

OFFICIAL STATEMENT DATED OCTOBER 8, 2014

NEW ISSUE/REFUNDING ISSUE: Book-Entry-Only

RATINGS: Standard & Poor's: AAA / SP-1+

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the material accuracy of representations and continuing compliance by the Town with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and the Notes is excluded from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds and the Notes may be includable in the adjusted current earnings of certain corporations for purposes of computing the federal alternative minimum tax on such corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax. See Appendix B – Form of Opinion of Bond Counsel and Tax Matters (Bonds) and Appendix C – Form of Opinion of Bond Counsel and Tax Matters (Notes) herein.



\$9,635,000

**TOWN OF TOLLAND, CONNECTICUT
GENERAL OBLIGATION REFUNDING BONDS, 2014 SERIES A
BOOK-ENTRY-ONLY**

Dated: Date of Delivery

**Due: Serially, August 1, 2015 – 2027
As detailed inside the front cover**

Interest on the Bonds will be payable semiannually on the first day of February and August of each year, commencing February 1, 2015. The Beneficial Owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. The Bonds will be issued only as fully registered bonds, by means of a book-entry-only system, without coupons, and registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds will be in the principal amount of \$5,000 or integral multiples thereof. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the Bondowner, as nominee for DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only System" herein.

The Bonds are subject to redemption prior to maturity as more fully described in "Redemption Provisions" herein.

**\$5,410,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES
BOOK-ENTRY-ONLY**

Dated: Date of Delivery

Due: October 21, 2015

The Notes are not subject to redemption prior to maturity.

The Certifying Agent, Transfer Agent, Registrar, and Paying Agent for the Bonds and the Notes will be U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Escrow Agent for the Bonds.

The Bonds and the Notes will be general obligations of the Town of Tolland, Connecticut (the "Town"), and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. See "Security and Remedies" herein.

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Middletown and New Haven, Connecticut. It is expected that the delivery of the Bonds and the Notes in definitive form will be made on or about October 22, 2014 through the facilities of DTC.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

PiperJaffray.

TOWN OF TOLLAND, CONNECTICUT
\$9,635,000 GENERAL OBLIGATION REFUNDING BONDS, 2014 SERIES A
BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: Serially, August 1, 2015 – 2027

Due	Amount	Interest Rate	Yield	CUSIP¹	Due	Amount	Interest Rate	Yield	CUSIP¹
2015	\$ 110,000	2.000%	0.180%	889481SD0	2022	\$665,000	4.000%	1.950%	889481RW9
2016	110,000	2.000	0.350	889481SE8	2023	680,000	4.000	2.100	889481RX7
2017	1,000,000	2.000	0.570	889481RR0	2024	695,000	4.000	2.180	889481RY5
2018	1,340,000	4.000	0.860	889481RS8	2025*	700,000	3.000	2.360	889481RZ2
2019	1,345,000	4.000	1.170	889481RT6	2026*	545,000	3.000	2.490	889481SA6
2020	1,350,000	4.000	1.450	889481RU3	2027*	315,000	3.000	2.610	889481SB4
2021	780,000	4.000	1.700	889481RV1					

* Priced assuming redemption on August 1, 2024; however, any such redemption is at the option of the Town.

\$5,410,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES
BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: October 21, 2015

Interest Rate: 1.500%	Yield: 0.180%	CUSIP¹: 889481SC2
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- (1) Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds and the Notes. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds and the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and the Notes.

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APPENDIX C – FORM OF OPINION OF BOND COUNSEL AND TAX MATTERS (NOTES)

APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT (BONDS)

APPENDIX E – FORM CONTINUING DISCLOSURE AGREEMENT (NOTES)

BOND ISSUE SUMMARY

The information in this section is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

Issuer:	Town of Tolland, Connecticut
Issue:	\$9,635,000 General Obligation Refunding Bonds, 2014 Series A (the "Bonds")
Underwriter:	Piper Jaffray & Co.
Dated Date:	Date of delivery
Interest Date:	Each August 1 and February 1, commencing February 1, 2015
Principal Due:	Serially, August 1, 2015 through August 1, 2027 as detailed in this Official Statement
Purpose:	The Bonds are being issued to refund all or a portion of outstanding bonds of the Town dated September 1, 2005, September 15, 2006 and September 1, 2007. See "The Refunding Plan" herein.
Redemption:	The Bonds are subject to redemption prior to maturity as more fully described herein under "Redemption Provisions - Optional Redemption" herein.
Security:	The Bonds will be general obligations of the Town of Tolland, Connecticut, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.
Bank Qualification:	The Bonds shall not be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds.
Credit Ratings:	Standard & Poor's assigned a rating of AAA to the Bonds and affirmed the AAA rating on the Town's parity debt outstanding. See "Ratings" herein.
Credit Enhancement:	The Town does not expect to direct purchase a credit enhancement facility.
Tax Matters:	See Appendix B - "Form of Opinion of Bond Counsel and Tax Matters (Bonds)" herein.
Certifying Agent, Registrar, Transfer Agent, Paying Agent and Escrow Agent:	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103
Legal Opinion:	Udike, Kelly & Spellacy, P.C., of Hartford, Middletown and New Haven, Connecticut will act as Bond Counsel.
Delivery:	It is expected that delivery of the Bonds in book-entry-only form through the facilities of DTC will be made on or about October 22, 2014.

**Final Official
Statement:**

This Official Statement is in a form “deemed final” by the Town for the purposes of SEC Rule 15c2-12(b)(1).

**Availability of
Continuing
Information:**

See Appendix D – “Form of Continuing Disclosure Agreement (Bonds)” herein.

For additional copies of the Official Statement or requests for additional information, please contact:

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NOTE ISSUE SUMMARY

The information in this section is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

Issuer:	Town of Tolland, Connecticut
Issue:	\$5,410,000 General Obligation Bond Anticipation Notes (the “Notes”)
Underwriter:	Piper Jaffray & Co.
Dated Date:	Date of Delivery
Interest Date:	At maturity, October 21, 2015
Principal Due:	At maturity, October 21, 2015
Purpose:	The Notes are being issued to finance various capital projects. See “Authorization and Purpose” herein.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town of Tolland, Connecticut, and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due.
Bank Qualification:	The Notes shall not be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Notes.
Credit Ratings:	Standard & Poor’s assigned a rating of SP-1+ on the Notes. See “Ratings” herein.
Credit Enhancement:	The Town does not expect to direct purchase a credit enhancement facility.
Tax Matters:	See Appendix C- “Form of Opinion of Bond Counsel and Tax Matters (Notes)” herein.
Certifying Agent, Registrar, Paying Agent & Transfer Agent:	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103
Legal Opinion:	Updike, Kelly & Spellacy, P.C., of Hartford, Middletown and New Haven, Connecticut will act as Bond Counsel.
Delivery:	It is expected that delivery of the Notes in book-entry-only form through the facilities of DTC will be made on or about October 22, 2014.
Final Official Statement:	This Official Statement is in a form “deemed final” by the Town for the purposes of SEC Rule 15c2-12(b)(1).

**Availability of
Continuing
Information:**

See Appendix E – “Form of Continuing Disclosure Agreement” herein.

For additional copies of the Official Statement or requests for additional information, please contact:

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INTRODUCTION

The purpose of this Official Statement is to provide certain financial information and economic and demographic data relevant to the Town of Tolland, Connecticut (the “Town”) in connection with the sale of \$9,635,000 General Obligation Refunding Bonds, 2014 Series A (the “Bonds”), and \$5,410,000 General Obligation Bond Anticipation Notes (the “Notes”), of the Town.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds or the Notes. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds or the Notes in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such jurisdiction. No dealer, broker, salesman, or any other person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of these Bonds or the Notes, and, if given or made, such information or representation must not be relied upon. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue to be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations and summaries and explanations of provisions of law herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

The information set forth herein has been obtained by the Town from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and the Notes and may not be reproduced or used in whole or in part for any other purpose.

The information in this Official Statement has been prepared by the Town’s financial advisor, Phoenix Advisors, LLC (the “Financial Advisor”), from information supplied by the Town’s officials and other sources as indicated. The Financial Advisor does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same. An agreement between the Town and the Financial Advisor has been entered into to conform to Municipal Securities Rulemaking Board (“MSRB”) Rule G-23. U.S. Bank National Association, of Hartford, Connecticut, will act as Certifying Agent, Registrar, Transfer Agent and Paying Agent for the Notes and act as Certifying Agent, Registrar, Transfer Agent, Paying Agent and Escrow Agent for the Bonds.

Set forth in Appendix A – “Audited Financial Statements” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinions in Appendices B and C herein), and they make no representation that they have independently verified the same.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND THE NOTES AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

SECTION I – SECURITIES OFFERED

Description of the Bonds

The Bonds will be dated the date of delivery and will mature on August 1 of the years and in the principal amounts as follows:

<u>Due August 1</u>	<u>Principal Amount</u>	<u>Due August 1</u>	<u>Principal Amount</u>
2015	\$ 110,000	2022	\$665,000
2016	110,000	2023	680,000
2017	1,000,000	2024	695,000
2018	1,340,000	2025	700,000
2019	1,345,000	2026	545,000
2020	1,350,000	2027	315,000
2021	780,000		

Interest on the Bonds will be payable semiannually on the first day of February and August of each year, commencing February 1, 2015. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. Principal will be payable at the principal office of U.S. Bank National Association, Hartford, Connecticut, as Paying Agent.

The Bonds are subject to redemption prior to maturity as described in “Redemption Provisions” herein.

Description of the Notes

The Notes in the principal amount of \$5,410,000 will be dated the date of delivery and will be due and payable as to both principal and interest at maturity, October 21, 2015. The Notes will bear interest calculated on the basis of a 360-day year consisting of 30-day months, at such rate or rates per annum as specified on the inside cover of this Official Statement. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-entry-only System” herein.

The Notes are not subject to redemption prior to maturity.

Redemption Provisions

Optional Redemption

The Bonds maturing on or before August 1, 2024 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2025 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after August 1, 2024, either in whole or in part, at any time, in such order of maturity and in such amounts as the Town may determine, and by lot within a maturity, at the redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 2024 and thereafter	100.0%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty days prior to the date fixed for redemption to the registered owner of any Bonds designated for redemption in whole or in part, at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amounts of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by Direct Participants in the Bonds to be redeemed, the interests to be reduced by such redemption in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

Authorization and Purpose

Refunding Bonds: Pursuant to a resolution adopted by the Town Council at its regularly scheduled meeting of August 26, 2014 pursuant to Section 7-370c of the Connecticut General Statutes, the Town authorized the issuance of bonds in an amount up to \$11,000,000 for the purpose of refunding all or a portion of the aggregate principal amount outstanding of Town's Bonds dated September 1, 2005, September 15, 2006 and September 1, 2007 (the "Refunded Bonds"). See "The Refunding Plan" herein.

