHING APPARATUS	424,789
2000 PIERCE ENGINE	140,000
STORAGE SHEDS	39,500
DELL EXCHANGE SERVER	9,790
AMBULANCE	12,000
SERVICE 240 FIRST RESPONSE VEHICLE	2,862
PUBLIC WORKS GARAGE RENOVATION (#3825)	4,600
PEDESTRIAN PATHWAY (#3874) (CIP TO FA)	100,402
BIRCH GROVE SCHOOL (#3883) (CIP TO FA)	24,079,875

Business-type activities decreased by \$326,306 due to the net effect of depreciation. There were no additional assets for Business-type Activities.

Additional information on the Town of Tolland's capital assets can be found in Note 3D on pages 44-45 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town of Tolland had total bonded debt outstanding of \$36,925,000, all of which is backed by the full faith and credit of the Town. Of this debt, \$18,282,603 is school related and \$18,642,397 is general obligation. The Town of Tolland's total debt increased in the net amount of \$7,035,000 for additions, payments made and decreases during the fiscal year.

In October 2016 the Town was upgraded to 'AAA' from 'AA+' by Fitch Rating Agency based on revised criteria on prior debt issuances. The last bond rating before June 30, 2021 for the Town of Tolland was in September 2020 reaffirming an "AAA" rating from Standard and Poor's, and Fitch Rating Agency for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2¼ to 4½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town of Tolland is \$324,905,350 which is significantly in excess of the Town of Tolland's outstanding general obligation debt.

Additional information on the Town of Tolland's long-term debt can be found in Note 3F on pages 46-49 of this report.

Economic Factors and Next Year's Budget and Rates

Local and State Governments throughout the country, including Tolland, continue to deal with the global and national issues and the economic reality of the Federal and State budget deficits. In addition, are also compounded with the impact of the COVID pandemic. The Town Council and staff have continued to address these issues while still trying to provide first rate services. There are continued efforts to grow the Town's tax base, retain current businesses and increase economic development opportunities. The Town continues to work with the Towns' of Bolton, Coventry and Mansfield to create a regional economic development action plan. Some significant items to note for economic growth are as follows:

- The Town Council closed on a Purchase and Sale agreement for a 9.7-acre parcel located in the Tolland Village Area. The agreement allows the abutting property owner to seek permits for business development that encompasses his property and this parcel.
- A new Investment Advisory office building is being constructed and should be completed within FY 2021-22.
- A new interactive map is being created for potential commercial development properties for Real Estate/Developers to search for various parcels. Once completed, there will be an initiative to share this information to attract new development.

The new economic indicators were taken into consideration when adopting the general fund budget for fiscal year 2021/2022. The preliminary State budget reduced Tolland's municipal aid by \$330,723. The Town was fortunate after the budget was adopted to not have been affected by such a significant reduction after all. The Legislature has frozen the phase in reduction for two years. We are uncertain if the future reduction plan will continue after this. The excess funds received will be transferred to the Municipal Tax Stabilization fund to offset future budgetary needs. For several years the Town adopted budgets at the first referendum. This reflects the support of the citizens for the Town's submission of responsible budgets. With some growth in other revenue sources, the increase in property taxes, some planned use of fund balance and Tax Stabilization funds, we were able to address services.

The 2019 Grand List was a result of the 5-year Revaluation process that brought property values in line with current market trends. There was a 0.85% or \$10,841,850 increase in the October 1, 2020 Grand List. This resulted in an increase of approximately \$390,848 in actual tax dollars generated based on the FY 20-21 mill rate. The value of these funds is factored into the FY 21-22 mill rate calculation.

When factoring in all the changes in non-tax revenue sources including the proposed reduction of State Municipal aid, we were facing a decrease in revenues overall in the amount of \$519,154. A majority of this revenue loss and expenditure increase is covered by a combined use of \$350,000 from fund balance and \$110,000 from the Tax Stabilization fund. The Town Manager and Finance Director have recommended cautious use of fund balance and there is a plan in place for the next budget to continue to responsibly plan for the use and the future needs to replenish fund balance.

In 2021/2022 the overall Town expenditure budget increased by 1.81% with a 1.06 mill increase. 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 2021/2022 appropriation in the general fund budget are \$58,214,882, an increase of \$1,032,385 over the fiscal year 2021 budget of \$57,182,497. A combination of increased costs for fixed items such as, insurance, utilities, salaries, employee benefits and other commodities along with a substantial change in the percentage decrease in State aid had the biggest impact on the fiscal year 2021/2022 budget. In order to achieve this budget level, cost savings measures were employed such as eliminating one time expenditure requests and funded them in the prior year with savings and savings in health insurance premiums using revised trend assumptions and some of the reserve balance.

In an attempt to meet the challenge of accomplishing the most with limited resources, the Town continued strong efforts to apply for several grant funding initiatives to address infrastructure and community needs. The Town was successful in obtaining grant funds to do road improvements, community development grants (CDBG-Small Cities) and other social service grants. The fiscal year 2021/2022 budget also included funding for a new Project Manager/Grants Administrator position with hopes of fulfilling the needs of succession planning for this work, as well as, providing additional effort in locating and obtaining more grants for the Town.

Tolland's unemployment rate decreased from 7.3% as of June 2020 to 4.8% as of June 2021. The State of CT unemployment rate decreased from 10.1% (June 2020) to 7.7% as of June 2021. These rates have been declining from COVID pandemic highs as related restrictions have been lifted and people began returning to the workplace. As of November 2021, the State's unemployment rate dropped to 4.8% and Tolland's rate dropped to 4%.

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

This page is intentionally left blank.

TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 21,404,204	\$ 1,573,639	\$ 22,977,843
Investments	4,072,776		4,072,776
Property taxes receivable	164,463		164,463
Intergovernmental receivable	9,213,176		9,213,176
Accounts and other receivables	2,391,783	318,685	2,710,468
Other assets			-
Advance to plan administrator	3,270,951		3,270,951
Restricted cash	292,263		292,263
Restricted investments	20,800		20,800
Capital assets, nondepreciable	14,881,115	99,232	14,980,347
Capital assets, net of accumulated depreciation	125,588,943	7,855,672	133,444,615
Total assets	181,300,474	9,847,228	191,147,702
Deferred Outflows of Resources:			
Deferred outflows related to OPEB	105,372		105,372
Deferred charge on refunding	658,746		658,746
Total deferred outflows of resources	764,118	-	764,118
Liabilities:			
Accounts payable	2,281,404	125,587	2,406,991
Accrued liabilities			-
Accrued interest payable	485,845		485,845
Unearned revenue	2,218,982	58,861	2,277,843
Bond anticipation notes payable	4,505,000		4,505,000
Noncurrent liabilities, due within one year	4,727,538		4,727,538
Noncurrent liabilities, due in more than one year	46,340,677		46,340,677
Total liabilities	60,559,446	184,448	60,743,894
Deferred Inflows of Resources:			
Deferred inflows related to OPEB	1,487,278		1,487,278
Advance property tax collections	259,163		259,163
Total deferred inflows of resources	1,746,441	-	1,746,441
Net Position:			
Net investment in capital assets	86,869,703	7,954,904	94,824,607
Restricted for:			
Grant programs	6,612,802		6,612,802
Endowments - nonexpendable	20,800		20,800
Perpetual care - nonexpendable	292,263		292,263
Unrestricted	25,963,137	1,707,876	27,671,013
Total Net Position	\$ 119,758,705	\$ 9,662,780	\$ 129,421,485

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

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	\$ 2,012,338	\$	\$ 141,140	\$	\$ (1,871,198)	\$	\$ (1,871,198)
Planning and community development	528,407	680,424			152,017		152,017
Community services	1,351,726	133,445	38,907		(1,179,374)		(1,179,374)
Public works	8,158,702	47,986	49,730	890,771	(7,170,215)		(7,170,215)
Public safety services	3,207,753	388,675	32,087		(2,786,991)		(2,786,991)
Record and financial services	1,137,503	170,899			(966,604)		(966,604)
Board of education	57,870,430	593,111	23,000,569	28,591,794	(5,684,956)		(5,684,956)
Interest expense	1,573,133				(1,573,133)		(1,573,133)
Total governmental activities	<u>75,839,992</u>	<u>2,014,540</u>	<u>23,262,433</u>	<u>29,482,565</u>	<u>(21,080,454)</u>	<u>-</u>	<u>(21,080,454)</u>
Business-type activities:							
Sewer Fund	470,730	355,367				(115,363)	(115,363)
Water Fund	<u>375,927</u>	<u>439,329</u>				<u>63,402</u>	<u>63,402</u>
Total business-type activities	<u>846,657</u>	<u>794,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,961)</u>	<u>(51,961)</u>
Total	<u>\$ 76,686,649</u>	<u>\$ 2,809,236</u>	<u>\$ 23,262,433</u>	<u>\$ 29,482,565</u>	<u>(21,080,454)</u>	<u>(51,961)</u>	<u>(21,132,415)</u>
General revenues:							
Property taxes					46,462,712		46,462,712
Grants and contributions not restricted to specific programs					510,373		510,373
Investment income					355,761	8,254	364,015
Miscellaneous					79,812		79,812
Transfers					11,425	(11,425)	-
Total general revenues and transfers					<u>47,420,083</u>	<u>(3,171)</u>	<u>47,416,912</u>
Change in net position					26,339,629	(55,132)	26,284,497
Net Position at Beginning of Year, as Restated					<u>93,419,076</u>	<u>9,717,912</u>	<u>103,136,988</u>
Net Position at End of Year					<u>\$ 119,758,705</u>	<u>\$ 9,662,780</u>	<u>\$ 129,421,485</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Emergency Declaration Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 11,593,161	\$ 686,601	\$ 170,013	\$ 2,335,517	\$ 2,398,989	\$ 3,741,950	\$ 20,926,231
Investments	1,552,694				1,262,659	1,278,223	4,093,576
Receivables	1,063,604	190,174	899,149		9,213,176	238,856	11,604,959
Due from other funds	68,774						68,774
Other						33,686	33,686
Total Assets	\$ 14,278,233	\$ 876,775	\$ 1,069,162	\$ 2,335,517	\$ 12,874,824	\$ 5,292,715	\$ 36,727,226
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$ 270,922	\$	\$	\$	\$ 1,330,395	\$ 2,503	\$ 1,603,820
Accrued liabilities	128,518						128,518
Due to other funds						68,774	68,774
Bond anticipation notes payable					4,505,000		4,505,000
Unearned revenue				2,157,633		61,349	2,218,982
Total liabilities	399,440	-	-	2,157,633	5,835,395	132,626	8,525,094
Deferred Inflows of Resources:							
Unavailable revenue - property taxes	760,033						760,033
Unavailable revenue - special assessments		190,174				19,120	209,294
Unavailable revenue - loans receivable			899,149				899,149
Unavailable revenue - grant receivable					5,183,757		5,183,757
Unavailable revenue - cemetery						8,400	8,400
Advance property tax collections	259,163						259,163
Total deferred inflows of resources	1,019,196	190,174	899,149	-	5,183,757	27,520	7,319,796
Fund Balances:							
Nonspendable						346,749	346,749
Restricted			170,013	177,884		181,999	529,896
Committed	888,014	686,601			1,855,672	4,603,821	8,034,108
Assigned	2,024,576						2,024,576
Unassigned	9,947,007						9,947,007
Total fund balances	12,859,597	686,601	170,013	177,884	1,855,672	5,132,569	20,882,336
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,278,233	\$ 876,775	\$ 1,069,162	\$ 2,335,517	\$ 12,874,824	\$ 5,292,715	\$ 36,727,226

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

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)	\$ 20,882,336
-----------------------------------	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 248,467,757	
Less accumulated depreciation	<u>(107,997,699)</u>	140,470,058

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	180,729
Property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	1,876,876
Grant receivable accrual basis change	5,183,757
Allowance for doubtful accounts on interest and liens	(16,266)
Deferred outflows of resources related to OPEB	105,372

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.	3,458,435
--	-----------

Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(36,925,000)
Other post employment benefit liability	(1,442,639)
Deferred inflows of resources related to OPEB	(1,487,278)
Deferred charge on refunding	658,746
Compensated absences	(1,201,870)
Accrued interest payable	(485,845)
Capital lease	(8,949,993)
Bond premium	<u>(2,548,713)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 119,758,705</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
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Emergency Declaration Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Property taxes	\$ 46,540,270	\$	\$	\$	\$	\$	\$ 46,540,270
Intergovernmental	15,499,352			187,845	23,680,610	1,453,971	40,821,778
Charges for services	929,398	131,341	58,818			746,976	1,866,533
Investment income	35,173	930		388	71,156	212,874	320,521
Other revenues	9,957	48			912,663	43,415	966,083
Total revenues	<u>63,014,150</u>	<u>132,319</u>	<u>58,818</u>	<u>188,233</u>	<u>24,664,429</u>	<u>2,457,236</u>	<u>90,515,185</u>
Expenditures:							
Current:							
Administration	3,063,325			116,093			3,179,418
Planning and community development	453,723						453,723
Community services	857,663		435			210,122	1,068,220
Public works	4,162,133			24,090		10,580	4,196,803
Public safety services	2,602,670					88,230	2,690,900
Record and financial services	978,270						978,270
Contingency and other	156,006						156,006
Board of Education	45,263,143					2,185,057	47,448,200
Capital outlay					31,667,295		31,667,295
Debt service	5,027,620	184,142			71,391	342,613	5,625,766
Total expenditures	<u>62,564,553</u>	<u>184,142</u>	<u>435</u>	<u>140,183</u>	<u>31,738,686</u>	<u>2,836,602</u>	<u>97,464,601</u>
Excess (Deficiency) of Revenues over Expenditures	<u>449,597</u>	<u>(51,823)</u>	<u>58,383</u>	<u>48,050</u>	<u>(7,074,257)</u>	<u>(379,366)</u>	<u>(6,949,416)</u>
Other Financing Sources (Uses):							
Issuance of debt					2,405,000		2,405,000
Refunding bond issuance						2,210,000	2,210,000
Premium on refunding bond issuance						320,483	320,483
Payments to refunding bond escrow agent						(2,503,790)	(2,503,790)
Bond premium						955,190	955,190
Bond anticipation note payable premium						69,941	69,941
Transfers in	504,323	26,425			910,124	392,004	1,832,876
Transfers out	(1,052,571)				(173,435)		(1,226,006)
Net other financing sources	<u>(548,248)</u>	<u>26,425</u>	<u>-</u>	<u>-</u>	<u>3,141,689</u>	<u>1,443,828</u>	<u>4,063,694</u>
Net Change in Fund Balances	(98,651)	(25,398)	58,383	48,050	(3,932,568)	1,064,462	(2,885,722)
Fund Balances at Beginning of Year, as Restated	12,958,248	711,999	111,630	129,834	5,788,240	4,068,107	23,768,058
Fund Balances at End of Year	<u>\$ 12,859,597</u>	<u>\$ 686,601</u>	<u>\$ 170,013</u>	<u>\$ 177,884</u>	<u>\$ 1,855,672</u>	<u>\$ 5,132,569</u>	<u>\$ 20,882,336</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, 2021**

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)	\$ (2,885,722)
---	----------------

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	26,557,413
Depreciation expense	(4,294,628)

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.	(77,929)
---	----------

Change in deferred outflows related to OPEB	(53,607)
Change in deferred inflows related to OPEB	(327,975)

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:

Increase in property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	(213,543)
Increase in property tax interest and lien revenue	11,073
Increase in property tax, sewer use and community development block grant allowance for doubtful accounts	(997)
Increase in grant revenue - accrual basis change	5,183,757
Amortization of bond premiums	602,416

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

Issuance of bonds	(10,570,000)
Issuance of refunding bonds	(2,210,000)
Payments to refunding bond escrow agent	2,503,790
Bond payments	3,270,000
Premium on bond issuance	(1,275,673)
Bond anticipation notes payment	8,165,000
Capital lease payments	770,990

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	(7,008)
Change in accrued interest	(135,244)
Amortization of deferred charge on refunding	(283,364)
Net other post employment benefit expense	636,758

The net income of the internal service funds is reported with governmental activities.	<u>974,122</u>
--	----------------

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 26,339,629</u>
--	----------------------

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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 46,064,580	\$ 46,064,580	\$ 46,540,270	\$ 475,690
Intergovernmental	9,631,477	9,631,477	9,601,442	(30,035)
Charges for services	606,440	606,440	929,398	322,958
Investment income	250,000	250,000	35,173	(214,827)
Other revenues	15,000	15,000	9,957	(5,043)
Total revenues	<u>56,567,497</u>	<u>56,567,497</u>	<u>57,116,240</u>	<u>548,743</u>
Expenditures:				
Current:				
Administrative	3,120,505	3,145,486	3,078,639	66,847
Planning and community development	444,028	475,576	441,603	33,973
Community services	971,425	953,350	871,669	81,681
Public works	4,537,430	4,514,538	4,338,267	176,271
Public safety services	2,119,318	1,980,885	1,937,058	43,827
Record and financial services	1,000,657	999,120	971,751	27,369
Contingency and other	164,277	203,892	156,000	47,892
Board of Education	40,017,290	40,017,290	39,220,979	796,311
Debt service	4,600,000	4,523,297	4,523,297	-
Total expenditures	<u>56,974,930</u>	<u>56,813,434</u>	<u>55,539,263</u>	<u>1,274,171</u>
Excess of Revenues over Expenditures	<u>(407,433)</u>	<u>(245,937)</u>	<u>1,576,977</u>	<u>1,822,914</u>
Other Financing Sources (Uses):				
Cancellation of prior year encumbrances			148,193	148,193
Appropriation of fund balance	500,000	1,396,139		(1,396,139)
Transfers in	115,000	115,000	115,000	-
Transfers out	<u>(207,567)</u>	<u>(1,265,202)</u>	<u>(1,265,202)</u>	<u>-</u>
Net other financing sources (uses)	<u>407,433</u>	<u>245,937</u>	<u>(1,002,009)</u>	<u>(1,247,946)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>574,968</u>	<u>\$ 574,968</u>
Fund Balance at Beginning of Year			<u>9,994,281</u>	
Fund Balance at End of Year			<u>\$ 10,569,249</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,197,896	\$ 375,743	\$ 1,573,639	\$ 736,550
Advance to plan administrator			-	3,270,951
Accounts receivable	114,395	204,290	318,685	
Total current assets	<u>1,312,291</u>	<u>580,033</u>	<u>1,892,324</u>	<u>4,007,501</u>
Noncurrent assets:				
Capital assets, nondepreciable:				
Land	50,858		50,858	
Construction in progress	48,374		48,374	
Capital assets, net of accumulated depreciation:				
Plant and pumping station	318,839	1,127,282	1,446,121	
Distribution system	1,665,783	4,743,768	6,409,551	
Total noncurrent assets	<u>2,083,854</u>	<u>5,871,050</u>	<u>7,954,904</u>	<u>-</u>
Total assets	<u>3,396,145</u>	<u>6,451,083</u>	<u>9,847,228</u>	<u>4,007,501</u>
Liabilities:				
Current liabilities:				
Accounts payable	40,944	84,643	125,587	55,455
Claims payable			-	493,611
Unearned revenue	58,861		58,861	
Total current liabilities	<u>99,805</u>	<u>84,643</u>	<u>184,448</u>	<u>549,066</u>
Net Position:				
Net investment in capital assets	2,083,854	5,871,050	7,954,904	
Unrestricted	1,212,486	495,390	1,707,876	3,458,435
Total Net Position	<u>\$ 3,296,340</u>	<u>\$ 6,366,440</u>	<u>\$ 9,662,780</u>	<u>\$ 3,458,435</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, 2021

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 435,104	\$ 355,367	\$ 790,471	\$ 1,835,337
Other charges for services	4,225		4,225	
Employer contributions			-	7,515,987
Total operating revenues	<u>439,329</u>	<u>355,367</u>	<u>794,696</u>	<u>9,351,324</u>
Operating Expenses:				
Professional services	76,748	43,927	120,675	
Repairs and maintenance	38,874	22,132	61,006	
Service fees	2,670	138,487	141,157	
Materials and supplies	11,877	5,647	17,524	
Utilities	152,447	27,542	179,989	983,932
Administration			-	56,582
Employee benefits			-	6,578,967
Depreciation	93,311	232,995	326,306	
Total operating expenses	<u>375,927</u>	<u>470,730</u>	<u>846,657</u>	<u>7,619,481</u>
Operating Income (Loss)	<u>63,402</u>	<u>(115,363)</u>	<u>(51,961)</u>	<u>1,731,843</u>
Nonoperating Revenue (Expenses):				
Interest expense			-	(172,165)
Investment income	1,663	6,591	8,254	9,889
Net nonoperating revenue (expense)	<u>1,663</u>	<u>6,591</u>	<u>8,254</u>	<u>(162,276)</u>
Income (Loss) Before Transfers	<u>65,065</u>	<u>(108,772)</u>	<u>(43,707)</u>	<u>1,569,567</u>
Transfers In			-	3,878
Transfers Out		(11,425)	(11,425)	(599,323)
Total transfers	<u>-</u>	<u>(11,425)</u>	<u>(11,425)</u>	<u>(595,445)</u>
Change in Net Position	65,065	(120,197)	(55,132)	974,122
Net Position at Beginning of Year	<u>3,231,275</u>	<u>6,486,637</u>	<u>9,717,912</u>	<u>2,484,313</u>
Net Position at End of Year	<u>\$ 3,296,340</u>	<u>\$ 6,366,440</u>	<u>\$ 9,662,780</u>	<u>\$ 3,458,435</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, 2021**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers	\$ 432,124	\$ 373,089	\$ 805,213	\$ 9,351,324
Payments to suppliers	(259,969)	(227,139)	(487,108)	(965,157)
Payments to providers of benefits			-	(7,525,631)
Net cash provided by (used in) operating activities	<u>172,155</u>	<u>145,950</u>	<u>318,105</u>	<u>860,536</u>
Cash Flows from Noncapital Financing Activities:				
Transfers in/out		(11,425)	(11,425)	(595,445)
Interest payments			-	(172,165)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(11,425)</u>	<u>(11,425)</u>	<u>(767,610)</u>
Cash Flows from Investing Activities:				
Investment income	<u>1,663</u>	<u>6,591</u>	<u>8,254</u>	<u>9,889</u>
Net Increase (Decrease) in Cash and Cash Equivalents	173,818	141,116	314,934	102,815
Cash and Cash Equivalents at Beginning of Year	<u>1,024,078</u>	<u>234,627</u>	<u>1,258,705</u>	<u>633,735</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,197,896</u>	<u>\$ 375,743</u>	<u>\$ 1,573,639</u>	<u>\$ 736,550</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 63,402	\$ (115,363)	\$ (51,961)	\$ 1,731,843
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	93,311	232,995	326,306	
(Increase) decrease in accounts receivable	(3,344)	17,722	14,378	
(Increase) decrease in advance to plan administrator				(914,620)
Increase (decrease) in accounts payable	22,647	10,596	33,243	23,975
Increase (decrease) in claims payable			-	19,338
Increase (decrease) in unearned revenue	<u>(3,861)</u>		<u>(3,861)</u>	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 172,155</u>	<u>\$ 145,950</u>	<u>\$ 318,105</u>	<u>\$ 860,536</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Fund Stevenson Scholarship</u>	<u>Custodial Fund Non-Profit Housing Corporation</u>
Assets:			
Cash and cash equivalents	\$	\$ 25,083	\$ 137,837
Investments:			
Mutual funds	1,749,109		
Accounts receivable			22,121
Total assets	<u>1,749,109</u>	<u>25,083</u>	<u>159,958</u>
Liabilities:			
Accounts payable			<u>246</u>
Net Position:			
Restricted for:			
Post-employment benefits	1,749,109		
Individuals, organizations and other entities		<u>25,083</u>	<u>159,712</u>
Total Net Position	<u>\$ 1,749,109</u>	<u>\$ 25,083</u>	<u>\$ 159,712</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, 2021**

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Fund Stevenson Scholarship</u>	<u>Custodial Fund Non-Profit Housing Corporation</u>
Additions:			
Interest and dividends	\$	\$	\$ 1,146
Charges for services			6,912
Contributions	182,364		
Net change in fair value of investments	<u>234,653</u>		
Total additions	<u>417,017</u>	<u>-</u>	<u>8,058</u>
Deductions:			
Community services			5,891
Benefits	<u>107,996</u>		
Total deductions	<u>107,996</u>	<u>-</u>	<u>5,891</u>
Change in Net Position	309,021	-	2,167
Net Position at Beginning of Year, as restated	<u>1,440,088</u>	<u>25,083</u>	<u>157,545</u>
Net Position at End of Year	<u>\$ 1,749,109</u>	<u>\$ 25,083</u>	<u>\$ 159,712</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.

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.

Accounting principles generally accepted in the United State of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Town has established a postretirement retiree health plan (OPEB) to provide retirement benefits and post-retirement health care benefits to employees and their beneficiaries. The Town is required to make contributions to the OPEB plan and can impose its will.

The financial statements of the fiduciary component unit is reported as an OPEB Trust fund in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component unit.

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 nonfiduciary 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

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

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 *Emergency Declaration Fund* accounts for funds reserved to manage unanticipated disasters, or emergency situations. The major source of revenue is derived from State and Federal grants.

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

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 fees associated with the utilities and the debt service on the ESCO project, along with future system improvements and repairs, and the self-insured medical activities of the Town and Board of Education.

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 *Custodial Fund* accounts for monies held on behalf of the Non-Profit Housing Corporation.

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.

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.

**TOWN OF TOLLAND, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

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

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

H. Deferred Outflows of Resources

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

I. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections and deferred inflows of resources related to OPEB in the government-wide statement of net position. A deferred inflow of resources related to OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees). Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments, cemetery operations and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

J. Compensated Absences

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

K. Net OPEB Liability

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

L. Long-Term Obligations

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

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

M. Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

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

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

N. Property Taxes

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

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

O. Accounting Estimates

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

P. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through December 21, 2021, the date the financial statements were available to be issued.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 ended June 30, 2021, the Town approved additional appropriations of \$896,139 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.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.
- Encumbrances are recognized as valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Project Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

A reconciliation of the accounting treatment required by GAAP and budgetary requirements at June 30, 2021 is as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Fund Balance
Balance, budgetary basis	\$ 57,379,433	\$ 56,804,465	\$ 10,569,249
Prior year encumbrances liquidated		1,968,339	
Prior year encumbrances cancelled	(148,193)		
Prior year encumbrances still outstanding			115,800
Utility Service Fund transfer nonbudgeted	504,323	504,323	
Education Reserve Fund beginning fund balance			506,635
Municipal Stabilization Fund beginning fund balance			225,000
Education Reserve Fund expenditures nonbudgeted		216,252	(216,252)
Education Reserve Fund and Municipal Stabilization Fund transfers are not budgeted	(115,000)	(212,631)	97,631
Current year encumbrances		(1,561,534)	1,561,534
State of Connecticut grants for Special Education Excess Costs, netted for budgetary purposes	769,331	769,331	
State Teachers' Retirement OPEB on-behalf payment	120,854	120,854	
State Teachers' Retirement pension on-behalf payment	<u>5,007,725</u>	<u>5,007,725</u>	
Balance, GAAP Basis	<u>\$ 63,518,473</u>	<u>\$ 63,617,124</u>	<u>\$ 12,859,597</u>

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

**TOWN OF TOLLAND, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

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*, \$21,116,836 of the Town’s bank balance of \$22,311,076 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 18,899,603
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>2,217,233</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 21,116,836</u></u>

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Cash Equivalents

At June 30, 2021, the Town's cash equivalents amounted to \$3,943,513. STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

Investments

As of June 30, 2021, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More than 10</u>
Certificates of deposit*		\$ 1,849,168	\$ 1,849,168	\$	\$
Total		1,849,168	<u>\$ 1,849,168</u>	<u>\$ -</u>	<u>\$ -</u>
Other investments:					
Mutual funds		<u>3,993,517</u>			
Total Investments		<u>\$ 5,842,685</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, 2021:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual funds	\$ 3,993,517	\$ 2,244,408	\$ 1,749,109	\$
Total investments by fair value level	3,993,517	<u>\$ 2,244,408</u>	<u>\$ 1,749,109</u>	<u>\$ -</u>
Certificates of deposit	<u>1,849,168</u>			
Total Investments	<u>\$ 5,842,685</u>			

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

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021.

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

	<u>Cemetery Perpetual Care Fund</u>	<u>Ratcliff Hicks Memorial School Fund</u>	<u>Total</u>
Original principal received	\$ 292,263	\$ 20,800	\$ 313,063
Net appreciation on investments	<u>3,238</u>	<u>1,016,249</u>	<u>1,019,487</u>
Total Value	<u>\$ 295,501</u>	<u>\$ 1,037,049</u>	<u>\$ 1,332,550</u>

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

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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>Capital Projects</u>	<u>CDBG Small Cities</u>	<u>Nonmajor and Other Funds</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Receivables:								
Taxes	\$ 920,995	\$	\$	\$	\$	\$	\$	\$ 920,995
Accounts and other	121,841	190,174		899,149	61,662	116,084	206,128	1,595,038
Intergovernmental	<u>54,532</u>		<u>9,213,176</u>		<u>199,315</u>			<u>9,467,023</u>
Gross receivables	1,097,368	190,174	9,213,176	899,149	260,977	116,084	206,128	11,983,056
Less allowance for collection losses	<u>33,764</u>					<u>1,689</u>	<u>1,838</u>	<u>37,291</u>
Net Total Receivables	<u>\$ 1,063,604</u>	<u>\$ 190,174</u>	<u>\$ 9,213,176</u>	<u>\$ 899,149</u>	<u>\$ 260,977</u>	<u>\$ 114,395</u>	<u>\$ 204,290</u>	<u>\$ 11,945,765</u>