Various Capital Projects, 2011-12: Notes are being issued pursuant to appropriations and bonding authorizations in the aggregate amount of \$1,542,944 adopted by the Town Council on July 26, 2011 for the purpose of financing the cost of pavement resurfacing, sealing and repair of certain roads and parking lots (\$566,991 appropriation and bond authorization), certain drainage improvements (\$60,000 appropriation and bond authorization), roof replacement at the Tolland Public Library (\$396,215 appropriation and bond authorization), the installation of an engine drive generator at the Hicks Memorial Municipal Center and Library (\$80,000 appropriation and bond authorization), the acquisition of a dump truck (\$145,000 appropriation and bond authorization), certain improvements to Tolland Intermediate School (\$216,738 appropriation and bond authorization), and certain driveway pavement improvements (\$78,000 appropriation and bond authorization).

Various Capital Projects, 2013-14: Notes are being issued pursuant to appropriations and bonding authorizations in the aggregate amount of \$1,567,000 adopted by the Town Council on July 9, 2013, for the purpose of financing the cost of pavement resurfacing, sealing, repair and reconstruction of, and the drainage replacement, repairs and improvements to, all or portions of certain town roads (\$951,300 appropriation and bond authorization), the installation of fiber-optic lines to connect certain buildings of the Town for communication purposes (\$300,000 appropriation and bond authorization), purchasing heavy machinery and equipment, such as a bucket loader to be used for loading and hauling salt, sand, catch basins, pipes and other materials and a front line truck to be used in connection with the transport of asphalt,

gravel and other materials, plowing, sanding and other purposes (\$316,000 appropriation and bond authorization).

Various Capital Projects, 2014-15: Notes are being issued pursuant to appropriations in the aggregate amount of \$2,078,168 and bonding authorizations in the aggregate amount of \$1,710,775 adopted by the Town Council on July 8, 2014, for the purpose of financing the cost of pavement resurfacing, sealing, overlay, repair and/or reconstruction of, and the drainage replacement and design, repairs and improvements to, all or portions of certain Town roads (\$850,000 appropriation and \$510,507 bond authorization), installation of fiber-optic lines to connect certain buildings of the Town for communication purposes (\$762,245 appropriation and \$734,345 bond authorization), purchasing heavy machinery and equipment, such as the replacement of a truck body to extend the life of an all-season front line truck and the acquisition of an all-season front line truck to be used in connection with the transport of asphalt, gravel and other materials, plowing, sanding and other purposes (\$270,000 appropriation and bond authorization), and façade improvements for Tolland Intermediate School (\$195,923 appropriation and bond authorization).

Tolland Public Library Project (2013): Notes are being issued pursuant to appropriations and bonding authorizations in the aggregate amount of \$2,600,000 adopted by the Town Council on November 5, 2013, for costs related to the Tolland Public Library expansion project.

Road Improvement Project (2012): Notes are being issued pursuant to appropriations and bonding authorizations in the aggregate amount of \$5,000,000 adopted by the Town Council on November 6, 2012, for the purpose of financing the cost of pavement resurfacing, sealing, overlay, drainage improvements, repair and reconstruction of all or portions of certain Town roads.

Use of Proceeds

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded</u>	<u>New Money (Paydowns)</u>	<u>The Notes</u>	<u>The Bonds</u>
Refunding bonds ¹	\$11,000,000	N/A	N/A	\$ -	\$9,635,000
Various capital projects, 2011-12	1,542,944	1,006,206	216,738	216,738	-
Various capital projects, 2013-14	1,567,300	-	951,287	951,287	-
Various capital projects, 2014-15	2,078,168	-	1,710,775	1,710,775	-
Tolland Public Library (2013).....	2,600,000	-	531,200	531,200	-
Road Improvements (2012)	5,000,000	-	<u>2,000,000</u>	<u>2,000,000</u>	-
Total			\$5,410,000	\$5,410,000	\$9,635,000

¹ See "The Refunding Plan" herein.

Sources and Uses of Bond and Note Proceeds

	<u>The Notes</u>	<u>The Bonds</u>	<u>Total</u>
Sources:			
Principal amount	\$5,410,000.00	\$ 9,635,000.00	\$15,045,000.00
Net original issue premium	<u>71,087.40</u>	<u>1,065,684.35</u>	<u>1,136,771.75</u>
Total sources	5,481,087.40	10,700,684.35	16,181,771.75
Uses:			
Escrow deposit fund	-	10,592,003.21	10,592,003.21
Deposit to project fund	5,410,000.00	-	5,410,000.00
For Interest on the BANs	42,562.40	-	42,562.40
Costs of issuance	15,000.00	75,440.39	90,440.39
Underwriter's discount	<u>13,525.00</u>	<u>33,240.75</u>	<u>46,765.75</u>
Total uses	\$5,481,087.40	\$10,700,684.35	\$16,181,771.75

The Refunding Plan

A portion of the proceeds of the Bonds is being used to refund the Town's outstanding general obligation bonds as set forth below (the "Refunded Bonds"). The refunding is contingent upon delivery of the Bonds.

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP Number</u>
09/01/05:	09/01/17	4.250%	\$ 580,000 ⁽¹⁾	09/01/16	100.00%	889481LR6
	09/01/18	4.250	580,000	09/01/16	100.00	889481LS4
	09/01/19	4.250	580,000	09/01/16	100.00	889481LT2
	09/01/20	4.250	<u>580,000</u>	09/01/16	100.00	889481LU9
			\$2,320,000			
09/15/06:	08/15/17	4.000%	\$ 525,000	08/15/16	100.00%	889481MM6
	08/15/18	4.000	525,000	08/15/16	100.00	889481MN4
	08/15/19	4.000	525,000	08/15/16	100.00	889481MP9
	08/15/20	4.000	525,000	08/15/16	100.00	889481MQ7
	08/15/21	4.000	525,000	08/15/16	100.00	889481MR5
	08/15/22	4.000	400,000	08/15/16	100.00	889481MS3
	08/15/23	4.000	400,000	08/15/16	100.00	889481MT1
	08/15/24	4.000	400,000	08/15/16	100.00	889481MU8
	08/15/25	4.000	400,000	08/15/16	100.00	889481MV6
	08/15/26	4.000	<u>240,000</u>	08/15/16	100.00	889481MW4
			\$4,465,000			
09/01/07:	09/01/15	4.000%	\$ 195,000	n/a	n/a	889481NF0
	09/01/16	4.250	200,000	n/a	n/a	889481NG8
	09/01/18	3.900	220,000	09/01/17	100.00%	889481NJ2
	09/01/19	3.950	230,000	09/01/17	100.00	889481NK9
	09/01/20	4.000	235,000	09/01/17	100.00	889481NL7
	09/01/21	4.000	245,000	09/01/17	100.00	889481NM5
	09/01/22	4.050	255,000	09/01/17	100.00	889481NN3
	09/01/23	4.050	265,000	09/01/17	100.00	889481NP8
	09/01/24	4.125	280,000	09/01/17	100.00	889481NQ6
	09/01/25	4.150	290,000	09/01/17	100.00	889481NR4
	09/01/26	4.150	300,000	09/01/17	100.00	889481NS2
	09/01/27	4.200	<u>315,000</u>	09/01/17	100.00	889481NT0
			\$3,030,000			
	Total		\$9,815,000			

(1) Partial refunding

Upon delivery of the Bonds, a portion of the proceeds of the Bonds will be placed in an irrevocable escrow fund (the "Escrow Deposit Fund") established with U.S. Bank National Association as escrow agent (the "Escrow Agent") under an Escrow Agreement dated the date of delivery of the Bonds between the Escrow Agent and the Town (the "Escrow Agreement"). The Escrow Agent will hold such proceeds in the form of cash and/or use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by, the United States of America, which may include, without limitation, United States Treasury State and Local Government Series ("SLGS") securities (the "Escrow Securities"). The Escrow Securities will have maturities and interest rates sufficient to meet the principal and interest and redemption payments on the Refunded Bonds on the dates such payments are due. The Town will pay all costs of issuance of the Bonds, including Underwriter's discount, from proceeds of the Bonds or other funds of the Town.

The Escrow Agreement requires that the Escrow Agent call for the redemption of the Refunded Bonds. All investment income on and maturing principal of the Escrow Securities held in the Escrow Deposit Fund and needed to pay the principal, interest and redemption premium on the Refunded Bonds will be irrevocably deposited by the Town for payment of the Refunded Bonds.

The Connecticut General Statutes provide that upon placement in escrow of proceeds of refunding bonds sufficient to provide for the payment of the principal of and interest on the bonds to be refunded by such refunding bonds, such bonds are no longer counted in computing the Town's debt for statutory debt limitation purposes.

Verification of Mathematical Computations

The accuracy of the mathematical computations relating to (i) the adequacy of the maturing principal amounts of the Escrow Securities together with the interest income thereon and uninvested cash, if any, to pay when due, the principal of and interest on the Refunded Bonds and (ii) the yield on the Bonds and on the Escrow Securities for purposes of determining compliance with certain requirements of the Internal Revenue Code of 1986, as amended, will be verified by AMTEC. Such verification shall be based upon information and assumptions supplied by the Underwriter and the Town, and such verification, information and assumptions will be relied on by Bond Counsel in rendering its opinions described herein.

Ratings

On September 30, 2014, Standard & Poor's assigned a rating of AAA to the Bonds and affirmed the AAA rating on the Town's parity debt outstanding. Standard & Poor's also assigned a rating of SP-1+ on the Notes. Such ratings reflect only the view of the rating agency, and any explanation of the significance of such ratings should be obtained from the rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Town furnished to the rating agency certain information and materials, some of which may not have been included in this Official Statement. There can be no assurance that the ratings will continue for any given period of time or that the ratings will not be lowered or withdrawn entirely by the rating agency. Any such downward change or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town's outstanding debt obligations, including the Bonds and the Notes.

Security and Remedies

The Bonds and the Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due.

Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There were no acres of such certified forest land on the last completed Grand List of the Town. Under existing statutes, the State of Connecticut is obligated to pay the Town a portion of the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Bonds and the Notes is not limited to property tax revenues or any other revenue source, but certain other revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds or the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and the Notes or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes, and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds and notes from funds lawfully available therefore or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would also be subject to the applicable provisions of federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Under the federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and to any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

The Town has never defaulted on the payment of principal or interest on its bonds or notes.