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

D. Capital Assets

Capital asset activity for the year ended June 30, 2021 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	412,862				412,862
Construction in progress	12,970,834			(12,970,834)	-
Total capital assets not being depreciated	<u>27,851,949</u>	<u>-</u>	<u>-</u>	<u>(12,970,834)</u>	<u>14,881,115</u>
Capital assets being depreciated:					
Buildings and improvements	128,806,994	25,260,196		12,952,805	167,019,995
Vehicles, furniture and equipment	15,832,074	1,196,815	386,085		16,642,804
Infrastructure	49,805,412	100,402		18,029	49,923,843
Total capital assets being depreciated	<u>194,444,480</u>	<u>26,557,413</u>	<u>386,085</u>	<u>12,970,834</u>	<u>233,586,642</u>
Less accumulated depreciation for:					
Buildings and improvements	61,269,748	2,569,236			63,838,984
Vehicles, furniture and equipment	9,935,926	791,541	308,156		10,419,311
Infrastructure	32,805,553	933,851			33,739,404
Total accumulated depreciation	<u>104,011,227</u>	<u>4,294,628</u>	<u>308,156</u>	<u>-</u>	<u>107,997,699</u>
Total capital assets being depreciated, net	<u>90,433,253</u>	<u>22,262,785</u>	<u>77,929</u>	<u>12,970,834</u>	<u>125,588,943</u>
Governmental Activities Capital Assets, Net	<u>\$ 118,285,202</u>	<u>\$ 22,262,785</u>	<u>\$ 77,929</u>	<u>\$ -</u>	<u>\$ 140,470,058</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 50,858	\$	\$	\$	\$ 50,858
Construction in progress	48,374				48,374
Total capital assets not being depreciated	<u>99,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,232</u>
Capital assets being depreciated:					
Plant and pumping stations	3,177,279				3,177,279
Water/sewer distribution system	10,794,761				10,794,761
Total capital assets being depreciated	<u>13,972,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,972,040</u>
Less accumulated depreciation for:					
Plant and pumping stations	1,624,101	107,057			1,731,158
Water/sewer distribution system	4,165,961	219,249			4,385,210
Total accumulated depreciation	<u>5,790,062</u>	<u>326,306</u>	<u>-</u>	<u>-</u>	<u>6,116,368</u>
Total capital assets being depreciated, net	<u>8,181,978</u>	<u>(326,306)</u>	<u>-</u>	<u>-</u>	<u>7,855,672</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,281,210</u>	<u>\$ (326,306)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,954,904</u>

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Governmental activities:	
Administration	\$ 269,003
General finance	6,975
Planning and development	2,125
Development and community affairs	126,289
Public works	2,190,207
Public safety services	244,987
Board of Education	<u>1,455,042</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>4,294,628</u></u>
 Business-type activities:	
Water	\$ 93,311
Sewer	<u>232,995</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u><u>326,306</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2021. 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>
Tolland Middle School Paving of Parking Lot	\$	\$ 259,310
Tolland Middle School Bus Lot Paving	44,084	281,585
Tolland BOE District-Wide Roofing	36,950	33,597
District Wide School Conversion of Internal Lighting	172,589	170,411
Tolland BOE District-Wide Paving of Parking Lot	60,182	29,818
Education Referendum 2016	5,980,967	3,619,033
Birch Grove School Referendum	37,243,914	8,756,086
Birch Grove School Portable Phase	8,343,095	1,372,440
Replacement of Rescue 240 Fire Truck		750,000
Replacement of Ambulance 640	960,345	1,727,877
Parks and Rec. Open Space Plan	7,861,623	591,267
Municipal Center Pathway	114,781	25,260
Drainage & Construction (17/18)	150,582	49,418
Drainage & Construction (18/19)		50,000
2018 Referendum Bond Roads	1,270,600	3,729,400
Drainage Construction and Design 192		135,314
Plains Road Culvert	289,346	29,654
Drainage Construction (20/21)		178,735

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

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 68,774

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	\$	\$ 26,425	\$ 910,124	\$ 112,144	\$ 3,878	\$ 1,052,571
Sewer Fund				11,425		11,425
Capital Projects Fund				173,435		173,435
Internal Service Fund	<u>504,323</u>			<u>95,000</u>		<u>599,323</u>
Total Transfers In	<u>\$ 504,323</u>	<u>\$ 26,425</u>	<u>\$ 910,124</u>	<u>\$ 392,004</u>	<u>\$ 3,878</u>	<u>\$ 1,836,754</u>

F. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 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	\$ 29,890,000	\$ 12,780,000	\$ 5,745,000	\$ 36,925,000	\$ 3,775,000
Premium	<u>1,875,456</u>	<u>1,275,673</u>	<u>602,416</u>	<u>2,548,713</u>	
Total bonds and notes payable	31,765,456	14,055,673	6,347,416	39,473,713	3,775,000
Bond anticipation notes payable	8,165,000		8,165,000	-	
Capital lease	9,720,983		770,990	8,949,993	781,681
Net OPEB liability	2,079,397		636,758	1,442,639	
Compensated absences	<u>1,194,862</u>	<u>17,787</u>	<u>10,779</u>	<u>1,201,870</u>	<u>170,857</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 52,925,698</u>	<u>\$ 14,073,460</u>	<u>\$ 15,930,943</u>	<u>\$ 51,068,215</u>	<u>\$ 4,727,538</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund, and the Net OPEB liability is generally liquidated by the General Fund and the Health Insurance Internal Service Fund.

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

General Obligation Bonds

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

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

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

<u>Description</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Annual Principal</u>	<u>Balance Outstanding June 30, 2021</u>
General purpose:						
General obligation	9/1/12	9/1/27	1.5-3.0	\$ 1,145,310	Various	\$ 521,640
General obligation refunding	9/1/12	9/1/25	3.0-5.0	1,445,100	Various	523,200
General obligation refunding	10/1/14	8/1/24	2.0-4.0	2,117,715	Various	1,128,975
General obligation	10/15/15	10/15/35	2.0-4.0	7,275,000	Various	5,455,000
General obligation	5/15/18	5/15/43	3.0-5.0	7,169,908	Various	6,575,000
General obligation	9/15/20	9/15/40	2.0-5.0	3,583,582	Various	3,583,582
General obligation refunding	9/15/20	8/1/30	4.0-5.0	855,000	Various	855,000
Total general purpose				<u>23,591,615</u>		<u>18,642,397</u>
School:						
School improvement	9/1/12	9/1/27	1.5-3.0	314,690	Various	143,360
School improvement - refunding	9/1/12	9/1/25	3.0-5.0	6,579,900	Various	4,291,800
School improvement - refunding	10/1/14	8/1/27	2.0-4.0	7,517,285	Various	3,251,025
School improvement	10/15/15	10/15/35	2.0-4.0	290,000	Various	270,000
School improvement	5/15/18	5/15/43	3.0-5.0	2,170,092	Various	1,985,000
School improvement	9/15/20	9/15/40	2.0-5.0	6,986,418	Various	6,986,418
School improvement - refunding	9/15/20	8/1/30	4.0-5.0	1,355,000	Various	1,355,000
Total school				<u>25,213,385</u>		<u>18,282,603</u>
Total Outstanding				<u>\$ 48,805,000</u>		<u>\$ 36,925,000</u>

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

	Bonds	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,775,000	\$ 1,198,638
2023	3,455,000	1,030,863
2024	3,485,000	879,038
2025	3,300,000	745,638
2026	2,840,000	632,263
2027-2031	8,240,000	2,179,840
2032-2036	6,495,000	1,190,213
2037-2041	4,565,000	461,863
2042-2045	<u>770,000</u>	<u>40,425</u>
	<u>\$ 36,925,000</u>	<u>\$ 8,358,781</u>

General Obligation Bonds-Advance Refunding

On September 9, 2020, the Town issued \$12,780,000 (\$10,570,000 Series A General Obligation Bonds and \$2,210,000 Series B General Obligation Refunding Bonds) with interest rates ranging from 2% to 5% to refund portions of the outstanding principal amounts of \$1,400,000 General Obligation Bonds, dated August 1, 2020, and \$1,075,000 General Obligation Bonds, dated October 18, 2011.

The refunding portion of the net proceeds of \$2,210,000 (including a premium of \$320,483, and issuance costs of \$26,693 including underwriter's fees) will reduce total debt service payments over the next 10 years by \$258,538 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$245,101. As a result, the refunded bonds are considered defeased and all future interest and principal on the defeased bonds will be paid from the proceeds of the refunding issue which were placed into an irrevocable escrow account until all the defeased bonds have been called.

Bond Anticipation Notes

On September 17, 2020 the Town issued \$4,505,000 of bond anticipation notes for the Birch Grove School Project, which carried interest at 1.25% and are due September 16, 2021. The bond anticipation note activity for the year ended June 30, 2021 is summarized as follows:

Outstanding, beginning of year	\$ 12,670,000
New borrowings	4,505,000
Repayments	<u>12,670,000</u>
Outstanding, End of Year	<u>\$ 4,505,000</u>

On September 9, 2020, bond anticipation notes totaling \$8,165,000 were replaced through the issuance of general obligation bonds. In meeting the criterion established by GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the bond anticipation notes are included within long-term debt above as of June 30, 2020.

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2021 is \$24,188,679. 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:

<u>Category</u>	<u>Debt Limitation</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 104,433,863	\$ 27,401,224	\$ 77,032,639
Schools	208,867,725	33,712,455	175,155,270
Sewers	174,056,438		174,056,438
Urban renewal	150,848,913		150,848,913
Pension deficit	139,245,150		139,245,150

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$324,905,350. 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.

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. 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.

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

The assets acquired through the capital leases are as follows:

	Governmental Activities
Asset:	
ESCO Project	\$ 9,675,522
Geothermal heating system	3,682,123
Less accumulated depreciation	<u>4,504,934</u>
 Total	 \$ <u><u>8,852,711</u></u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2021 were as follows:

<u>Fiscal Year Ending June 30,</u>	Governmental Activities
2022	\$ 1,007,881
2023	994,254
2024	980,626
2025	967,001
2026	953,373
Thereafter	<u>5,411,902</u>
Total lease payments	10,315,037
Less amount representing interest	<u>1,365,044</u>
 Present Value of Future Minimum Lease Payments	 \$ <u><u>8,949,993</u></u>

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

4. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2021 are as follows:

	<u>General Fund</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Emergency Declaration Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:							
Nonspendable:							
Inventory	\$	\$	\$	\$	\$	\$ 33,686	\$ 33,686
Permanent fund principal						313,063	313,063
Restricted for:							
Community rehabilitation services			170,013				170,013
Unspent grant proceeds				177,884		181,999	359,883
Committed to:							
Sewer capital improvements		686,601					686,601
Capital projects					1,855,672		1,855,672
Dog warden						128,385	128,385
Open space						129,222	129,222
Sewer escrow						25,534	25,534
Lodge furnishings						8,901	8,901
Business park improvements						19,165	19,165
Recreation						153,145	153,145
Water assessments						229,309	229,309
Food service						225,317	225,317
Education programs	503,014					1,985,326	2,488,340
Municipal stabilization	110,000						110,000
Cemeteries						129,037	129,037
Training center repair and replacement						4,881	4,881
Field maintenance						5,294	5,294
Veterans memorial						312	312
Conservation						1,458	1,458
Library						88,731	88,731
Artificial turf operation						3,045	3,045
Agriculture						2,195	2,195
Debt service	275,000					1,379,776	1,654,776
Senior citizen center						16,275	16,275
Youth center						20,683	20,683
Emergencies						47,830	47,830
Assigned to:							
Administration	107,916						107,916
Planning and community development	1,004						1,004
Community services	35,056						35,056
Environmental maintenance	483,369						483,369
Public safety services	78,212						78,212
Records and financial services	20,504						20,504
Contingency	26,380						26,380
Education	922,135						922,135
Contribution to next fiscal budget	350,000						350,000
Unassigned	9,947,007						9,947,007
Total Fund Balances	\$ 12,859,597	\$ 686,601	\$ 170,013	\$ 177,884	\$ 1,855,672	\$ 5,132,569	\$ 20,882,336

Significant encumbrances of \$1,674,576 at June 30, 2021 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, 2021 was \$506,519 and represented 6% of covered payroll. The employees' required contributions were \$211,050 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 \$120,638 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. Connecticut Teachers Retirement System - Pension

Plan Description

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

Benefit Provisions

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

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

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.

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$5,007,725 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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

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

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

At June 30, 2021, 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>78,072,943</u>
Total	<u>\$ 78,072,943</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2021, the Town recognized pension expense and revenue of \$11,183,579 in Exhibit II.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Cost-of-Living Allowance

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%.

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Long-Term Rate of Return

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%.

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 current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office summarized in the following table:

Asset Class	Expected Return	Target Allocation
Domestic Equity Fund	5.60	% 20.00
Developed Market Intl. Stock Fund	6.00	11.00
Emerging Market Intl. Stock Fund	7.90	9.00
Core Fixed Income Fund	2.10	16.00
Inflation Linked Bond Fund	1.10	5.00
Emerging Market Debt Fund	2.70	5.00
High Yield Bond Fund	4.00	6.00
Real Estate Fund	4.50	10.00
Private Equity	7.30	10.00
Alternative Investments	2.90	7.00
Liquidity Fund	0.40	1.00
Total		100.00

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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.

**TOWN OF TOLLAND, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

Other Information

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

6. OTHER POST EMPLOYMENT BENEFITS PLAN

A. Retiree Medical Program

Summary of Significant Accounting Policies

Basis of Accounting

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

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

Plan Description

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

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

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

At July 1, 2020, plan membership consisted of the following:

	<u>Retiree Medical Program</u>
Retired members and spouses of retired members	87
Active plan members	<u>250</u>
Total	<u><u>337</u></u>

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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:

		Monthly Weighted Average Premiums	
		Employee	Spouse
Medical - Town	Pre 65	\$ 697.88	\$ 565.23
	Post 65	289.94	289.94
Medical - BOE	Pre 65	697.88	697.88
	Post 65	371.50	371.50
Dental		53.71	77.93

Employer contributions to the plan of \$116,417 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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 16.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

The Town's net OPEB liability was measured as of June 30, 2021. The components of the net OPEB liability of the Town at June 30, 2021, were as follows:

Total OPEB liability	\$ 3,191,748
Plan fiduciary net position	<u>1,749,109</u>
Net OPEB Liability	<u>\$ 1,442,639</u>
Plan fiduciary net position as a percentage of the total OPEB liability	54.80%

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	3.15%, average, including inflation
Investment rate of return	6.0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6.50% in 2020, reducing 0.2% each year to a final 4.4% in 2031 and later

Mortality rates for teachers and administrators were based on the PUB-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2020. 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, 2020 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 July 1, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Short Bonds	27.55 %	0.80 %
U.S. Large Caps	23.55	5.25
U.S. Core Fixed Income	19.10	1.42
U.S. High Yield Bonds	9.65	4.00
U.S. Inflation-Indexed Bonds	7.50	0.75
Foreign Developed Equity	6.35	5.75
U.S. Mid Caps	3.95	5.75
U.S. Small Caps	1.40	5.75
Emerging Markets Equity	0.95	7.75
Total	<u>100.00 %</u>	

Discount Rate

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

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2020	\$ 3,519,485	\$ 1,440,088	\$ 2,079,397
Changes for the year:			
Service cost	70,900		70,900
Interest on total OPEB liability	212,230		212,230
Differences between expected and actual experience	(313,276)		(313,276)
Changes in assumptions	(189,595)		(189,595)
Employer contributions		116,417	(116,417)
Contributions - TRB subsidy		65,947	(65,947)
Net investment income		234,653	(234,653)
Benefit payments	(107,996)	(107,996)	-
Net changes	(327,737)	309,021	(636,758)
Balances as of June 30, 2021	\$ 3,191,748	\$ 1,749,109	\$ 1,442,639

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 or 1% higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$ 1,726,370	\$ 1,442,639	\$ 1,194,372

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 or 1% higher than the current healthcare cost trend rates:

	1% Decrease Healthcare cost Trend Rates	Current Rate Healthcare Cost Trend Rates	1% Increase Healthcare Cost Trend Rates
Net OPEB Liability	\$ 1,143,515	\$ 1,442,639	\$ 1,792,740

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

For the year ended June 30, 2021, the Town recognized OPEB expense of (\$138,759). At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual earnings on OPEB plan investments	\$	\$ 93,862
Changes of assumptions		947,556
Differences between expected and actual experience	<u>105,372</u>	<u>445,860</u>
Total	\$ <u><u>105,372</u></u>	\$ <u><u>1,487,278</u></u>

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

<u>Year Ending June 30</u>		
2022	\$	267,336
2023		271,487
2024		273,565
2025		278,454
2026		120,438
Thereafter		170,626

B. Other Post Employment Benefit - Connecticut State Teachers Retirement Plan

Plan Description

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

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

Benefit Provisions

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

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplemental Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

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

Eligibility

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

Credited Service

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

Normal Retirement

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

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

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

Employer (School Districts)

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

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$120,854 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

At June 30, 2021, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town’s proportionate share of the net OPEB liability	\$ -
State’s proportionate share of the net OPEB liability associated with the Town	<u>11,644,582</u>
Total	<u>\$ 11,644,582</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, the Town recognized OPEB expense of \$537,891 in Exhibit II.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	5.125% for 2020, decreasing to an ultimate rate of 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Investment rate of return	2.21%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2021

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan’s current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%; employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. Annual State contributions were assumed to be equal to the most recent five-year average of State contributions to the fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination.