Qualification for Financial Institutions

The Bonds and the Notes will **not** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds and the Notes.

Book-Entry-Only System

Unless otherwise noted, the description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds and the Notes, payment of interest and other payments on the Bonds and the Notes to DTC participants or beneficial owners of the Bonds and the Notes, confirmation and transfer of beneficial ownership interest in the Bonds and the Notes and other bond-related transactions by and between DTC, the DTC participants and beneficial owners of the Bonds and the Notes is based solely on information provided on DTC's website and presumed to be reliable. Accordingly, neither the Town nor the Underwriter make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond or Note certificate will be issued for each maturity of the Bonds and the Notes, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC's records. The ownership interest of each actual purchaser of each Bond and Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds or Notes, except in the event that use of the book-entry system for the Bonds or the Notes is discontinued.

To facilitate subsequent transfers, all Bonds and Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds and Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds or the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds or the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds or the Notes at any time by giving reasonable notice to the Town or its Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond and Note certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond and Note certificates will be printed and delivered to DTC.

NEITHER THE TOWN, THE PAYING AGENT, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; AND (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

DTC Practices

The Town can make no assurances that DTC, DTC Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds and the Notes will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its Participants which are on file with the Securities and Exchange Commission.

Replacement Bonds

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds and the Notes, and the Town fails to identify another qualified securities depository for the Bonds and the Notes to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds and the Notes, the Town will issue fully registered Bond and Note certificates directly to the Beneficial Owners. A Beneficial Owner of the Bonds and the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds and the Notes.

Underwriting

The Bonds and the Notes are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$10,667,443.60 (consisting of the principal amount of \$9,635,000.00, plus original issue premium of \$1,065,684.35, less underwriter's discount of \$33,240.75). The Underwriter has agreed, subject to certain conditions, to purchase the Notes from the Town at the net aggregate purchase price of \$5,467,562.40 (consisting of the principal amount of \$5,410,000.00, plus original issue premium of \$71,087.40, less underwriter's discount of \$13,525.00). The Underwriter will be obligated to purchase all such Bonds and Notes, if any such Bonds and Notes are purchased. The Bonds and the Notes may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds or the Notes into investment trusts) at prices lower than the public offering prices stated on the inside cover page to this Official Statement, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Pershing LLC Distribution Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to the Underwriter, including the Bonds and the Notes. Under the Pershing LLC Distribution Agreement, the Underwriter will share with Pershing LLC a portion of the fee or commission paid to the Underwriter.

The Underwriter has entered into a distribution agreement (the “CS&Co. Distribution Agreement”) with Charles Schwab & Co., Inc. (CS&Co.”) for retail distribution of certain securities offerings including the Bonds and the Notes, at the original issue prices. Pursuant to the CS&Co. Distribution Agreement, CS&Co. will purchase the Bonds and the Notes from the Underwriter at the original issue prices less a negotiated portion of the selling concession applicable to any Bonds or Notes that CS&Co. sells.

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SECTION II - THE ISSUER

Description of the Town of Tolland

CNN-Money Magazine began taking its biennial national poll of Best Small Towns in 2005. For communities in the 8,500-50,000 population range, Tolland has consistently ranked in the top 40 (ranking as high as 27 in 2009). There are currently 3,570 communities in this category. The ranking is based upon a strong local economy, great schools, affordable homes, low crime, and several ease-of-living criteria. Tolland has also been consistently the highest ranked Connecticut town by CNN-Money Magazine. In its write-up on Tolland, CNN-Money Magazine states that “residents of Tolland live in a mix of modernity and historic charm.” Tolland was ranked 30th on Money Magazine’s 2011 “100 Best Places to Live” in the United States.

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

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

The Town is a growing outer-ring suburb of the Hartford metropolitan area. Over 97% of its dwellings are owner-occupied, single-family homes. Land subdivision activity and housing starts have slowed down over the last 5 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 applications pending before the Planning and Zoning Commission and discussions with potential developers.

Economic Development

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

The Town’s Gateway Design District is in the vicinity of exit 68 off Interstate 84 which serves as the main access point to Tolland and also as the primary vehicular connection to the University of Connecticut’s main

campus which is approximately seven miles southeast along Route 195. Due to the expansion plans of the University, including the development of a research park, the Town anticipates the expansion of economic development opportunities in the Gateway Design District and the land masses known as the Tolland Village Area and the Technology Zone Campus, all within close proximity of Interstate 84.

The Phase I of sewer expansion, a \$2.5 million project extending public sewers along Old Post Road, brought sewers to two of the Town's public schools as well as to some private residences along the way. Importantly, it brought the sewer network closer to an underdeveloped commercial area that constitutes the Gateway Design District. The second extension continued from Old Post Road through the Gateway to the new High School which greatly expanded the business area beginning with a commercial campus in the south-west quadrant of the Gateway Design District. This 123,000-square-foot development includes a Big Y supermarket of 60,000 square feet and three smaller business buildings housing a new branch for a bank, a medical facility, a restaurant and other retail stores. Phase III was completed in 2010 extending the sewer line farther down Route 195 in the area identified as the Technology Campus Zone. The Town received a \$200,000 STEAP Grant to combine with sewer assessments for this extension. An application for a 90 unit multi-family complex in the area is pending with the Planning and Zoning Commission and a local bank broke ground recently for a branch facility.

Prospects for development of the area of Interstate 84 now known as the Tolland Village Area, a planned Transit Oriented Development (TOD) mixed use zone, as well as south of Interstate 84 now known as the Technology Campus Zone is favorable. The Town and its Economic Development Commission has been working with property owners, developers and residents to promote development in both areas that will take advantage of public water and sewer systems recently installed. The Town's Planning and Zoning Commission adopted zoning regulations associated with the Technology Campus Zone in July 2012. In addition, the Planning and Zoning Commission completed amendments to the local zoning regulations to provide more flexible standards for the development of commercial properties and to create an additional "village style" mixed use node along Routes 30 and 74 in the westerly part of Town.

In 2009, the Planning and Zoning Commission adopted an updated Plan of Conservation and Development which includes a residential/commercial build-out analysis as well as a review of the economic development goals of the community.

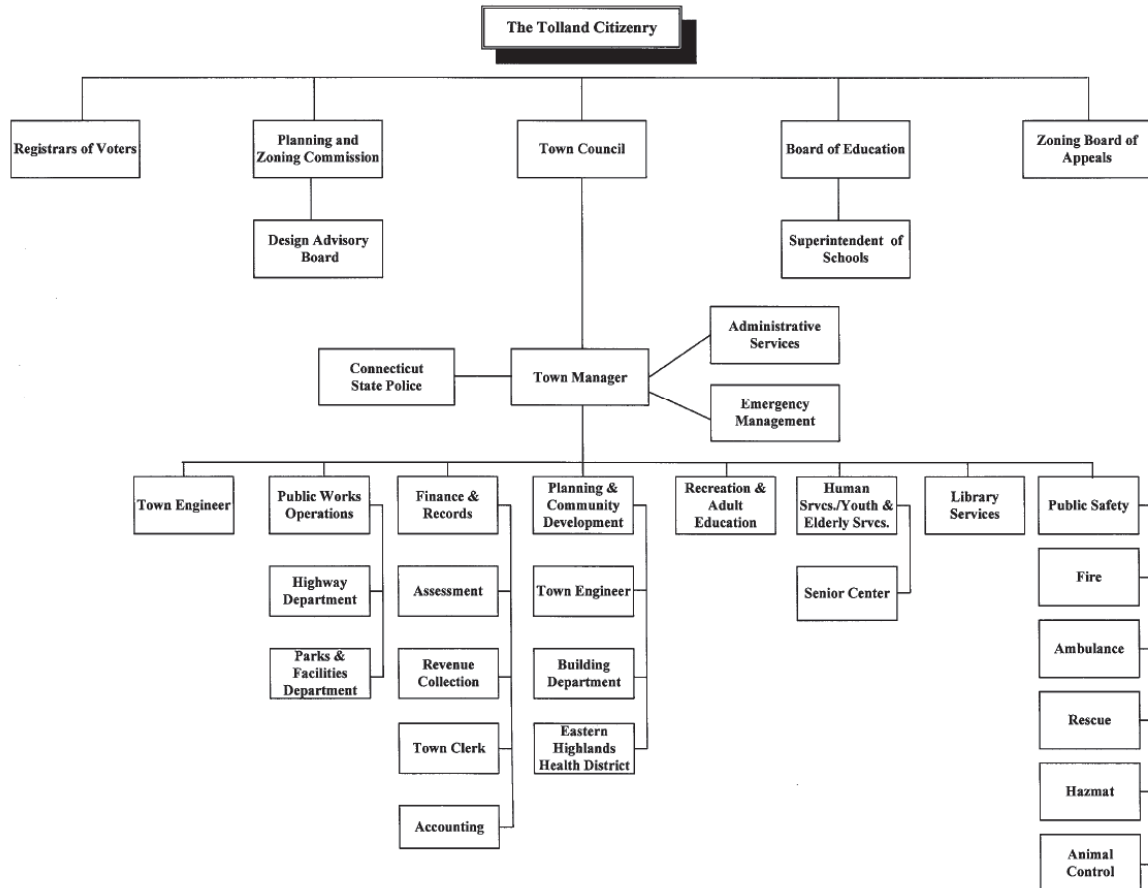
Tolland's attractiveness to new business and general population, as evidenced by growth, has been the topic of publication as of late. Government statistics show a well-educated citizenry with a median family income of \$117,646 (From Bestplace.net). Tolland's unemployment rate decreased from 5.9% as of June 2013 to 4.6% as of June 2014. The State of Connecticut unemployment rate decreased from 8% as of June 2013 to 6.4% as of June 2014.

Government Organization

Tolland is governed by a charter first adopted in 1973 (amended most recently in May 2004) under home rule provisions of the Connecticut General Statutes. As provided in the Charter, the Town utilizes the Council-Manager form of government. The seven members of the Town Council, who are elected at large for two-year terms, comprise the legislative and policy-making body of the Town. The Town Manager, who is appointed by the Town Council on the basis of executive and administrative qualifications, character, education, training and experience, is the full-time Chief Executive Officer. The Town Council elects its chairperson and vice-chairperson and appoints members to various Town boards, commissions, and committees. The Town Manager appoints department heads. The Town Manager and the Director of Finance and Records are responsible for the financial management of the Town. The budget, including a five-year capital improvement plan, is initially prepared by the Town Manager and submitted to the Town Council annually in March. Appropriations for both municipal and public school expenditures are included in the annual budget. After the holding of public hearings, the Town Council presents the budget to the annual budget meeting for public comment and then submits it for voter approval at referendum in May. Additional referenda, as required, are to be held every other week until a budget is finally approved. Within ten days after a successful annual budget referendum, the Town Council shall set the mill rate for the ensuing fiscal year.

Registered voters also have the power to approve or reject at referendum, with exceptions, any ordinance or other measure passed by the Town Council, including bonding authorizations, if a petition for the conduct of such referendum is filed within 30 days after adoption that contains the signatures of at least 5% of the registered voters at the last municipal election.

Town of Tolland Organization Chart



Principal Municipal Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Years of Service</u>
Town Manager	Steven R. Werbner	Appointed/indefinite	9 years
Town Council Chairperson	Jack Scavone	Elected/2 years	3 years
Director of Finance and Records	Lisa A. Hancock	Appointed/indefinite	2 years ¹
Assistant Finance Director/			
Treasurer	Agata Herasimowicz	Appointed/indefinite	7 years
Town Clerk	Sheila Bailey	Appointed/indefinite	<1 year ²
Collector of Revenue	Michele Manas	Appointed/indefinite	3 years ²
Assessor	Jason Lawrence	Appointed/indefinite	2 years ²
Director of Planning and Community Development	Linda Farmer	Appointed/indefinite	26 years
Superintendent of Schools (Interim)....	Dr. Tym McDowell	Appointed/indefinite	<1 year ³

¹ Ms. Hancock has over 30 years of municipal finance experience, with 28 of them in leadership positions. She has a strong background in technology improvements, policy development, budgeting and analysis, debt management, financial reporting and control, and cash management.

² There have been several retirements over the past year. All of the positions have been filled with highly qualified and professional people with several years of experience within their field.

³ The Superintendent of Schools retired in August, 2014. There is currently a highly qualified interim Superintendent in place and the initial interview phase of the recruitment process is complete.

Summary of Municipal Services

The Town's municipal services are currently organized under six (6) major divisions. They include: Administration, Finance and Records, Planning and Community Development, Community Services, Public Works and Environmental Maintenance, and Public Safety Services.

Administration: The Town Manager provides general supervision to all Town departments, which collectively staff approximately 78 employees. The Office of the Town Manager handles all human resource issues and other administrative services.

Finance and Records: The Town's financial operations, which include revenue collection, assessment services, town clerk, and accounting services, operate from several independent offices, all under the supervision of the Director of Finance and Records. The Accounting Office handles all financial transactions and administers financial control by balancing appropriations and expenditures with revenues. The Office of the Assessor compiles and updates valuation of all property within Tolland's borders. The Collector of Revenue is responsible for the prompt collection of all levied taxes. The Town Clerk is responsible for the recording and maintenance of all Town records.

Planning and Community Development: The Division of Planning and Community Development provides planning, zoning, health, inland wetlands, and building inspection services to residents and businesses of the Town. The Division employs a Director of Planning and Community Development and Building Inspector. Effective May 1, 2000, the Town joined the Eastern Highlands Health District to share sanitarian services with the Towns of Mansfield, Coventry, and Bolton. Since that time, the Towns of Andover, Ashford, Chaplin, Columbia, Scotland, and Willington have also joined the District. Through economies of scale, the District is able to provide high quality service to Tolland residents and businesses while realizing some financial benefits.

Community Services: The Community Services Department encompasses human services, library services, and recreation. A Library Director oversees the Tolland Library. The Director of Human Services oversees a Social Service Department, which provides a Marriage and Family Therapist, a Youth Services Coordinator, an Elderly Outreach Caseworker, and a Senior Center Director. The Town's Director of Recreation administers all recreational programs for Town residents, including an adult education program. An Assistant Director provides administrative support services for the recreational programs, which often occur during weekends and holidays. The Director of Recreation coordinates all park and field maintenance activities in conjunction with the Parks and Facilities Supervisor. One hundred forty-six acres were added to Crandall Park, which has a pond, hiking trails, pavilion, playground, and athletic fields, and provides an attractive and safe location for the Town's recreational activities. The Director operates The Lodge, a year-round rental facility overlooking Powell Pond in Crandall II Park. The facility can hold up to 100 guests with tables and chairs. The Pavilion at Crandall II Park is also available for rent seasonally and can hold up to 100 guests. Heron Cove Park and River Park include additional athletic fields to serve the Town. Kollar Wildlife Management Area, which covers 1,000 acres along the Willimantic River, is a popular site for hiking, biking, and fly-fishing; the Nye-Holman State Forest offers additional recreational opportunities. In 2013-14 two new recreational facilities were added to the Town. A new Artificial Turf field is available to the public for sports use and rental. The new Crossfarms Concession Stand at Crossfarms Recreation Complex also provides income to assist with the maintenance of that new building.

Public Works: The Public Works Department is divided into three service areas: Administration, Parks and Facilities and Highway Division. Administration focuses on coordinating department activities, oversight of contracted services, implementation of the capital improvement program, budget preparation and supporting activities to the Town Manager's office. Parks and Facilities provides maintenance and repairs required to maintain Town buildings, cemeteries and grounds. The Highway Division is primarily focused on keeping Tolland's roads free from hazards and preserving the Town's investment in infrastructure through its pavement management program, maintenance activities such as sweeping and roadside mowing, and less routine activities such as drainage improvements, snow plowing and storm drainage restoration. The Public Works Department comprises 30 full-time employees and three part-time employees and is supplemented by contracted firms.

Engineering: Engineering is involved in the design and development of in-house projects, review of submissions to the Planning and Zoning Commission, and support services to the Water Pollution Control Authority and Tolland Water System. Currently, the Town has contracted with an engineering consultant to provide these services.

Public Safety: The Town's Public Safety Services include police, fire, ambulance, and canine control. The Town contracts with the Connecticut State Police for the provision of law enforcement services throughout the Town, which includes a sergeant and four troopers. This contingent of officers coordinates closely with the Tolland-based State Police barracks to provide public safety services to residents and businesses. The Town employs a Public Safety Director to administer all fire, ambulance, and emergency services throughout the Town. The Director also serves as the Tolland Fire Department's Fire Chief. In 2012, the Town added an Assistant Public Safety Director to assist with the department demands and also serves as the Assistant Fire Chief and Fire Marshal. The Fire Department consists of both paid and volunteer firefighters operating out of four firehouses located strategically throughout the Town to minimize response time during emergency situations. In an effort to provide funding for replacement vehicles, ambulance revenues in excess of \$91,680 are earmarked annually for a capital equipment replacement fund in the Capital Improvement Plan. The plan for ambulance revenues has been in effect for all fiscal years since fiscal year 2001.

Water: The Town water system provides water services to a small sector of the community, servicing approximately 501 residences, 22 businesses and one municipal account. In addition, the Town operates two satellite systems to address neighborhood needs. The Connecticut Water Company services other designated sections throughout the Town.

Sewer: Public sewers are available in the west central portion of the Town, including the expanded business park. The sewers have also been extended down to the schools, through the Gateway Design District and up Route 195.

Public Schools

An elected Board of Education of nine members makes the policy for the Town's pre-kindergarten through grade twelve educational system. It appoints the Superintendent of Schools who has responsibility for administration of the Tolland school system. As of October 2013 Tolland schools had an enrollment of approximately 2,622 students being taught in four facilities: the Birch Grove Primary School (grades Pre-K-2), the Tolland Intermediate School housing grades 3-5, the Tolland Middle School housing grades 6-8 and Tolland High School (grades 9-12). Parker Memorial Elementary School closed in September 2008 when the old High School re-opened as the new home for the middle school and the Intermediate School replaced the original middle school. A portion of Parker Memorial currently houses the recreation offices and is used for community programs.

Tolland students consistently rank well ahead of State averages in all categories of academic performance testing and have measured up well with peers in comparable communities (towns designated by the Connecticut Department of Education as constituting an Education Reference Group or ERG). In contrast to this evidence of good outcome, the financial input to education is modest; Tolland's expenditures per pupil remain below the average for all school districts in Connecticut as well as in the ERG.

School Enrollments

<u>As of October 1</u>	<u>Elementary Schools Grades Pre-K-4</u>	<u>Middle School Grades 5-8</u>	<u>High School Grades 9-12</u>	<u>Total Enrollment</u>
<i>Historical</i>				
2001	1,211	891	798	2,900
2002	1,236	907	820	2,963
2003	1,274	900	879	3,053
2004	1,282	952	869	3,103
2005	1,296	1,002	860	3,158
2006	1,267	992	883	3,142
2007	1,478	771	900	3,149
	<u>Elementary Schools Grades Pre-K-5</u>	<u>Middle School Grades 6-8</u>	<u>High School Grades 9-12</u>	<u>Total Enrollment</u>
2008	1,436	771	942	3,149
2009	1,390	770	949	3,109
2010	1,364	750	940	3,054
2011	1,307	740	930	2,977
2012	1,250	695	913	2,858
2013	1,183	689	860	2,732
2014	1,141	684	853	2,678
<i>Projected</i>				
2015	1,135	670	841	2,646
2016	1,062	640	817	2,519
2017	990	603	807	2,400

School Facilities¹

<u>School</u>	<u>Grades</u>	<u>Date of Construction (Last Remodeled)</u>	<u>Number of Classrooms</u>	<u>Estimated Enrollment 10/1/14</u>	<u>Rated Capacity</u>
Tolland High School	9-12	2006	46 ²	853	1,300
Tolland Middle School	6-8	1971 (1975)	37	684	840
Tolland Intermediate School	3-5	1963 (1995)	47	581	1,090
Birch Grove Primary School	Pre-K, K-2	1999	<u>16</u>	<u>560</u>	<u>785</u>
Total			146	2,678	4,015

¹ Figures based on data from 2012-13 school year.

² Excludes labs and science rooms.

Principal Public Facilities

<u>Facility</u>	<u>Year of Acquisition or Improvements</u>	<u>Type of Construction</u>	<u>Planned Major Improvements</u>
Crandall's Lodge	1989	Wood frame	None
Crandall Park Pavilion	2011	Post & Beam	None
Crossfarms Concession Stand.....	2014	Concrete Block/Wood	None
Senior Center	1998	Wood frame	None
Maintenance Garage	1991	Steel	None
Highway Garage/ Addition	1981	Steel/concrete block	Future Expansion Plan
Old Tolland County Jail Museum	1856	Brick/Masonry	None
Town Hall Arts Center	1879 / 1997	Wood frame	None
Tolland Recreation Center/Old Parker School	1964/1992/2011	Concrete block	Potential renovation for 32 units of Senior Housing
State Resident Troopers Office.....	1900	Wood frame	None
Hicks Municipal Center	1986 / 2011	Brick/concrete block	None
Plains Road Firehouse	1990	Concrete block	None
Crystal Lake Road Firehouse	1996	Concrete block	None
Fire Training Center	1998	Wood frame	None
Rhodes & Merrow Road Firehouse	1973	Concrete block	None
Gehring Road Firehouse	1975	Concrete block	None

Municipal Employees¹

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
General government	77.49	77.49	80.21	80.86	80.86
Board of Education	<u>427.13</u>	<u>427.13</u>	<u>443.69</u>	<u>443.15</u>	<u>427.00</u>
Total	504.62	504.62	523.90	524.01	507.86

¹ Includes full-time equivalents.