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

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

Other Information

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

7. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to public officials and police liability; Board of Education liability; torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for all risks of loss. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2021. 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.

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

The Town has advanced cash to ECHIP to fund claims on an ongoing basis. These amounts are held by ECHIP on behalf of the Town and are reported as Advance to plan administrator in the Internal Service Fund on the proprietary fund statement of net position.

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, 2020 and 2021, 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>
2019-2020	\$ 526,100	\$ 6,781,367	\$ 6,833,194	\$ 474,273
2020-2021	474,273	6,578,967	6,559,629	493,611

B. Contingent Liabilities

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

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

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

8. GASB 84 - RESTATEMENT

The Town previously reported the activities of the Youth Center Reserve, Student Activity Fund, Senior Citizens Center, Tolland Public Library, Tolland Emergency Fund, Education Fund, Board of Education – Section 125, and the Non-Profit Housing Corporation as fiduciary funds. As a result of implementation of GASB No. 84, *Fiduciary Activities*, as of July 1, 2020, the Town made the following reporting changes: The activities of the Youth Center Reserve, Student Activity Fund, Senior Citizens Center, Tolland Public Library and Tolland Emergency Fund are reported as special revenue funds, and the Education and Board of Education – Section 125 funds are reported with general fund activities. The Town created a new custodial fund for the Non-Profit Housing Corporation. Accordingly, the Town increased the beginning assets and liabilities of the General Fund by \$45,532, and thus no effect to the beginning fund balance. The Town created new special revenue funds for the Youth Center Reserve, Student Activity Fund, Senior Citizens Center, Tolland Public Library, and Tolland

**TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Emergency Fund, thus increasing assets and fund balance of \$624,824. The Town increased beginning net position for custodial funds in the amount of \$ 157,545 for the Non-Profit Housing Corporation. Accordingly, the Town restated beginning balances of the assets, liabilities, fund balance and net position as follows:

	Governmental Activities Net Position	Nonmajor Governmental Funds Fund Balance
Governmental Funds:		
Balance as previously reported June 30, 2020	\$ 92,794,252	\$ 3,443,283
Adjustment:		
Youth Center Reserve now reported as a Special Revenue Fund	24,517	24,517
Student Activity Fund now reported as a Special Revenue Fund	450,608	450,608
Senior Citizens Center now reported as a Special Revenue Fund	14,266	14,266
Tolland Public Library now reported as a Special Revenue Fund	89,839	89,839
Tolland Emergency Fund now reported as a Special Revenue Fund	45,594	45,594
Balance as restated July 1, 2020	<u>\$ 93,419,076</u>	<u>\$ 4,068,107</u>
Fiduciary Funds:		
Balance as previously reported June 30, 2020	\$ 825,901	\$ -
Adjustments:		
Youth Center Reserve now reported as a Special Revenue Fund	(24,517)	
Student Activity Fund now reported as a Special Revenue Fund	(450,608)	
Senior Citizens Center now reported as a Special Revenue Fund	(14,266)	
Tolland Public Library now reported as a Special Revenue Fund	(89,839)	
Tolland Emergency Fund now reported as a Special Revenue Fund	(45,594)	
Education Fund now reported in the General Fund	(33,140)	
BOE Section 125 now reported in the General Fund	(10,392)	
Non-Profit Housing Corporation now reported as a Custodial Fund	(157,545)	157,545
Balance as restated July 1, 2020	<u>\$ -</u>	<u>\$ 157,545</u>

9. SUBSEQUENT EVENTS

On September 16, 2021 the Town issued \$10,615,000 of general obligation bond anticipation notes for a variety of projects. The notes carry interest at 1.00%, and they are due on September 15, 2022.

Required Supplementary Information

This page is intentionally left blank.

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

	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>78,072,943</u>	<u>68,093,479</u>	<u>54,504,028</u>	<u>59,256,551</u>	<u>62,516,115</u>	<u>49,337,774</u>	<u>45,543,825</u>
Total	<u>\$ 78,072,943</u>	<u>\$ 68,093,479</u>	<u>\$ 54,504,028</u>	<u>\$ 59,256,551</u>	<u>\$ 62,516,115</u>	<u>\$ 49,337,774</u>	<u>\$ 45,543,825</u>
Town's covered payroll	\$ 17,593,194	\$ 17,698,053	\$ 17,279,176	\$ 16,181,359	\$ 16,928,720	\$ 17,285,173	\$ 17,474,844
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019: - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	6.90%, net of investment-related expense

TOWN OF TOLLAND, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB
LAST FIVE FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:					
Service cost	\$ 70,900	\$ 98,441	\$ 130,972	\$ 137,121	\$ 129,359
Interest	212,230	202,455	294,142	289,134	287,531
Changes of benefit terms					
Differences between expected and actual experience	(313,276)	144,398	(279,634)		
Changes of assumptions	(189,595)		(1,309,039)		
Benefit payments	<u>(107,996)</u>	<u>(397,455)</u>	<u>(268,458)</u>	<u>(402,893)</u>	<u>(393,092)</u>
Net change in total OPEB liability	(327,737)	47,839	(1,432,017)	23,362	23,798
Total OPEB liability - beginning	<u>3,519,485</u>	<u>3,471,646</u>	<u>4,903,663</u>	<u>4,880,301</u>	<u>4,856,503</u>
Total OPEB liability - ending	<u>3,191,748</u>	<u>3,519,485</u>	<u>3,471,646</u>	<u>4,903,663</u>	<u>4,880,301</u>
Plan fiduciary net position:					
Contributions - employer	116,417	434,552	325,723	444,283	473,839
Contributions - TRB subsidy	65,947	64,947			
Net investment income	234,653	55,519	61,219	45,139	71,772
Benefit payments	<u>(107,996)</u>	<u>(397,455)</u>	<u>(268,458)</u>	<u>(402,893)</u>	<u>(393,092)</u>
Net change in plan fiduciary net position	309,021	157,563	118,484	86,529	152,519
Plan fiduciary net position - beginning	<u>1,440,088</u>	<u>1,282,525</u>	<u>1,164,041</u>	<u>1,077,512</u>	<u>924,993</u>
Plan fiduciary net position - ending	<u>1,749,109</u>	<u>1,440,088</u>	<u>1,282,525</u>	<u>1,164,041</u>	<u>1,077,512</u>
Net OPEB Liability - Ending	<u>\$ 1,442,639</u>	<u>\$ 2,079,397</u>	<u>\$ 2,189,121</u>	<u>\$ 3,739,622</u>	<u>\$ 3,802,789</u>
Plan fiduciary net position as a percentage of the total OPEB liability	54.80%	40.92%	36.94%	23.74%	22.08%
Covered payroll	\$ 17,091,640	\$ 16,895,065	\$ 16,323,734	\$ 16,323,734	\$ 16,844,405
Net OPEB liability as a percentage of covered payroll	8.44%	12.31%	13.41%	22.91%	22.58%

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

**TOWN OF TOLLAND, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution (1)	\$ 521,000	\$ 547,000	\$ 485,000	\$ 508,000	\$ 447,781	\$ 466,488	\$ 437,420	\$ 446,295	\$ 303,217	\$ 313,173
Contributions in relation to the actuarially determined contribution	<u>491,000</u>	<u>549,000</u>	<u>483,000</u>	<u>512,000</u>	<u>457,613</u>	<u>473,839</u>	<u>444,283</u>	<u>325,723</u>	<u>434,552</u>	<u>116,417</u>
Contribution Deficiency (Excess)	<u>\$ 30,000</u>	<u>\$ (2,000)</u>	<u>\$ 2,000</u>	<u>\$ (4,000)</u>	<u>\$ (9,832)</u>	<u>\$ (7,351)</u>	<u>\$ (6,863)</u>	<u>\$ 120,572</u>	<u>\$ (131,335)</u>	<u>\$ 196,756</u>
Covered payroll	\$ N/A	\$ N/A	\$ 22,286,770	\$ 22,286,770	\$ 16,844,405	\$ 16,844,405	\$ 16,323,734	\$ 16,323,734	\$ 16,895,065	\$ 17,091,640
Contributions as a percentage of covered payroll	0.00%	0.00%	2.17%	2.30%	2.72%	2.81%	2.72%	2.00%	2.57%	0.68%

(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, 2020
 Measurement date: June 30, 2021
 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: 12 years
 Asset valuation method: Actuarial value - 5-year smoothing period
 Inflation: 2.40%
 Healthcare cost trend rates: 6.50% in 2020, reducing 0.2% each year to a final 4.4% per year rate for 2031 and later.
 Salary increases: Graded by service for Teachers and Administrators, and 3.15%, 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: PUB-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2020. For All others, RP-2000 Mortality Table for males and females with generational projection per Scale AA; separate tables for active employees and annuitants.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	16.21%	4.14%	5.05%	4.06%	7.39%

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>11,644,582</u>	<u>10,619,563</u>	<u>10,495,900</u>	<u>15,251,964</u>
Total	<u>\$ 11,644,582</u>	<u>\$ 10,619,563</u>	<u>\$ 10,495,900</u>	<u>\$ 15,251,964</u>
Town's covered payroll	\$ 17,593,194	\$ 17,698,053	\$ 17,279,176	\$ 16,181,359
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

<p>Changes in benefit terms</p> <p>Changes of assumptions</p>	<p>None</p> <p>Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2020 was updated to equal the Municipal Bond Index Rate as of June 30, 2020;</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;</p> <p>Long-term health care cost trend rates were updated;</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option; and,</p> <p>The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below:</p> <ul style="list-style-type: none"> - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
<p>Actuarial cost method</p> <p>Amortization method</p> <p>Remaining amortization period</p> <p>Asset valuation method</p> <p>Investment rate of return</p> <p>Price inflation</p>	<p>Entry age</p> <p>Level percent of payroll over an open period</p> <p>30 years</p> <p>Market value of assets</p> <p>3.00%, net of investment related expense including price inflation</p> <p>2.75%</p>

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

This page is intentionally left blank.

**Supplemental, Combining and
Individual Fund Statements
and Schedules**

This page is intentionally left blank.

General Fund

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

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

The **Tax Stabilization Fund (TSF)** is accounted for on the Town's general ledger. The Town's general tax revenues are sensitive to economic conditions as well as actions taken by state and federal government. Unanticipated revenue shortfalls during a fiscal year are usually addressed through reductions to services or increased taxes. The TSF program is established for sound financial management and fiscal accountability and enforces spending discipline by setting aside monies received from higher than anticipated state revenues allocated to the Town after formal adoption of the Town budget for the next fiscal year. The TSF program may also reduce Town borrowing costs due to stronger bond ratings. The purpose of the TSF is to set aside revenue in a fund which does not lapse at the end of the municipal fiscal year, which monies would then be available when revenue is stagnant or in decline and may be expended to prevent large tax increases and protect against the reduction of services in future years.

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Property Taxes:				
Current year levy	\$ 45,030,828	\$ 45,030,828	\$ 45,151,124	\$ 120,296
Prior year levy	296,977	296,977	562,271	265,294
Interest and lien fees	160,000	160,000	274,393	114,393
Motor vehicle supplement	558,775	558,775	526,486	(32,289)
Suspense	1,000	1,000	4,660	3,660
Telecommunications access line	17,000	17,000	21,336	4,336
Total property taxes	<u>46,064,580</u>	<u>46,064,580</u>	<u>46,540,270</u>	<u>475,690</u>
Intergovernmental:				
Education:				
Adult education	8,544	8,544	7,533	(1,011)
Education equalization	<u>9,105,528</u>	<u>9,105,528</u>	<u>9,083,536</u>	<u>(21,992)</u>
Total education	<u>9,114,072</u>	<u>9,114,072</u>	<u>9,091,069</u>	<u>(23,003)</u>
General Government:				
PILOT state-owned property	24,569	24,569	24,569	-
SDE/MH and AS/DEEP grants	23,000	23,000	23,682	682
Civil defense grant	6,000	6,000	6,000	-
Miscellaneous grants	42,000	42,000	33,522	(8,478)
Veterans	6,900	6,900	7,609	709
Town Clerk Preservation	5,500	5,500	5,500	-
Disability grant	1,395	1,395	1,450	55
MRSA: Property tax relief	85,064	85,064	85,064	-
MRSA: Sales tax funds	<u>322,977</u>	<u>322,977</u>	<u>322,977</u>	<u>-</u>
Total general government	<u>517,405</u>	<u>517,405</u>	<u>510,373</u>	<u>(7,032)</u>
Total intergovernmental	<u>9,631,477</u>	<u>9,631,477</u>	<u>9,601,442</u>	<u>(30,035)</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Charges for Services:				
Building permit fees	\$ 220,000	\$ 220,000	\$ 349,503	\$ 129,503
Fines, fees and penalties	300	300		(300)
Pistol permits	4,500	4,500	14,940	10,440
Zoning permit fees	8,200	8,200	15,827	7,627
General permits	-	-	480	480
Town clerk	17,000	17,000	20,172	3,172
Library fees	7,500	7,500	4,403	(3,097)
Motor vehicle fine	16,000	16,000	19,540	3,540
Planning and zoning and IWWC	2,000	2,000	7,648	5,648
Rents/PILOT	36,000	36,000	37,792	1,792
Property conveyance tax	165,000	165,000	260,206	95,206
Document recording fees	70,000	70,000	130,393	60,393
Map and copy sales	12,000	12,000	18,724	6,724
Notary fees	1,000	1,000	1,610	610
Zoning board of appeals	1,800	1,800	3,082	1,282
Public safety services	1,000	1,000	52	(948)
Town preservation	5,000	5,000	5,886	886
Ambulance	39,140	39,140	39,140	-
Total charges for services	<u>606,440</u>	<u>606,440</u>	<u>929,398</u>	<u>322,958</u>
Investment Income:				
General Fund	<u>250,000</u>	<u>250,000</u>	<u>35,173</u>	<u>(214,827)</u>
Other Revenues	<u>15,000</u>	<u>15,000</u>	<u>9,957</u>	<u>(5,043)</u>
Total Revenues	<u>56,567,497</u>	<u>56,567,497</u>	<u>57,116,240</u>	<u>548,743</u>
Other Financing Sources:				
Cancellation of prior year encumbrances			148,193	148,193
Appropriation of fund balance	500,000	1,396,139		(1,396,139)
Transfers in	115,000	115,000	115,000	-
Total other financing sources	<u>615,000</u>	<u>1,511,139</u>	<u>263,193</u>	<u>(1,247,946)</u>
Total Revenues and Other Financing Sources	<u>\$ 57,182,497</u>	<u>\$ 58,078,636</u>	<u>\$ 57,379,433</u>	<u>\$ (699,203)</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Administrative:				
Town council	\$ 37,734	\$ 32,122	\$ 31,866	\$ 256
Town manager	228,948	224,855	222,061	2,794
Economic development commission	6,001	6,001	33	5,968
HR administrative services	2,270,833	2,291,139	2,250,701	40,438
Miscellaneous support services	56,025	49,291	42,658	6,633
Information technology and telecommunications	197,591	201,141	200,649	492
Insurance	232,491	232,491	225,098	7,393
Legal services	76,000	93,564	93,563	1
Probate court	14,882	14,882	12,010	2,872
Total administrative	<u>3,120,505</u>	<u>3,145,486</u>	<u>3,078,639</u>	<u>66,847</u>
Planning and Community Development:				
Building inspection services	131,827	134,227	117,498	16,729
Zoning board of appeals	3,500	3,500	3,047	453
Environmental health services	83,314	83,314	83,314	-
Planning and zoning services	204,972	206,120	198,267	7,853
Inland wetlands commission	3,660	3,660	2,627	1,033
Planning and zoning commission	13,170	13,170	5,798	7,372
Conservation commission	2,985	30,985	30,841	144
Agricultural commission	600	600	211	389
Total planning and community development	<u>444,028</u>	<u>475,576</u>	<u>441,603</u>	<u>33,973</u>
Community Services:				
Elderly services	61,045	49,045	46,097	2,948
Human services	355,981	359,349	357,828	1,521
Library	429,551	418,055	340,843	77,212
Recreation and adult education	124,848	126,901	126,901	-
Total community services	<u>971,425</u>	<u>953,350</u>	<u>871,669</u>	<u>81,681</u>
Public Works:				
Engineering services	76,600	76,600	49,189	27,411
Parks and facilities	1,451,863	1,494,311	1,429,402	64,909
Refuse and recycling services	972,181	1,008,987	1,008,986	1
Streets and roads	2,036,786	1,934,640	1,850,690	83,950
Total public works	<u>4,537,430</u>	<u>4,514,538</u>	<u>4,338,267</u>	<u>176,271</u>