Municipal Employees Bargaining Organizations

<u>Organization</u>	<u>Number of Employees</u>	<u>Current Contract Expiration Date</u>
IAFF Local 3954	5.0	6/30/16
Teamsters Local 1035	21.0	6/30/13 ²
Tolland Educational Association ¹	227.0	6/30/17
Tolland Administrators ¹	11.0	6/30/17
Tolland Paraprofessionals ¹	93.0	6/30/13 ²
Tolland School Nurses ¹	7.0	6/30/17
CSEA Local 2001 Town Hall Employees	26.0	6/30/16
Tolland Custodian, Maintenance & Grounds Assoc. AFSCME ¹	23.5	6/30/17
Association of Education Secretaries ¹	<u>20.4</u>	6/30/17
Total Bargaining	433.9	
Non-bargaining ¹	<u>71.0</u>	
Total	504.9	

¹ Includes full-time equivalents.

² In negotiation

General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either of the parties. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SECTION III - DEMOGRAPHIC AND ECONOMIC DATA SECTION

Population Trends and Densities

<u>Year</u>	<u>Population¹</u>	<u>Percent Change</u>	<u>Density²</u>
2010	15,052	14.5	373
2000	13,146	19.5	325
1990	11,001	13.5	272
1980	9,694	23.4	240
1970	7,857	166.3	194
1960	2,950	-	73

Sources: ¹U.S. Department of Commerce, Bureau of Census, Census of Population 1960-2010.

²Population per square mile: 40.3 square miles.

Age Distribution of the Population

<u>Age¹</u>	<u>Town of Tolland</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 years	710	4.7	200,031	5.6
5 to 9 years	1,148	7.7	221,806	6.2
10 to 14 years	1,454	9.7	238,955	6.7
15 to 19 years	846	5.6	254,462	7.1
20 to 24 years	801	5.3	225,619	6.3
25 to 34 years	1,270	8.5	421,617	11.8
35 to 44 years	2,140	14.3	485,127	13.6
45 to 54 years	2,975	19.9	570,253	16.0
55 to 59 years	932	6.2	238,882	6.7
60 to 64 years	849	5.7	205,639	5.8
65 to 74 years	1,040	6.9	258,464	7.2
75 to 84 years	583	3.9	166,552	4.7
85 years and over	232	1.5	84,806	2.4
Total	14,980	100.0	3,572,213	100.0
2010 median age (years) ²	41.6	-	40.0	-
2000 median age (years) ²	37.4	-	37.4	-

Sources: ¹Source: 2008-2012 American Community Survey.

²U.S. Department of Commerce, Bureau of Census, 2000 Census.

Comparative Income Measures

	<u>Town of Tolland</u>	<u>State of Connecticut</u>
Per capita income, 2010	\$41,883	\$36,775
Median family income, 2010	\$108,564	\$84,170
Median household income, 2010	\$99,764	\$67,740

Source: 2008-2012 American Community Survey.

Income Distribution

	<u>Town of Tolland</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ 0 – 9,999	114	2.1	73,564	5.4
10,000 – 14,999	69	1.3	55,426	4.1
15,000 – 24,999	235	4.3	112,550	8.3
25,000 – 34,999	254	4.7	107,632	7.9
35,000 – 49,999	379	6.9	157,126	11.6
50,000 – 74,999	732	13.4	234,976	17.3
75,000 – 99,999	841	15.4	188,102	13.8
100,000 – 149,999	1,396	25.6	226,765	16.7
150,000 – 199,999	798	14.6	93,104	6.8
200,000 and over	<u>641</u>	<u>11.7</u>	<u>109,973</u>	<u>8.1</u>
Total	5,459	100.0	1,359,218	100.0

Source: 2008–2012 American Community Survey.

Educational Attainment (Years of School Completed – Age 25 and Over)

	<u>Town of Tolland</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9 th grade	203	2.0	111,914	4.6
9 th to 12 th grade, no diploma	343	3.4	165,094	6.8
High school graduate	2,186	21.8	687,618	28.2
Some college, no degree	1,660	16.6	431,411	17.7
Associate's degree	1,012	10.1	173,047	7.1
Bachelor's degree	2,590	25.8	491,990	20.2
Graduate or professional degree	<u>2,027</u>	<u>20.2</u>	<u>373,309</u>	<u>15.3</u>
Total	10,021	100.0	2,434,383	100.0
Total high school graduate or higher	-	94.6	-	88.6
Total bachelor's degree or higher	-	46.1	-	35.5

Source: 2008–2012 American Community Survey.

Labor Force Data

<u>Reporting Period</u> <u>Average</u>				<u>Unemployment Rate</u>		
	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Town of Tolland</u>	<u>Hartford Labor Market</u>	<u>State of Connecticut</u>
August 2014	8,338	8,022	366	4.4	7.0	6.9
2013	8,343	7,881	462	5.5	7.8	7.8
2012	8,453	7,954	500	5.9	8.4	8.4
2011	8,643	8,117	526	6.1	8.8	8.8
2010	8,538	7,979	559	6.5	9.2	9.1
2009	8,553	8,023	530	6.2	8.3	8.2
2008	8,451	8,103	348	4.1	5.8	5.7
2007	8,420	8,143	277	3.3	4.7	4.6
2006	8,278	8,018	260	3.1	4.5	4.4
2005	8,090	7,809	281	3.5	5.1	4.9

Source: State of Connecticut, Labor Department, Office of Research.

Industry Classification

<u>Sector</u>	<u>Town of Tolland</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fishing, hunting, and mining	11	0.1	6,592	0.4
Construction	430	5.4	112,301	6.4
Manufacturing	804	10.0	207,476	11.7
Wholesale trade	239	3.0	47,436	2.7
Retail trade	763	9.5	195,667	11.1
Transportation, warehousing and utilities	201	2.5	67,556	3.8
Information	197	2.5	46,077	2.6
Finance, insurance, real estate and leasing	1,099	13.7	167,484	9.5
Professional, scientific, management, administrative and waste management	818	10.2	189,671	10.7
Educational, health and social services	2,269	28.3	438,801	24.8
Arts, entertainment, recreation, accommodation and food services	372	4.6	140,551	8.0
Other services	312	3.9	78,859	4.5
Public administration	<u>513</u>	<u>6.4</u>	<u>67,078</u>	<u>3.8</u>
Total	8,028	100.0	1,765,549	100.0

Source: 2008–2012 American Community Survey.

Commute to Work (16 years of age and over)

	<u>Town of Tolland</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Drove alone	6,896	88.4	1,353,252	77.9
Car pools	257	3.3	143,902	8.3
Using public transportation	88	1.1	89,137	5.1
Walked	20	0.3	54,686	3.1
Using other means	42	0.5	20,050	1.2
Worked at home	<u>494</u>	<u>6.3</u>	<u>75,129</u>	<u>4.3</u>
Total	7,797	100.0	1,736,156	100.0
Mean travel to work (minutes)	26.9	–	24.8	–

Source: 2008–2012 American Community Survey.

**Major Employers
September 2014**

The following are among the most significant employers in the Town of Tolland.

<u>Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees¹</u>
Town of Tolland	Municipality	505
Gerber Garment	Precision instruments	300
Woodlake at Tolland	Nursing Home	215
Big Y	Supermarket	210
Dari-Farms	Sales	190
CNC Software	Software supplier	120
Standard Register	Forms	90
NERAC, Inc.	Research	60
Northeast Utilities	Utility	60
Soldream, Inc.	Precision instruments	55

¹ Full-time equivalent.

Number and Value of Building Permits

<u>Fiscal Year</u>	<u>Single-Family Residential</u>		<u>Number</u>	<u>Total¹ Value</u>
	<u>Number</u>	<u>Value</u>		
2013-14	13	\$ 4,212,416	914	\$11,237,363
2012-13	7	1,960,249	997	9,776,438
2011-12	8	2,781,931	1,078	12,885,208
2010-11	6	1,543,195	871	8,337,237
2009-10	9	1,957,878	745	10,207,828
2008-09	9	1,842,000	896	7,294,212
2007-08	40 ²	8,311,792	1,038	18,969,292
2006-07	40	8,256,000	1,125	17,935,790
2005-06	66	12,748,000	1,337	25,558,223
2004-05	79	14,067,879	1,350	62,717,499 ³
2003-04	98	16,045,430	1,632	26,125,302
2002-03	84	13,804,750	1,302	25,031,919
2001-02	102	16,493,000	1,395	21,601,200

¹ Includes commercial and industrial.

² Includes eight single-family apartment units.

³ Includes \$34.8 million for new high school and \$1 million for 60,000-square-foot supermarket.

Age Distribution of Housing

<u>Household Characteristics</u>	<u>Town of Tolland</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Built in 1939 or earlier	303	5.5	321,529	21.6
Built in 1940-1949	115	2.1	108,911	7.3
Built in 1950-1959	591	10.8	243,080	16.3
Built in 1960-1969	1,122	20.5	199,976	13.4
Built in 1970-1979	721	13.2	197,328	13.3
Built in 1980-1989	891	16.3	190,017	12.8
Built in 1990-1999	786	14.4	112,306	7.5
Built in 2000-2004	932	17.0	103,239	6.9
Built in 2005 or later	13	0.2	11,686	0.8
Total	5,474	100.0	1,488,072	100.0

Source: 2008-2012 American Community Survey.

Housing Units by Type of Structure

<u>Type</u>	<u>Town of Tolland</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1 unit, detached	4,936	90.2	875,291	58.8
1 unit, attached	98	1.8	82,522	5.5
2 units	36	0.7	120,596	8.1
3 to 4 units	143	2.6	136,285	9.2
5 to 9 units	49	0.9	80,851	5.4
10 to 19 units	62	1.1	54,103	3.6
20 or more units	138	2.5	124,847	8.4
Mobile home	12	0.2	13,116	0.9
Boat, PV, van, etc.	-	0.0	461	0.0
Total	5,474	100.0	1,488,072	100.0

Source: 2008-2012 American Community Survey.

Owner-occupied Housing Units

	<u>Town of Tolland</u>		<u>State of Connecticut</u>	
Total owner-occupied units	5,459		888,478	
Persons per unit	2.83		2.71	

<u>Specified Owner-occupied Units</u>	<u>Town of Tolland</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$50,000	47	0.9	32,146	3.6
\$ 50,000 to \$ 99,999	0	0.0	29,490	3.3
\$100,000 to \$149,999	100	2.0	80,537	9.1
\$150,000 to \$199,999	639	12.8	137,454	15.5
\$200,000 to \$299,999	1,974	39.5	236,502	26.6
\$300,000 to \$499,999	1,930	38.6	228,551	25.7
\$500,000 to \$999,999	290	5.8	104,483	11.8
\$1,000,000 or more	19	0.4	39,315	4.4
Total	4,999	100.0	888,478	100.0
Median value	\$285,300	-	\$267,000	-

Source: 2008-2012 American Community Survey.

Number and Size of Households

<u>Household Characteristics</u>	<u>Town of Tolland</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Persons per household (average)	2.73	-	2.60	-
Persons per family (average).....	3.06	-	3.19	-
Family households	4,343	79.2	890,293	66.4
Non-family households	1,116	20.8	449,567	33.6
All households	5,459	100.0	1,339,860	100.0
Family households by type				
Married couple	3,836	88.9	657,885	73.9
Female householders, no spouse	354	7.4	175,140	19.7
Other	153	3.7	57,268	6.4
Total family households	4,343	100.0	890,293	100.0
Non-family households by type				
Householders living alone	828	74.3	370,938	70.9
Other	291	25.7	152,174	29.1
Total non-family households	1,119	100.0	523,112	100.0

Source: 2008–2012 American Community Survey.

Housing Unit Vacancy Rates

<u>Housing Units</u>	<u>Town of Tolland</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Occupied housing units.....	5,459	99.8	1,345,572	90.4
Vacant housing units.....	15	0.2	142,500	9.6
Total units.....	5,474	100.0	1,488,072	100.0

Source: 2008–2012 American Community Survey.

Breakdown of Land Use

Land Use Category	Total Area		Acres	Developed	Acres	Undeveloped
	Acres	Percent		Percent of Total		Percent of Total
Residential	18,753	72.7	10,209	39.6	8,544	33.1
Commercial	1,000	3.9	600	2.3	400	1.6
Open space	<u>6,039</u>	<u>23.4</u>	<u>-</u>	<u>-</u>	<u>6,039</u>	<u>23.4</u>
Total	25,792	100.0	10,809	41.9	14,983	58.1

Source: Tolland Planning & Community Development Department, June 2012.

The Town experienced considerable single-family residential growth from 1995 to 2005 issuing approximately 100 dwellers' permits each year. After a nine-month subdivision moratorium, which ended in December 2005, new Natural Resource Density Based Zoning Regulations were adopted to determine development potential in accordance with the property characteristics and constraints. The adoption of such regulations served to reduce the development potential of much vacant land and rendered some very steep, wet or rocky land unsuitable for development. The Plan of Conservation and Development adopted in 2009 identified the need for more diverse housing stock and the Planning and Zoning Commission has begun revisions to regulations to permit multi-family housing developments in and adjacent to commercial zones.

Currently, the Town continues to purchase open space with grant assistance as well as acquire it as part of the few approved subdivisions. Residential and commercial development has slowed considerably due to current market forces, although applications for an 87-unit, multi-family housing development and an over 100-unit, multi-family housing development are pending. Construction on a 135,000-square-foot athletic complex in the Tolland Business Park was completed in late 2009.

SECTION IV - DEBT SECTION

Debt Summary Pro Forma As of October 22, 2014

Outstanding Short-term Debt

<u>Project</u>	<u>Amount Authorized</u>	<u>The Notes To Mature 10/21/15</u>
Various capital projects, 2011-12	\$1,542,944	\$ 216,738
Various capital projects, 2013-14	1,567,300	951,287
Various capital projects, 2014-15	2,078,168	1,710,775
Tolland Public Library (2013).....	2,600,000	531,200
Road Improvements (2012)	5,000,000	<u>2,000,000</u>
Total		\$5,410,000

Outstanding Bonded Debt ^{1,2}

<u>Dated Date</u>	<u>Purpose</u>	<u>Rate</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>	<u>Final Maturity</u>
09/01/05	General purpose	3.75-4.25	\$ 698,779	\$ 65,334	09/01/17
09/01/05	School	3.75-4.50	16,516,221	2,694,666	09/01/17
09/15/06	General purpose	4.00-5.00	465,000	49,810	08/15/17
09/15/06	School	4.00-5.00	7,050,000	755,190	08/15/17
09/15/06	Sewer	4.00-5.00	1,500,000	245,000	08/15/17
09/01/07	General purpose	3.90-5.00	1,855,000	95,000	09/01/18
09/01/07	School	3.90-5.00	2,400,000	115,000	09/01/18
09/01/08	General purpose	3.00-4.00	2,010,000	995,000	09/01/18
08/01/10	General purpose	2.00-4.00	825,000	702,480	08/01/30
08/01/10	School	2.00-4.00	1,700,000	1,447,520	08/01/30
10/18/11	General purpose	2.00-4.00	1,942,000	1,417,000	10/01/26
10/18/11	School	2.00-4.00	2,235,000	1,650,000	10/01/23
10/18/11	Sewer	2.00-4.00	733,000	583,000	10/01/26
08/29/12	Series A - General Purpose	1.50-3.00	1,145,310	988,410	09/01/27
08/29/12	Series A - School	1.50-3.00	314,690	271,590	09/01/27
08/29/12	Series B - General Purpose	3.00-5.00	256,700	167,500	09/01/25
08/29/12	Series B - School	3.00-5.00	6,579,900	6,310,600	09/01/25
08/29/12	Series B - Sewers	3.00-5.00	1,188,400	1,101,900	09/01/25
10/22/14	This Issue - General Purpose	2.00-4.00	1,499,715	1,499,715	08/01/27
10/22/14	This Issue - Schools	2.00-4.00	7,517,285	7,517,285	08/01/27
10/22/14	This Issue - Sewers	2.00-4.00	618,000	<u>618,000</u>	08/01/22
Total				\$29,290,000	

¹ Excludes the Refunded Bonds.

² Excludes \$256,196 of Clean Water Fund Loan principal at 2%.

Other Obligations

Solid Waste Service Contract: The Town in 2010 joined together with twenty-one towns in the region to solicit proposals for disposal services provided after 2012. After extensive review, the Town chose Willimantic Waste as the service provider. Beginning on December 1, 2012, the Town entered into a new contract with Willimantic Waste for \$60.00 per ton for the fiscal year. The cost will increase by 2.5% each year or the cost of living, whichever is less. The current tipping fee is \$63 per ton. Currently, Willimantic Waste also provides the Town with collection services as well as collection and disposal of recyclables. In addition the Town receives a \$25 per ton rebate from Willimantic Waste for recyclables collected.

Sewer Treatment Service Contract: The Town entered into an agreement on April 6, 1989 with the Town of Vernon whereby under certain conditions, the Town of Vernon will receive sanitary sewage, septage and industrial waste from the Town. The Town of Vernon has agreed to maintain a sewage treatment plant for treatment of domestic sewage and industrial waste water in compliance with State and Federal requirements. The Town, along with the Towns of Ellington, South Windsor, and Manchester, has agreed to pay the Town of Vernon a share of the total capital construction costs and future required improvements, modifications and/or enlargements plus accrued interest at the applicable financing rate. The Town of Vernon entered into a Clean Water Fund Project Loan Obligation with the State of Connecticut in December 1997 for \$27,635,550. The Town has agreed to pay its share (6.33%) of the annual debt service associated with the Town of Vernon's loan obligation to the State, consisting of principal and semi-annual interest payments. As of September 2014, Tolland's share of outstanding principal will be \$205,975. The loan matures in 2016 and bears interest at 2%.

Qualified Energy Conservation Bond Taxable Lease Obligation: In June 2011, the Town entered into a 15-year, \$3.6 million taxable lease obligation, at an interest rate of 5.11%, with Chase Equipment Finance, providing funds for geothermal energy improvements to the Hicks Municipal Building. The Town expects to receive a subsidy from the U.S. Treasury in the amount of 70% of the interest calculated at the U.S. Treasury-determined tax credit rate (5.01%) over the life of the obligation. However, because of federal spending cuts known as sequestration, the subsidy payments were reduced by 8.7% in part of federal fiscal year ending September 30, 2013 and are being reduced by 7.2% in the current federal fiscal year ending September 30, 2014. Sequestration for direct-pay bond subsidies and other mandatory spending is currently set to last through fiscal 2024.

Qualified Energy Conservation Lease Obligation: In October 2013, the Town entered into a 20-year, \$9,598,170 lease obligation, at an interest rate of 3.49%, with TD Equipment Leasing, providing funds for various energy improvements and efficiencies that are expected to save enough in energy costs to completely pay the lease payments. The lease payments are subject to annual appropriation.

Overlapping/Underlying Debt

The Town does not have any overlapping or underlying debt.

Bonded Debt Maturity Schedule¹
Pro Forma
As of October 22, 2014

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments	The Refunding Bonds	Cumulative Principal Retired
2015 ²	\$ -	\$ 356,912	\$ 356,912	\$ -	0.0
2016	2,875,000	664,084	3,539,084	110,000	8.0
2017	3,025,000	557,322	3,582,322	110,000	19.3
2018	2,080,000	466,997	2,546,997	1,000,000	30.9
2019	1,420,000	407,325	1,827,325	1,340,000	41.4
2020	1,155,000	362,063	1,517,063	1,345,000	51.3
2021	1,145,000	321,369	1,466,369	1,350,000	59.6
2022	1,730,000	262,413	1,992,413	780,000	67.7
2023	1,520,000	191,856	1,711,856	665,000	75.0
2024	1,530,000	130,078	1,660,078	680,000	82.4
2025	1,325,000	81,669	1,406,669	695,000	89.3
2026	860,000	48,394	908,394	700,000	94.5
2027	295,000	30,288	325,288	545,000	97.4
2028	245,000	21,300	266,300	315,000	98.8
2029	150,000	14,400	164,400	-	99.2
2030	150,000	8,813	158,813	-	99.6
2031	150,000	3,000	153,000	-	100.0
2032	-	-	-	-	
Total	\$19,655,000	\$3,928,280	\$23,583,280	\$9,635,000	

¹Excludes the Refunded Bonds.