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Public Safety Services:				
Water supply	\$ 110,187	\$ 110,187	\$ 95,684	\$ 14,503
Ambulance	414,912	367,376	365,696	1,680
Animal Control	74,134	-	-	-
Emergency preparedness	15,347	15,347	15,148	199
Fire prevention	88,610	75,604	75,602	2
Fire suppression	670,888	667,480	661,990	5,490
Community emergency response team	3,250	2,750	2,750	-
Law enforcement	741,990	742,141	720,188	21,953
Total public safety services	<u>2,119,318</u>	<u>1,980,885</u>	<u>1,937,058</u>	<u>43,827</u>
Record and Financial Services:				
Accounting services	357,464	362,748	356,221	6,527
Assessment services	239,198	227,023	224,948	2,075
Board of assessment appeals	600	600	252	348
Independent audit	27,450	27,450	27,450	-
Registrar of voters	58,090	59,569	58,517	1,052
Revenue services	166,594	168,384	163,529	4,855
Town clerk	151,261	153,346	140,834	12,512
Total record and financial services	<u>1,000,657</u>	<u>999,120</u>	<u>971,751</u>	<u>27,369</u>
Contingency and Other	<u>164,277</u>	<u>203,892</u>	<u>156,000</u>	<u>47,892</u>
Board of Education:				
Language arts	34,447	34,447	142,512	(108,065)
Math	51,874	51,874	125,636	(73,762)
Social studies	12,300	12,300	14,532	(2,232)
Science	62,679	62,679	58,284	4,395
Art	26,545	26,545	31,744	(5,199)
Music	21,098	21,098	23,540	(2,442)
Physical education	12,931	12,931	19,224	(6,293)
World language	12,474	12,474	11,669	805
Family and consumer science	13,700	13,700	19,197	(5,497)
Technology education	27,970	27,970	22,254	5,716
Business education	19,825	19,825	18,037	1,788
Digital education	6,652	6,652	15,802	(9,150)
Talc	1,160	1,160	960	200
Special services	1,913,088	1,913,088	1,626,491	286,597
Special education	148,082	148,082	151,781	(3,699)
Interdistrict programs	175,000	175,000	186,257	(11,257)

(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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Board of Education (continued):				
Student athletics	\$ 173,379	\$ 173,379	\$ 185,555	\$ (12,176)
Student activities	16,700	16,700	12,260	4,440
Guidance and counseling	22,260	22,260	19,873	2,387
Nursing	21,023	21,023	20,427	596
Library	17,641	17,641	30,353	(12,712)
Audiovisual	1,750	1,750	1,749	1
Staff services	7,492,244	7,492,244	7,541,761	(49,517)
Certified regular education payroll	12,846,239	12,846,239	12,770,911	75,328
Certified special education payroll	3,804,794	3,804,794	3,650,947	153,847
Noncertified payroll	1,708,478	1,708,478	1,426,545	281,933
Building operations	886,940	886,940	869,559	17,381
Building maintenance	274,386	274,386	314,189	(39,803)
BOE Payroll Clerk	3,500	3,500	2,802	698
Business services	461,277	461,277	423,607	37,670
Superintendent services	303,106	303,106	312,074	(8,968)
Principals' services	1,544,727	1,544,727	1,442,969	101,758
System-wide substitutes	382,646	382,646	517,915	(135,269)
System-wide services	1,161,214	1,161,214	1,278,180	(116,966)
Custodial Services	195,935	195,935	177,035	18,900
Plant maintenance	516,623	516,623	599,027	(82,404)
Energy management	1,497,677	1,497,677	1,493,947	3,730
Energy management - utilities	2,050	2,050		2,050
Communication/Insurance	227,659	227,659	252,973	(25,314)
Transportation	2,936,162	2,936,162	2,293,643	642,519
Principals' offices	118,817	118,817	155,389	(36,572)
Superintendent's office	32,906	32,906	33,851	(945)
Business services	297,830	297,830	256,843	40,987
Technology services	293,939	293,939	469,169	(175,230)
Program/Professional development	42,745	42,745	53,920	(11,175)
Adult education	24,774	24,774	23,535	1,239
Board of Education	168,044	168,044	122,051	45,993
Total Board of Education	<u>40,017,290</u>	<u>40,017,290</u>	<u>39,220,979</u>	<u>796,311</u>
Debt Service	<u>4,600,000</u>	<u>4,523,297</u>	<u>4,523,297</u>	<u>-</u>
Total Expenditures	<u>56,974,930</u>	<u>56,813,434</u>	<u>55,539,263</u>	<u>1,274,171</u>

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	<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		74,793	74,793	-
Assessor		10,000	10,000	-
Debt service fund		76,703	76,703	-
Transfer out - expense		496,139	496,139	-
Capital improvements	<u>192,567</u>	<u>592,567</u>	<u>592,567</u>	<u>-</u>
Total other financing uses	<u>207,567</u>	<u>1,265,202</u>	<u>1,265,202</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 57,182,497</u>	<u>\$ 58,078,636</u>	<u>\$ 56,804,465</u>	<u>\$ 1,274,171</u>

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET SCHEDULE
JUNE 30, 2021**

	<u>General</u>	<u>Education Reserve Fund</u>	<u>Tax Stabilization Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 10,980,147	\$ 503,014	\$ 110,000	\$ 11,593,161
Investments	1,552,694			1,552,694
Receivables	1,063,604			1,063,604
Due from other funds	<u>68,774</u>			<u>68,774</u>
Total Assets	<u>\$ 13,665,219</u>	<u>\$ 503,014</u>	<u>\$ 110,000</u>	<u>\$ 14,278,233</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 270,922	\$	\$	\$ 270,922
Accrued liabilities	<u>128,518</u>			<u>128,518</u>
Total liabilities	<u>399,440</u>	<u>-</u>	<u>-</u>	<u>399,440</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	760,033			760,033
Advance property tax collections	<u>259,163</u>			<u>259,163</u>
Total deferred inflows of resources	<u>1,019,196</u>	<u>-</u>	<u>-</u>	<u>1,019,196</u>
Fund balances:				
Committed	275,000	503,014	110,000	888,014
Assigned	2,024,576			2,024,576
Unassigned	<u>9,947,007</u>			<u>9,947,007</u>
Total fund balances	<u>12,246,583</u>	<u>503,014</u>	<u>110,000</u>	<u>12,859,597</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,665,219</u>	<u>\$ 503,014</u>	<u>\$ 110,000</u>	<u>\$ 14,278,233</u>

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General</u>	<u>Education Reserve Fund</u>	<u>Tax Stabilization Fund</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:					
Property taxes	\$ 46,540,270	\$	\$	\$	\$ 46,540,270
Intergovernmental	15,499,352				15,499,352
Charges for services	929,398				929,398
Investment income	35,173				35,173
Other revenues	9,957				9,957
Total revenues	<u>63,014,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,014,150</u>
Expenditures:					
Current:					
Administration	3,063,325				3,063,325
Planning and community development	453,723				453,723
Community services	857,663				857,663
Public works	4,162,133				4,162,133
Public safety services	2,602,670				2,602,670
Record and financial services	978,270				978,270
Contingency and other	156,006				156,006
Board of Education	45,046,891	216,252			45,263,143
Debt service	5,027,620				5,027,620
Total expenditures	<u>62,348,301</u>	<u>216,252</u>	<u>-</u>	<u>-</u>	<u>62,564,553</u>
Excess (Deficiency) of Revenues over Expenditures	<u>665,849</u>	<u>(216,252)</u>	<u>-</u>	<u>-</u>	<u>449,597</u>
Other Financing Sources (Uses):					
Transfers in	619,323	212,631		(327,631)	504,323
Transfers out	(1,265,202)		(115,000)	327,631	(1,052,571)
Net other financing sources (uses)	<u>(645,879)</u>	<u>212,631</u>	<u>(115,000)</u>	<u>-</u>	<u>(548,248)</u>
Net Change in Fund Balances	19,970	(3,621)	(115,000)	-	(98,651)
Fund Balances at Beginning of Year	<u>12,226,613</u>	<u>506,635</u>	<u>225,000</u>	<u>-</u>	<u>12,958,248</u>
Fund Balances at End of Year	<u>\$ 12,246,583</u>	<u>\$ 503,014</u>	<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ 12,859,597</u>

**TOWN OF TOLLAND, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2021**

Grand List Year	Uncollected Taxes July 1, 2020	Supplement	Lawful Corrections		Transfers to Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2021
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2007	\$	\$	\$ 14	\$	\$	\$ 14	\$ 14	\$ 36	\$ 50	\$ -
2008			629			629	629	1,567	2,196	-
2009			38			38	38	1,069	1,107	-
2010	6,556		781			7,337	781	1,267	2,048	6,556
2011	12,813		55			12,868	5,776	2,857	8,633	7,092
2012	17,458		297			17,755	6,009	2,831	8,840	11,746
2013	19,600		270			19,870	5,665	2,258	7,923	14,205
2014	26,534		21		298	26,257	5,456	1,914	7,370	20,801
2015	30,466		923	9	1,849	29,531	9,232	3,118	12,350	20,299
2016	52,494		1,844	8	2,624	51,706	20,250	11,900	32,150	31,456
2017	174,310		46	349	21,334	152,673	83,600	22,708	106,308	69,073
2018	668,413		5,658	6,120	8,683	659,268	431,723	100,269	531,992	227,545
Total Prior Years	1,008,644	-	10,576	6,486	34,788	977,946	569,173	151,794	720,967	408,773
2019	45,703,810	553,541	53,874	121,393		46,189,832	45,677,610	142,137	45,819,747	512,222
Total	\$ 46,712,454	\$ 553,541	\$ 64,450	\$ 127,879	\$ 34,788	\$ 47,167,778	\$ 46,246,783	\$ 293,931	\$ 46,540,714	\$ 920,995

This page is intentionally left blank.

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.

FRC 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.

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

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

Field Maintenance - To utilize donations for field maintenance.

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

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

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

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

Agriculture Fund - To account for revenues from gifts, donations and other contributions to raise funds in order to promote agriculture and farming in Tolland.

Conservation Fund - To provide a mechanism for the Conservation Commission to accept gifts, donations and other contributions and to raise funds in order to promote conservation education, activities and efforts in Tolland. This fund is not intended for the purchase of land nor activities necessary for the purchase of land, such as surveys, appraisals and similar activities.

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

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

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

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

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

Education COVID Relief Fund - To account for COVID relief activities for the school system. Federal and state grants finance these activities.

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, 2021**

	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	Recreation
ASSETS									
Cash	\$ 128,587	\$ 2,940	\$ 15,281	\$ 10,253	\$ 18,495	\$ 126,282	\$ 19,165	\$ 9,789	\$ 153,925
Investments									
Receivables									
Due from other funds									
Other									
Total Assets	\$ 128,587	\$ 2,940	\$ 15,281	\$ 10,253	\$ 18,495	\$ 126,282	\$ 19,165	\$ 9,789	\$ 153,925
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts and other payables/due to State	\$ 202	\$	\$	\$	\$ 1,164	\$	\$	\$	\$ 780
Due to other funds									
Unearned revenue					8,430				
Total liabilities	202	-	-	-	9,594	-	-	-	780
Deferred inflows of resources:									
Unavailable revenue - special assessments									
Unavailable revenue - cemetery									
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Fund balances:									
Nonspendable									
Restricted								9,789	
Committed	128,385	2,940	15,281	10,253	8,901	126,282	19,165		153,145
Total fund balances	128,385	2,940	15,281	10,253	8,901	126,282	19,165	9,789	153,145
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 128,587	\$ 2,940	\$ 15,281	\$ 10,253	\$ 18,495	\$ 126,282	\$ 19,165	\$ 9,789	\$ 153,925

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2021

	Special Revenue Funds								
	Water Assessment	School Lunch	State and Federal Education Grants	FRC Before/After School Programs	Eviction Fund	Cemetery Operations Fund	Training Center Fund	Traffic Fund	Field Maintenance
ASSETS									
Cash	\$ 229,309	\$ 274,908	\$ 19,742	\$ 593,149	\$ -	\$ 124,826	\$ 4,881	\$ -	\$ 5,294
Investments									
Receivables	19,120	150,262	49,053	12,021		5,300			
Due from other funds						973			
Other		33,686							
Total Assets	\$ 248,429	\$ 458,856	\$ 68,795	\$ 605,170	\$ -	\$ 131,099	\$ 4,881	\$ -	\$ 5,294
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts and other payables/due to State	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds			68,774						
Unearned revenue		49,591	21	3,307					
Total liabilities	-	49,591	68,795	3,307	-	-	-	-	-
Deferred inflows of resources:									
Unavailable revenue - special assessments	19,120								
Unavailable revenue - cemetery						5,300			
Total deferred inflows of resources	19,120	-	-	-	-	5,300	-	-	-
Fund balances:									
Nonspendable		33,686							
Restricted		150,262							
Committed	229,309	225,317		601,863		125,799	4,881		5,294
Total fund balances	229,309	409,265	-	601,863	-	125,799	4,881	-	5,294
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 248,429	\$ 458,856	\$ 68,795	\$ 605,170	\$ -	\$ 131,099	\$ 4,881	\$ -	\$ 5,294

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2021

	Special Revenue Funds							
	Veterans Memorial Fund	Miscellaneous Grants Fund	Turf Field Operations Fund	Agriculture Fund	Conservation Fund	Youth Center Reserve	Student Activity Fund	Senior Citizens Center
ASSETS								
Cash	\$ 312	\$ 22,145	\$ 3,045	\$ 2,195	\$ 1,458	\$ 20,683	\$ 367,058	\$ 16,275
Investments								
Receivables								
Due from other funds								
Other								
Total Assets	<u>\$ 312</u>	<u>\$ 22,145</u>	<u>\$ 3,045</u>	<u>\$ 2,195</u>	<u>\$ 1,458</u>	<u>\$ 20,683</u>	<u>\$ 367,058</u>	<u>\$ 16,275</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts and other payables/due to State	\$	\$ 197	\$	\$	\$	\$	\$	\$
Due to other funds								
Unearned revenue								
Total liabilities	<u>-</u>	<u>197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:								
Unavailable revenue - special assessments								
Unavailable revenue - cemetery								
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable								
Restricted		21,948						
Committed	312		3,045	2,195	1,458	20,683	367,058	16,275
Total fund balances	<u>312</u>	<u>21,948</u>	<u>3,045</u>	<u>2,195</u>	<u>1,458</u>	<u>20,683</u>	<u>367,058</u>	<u>16,275</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 312</u>	<u>\$ 22,145</u>	<u>\$ 3,045</u>	<u>\$ 2,195</u>	<u>\$ 1,458</u>	<u>\$ 20,683</u>	<u>\$ 367,058</u>	<u>\$ 16,275</u>

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2021

	Special Revenue Funds			Debt Service Funds	Permanent Funds		Eliminations	Total Nonmajor Governmental Funds
	Tolland Public Library	Tolland Emergency Fund	Education COVID Relief Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund		
ASSETS								
Cash	\$ 88,891	\$ 47,830	\$ 156	\$ 1,379,776	\$	\$ 55,300	\$	\$ 3,741,950
Investments					296,474	981,749		1,278,223
Receivables					3,100			238,856
Due from other funds							(973)	-
Other								33,686
Total Assets	\$ 88,891	\$ 47,830	\$ 156	\$ 1,379,776	\$ 299,574	\$ 1,037,049	\$ (973)	\$ 5,292,715
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts and other payables/due to State	\$ 160	\$	\$	\$	\$	\$	\$	\$ 2,503
Due to other funds					973		(973)	68,774
Unearned revenue								61,349
Total liabilities	160	-	-	-	973	-	(973)	132,626
Deferred inflows of resources:								
Unavailable revenue - special assessments								19,120
Unavailable revenue - cemetery					3,100			8,400
Total deferred inflows of resources	-	-	-	-	3,100	-	-	27,520
Fund balances:								
Nonspendable					292,263	20,800		346,749
Restricted								181,999
Committed	88,731	47,830	156	1,379,776	3,238	1,016,249		4,603,821
Total fund balances	88,731	47,830	156	1,379,776	295,501	1,037,049	-	5,132,569
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 88,891	\$ 47,830	\$ 156	\$ 1,379,776	\$ 299,574	\$ 1,037,049	\$ (973)	\$ 5,292,715

**TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	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	Recreation
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	25	\$
Charges for services	20,525				7,397	910			78,179
Investment income	2		27		7	40	3	3	186
Other	13								755
Total revenues	<u>20,540</u>	<u>-</u>	<u>27</u>	<u>-</u>	<u>7,404</u>	<u>950</u>	<u>3</u>	<u>28</u>	<u>79,120</u>
Expenditures:									
Current:									
Community services					15,587				106,951
Public works									
Public safety services	64,097								
Debt Service									
Education									
Total expenditures	<u>64,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,951</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(43,557)</u>	<u>-</u>	<u>27</u>	<u>-</u>	<u>(8,183)</u>	<u>950</u>	<u>3</u>	<u>28</u>	<u>(27,831)</u>
Other Financing Sources (Uses):									
Transfers in	74,793								
Transfers out									(10,000)
Refunding bond issuance									
Premium on refunding bond issuance									
Payments to refunding bond escrow agent									
Bond premium									
BAN premium									
Net other financing sources (uses)	<u>74,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Net Change in Fund Balances	31,236	-	27	-	(8,183)	950	3	28	(37,831)
Fund Balances at Beginning of Year, as Restated	<u>97,149</u>	<u>2,940</u>	<u>15,254</u>	<u>10,253</u>	<u>17,084</u>	<u>125,332</u>	<u>19,162</u>	<u>9,761</u>	<u>190,976</u>
Fund Balances at End of Year	<u>\$ 128,385</u>	<u>\$ 2,940</u>	<u>\$ 15,281</u>	<u>\$ 10,253</u>	<u>\$ 8,901</u>	<u>\$ 126,282</u>	<u>\$ 19,165</u>	<u>\$ 9,789</u>	<u>\$ 153,145</u>

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds								
	Water Assessment	School Lunch	State and Federal Education Grants	FRC Before/After School Programs	Eviction Fund	Cemetery Operations Fund	Training Center Fund	Traffic Fund	Field Maintenance
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services	2,944	570,474	830,053	18,172	296,060	100	31,177	-	-
Investment income	387					199			
Other									3,000
Total revenues	<u>3,331</u>	<u>570,474</u>	<u>830,053</u>	<u>314,232</u>	<u>-</u>	<u>31,476</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Expenditures:									
Current:									
Community services						31,356			
Public works							751		9,829
Public safety services									
Debt Service									
Education		475,504	830,053	286,747					
Total expenditures	<u>-</u>	<u>475,504</u>	<u>830,053</u>	<u>286,747</u>	<u>-</u>	<u>31,356</u>	<u>-</u>	<u>751</u>	<u>9,829</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,331</u>	<u>94,970</u>	<u>-</u>	<u>27,485</u>	<u>-</u>	<u>120</u>	<u>-</u>	<u>(751)</u>	<u>(6,829)</u>
Other Financing Sources (Uses):									
Transfers in		91,575				973			
Transfers out						(33,000)			
Refunding bond issuance									
Premium on refunding bond issuance									
Payments to refunding bond escrow agent									
Bond premium									
BAN premium									
Net other financing sources (uses)	<u>-</u>	<u>91,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,027)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,331	186,545	-	27,485	-	(31,907)	-	(751)	(6,829)
Fund Balances at Beginning of Year, as Restated	<u>225,978</u>	<u>222,720</u>	<u>-</u>	<u>574,378</u>	<u>-</u>	<u>157,706</u>	<u>4,881</u>	<u>751</u>	<u>12,123</u>
Fund Balances at End of Year	<u>\$ 229,309</u>	<u>\$ 409,265</u>	<u>\$ -</u>	<u>\$ 601,863</u>	<u>\$ -</u>	<u>\$ 125,799</u>	<u>\$ 4,881</u>	<u>\$ -</u>	<u>\$ 5,294</u>

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds								
	Veterans Memorial Fund	Miscellaneous Grants Fund	Turf Field Operations Fund	Agriculture Fund	Conservation Fund	Youth Center Reserve	Student Activity Fund	Senior Citizens Center	Tolland Public Library
Revenues:									
Intergovernmental	\$	\$ 25,368	\$	\$	\$	8,588	\$	\$	1,191
Charges for services							296,965		12,819
Investment income									
Other		6,719	3,030	1,625	1,310	45		2,099	10
Total revenues	<u>-</u>	<u>32,087</u>	<u>3,030</u>	<u>1,625</u>	<u>1,310</u>	<u>8,633</u>	<u>296,965</u>	<u>2,099</u>	<u>14,020</u>
Expenditures:									
Current:									
Community services			5,470	500		12,467		90	15,128
Public works									
Public safety services		24,133							
Debt Service									
Education							380,515		
Total expenditures	<u>-</u>	<u>24,133</u>	<u>5,470</u>	<u>500</u>	<u>-</u>	<u>12,467</u>	<u>380,515</u>	<u>90</u>	<u>15,128</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>7,954</u>	<u>(2,440)</u>	<u>1,125</u>	<u>1,310</u>	<u>(3,834)</u>	<u>(83,550)</u>	<u>2,009</u>	<u>(1,108)</u>
Other Financing Sources (Uses):									
Transfers in			300						
Transfers out		(300)							
Refunding bond issuance									
Premium on refunding bond issuance									
Payments to refunding bond escrow agent									
Bond premium									
BAN premium									
Net other financing sources (uses)	<u>-</u>	<u>(300)</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	7,654	(2,140)	1,125	1,310	(3,834)	(83,550)	2,009	(1,108)
Fund Balances at Beginning of Year, as Restated	<u>312</u>	<u>14,294</u>	<u>5,185</u>	<u>1,070</u>	<u>148</u>	<u>24,517</u>	<u>450,608</u>	<u>14,266</u>	<u>89,839</u>
Fund Balances at End of Year	<u>\$ 312</u>	<u>\$ 21,948</u>	<u>\$ 3,045</u>	<u>\$ 2,195</u>	<u>\$ 1,458</u>	<u>\$ 20,683</u>	<u>\$ 367,058</u>	<u>\$ 16,275</u>	<u>\$ 88,731</u>

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds		Debt Service Funds	Permanent Funds		Eliminations	Total Nonmajor Governmental Funds
	Tolland Emergency Fund	Education COVID Relief Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund		
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$ 1,453,971
Charges for services							746,976
Investment income			1,024	973	210,023		212,874
Other	24,809						43,415
Total revenues	<u>24,809</u>	<u>-</u>	<u>1,024</u>	<u>973</u>	<u>210,023</u>	<u>-</u>	<u>2,457,236</u>
Expenditures:							
Current:							
Community services	22,573						210,122
Public works							10,580
Public safety services							88,230
Debt Service			339,803		2,810		342,613
Education		191,777			20,461		2,185,057
Total expenditures	<u>22,573</u>	<u>191,777</u>	<u>339,803</u>	<u>-</u>	<u>23,271</u>	<u>-</u>	<u>2,836,602</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,236</u>	<u>(191,777)</u>	<u>(338,779)</u>	<u>973</u>	<u>186,752</u>	<u>-</u>	<u>(379,366)</u>
Other Financing Sources (Uses):							
Transfers in		283,508	76,703			(135,848)	392,004
Transfers out		(91,575)		(973)		135,848	-
Refunding bond issuance			2,210,000				2,210,000
Premium on refunding bond issuance			320,483				320,483
Payments to refunding bond escrow agent			(2,503,790)				(2,503,790)
Bond premium			955,190				955,190
BAN premium			69,941				69,941
Net other financing sources (uses)	<u>-</u>	<u>191,933</u>	<u>1,128,527</u>	<u>(973)</u>	<u>-</u>	<u>-</u>	<u>1,443,828</u>
Net Change in Fund Balances	2,236	156	789,748	-	186,752	-	1,064,462
Fund Balances at Beginning of Year, as Restated	<u>45,594</u>	<u>-</u>	<u>590,028</u>	<u>295,501</u>	<u>850,297</u>	<u>-</u>	<u>4,068,107</u>
Fund Balances at End of Year	<u>\$ 47,830</u>	<u>\$ 156</u>	<u>\$ 1,379,776</u>	<u>\$ 295,501</u>	<u>\$ 1,037,049</u>	<u>\$ -</u>	<u>\$ 5,132,569</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, 2021**

	<u>Utility Service Fund</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Assets:			
Current:			
Cash and cash equivalents	\$ 736,550	\$	\$ 736,550
Advance to plan administrator		<u>3,270,951</u>	<u>3,270,951</u>
Total assets	<u>736,550</u>	<u>3,270,951</u>	<u>4,007,501</u>
Liabilities:			
Current:			
Accounts payable	55,455		55,455
Claims payable		<u>493,611</u>	<u>493,611</u>
Total liabilities	<u>55,455</u>	<u>493,611</u>	<u>549,066</u>
Net Position:			
Unrestricted	<u>\$ 681,095</u>	<u>\$ 2,777,340</u>	<u>\$ 3,458,435</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, 2021**

	<u>Utility Service Fund</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Operating Revenues:			
Charges for services	\$ 1,835,337	\$	\$ 1,835,337
Employer contributions		<u>7,515,987</u>	<u>7,515,987</u>
Total operating revenues	<u>1,835,337</u>	<u>7,515,987</u>	<u>9,351,324</u>
Operating Expenses:			
Utilities	983,932		983,932
Administration	5,200	51,382	56,582
Employee benefits		<u>6,578,967</u>	<u>6,578,967</u>
Total operating expenses	<u>989,132</u>	<u>6,630,349</u>	<u>7,619,481</u>
Operating Income (Loss)	<u>846,205</u>	<u>885,638</u>	<u>1,731,843</u>
Nonoperating Revenue (Expenses):			
Investment income	245	9,644	9,889
Interest expense	<u>(172,165)</u>		<u>(172,165)</u>
Net nonoperating revenue (expenses)	<u>(171,920)</u>	<u>9,644</u>	<u>(162,276)</u>
Transfers in and out:			
Transfer In	3,878		3,878
Transfer out	<u>(599,323)</u>		<u>(599,323)</u>
Total transfers	<u>(595,445)</u>	-	<u>(595,445)</u>
Change in Net Position	78,840	895,282	974,122
Net Position at Beginning of Year	<u>602,255</u>	<u>1,882,058</u>	<u>2,484,313</u>
Net Position at End of Year	<u>\$ 681,095</u>	<u>\$ 2,777,340</u>	<u>\$ 3,458,435</u>

**TOWN OF TOLLAND, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Utility Service Fund</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities:			
Received from customers	\$ 1,835,337	\$ 7,515,987	\$ 9,351,324
Payments to suppliers	(965,157)		(965,157)
Payments to providers of benefits		(7,525,631)	(7,525,631)
Net cash provided by (used in) operating activities	<u>870,180</u>	<u>(9,644)</u>	<u>860,536</u>
Cash Flows from Noncapital Financing Activities:			
Transfers in/out	(595,445)		(595,445)
Interest expense	(172,165)		(172,165)
Net cash provided by (used in) noncapital financing activities	<u>(767,610)</u>	<u>-</u>	<u>(767,610)</u>
Cash Flows from Investing Activities:			
Investment income	<u>245</u>	<u>9,644</u>	<u>9,889</u>
Net Increase (Decrease) in Cash and Cash Equivalents	102,815	-	102,815
Cash and Cash Equivalents at Beginning of Year	<u>633,735</u>	<u>-</u>	<u>633,735</u>
Cash and Cash Equivalents at End of Year	<u>\$ 736,550</u>	<u>\$ -</u>	<u>\$ 736,550</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 846,205	\$ 885,638	\$ 1,731,843
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in accounts receivable			-
(Increase) decrease in advance to plan administrator		(914,620)	(914,620)
Increase (decrease) in accounts payable	23,975		23,975
Increase (decrease) in claims payable		19,338	19,338
Net Cash Provided by (Used in) Operating Activities	<u>\$ 870,180</u>	<u>\$ (9,644)</u>	<u>\$ 860,536</u>

This page is intentionally left blank.