²Does not include \$3,140,000 principal payments and \$611,875 interest payments made from July 1, 2014 through October 22, 2014.

**THE TOWN OF TOLLAND HAS NEVER DEFAULTED IN THE PAYMENT OF ITS
OBLIGATIONS EITHER AS TO PRINCIPAL OR INTEREST**

**Statement of Statutory Debt Limitation
Pro Forma
As of October 22, 2014**

Debt Limitation Base

Estimated total tax collections, including interest and lien fees, for the fiscal year ended June 30, 2014 (unaudited)	<u>\$38,885,680</u>
Debt Limitation Base	<u>\$38,885,680</u>

Debt Margin

<u>Debt Limitation by Purpose</u>	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit Funding</u>
2.25 x base	\$87,492,780				
4.50 x base	-	\$174,985,560			
3.75 x base	-	-	\$145,821,300		
3.25 x base	-	-	-	\$126,738,460	
3.00 x base	-	-	-	-	<u>\$116,657,040</u>
Total debt limitation	<u>87,492,780</u>	<u>174,985,560</u>	<u>145,821,300</u>	<u>126,738,460</u>	<u>116,657,040</u>
Less indebtedness: ¹					
This Issue	1,499,715	7,517,285	618,000	-	-
Bonds payable	6,043,146	20,871,954	2,554,900	-	-
Bonds authorized but unissued ...	<u>5,680,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total overall debt	<u>13,222,291</u>	<u>28,389,239</u>	<u>3,172,300</u>	<u>-</u>	<u>-</u>
Less school construction grants receivable	<u>-</u>	<u>1,127,092</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net debt	<u>13,222,961</u>	<u>27,262,147</u>	<u>3,172,900</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	\$74,269,819	\$147,723,413	\$142,648,400	\$126,738,460	\$116,657,040

¹Excludes the Refunded Bonds.

For the purpose of determining a municipality's compliance with the statutory debt limitation, there is no requirement that unissued debt though authorized be considered. The Town anticipates that it will receive approximately 54.29% of eligible school construction expenses to be applied toward the construction of a new high school in the form of progress payments. As of October 22, 2014, the Town has bonded its full local share which results in a total overall school debt within the debt limitation requirement for school debt.

The General Statutes require that in no event shall the total debt for the Town of Tolland exceed seven (7) times the annual receipts from taxation. Maximum debt for the Town of Tolland under this formula is \$272,199,760.

**Current Debt Statement
Pro Forma
As of October 22, 2014**

Bonded debt	
General purpose (including \$1,499,715 of this issue)	\$ 5,980,249
Schools (including \$7,517,285 of this issue)	20,761,851
Sewers (including \$618,000 of this issue)	<u>2,547,900</u>
Total bonded debt	29,290,000
Short-term debt	<u>5,410,000</u>
Total overall debt	34,700,000
Less school construction grants receivable	<u>1,127,092</u>
Total net debt	\$33,572,908

**Current Debt Ratios
Pro Forma
As of October 22, 2014**

Population 2012 ¹	15,052
Per capita income, 2012 ²	\$41,883
Net taxable grand list, 10/1/13	\$1,300,919,626
Estimated full value @ 70%	\$1,858,456,609
Equalized net grand list (2011) ³	\$1,781,574,184

	Total Overall Debt <u>\$34,700,000</u>	Total Net Debt <u>\$33,357,908</u>
Per capita	\$2,305.34	\$2,230.46
To net taxable grand list	2.67%	2.58%
To estimated full value	1.87%	1.81%
To equalized net grand list	1.95%	1.88%
Ratio of debt per capita to per capita income	5.55%	5.37%

Sources: ¹State of Connecticut, Department of Health, 2012 estimate.

²2008–2012 American Community Survey.

³State of Connecticut, Office of Policy and Management.

Five-Year Debt Statement Summary

	<u>2013–14</u>	<u>2012–13</u>	<u>2011–12</u>	<u>2010–11</u>	<u>2009–10</u>
Population ¹	15,052	15,052	15,052	15,052	15,052
Net taxable grand list	\$1,295,797,000	\$1,293,289,000	\$1,281,961,241	\$1,268,155,629	\$1,231,534,695
Estimated full value	\$1,851,138,571	\$1,847,555,714	\$1,831,373,201	\$1,811,650,899	\$1,759,335,279
Bond anticipation notes	–	–	–	825,000	\$1,350,000
Bonded debt	<u>35,850,000</u>	<u>36,696,551</u>	<u>38,267,549</u>	<u>38,390,000</u>	<u>39,040,000</u>
Total overall debt	35,850,000	36,696,551	38,267,549	39,215,000	40,390,000
Less grants receivable	<u>1,127,092</u>	<u>1,423,832</u>	<u>1,720,572</u>	<u>2,019,916</u>	<u>2,321,862</u>
Total net debt	\$34,722,908	\$35,272,719	\$36,546,977	\$37,195,084	\$38,068,138

Source: ¹State of Connecticut Department of Public Health estimate for 2012–2014; U.S. Department of Commerce, Bureau of Census, 2010 Census for 2010 and 2011.

Five-Year Debt Statement Summary Ratios

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Total overall debt					
Per capita	\$2,381.74	\$2,437.99	\$2,542.36	\$2,605.30	\$2,683.36
To net taxable grand list	2.77%	2.84%	2.99%	3.09%	3.28%
Total net debt					
Per capita	\$2,306.86	\$2,343.39	\$2,428.05	\$2,471.11	\$2,529.11
To net taxable grand list	2.68%	2.73%	2.85%	2.93%	3.09%

Comparison of Annual Debt Service to General Fund Expenditures

<u>Fiscal Year Ended June 30</u>	<u>Debt Service</u>	<u>General Fund Expenditures¹</u>	<u>Debt Service as Ratio to General Fund Expenditures</u>
2014 (unaudited)	\$4,542,176	\$53,060,781	8.56
2013	4,744,211	51,581,711	9.20
2012	4,719,796	50,360,000	9.37
2011	4,730,620	47,867,173	9.88
2010	4,672,806	46,983,091	9.95
2009	4,635,710	52,396,081	8.85
2008 ¹	4,244,336	58,659,124	7.24
2007	3,943,807	46,262,352	8.52

(1) Includes payments made by the State of Connecticut on behalf of the Town for teachers' pensions. The amount paid by the State for fiscal year 2008 was \$11,937,851, an increase of \$9,959,166 from the previous year.

Authorized-but-Unissued Debt

<u>Project</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Previously Bonded</u>	<u>Grants/ Paydowns</u>	<u>This Issue</u>	<u>Authorized but Unissued</u>
Open Space (active)	11/07/00	\$ 1,300,000	\$1,270,000	-	-	\$ 30,000
Open Space ¹	11/04/03	2,000,000	1,995,120	-	-	4,880
Open Space ¹	11/07/06	2,000,000	1,669,880	-	-	330,120
Various Capital Projects, 2011-12	07/26/11	1,542,944	1,006,206	\$ 320,000	\$ 216,738	-
Road Improvements (2012)	11/06/12	5,000,000	-	-	2,000,000	3,000,000
Various Capital Projects, 2013-14	07/09/13	1,567,300	-	339,713	951,287	276,300
Tolland Public Library (2013)	11/05/13	2,600,000	-	-	531,200	2,068,800
Various Capital Projects, 2014-15	07/08/14	<u>2,078,168</u>	<u>-</u>	<u>367,393</u>	<u>1,710,775</u>	<u>-</u>
Total		\$16,788,412	\$4,671,206	\$1,027,106	\$5,410,000	\$5,680,100

¹ The authorization allows for grant money to be spent above and beyond the authorized bonding amount.

Authority to Incur Debt

The Town of Tolland has the power to incur indebtedness as provided by the Connecticut General Statutes. The issuance of bonds and notes is authorized by resolution of the Town Council. Notes and bonds may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes. Under the Town Charter, if any bond issue or note issue exceeds five percent (5%) of the current tax levy in any fiscal year, said bond or note issue must be approved by the Town's voters at referendum. Refunding bonds may be issued pursuant to a resolution of the Town Council (CGS Sec. 7-370c).

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable, and the legislative body schedules principal reductions by no later than the end of the third year and for each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from certain sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

SECTION V - FINANCIAL SECTION

Taxable Grand List (\$ in thousands)

<u>Grand List 10/1</u>	<u>Residential Real Property Percent</u>	<u>Commercial and Industrial Real Property Percent</u>	<u>Other Real Property Percent</u>	<u>Personal Property Percent</u>	<u>Motor Vehicle Percent</u>	<u>Gross Taxable Grand List</u>	<u>Less Exemptions</u>	<u>Net Taxable Grand List</u>	<u>Percent Change</u>
2013	82.1	6.2	0.5	2.0	9.2	\$1,312,486	\$11,567	\$1,300,919	1.0
2012	82.0	6.3	0.5	2.0	9.2	1,307,091	11,294	1,295,797	1.0
2011	81.6	6.2	0.6	2.4	9.2	1,304,100	10,811	1,293,289	1.0
2010	82.3	6.2	0.6	2.0	8.9	1,299,161	17,200	1,281,961	1.1
2009	82.0	6.1	0.6	2.7	8.6	1,284,654	16,498	1,268,156	3.0
2008	82.0	6.5	0.7	3.1	8.8	1,247,397	15,862	1,231,534	0.8
2007	81.1	6.4	0.3	3.0	9.2	1,236,836	15,172	1,221,664	1.6
2006	81.8	5.9	0.2	3.1	9.0	1,215,225	13,273	1,201,952	1.8
2005	82.0	5.7	0.1	3.1	9.1	1,191,789	10,704	1,181,085	-

Date of last general revaluation, 10/1/09.