Statistical Section

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

Contents	Page
Financial Trends	91-94
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	95-97
These schedules contain information to help the reader assess the Town's most significant local revenue source, property taxes.	
Debt Capacity	98-100
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	101-102
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	103-105
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
Net investment in capital assets	\$ 79,197,477	\$ 78,699,978	\$ 81,610,820	\$ 76,933,951	\$ 76,382,043	\$ 77,127,304	\$ 68,793,985	\$ 73,179,715	\$ 77,712,083	\$ 86,869,703
Restricted	313,063	313,063	313,063	313,063	313,063	313,063	313,063	313,063	313,063	6,925,865
Unrestricted	16,742,638	15,874,642	14,558,545	18,974,027	18,030,770	18,211,767	22,957,775	22,180,817	15,393,930	25,963,137
Total governmental activities net position	<u>96,253,178</u>	<u>94,887,683</u>	<u>96,482,428</u>	<u>96,221,041</u>	<u>94,725,876</u>	<u>95,652,134</u>	<u>92,064,823</u>	<u>95,673,595</u>	<u>93,419,076</u>	<u>119,758,705</u>
Business-Type Activities:										
Net investment in capital assets	9,859,251	9,609,679	9,313,922	9,007,412	8,705,538	8,465,681	8,200,166	7,966,653	8,281,210	7,954,904
Restricted	24,357	30,682	36,239	42,725	49,825	49,825	66,520	76,294	87,107	
Unrestricted	268,614	303,016	379,213	489,150	637,253	784,452	948,955	1,130,315	1,349,595	1,707,876
Total business-type activities net position	<u>10,152,222</u>	<u>9,943,377</u>	<u>9,729,374</u>	<u>9,539,287</u>	<u>9,392,616</u>	<u>9,299,958</u>	<u>9,215,641</u>	<u>9,173,262</u>	<u>9,717,912</u>	<u>9,662,780</u>
Primary Government:										
Net investment in capital assets	89,056,728	88,309,657	90,924,742	85,941,363	85,087,581	85,592,985	76,994,151	81,146,368	85,993,293	94,824,607
Restricted	337,420	343,745	349,302	355,788	362,888	362,888	379,583	389,357	400,170	6,925,865
Unrestricted	17,011,252	16,177,658	14,937,758	19,463,177	18,668,023	18,996,219	23,906,730	23,311,132	16,743,525	27,671,013
Total Primary Government Net Position	<u>\$ 106,405,400</u>	<u>\$ 104,831,060</u>	<u>\$ 106,211,802</u>	<u>\$ 105,760,328</u>	<u>\$ 104,118,492</u>	<u>\$ 104,952,092</u>	<u>\$ 101,280,464</u>	<u>\$ 104,846,857</u>	<u>\$ 103,136,988</u>	<u>\$ 129,421,485</u>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
Administration	\$ 1,170,393	\$ 1,128,418	\$ 1,100,996	\$ 1,058,486	\$ 1,600,623	\$ 1,440,490	\$ 1,413,134	\$ 1,075,524	\$ 1,753,006	\$ 2,012,338
Planning and community development	505,425	478,632	355,708	448,187	438,009	474,277	491,843	502,276	645,191	528,407
Community services	2,125,783	1,307,822	1,993,470	1,724,251	1,687,426	2,292,140	1,698,846	1,777,504	1,414,041	1,351,726
Public works	8,260,781	9,389,371	7,775,750	8,579,435	9,763,091	8,422,874	8,165,431	9,388,239	10,252,618	8,158,702
Public safety services	2,021,332	2,068,676	2,147,154	2,170,204	2,445,574	2,478,544	2,308,812	2,563,483	1,903,423	3,207,753
Records and financial services	1,029,158	1,093,230	1,051,896	1,149,410	875,914	1,139,430	1,186,970	1,242,415	1,531,846	1,137,503
Board of Education	44,963,365	44,748,673	45,552,363	45,685,969	47,211,938	50,393,047	51,267,751	43,885,556	72,076,692	57,870,430
Interest expense	1,524,853	1,405,217	1,515,547	1,405,788	1,247,428	915,251	1,112,080	1,394,808	1,273,113	1,573,133
Total governmental activities expenses	61,601,090	61,620,039	61,492,884	62,221,730	65,270,003	67,556,053	67,644,867	61,829,805	90,849,930	75,839,992
Business-type activities:										
Water	368,586	376,706	386,035	342,447	324,016	313,802	332,778	384,383	411,474	375,927
Sewer	453,389	460,248	427,194	535,004	472,864	487,772	491,475	436,016	442,663	470,730
Total business-type activities expenses	821,975	836,954	813,229	877,451	796,880	801,574	824,253	820,399	854,137	846,657
Total primary government expenses	62,423,065	62,456,993	62,306,113	63,099,181	66,066,883	68,357,627	68,469,120	62,650,204	91,704,067	76,686,649
Program Revenues:										
Governmental activities:										
Charges for services:										
Administration		10,756								
Planning and community development	286,961	302,962	382,127	347,892	360,580	454,427	437,551	481,779	494,635	680,424
Community services	370,474	376,711	545,223	409,067	463,717	504,979	414,253	453,327	252,405	133,445
Public works	45,948	48,035	72,179	110,844	93,451	128,353	91,366	56,112	44,038	47,986
Public safety services	259,484	135,789	330,423	344,714	286,369	311,219	407,397	443,882	377,393	388,675
Records and financial services	122,561	125,682	104,747	103,599	105,715	107,063	99,445	94,022	114,066	170,899
Board of Education	1,180,834	1,236,580	1,227,663	1,087,047	1,100,158	1,194,206	1,262,058	1,113,293	825,952	593,111
Operating grants and contributions:										
Administration				16,586	387,114					141,140
Community services	23,516	54,620	38,258	55,909	22,015	12,499	7,427	28,535	17,957	38,907
Public works	713,000	243,507	200,290	338,861	98,715		22,622	24,443	20,622	49,730
Public safety services		26,500	11,500	39,527	46,916	34,743	21,609	1,713	5,699	32,087
Board of Education	16,506,865	16,733,049	17,510,095	16,687,608	17,211,591	19,683,233	18,678,318	14,079,044	18,839,063	23,000,569
Capital grants and contributions:										
Administration				16,586	387,114					
Planning and community development	289,946	102,017	247,737	150,957	262		28,302		16,132	
Community services	848,986	300,640	642,137	107,521	512,213	1,273,987	85,401			
Public works	256,910	436,075	94,000		362,888	390,955	685,461	2,084,524	1,246,111	890,771
Public safety services										
Board of Education	512,458		765,355		11,938		853,821	78,571	18,505,087	28,591,794
Interest expense	51,637	43,731	35,860	28,023	20,238	12,051	3,874			
Total governmental activities program revenues	21,469,580	20,176,654	22,207,594	19,828,155	21,083,916	24,107,715	23,098,905	18,939,045	40,759,160	54,759,538
Business-type activities:										
Charges for services:										
Water	303,144	243,188	257,244	313,502	267,256	327,083	338,695	346,297	331,568	355,367
Sewer	337,485	333,676	325,755	356,904	362,674	378,006	399,493	432,571	421,173	439,329
Capital grants and contributions:										
Water										
Total business-type activities program revenues	640,629	576,864	582,999	670,406	629,930	705,089	738,188	778,868	752,741	794,696
Total primary government program revenues	22,110,209	20,753,518	22,790,593	20,498,561	21,713,846	24,812,804	23,837,093	19,717,913	41,511,901	55,554,234
Net (expense) revenue:										
Governmental activities	(40,131,510)	(41,443,385)	(39,285,290)	(42,393,575)	(44,186,087)	(43,448,338)	(44,545,962)	(42,890,760)	(50,090,770)	(21,080,454)
Business-type activities	(181,346)	(260,090)	(230,230)	(207,045)	(166,950)	(96,485)	(86,065)	(41,531)	(101,396)	(51,961)
Total primary government net expense	(40,312,856)	(41,703,475)	(39,515,520)	(42,600,620)	(44,353,037)	(43,544,823)	(44,632,027)	(42,932,291)	(50,192,166)	(21,132,415)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	38,343,637	39,058,990	39,472,811	40,575,260	42,207,337	43,527,376	44,299,403	45,216,830	46,685,864	46,462,712
Unrestricted grants and contributions	357,609	529,845	267,332	371,281	318,864	627,533	281,712	521,497	519,024	510,373
Investment income	202,173	264,739	293,666	108,406	102,253	196,135	227,649	610,285	475,553	355,761
Miscellaneous	506,984	274,316	88,287	1,092,241	77,468	23,552	128,703	139,495	169,561	79,812
Transfers	(15,000)	(50,000)	(15,000)	(15,000)	(15,000)	(15,000)	5,000	11,425	(638,575)	11,425
Total governmental activities	39,395,403	40,077,890	40,107,096	42,132,188	42,690,922	44,374,596	44,942,467	46,499,532	47,211,427	47,420,083
Business-type activities:										
Investment income	1,490	1,245	1,227	1,958	5,279	3,827	6,748	10,577	7,471	8,254
Miscellaneous										
Transfers	15,000	50,000	15,000	15,000	15,000		(5,000)	(11,425)	638,575	(11,425)
Total business-type activities	16,490	51,245	16,227	16,958	20,279	3,827	1,748	(848)	646,046	(3,171)
Total primary government	39,411,893	40,129,135	40,123,323	42,149,146	42,711,201	44,378,423	44,944,215	46,498,684	47,857,473	47,416,912
Change in Net Position:										
Governmental activities	(736,107)	(1,365,495)	821,806	(261,387)	(1,495,165)	926,258	396,505	3,608,772	(2,879,343)	26,339,629
Business-type activities	(164,856)	(208,845)	(214,003)	(190,087)	(146,671)	(92,658)	(84,317)	(42,379)	544,650	(55,132)
Total Primary Government	\$ (900,963)	\$ (1,574,340)	\$ 607,803	\$ (451,474)	\$ (1,641,836)	\$ 833,600	\$ 312,188	\$ 3,566,393	\$ (2,334,693)	\$ 26,284,497

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Restricted	\$ 140,862	\$ 170,722	\$ 59,680	\$	\$	\$	\$	\$	\$	\$
Committed				75,249	63,813	46,580	46,580	696,522	731,635	888,014
Assigned	1,309,480	1,086,458	1,281,734	1,537,737	1,764,973	2,053,282	2,363,364	2,030,521	2,732,318	2,024,576
Unassigned	<u>6,588,695</u>	<u>6,649,387</u>	<u>7,053,690</u>	<u>6,853,234</u>	<u>7,113,653</u>	<u>7,923,976</u>	<u>8,320,481</u>	<u>8,150,176</u>	<u>9,494,295</u>	<u>9,947,007</u>
Total General Fund	<u>\$ 7,898,175</u>	<u>\$ 7,735,845</u>	<u>\$ 8,335,424</u>	<u>\$ 8,466,220</u>	<u>\$ 8,942,439</u>	<u>\$ 10,023,838</u>	<u>\$ 10,730,425</u>	<u>\$ 10,877,219</u>	<u>\$ 12,958,248</u>	<u>\$ 12,859,597</u>
All Other Governmental Funds:										
Nonspendable	\$ 349,238	\$ 354,191	\$ 353,280	\$ 350,288	\$ 342,832	\$ 347,922	\$ 347,381	\$ 354,799	\$ 346,304	\$ 346,749
Restricted	7,126,927	5,685,035	3,100,145	7,017,336	5,693,424	4,183,849	11,726,422	8,368,948	9,638,891	529,896
Committed	166,425	89,708	4,127,934	110,228	264,540	189,978	193,061	172,483	824,615	7,146,094
Unassigned	<u>(2,459)</u>		<u>(4,173)</u>							
Total All Other Governmental Funds	<u>\$ 7,640,131</u>	<u>\$ 6,128,934</u>	<u>\$ 7,577,186</u>	<u>\$ 7,477,852</u>	<u>\$ 6,300,796</u>	<u>\$ 4,721,749</u>	<u>\$ 12,266,864</u>	<u>\$ 8,896,230</u>	<u>\$ 10,809,810</u>	<u>\$ 8,022,739</u>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Property taxes	\$ 38,322,762	\$ 39,100,634	\$ 39,438,201	\$ 40,552,478	\$ 42,183,337	\$ 43,606,051	\$ 44,200,499	\$ 45,048,508	\$ 46,434,593	\$ 46,540,270
Intergovernmental	19,468,002	18,414,199	20,026,194	18,020,668	18,849,801	22,280,089	17,885,492	18,318,759	36,817,529	40,821,778
Charges for services	2,309,929	2,414,067	2,520,931	2,378,727	2,385,095	2,545,736	2,414,424	2,329,730	1,896,036	1,866,533
Investment income	202,173	264,739	289,584	108,406	102,253	196,135	227,649	569,312	446,413	320,521
Other revenues	528,023	552,436	268,990	1,348,950	332,545	317,609	501,696	573,210	429,435	966,083
Total revenues	60,830,889	60,746,075	62,543,900	62,409,229	63,853,031	68,945,620	65,229,760	66,839,519	86,024,006	90,515,185
Expenditures:										
Administration	2,456,691	2,585,864	2,587,899	2,674,620	3,024,034	2,950,835	2,813,641	2,808,468	3,091,499	3,179,418
Planning and community development	353,474	369,838	328,045	360,179	355,841	397,518	406,893	412,478	431,155	453,723
Community services	1,779,801	1,258,941	1,477,915	1,383,962	1,310,176	1,323,475	1,284,980	1,346,691	1,258,788	1,068,220
Public works	4,672,022	5,079,375	4,423,762	4,506,859	4,488,925	4,374,697	4,199,887	4,638,670	4,371,825	4,196,803
Public safety services	1,530,271	1,623,645	1,667,369	1,812,677	1,927,065	1,920,063	1,774,044	2,035,755	1,389,095	2,690,900
Records and financial services	803,047	887,048	860,910	935,031	633,230	936,000	956,625	997,461	963,999	978,270
Contingency and other	681,042	39,993	144,636	144,844	124,671	68,707	176,038	76,296	203,128	156,006
Board of Education	42,059,147	42,599,914	43,424,363	43,904,035	45,133,023	48,670,545	45,852,991	47,335,526	47,140,491	47,448,200
Capital outlay	4,807,253	4,575,746	10,319,486	7,526,243	5,322,867	3,888,346	4,239,918	5,673,805	27,870,340	31,667,295
Debt service:										
Principal	3,445,310	3,402,386	3,383,503	3,241,654	3,500,204	4,290,336	4,317,216	3,833,129	4,011,659	4,052,633
Interest	1,572,380	1,572,380	1,572,380	1,572,380	1,247,428	915,251	1,112,080	1,394,808	1,273,113	1,573,133
Total expenditures	64,160,438	63,995,130	70,190,268	68,062,484	67,067,464	69,735,773	67,134,313	70,553,087	92,005,092	97,464,601
Excess of revenues over (under) expenditures	(3,329,549)	(3,249,055)	(7,646,368)	(5,653,255)	(3,214,433)	(790,153)	(1,904,553)	(3,713,568)	(5,981,086)	(6,949,416)
Other financing sources (uses):										
Proceeds from capital lease						9,572,000				
Refinancing of capital lease						(9,332,590)				
Bond anticipation note repayment					(5,410,000)					
Bond issue proceeds	2,675,000	1,460,000	9,598,157	5,410,000	7,565,000		9,340,000		8,165,000	2,405,000
Issuance of refunding bonds	2,235,000	8,025,000		9,635,000						2,210,000
Payments to escrow agents	(2,345,417)	(9,122,074)		(10,592,003)						(2,503,790)
Bond premium	191,275	134,338		49,838	285,400		287,694		95,593	1,025,131
Premium on refunding bond issuance	153,420	1,158,124		1,065,684						320,483
Transfers in	630,810	603,353	510,704	297,907	798,678	428,023	608,139	1,520,243	1,518,654	1,832,876
Transfers out	(645,810)	(653,353)	(525,704)	(241,389)	(725,482)	(374,928)	(79,578)	(1,030,515)	(428,376)	(1,226,006)
Total other financing sources (uses)	2,894,278	1,605,388	9,583,157	5,625,037	2,513,596	292,505	10,156,255	489,728	9,350,871	4,063,694
Net change in fund balances	(435,271)	(1,643,667)	1,936,789	(28,218)	(700,837)	(497,648)	8,251,702	(3,223,840)	3,369,785	(2,885,722)
Fund balances at beginning of year	16,114,439 *	15,679,168	14,035,501	15,972,290	15,944,072	15,243,235	14,745,587	22,997,289	19,773,449	23,768,058 *
Fund Balances at End of Year	\$ 15,679,168	\$ 14,035,501	\$ 15,972,290	\$ 15,944,072	\$ 15,243,235	\$ 14,745,587	\$ 22,997,289	\$ 19,773,449	\$ 23,143,234	\$ 20,882,336
Debt Service as a Percentage of Noncapital Expenditures	8.0%	8.0%	7.2%	8.3%	7.4%	7.7%	7.9%	8.2%	6.9%	7.9%

* Fund balance restated

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

Fiscal Year Ended June 30	Real Estate Assessed Value	Motor Vehicle Assessed Value	Personal Property Assessed Value	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Percentage of Total Assessed Value to Total Estimated Value
2012	\$ 1,142,580,300	\$ 125,830,860	\$ 25,638,820	\$ 1,294,049,980	29.73	\$ 1,863,819,646	69.43%
2013	1,147,601,690	132,924,706	25,791,953	1,306,318,349	29.99	1,795,873,452	72.74%
2014	1,150,683,695	132,639,318	26,055,411	1,309,378,424	30.19	1,794,898,456	72.95%
2015	1,153,559,570	134,824,899	27,043,573	1,315,428,042	31.05	1,828,253,012	71.95%
2016	1,104,541,199	137,134,911	29,171,246	1,270,847,356	33.36	1,815,496,223	70.00%
2017	1,106,946,632	144,981,536	30,240,615	1,282,168,783	34.19	1,836,128,860	69.83%
2018	1,105,855,007	143,597,879	35,252,570	1,284,705,456	34.48	1,886,498,467	68.10%
2019	1,110,792,274	145,884,778	40,004,119	1,296,681,171	35.00	1,867,071,521	69.45%
2020	1,112,668,682	147,989,711	39,453,734	1,300,112,127	36.05	1,895,759,882	68.58%
2021	1,101,230,365	147,737,460	41,723,378	1,290,691,203	36.05	1,843,844,576	70.00%

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

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

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

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

Tax-exempt property not broken out by category.

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

Taxpayer	2020			2011		
	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	\$ 16,484,520	1	1.28%	\$ 10,248,650	2	0.79%
Capitol Ventures	13,641,800	2	1.06%	12,335,300	1	0.95%
Gerber Scientific, Inc.	8,440,480	3	0.66%	6,193,460	4	0.48%
MRT of Connecticut SNF (Woodlake)	8,012,410	4	0.62%			
Summers and Summers Realty				5,615,700	6	0.43%
JM Associates LLC (CNC Software)	7,860,290	5	0.61%			
Norwegian Woods, Inc.	5,544,100	6	0.43%	3,597,000	9	0.28%
Ivy Woods LLC	5,009,900	7	0.39%	3,964,000	7	0.31%
MJB Realty (Star Hill Athletic Facility)	4,572,230	8	0.36%	6,586,350	3	0.51%
Connecticut Water Company	4,166,030	9	0.32%			
Carriage Crossing LLC				3,817,100	8	0.30%
Silva Real Estate/Dari Farms				5,705,898	5	0.44%
Raggozino Foods/Gerber Associates LLC	4,309,860	10	0.34%			
NERAC, Inc.				3,570,660	10	0.28%
Total	\$ <u>78,041,620</u>		<u>6.07%</u>	\$ <u>61,634,118</u>		<u>4.77%</u>

Note: Based on net taxable grand list, October 1, 2020 and October 1, 2011.

TABLE 7

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

Fiscal Year Ended June 30	Mill Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	29.73	\$ 38,100,458	\$ 37,743,231	99.06%	\$ 108,231	\$ 37,851,462	99.35%
2013	29.99	38,831,162	38,481,041	99.10%	79,275	38,560,316	99.30%
2014	30.19	39,263,225	38,885,680	99.04%	89,504	38,975,184	99.27%
2015	31.05	40,469,270	40,094,577	99.07%	69,760	40,164,337	99.25%
2016	33.36	41,981,338	41,653,686	99.22%	92,967	41,746,653	99.44%
2017	34.19	43,430,320	42,996,306	99.00%	115,858	43,112,164	99.27%
2018	34.48	44,114,882	43,699,966	99.06%	136,128	43,836,094	99.37%
2019	35.00	44,997,409	44,475,818	98.84%	357,613	44,833,431	99.64%
2020	36.05	46,462,354	45,793,939	98.56%	424,388	46,218,327	99.47%
2021	36.05	46,192,111	45,677,610	98.89%		45,677,610	98.89%

**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							
2012	\$ 38,267,549	\$ N/A	\$ 38,267,549	3.0%	\$ 2,515	\$ 509,133	\$ 3,600,000	\$ 42,376,682	8.41%	\$ 2,785
2013	36,696,551	N/A	36,696,551	2.8%	2,438	384,543	3,466,667	40,547,761	6.43%	2,694
2014	34,176,289	N/A	34,176,289	2.6%	2,289	256,195	12,798,157	47,230,641	7.55%	3,163
2015	31,760,588	5,410,000	37,170,588	2.4%	2,482	155,251	12,459,972	49,785,811	7.58%	3,324
2016	36,401,600	N/A	36,401,600	2.9%	2,431	52,268	12,105,109	48,558,977	7.40%	3,244
2017	32,742,212	N/A	32,742,212	2.6%	2,192		11,971,999	44,714,211	6.83%	2,994
2018	38,648,439	N/A	38,648,439	3.0%	2,583		11,231,771	49,880,210	7.60%	3,333
2019	35,271,825	N/A	35,271,825	2.7%	2,396		10,481,503	45,753,328	7.09%	3,108
2020	31,765,456	8,165,000	39,930,456	2.4%	2,691		9,720,983	49,651,439	7.63%	3,346
2021	39,473,713	N/A	39,473,713	2.4%	2,683		8,949,993	48,423,706	7.51%	3,291

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, 2021**

Total Tax Collections (Including Interest and Lien Fees)
for the Year Ended June 30, 2020 \$ 46,415,050

Base for Debt Limitation Computation \$ 46,415,050

	<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	\$ 104,433,863	\$	\$	\$	\$
4 1/2 times base		208,867,725			
3 3/4 times base			174,056,438		
3 1/4 times base				150,848,913	
3 times base					139,245,150
Total debt limitation	<u>104,433,863</u>	<u>208,867,725</u>	<u>174,056,438</u>	<u>150,848,913</u>	<u>139,245,150</u>
Indebtedness:					
Bonds payable	18,642,397	18,282,603			
Bond authorized but unissued	<u>8,758,827</u>	<u>15,429,852</u>			
Net Indebtedness (1) (2)	<u>27,401,224</u>	<u>33,712,455</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	\$ <u><u>77,032,639</u></u>	\$ <u><u>175,155,270</u></u>	\$ <u><u>174,056,438</u></u>	\$ <u><u>150,848,913</u></u>	\$ <u><u>139,245,150</u></u>

(1) The total of the above net indebtedness amounts to: \$ 61,113,679

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 324,905,350

(2) There is no overlapping debt.

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 267,626,436	\$ 273,336,217	\$ 276,365,677	\$ 283,577,056	\$ 295,505,581	\$ 304,004,526	\$ 304,004,526	\$ 309,929,662	\$ 315,295,260	\$ 324,905,350
Total net debt applicable to limit	40,060,513	37,096,154	37,193,008	34,137,145	37,610,716	45,685,921	44,074,405	41,416,769	62,605,770	61,113,679
Legal Debt Margin	\$ <u>227,565,923</u>	\$ <u>236,240,063</u>	\$ <u>239,172,669</u>	\$ <u>249,439,911</u>	\$ <u>257,894,865</u>	\$ <u>258,318,605</u>	\$ <u>259,930,121</u>	\$ <u>268,512,893</u>	\$ <u>252,689,490</u>	\$ <u>263,791,671</u>
Total net debt applicable to the limit as a percentage of debt limit	15.0%	13.6%	13.5%	12.0%	12.7%	15.0%	14.5%	13.4%	19.9%	18.8%

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 2021 debt limit can be found in the notes to the financial statements.

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

Fiscal Year	Population (2)	Personal Income	Per Capita Personal Income (1)	Median Age (2)	School Enrollment	Unemployment Rate (2)
2012	15,216	\$ 503,771,328	\$ 33,108	38.0	2,977	6.1%
2013	15,052	630,422,916	41,883	40.0	2,837	5.9%
2014	14,931	625,355,073	41,883	40.0	2,733	5.2%
2015	14,977	656,681,542	43,846	41.0	2,676	3.5%
2016	14,971	656,418,466	43,846	43.0	2,706	4.5%
2017	14,935	654,840,010	43,846	43.0	2,484	3.8%
2018	14,964	656,111,544	43,846	42.0	2,467	3.5%
2019	14,722	645,500,812	43,846	42.0	2,393	3.0%
2020	14,838	650,586,948	43,846	44.0	2,354	7.3%*
2021	14,713	645,106,198	43,846	44.0	2,281	4.8%

* Impact of COVID related employee layoffs etc. As employees began to return to work in the following months, the unemployment rate began to decline. August 2020 declined to 5.2%.

Sources:

- (1) U.S. Department of Commerce, Bureau of Census, 2010 Census
- (2) Connecticut Economic Resource Center (CERC) Town Profile (2021)

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

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Town of Tolland (1)	498	1	6.1%	516	1	6.5%
Gerber Garment Technologies	286	2	3.5%	313	2	3.9%
Woodlake at Tolland	255	3	3.1%	215	3	2.7%
Big Y	184	4	2.2%	210	4	2.6%
Dari Farms				190	5	2.4%
CNC Software	152	5	1.8%	120	6	1.5%
Star Hill Family Athletic Center	75	6	0.9%			
State Police Troop C	70	7	0.9%			
Eversource/Northeast Utilities	64	8	0.8%	61	9	0.8%
Soldream, Inc.				55	10	0.7%
NERAC, Inc.	41	9	0.5%	62	8	0.8%
USDA	29	10	0.4%			
Standard Register				91	7	1.1%
	<u>1,654</u>			<u>1,833</u>		

Notes:
(1): Full-time equivalents

Source: Assessor Office / Official Statements

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration	4	4	4	4	4	4	4	4	4	4
Planning and community development	5	5	4	4	4	4	5	5	5	5
Community services	18	18	16	17	17	17	17	17	17	17
Public works	33	32	31	32	32	31	31	31	32	32
Public safety services	12	13	13	13	13	13	13	13	13	13
Records and financial services	14	14	14	14	14	14	14	14	14	14
Total	<u>86</u>	<u>86</u>	<u>82</u>	<u>84</u>	<u>84</u>	<u>83</u>	<u>84</u>	<u>84</u>	<u>85</u>	<u>85</u>

Source: Accounting Department

TABLE 14

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Planning and community development:										
Residential permit inspections	8	7	13	17	8	10	8	8	11	11
Commercial permit inspections	11	34	21	22	24	66	51	65	56	56
Subdivision lots approved (P&Z Comm)	3	0	0	2	2	2	2	1	4	4
COs issued (P&Z Services)***	212	28	195	15	20	14	19	8	10	10
Elderly services:										
Senior center attendance	8,029	8,231	8,311	8,070	9,246	9,701	9,021	10,334	7,758	7,758 ****
Library:										
Total circulation	112,356	119,949	122,365	125,480	120,000	98,074 *	105,898	99,179	73,567	73,567 ****
Attendance at library	70,000	77,231	77,630	75,996	70,933	60,000 *	71,000	97,098	85,128	85,128 ****
Recreation:										
Youth programs and sports participation	2,213	1,853	1,858	1,835	2,092	1,806	1,640	1,657	1,479	1,479 ****
Adult programs and sports participation	1,061	710	731	755	795	880	997	1,019	992	992 ****
Refuse and recycling:										
Tons of refuse co-generated	4,806	4,348	4,256	4,325	4,347	4,180	4,252	4,391	4,549	4,549
Tons of single stream recycling	1,737	1,772	1,730	1,753	1,711	1,761	1,611	1,139	1,577	1,577
Public safety:										
Ambulance medical calls	1,183	1,135	1,235	1,272	1,307	1,338	1,285	1,356	1,349	1,349
Ambulance non-emergency calls	2,534	2,464	2,563	2,750	N/A	N/A	N/A	N/A	N/A	N/A
Fire calls	540	516	405	525	525	478	470	515	512	512
Fire medical calls	1,183	N/A								
Fire non-emergency calls	2,534	2,464	2,563	2,750	N/A	N/A	N/A	N/A	N/A	N/A
Hazardous materials	51	46	33	40	29	32	33	34	35	35
Other calls / service calls**		869	368	375	237	322	314	353	307	307
Vehicle Accidents				131	139	117	115	120	94	94
Law enforcement:										
Criminal investigations	169	398	396	458	502	456	399	402	273	273
Motor vehicle accident investigations	255	234	251	316	266	288	252	261	208	208
Registrar of voters:										
Total registered voters	9,186	9,415	9,271	9,400	9,436	10,128	10,125	10,301	10,339	10,339
Revenue services:										
Total taxes collected	\$ 37,641,605	\$ 38,505,984	\$ 38,882,421	\$ 40,094,577	\$ 41,653,686	\$ 42,996,306	\$ 43,699,966	\$ 44,475,818	\$ 45,793,939	\$ 45,793,939

* due to library expansion and being closed for 5 weeks

** new in 2013

June tax collector's report (current year only)

*** only for new houses starting in 2015

**** due to Senior Center/Recreation/Library being closed April, May and June of 2020 because of COVID-19. Senior Center did not open until April of 2021 with limitations, Recreation started with Winter programming on a very limited basis. Library partially opened as of July with limitations to programs.

Source: Department heads

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire stations	5	5	5	5	5	5	5	5	5	5
Municipal buildings	21	21	21	21	21	21	21	21	21	21
Schools	4	4	4	4	4	4	4	4	4	4
Parks and recreation:										
Fields - Municipal	16	16	16	16	16	16	16	16	16	16
Fields - Schools	16	16	16	16	16	16	16	16	16	16
Water:										
Water mains (Municipal) (miles)	66,991	66,994	66,994	66,994	66,994	66,994	66,994	66,994	66,994	66,994
Water mains (Private) (miles)	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772
Fire hydrants (Public)	83	83	83	83	83	83	83	83	83	83
Fire hydrants (Private)	14	14	14	14	14	14	14	14	14	14
Wastewater:										
Sewer line (feet)	46,432	46,432	46,432	46,432	46,432	46,432	46,432	46,432	46,432	46,432
Highway:										
Paved miles	123.60	123.68	123.68	123.68	123.68	123.68	123.68	123.93	123.93	123.93
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

This page is intentionally left blank.