Major Taxpayers

<u>Name</u>	<u>Business</u>	<u>Taxable Valuation As of 10/1/13</u>	<u>Percent of Net Taxable Grand List</u>
Capitol Ventures LLC	Shopping center	\$12,335,300	0.95
Connecticut Light & Power Co., Inc.	Utility	11,420,920	0.88
MJB Realty LLC	Sports complex	6,479,420	0.50
Gerber Scientific International	Holding company	5,381,610	0.41
Summers & Summers Realty LLC	Apartments	5,294,540	0.41
Ivy Woods LLC	Holding company	4,836,360	0.37
Carriage Crossing LLC	Developer	3,964,000	0.30
Norwegian Woods LLC	Apartments	3,730,900	0.29
Dari Farms Ice Cream Company	Sales	3,741,000	0.29
Tomlen	Developer	<u>2,943,525</u>	<u>0.23</u>
Total		\$60,127,575	4.63%

Net Taxable Grand List for 10/01/13: \$1,300,919,626

Tax Collections

<u>Fiscal Year Ended 6/30</u>	<u>Grand List 10/1</u>	<u>Mill Rate</u>	<u>Adjusted Annual Levy</u>	<u>Percent of Annual Levy Collected at End of Fiscal Year</u>	<u>Percent of Annual Levy Uncollected at End of Fiscal Year</u>	<u>Percent of Annual Levy Uncollected as of 8/31/14</u>
2015 (budgeted)	2013	31.05	\$40,444,416	-----In Collection-----		
2014 (unaudited)	2012	30.19	38,885,680	99.23	0.77	0.77
2013	2011	29.99	38,831,167	99.1	0.9	0.20
2012	2010	29.73	38,099,627	99.0	0.9	0.07
2011	2009	29.15	37,018,564	99.1	0.9	0.02
2010	2008	29.49	36,331,806	99.2	0.8	0.01
2009	2007	29.51	36,178,846	99.1	0.9	-
2008	2006	28.39	34,273,077	99.2	0.8	-
2007	2005	28.39	33,675,313	99.3	0.7	-

Property Taxes Uncollected

<u>Fiscal Year Ended June 30</u>	<u>Current Year</u>	<u>Total</u>
2014 (unaudited)	\$297,801	\$412,796
2013	350,121	523,739
2012	325,426	542,467
2011	318,485	470,736
2010	301,758	458,294
2009	323,222	451,703
2008	264,645	366,199
2007	242,122	306,219

Capital Budget Adoption Procedure

On or about October 31, the proposed Capital Improvement Plan for Boards and Staff Commissions is submitted to the Town Manager, who then submits the plan to the Town Council no later than January 3. By February 21, the Board of Education and the Department Heads submit their requested budgets to the Town Manager, and the Board of Education and Town Council hold a joint meeting by April 11. Prior to March 27, the Proposed Budget is submitted by the Town Manager to the Town Council. On or before April 3, a Public Hearing is held on the Town Manager's Proposed Budget which includes the Board of Education, Town Government, and Capital Improvement Plan. The Town Council finalizes the recommended budget by late April and presents it at the annual budget meeting for comments. The Annual Budget is then submitted for approval by the voters at referendum in May.

Five-Year Capital Improvement Program

The Town Manager submits annually a proposed five-year Capital Improvement Plan to the Town Council. The following is a summary of the plan (fiscal years ending 2015–2019) as submitted to the Town Council in the Town Manager's fiscal year 2015 Budget.

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>Total</u>
Proposed Expenditures						
Administration	\$ 840,823	\$ 320,284	\$ 20,113	\$ 18,218	\$ 16,653	\$1,216,091
Board of Education	531,423	539,255	237,215	272,000	-	1,579,895
Capital Equipment	350,000	116,000	140,000	137,500	385,000	1,128,500
Fire and Ambulance	270,000	40,000	270,000	154,040	65,000	799,040
Parks and Recreation	15,000	75,000	20,670	-	45,000	155,670
Public Facilities	24,056	54,056	75,000	-	-	153,112
Streets and Roads	118,428	118,273	-	-	-	236,701
Total Expenditures	<u>850,000</u>	<u>1,025,000</u>	<u>850,000</u>	<u>850,000</u>	<u>1,050,000</u>	<u>4,625,000</u>
	2,999,730	2,287,868	1,612,998	1,431,758	1,561,653	9,894,007
Funding Sources						
General Fund Contribution	86,456	249,595	199,423	188,500	66,653	790,627
Bonds and Notes.....	1,842,775	1,399,287	532,014	613,014	927,014	5,314,104
CNRE.....	105,300	58,000	20,670	18,218	45,000	247,188
Recreation Special Revenue	15,000	-	-	-	-	15,000
Grants	653,821	457,986	457,986	457,986	457,986	2,485,765
Ambulance Fees	270,000	40,000	270,000	154,040	65,000	799,040
Other Resources.....	<u>26,378</u>	<u>83,000</u>	<u>132,905</u>	<u>-</u>	<u>-</u>	<u>242,283</u>
Total Funding Sources.....	\$2,999,730	\$2,287,868	\$1,612,998	\$1,431,758	\$1,561,653	\$9,894,007

Significant Accounting Policies and Basis of Accounting

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, GASB issued Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." The statement established a new reporting model for governments that is substantially different from prior reporting standards. The government-wide financial statements report information on all of the non-fiduciary activities of the Town. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The Town has established separate funds for governmental functions under General Fund, Special Revenue Funds, and Capital Projects Funds. The Town's accounting records for Governmental Funds follow the modified accrual basis of accounting; that is, revenues are recognized in the accounting period in which they become both measurable and available to finance operations of the fiscal period. The major source of revenue that is recognized under the modified accrual basis are funds received from the State of Connecticut and the Federal government. Expenditures are recognized in the accounting period in which the fund liability is incurred. The accrual basis of accounting is used for Agency and Pension Trust Funds. Revenues are recognized when earned and expenses are recognized when incurred. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

See "Notes to the Financial Statements" in Appendix A herein for more information.

Certificate of Achievement

The financial statements and tables found in the Town's Comprehensive Annual Financial Report conform to the high standards promulgated by the Government Accounting Standards Board. The Government Finance Officers' Association each year since 1992 has awarded the Town a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement, which is valid for one year only, is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment for a governmental unit and its management. For additional information on accounting policies, financial statements, and tables refer to the 2012-13 financial statements and "Notes to the Financial Statements" incorporated in Appendix A to this Official Statement and the independent auditor's report.

Financial Statements and Schedules

The comparative balance sheets and statements of revenues, expenditures, and changes in fund balance for General Fund types presented herein are derived from audited financial statements for fiscal years ended June 30, 2009 through 2013. The Town has provided budgetary information for 2014-15 and unaudited estimated results of operation for 2013-14. The Town's independent accountants have not examined, reviewed, or compiled any of the estimates or expressed any opinion or provided any other form of assurance with respect to such estimates, and, accordingly, assume no responsibility for them. The financial information presented herein is the responsibility of the Town's management.

Comparative Balance Sheets - General Fund

	Unaudited <u>6/30/14</u>	<u>6/30/13</u>	<u>6/30/12</u>	<u>6/30/11</u>	<u>6/30/10</u>
<u>Assets</u>					
Cash	\$8,732,288	\$8,805,346	\$10,871,945	\$ 9,364,728	\$6,855,623
Investments	1,014,296	1,113,551	-	-	1,000,000
Property taxes receivable	408,279	587,571	1,279,659	512,866	453,777
Accounts and other receivables	63,132	-	-	-	365,722
Due from other governments	8,855	-	-	-	12,646
Due from other funds	-	49,537	85,444	234,401	593,138
Total assets	<u>\$10,226,850</u>	<u>\$10,556,005</u>	<u>\$12,237,048</u>	<u>\$10,111,995</u>	<u>\$9,280,906</u>
<u>Liabilities and Fund equity</u>					
<u>Liabilities</u>					
Accounts and other payables	306,047	985,049	1,246,675	115,093	193,660
Accrued liabilities	87,075	395,980	476,286	525,407	1,001,716
Due to other funds	258,921	301,671	218,395	242,731	239,080
Deferred revenue	<u>1,179,686</u>	<u>966,738</u>	<u>2,256,655</u>	<u>1,417,497</u>	<u>550,023</u>
Total liabilities	1,831,729	2,649,438	4,198,011	2,300,728	1,984,479
<u>Fund equity / Fund balances¹</u>					
Assigned	1,281,759	1,086,458	1,309,480	1,601,935	-
Unassigned	7,053,682	6,649,387	6,588,695	6,209,332	-
Reserved	59,680	170,722	140,862	-	1,176,551
Unreserved:					
Designated	-	-	-	-	235,260
Undesignated	-	-	-	-	5,884,616
General Fund balance	<u>8,395,121</u>	<u>7,906,567</u>	<u>8,039,037</u>	<u>7,811,267</u>	<u>7,296,427</u>
Total liabilities and fund equity	<u>\$10,226,850</u>	<u>\$10,556,005</u>	<u>\$12,237,048</u>	<u>\$10,111,995</u>	<u>\$9,280,906</u>
Operating revenues	\$52,059,226	\$56,290,219	\$55,823,239	\$51,852,277	\$50,950,725
Fund balance as percent of					
operating revenues	19.6%	14.1%	14.4%	15.6%	14.3%
Unassigned/undesignated fund					
balance as percent of operating					
revenues	16.1%	11.8%	11.8%	12.0%	11.5%

¹ Fund balances reflect the implementation of GASB 54 in fiscal year 2011.

General Fund Revenues and Expenditures

	Adopted Budget 2014-15¹	Unaudited 2013-14¹	2012-13	2011-12	2010-11	2009-10
Revenues						
Property taxes	\$40,577,886	\$39,489,881	\$39,100,634	\$38,322,762	\$37,233,490	\$36,529,867
Investment income	65,000	63,549	58,432	48,551	79,860	118,672
Intergovernmental ²	11,663,366	11,739,593	16,502,034	16,850,972	13,912,509	13,731,950
Charges for services	610,580	682,763	604,168	580,757	570,830	532,384
Other revenues	-	83,440	24,951	20,197	55,588	37,852
Total revenues	<u>52,916,832</u>	<u>52,059,226</u>	<u>56,290,219</u>	<u>55,823,239</u>	<u>51,852,277</u>	<u>50,950,725</u>
Expenditures						
Administration	2,801,870	2,639,764	2,585,864	2,456,691	2,388,643	2,406,461
Planning and community development	353,538	331,353	369,838	353,474	357,485	353,395
Community services	827,609	811,615	873,887	847,549	887,316	858,544
Public works	4,420,067	4,354,803	4,837,764	4,654,991	4,565,955	4,485,343
Public safety	1,824,248	1,637,227	1,587,392	1,505,038	1,374,673	905,257
Finance and records	909,802	848,234	887,048	803,047	836,717	958,041
Education	37,189,581	35,984,033	40,346,946	39,416,894	35,744,919	35,747,088
Debt service	4,542,176	4,744,211	4,642,785	4,751,795	4,730,620	4,672,806
Capital improvement reserve fund	-	-	-	-	-	-
Contingency and other	<u>191,890</u>	<u>230,471</u>	<u>39,993</u>	<u>681,042</u>	<u>106,293</u>	<u>48,783</u>
Total expenditures	<u>53,060,781</u>	<u>51,581,711</u>	<u>56,171,517</u>	<u>55,470,521</u>	<u>50,992,621</u>	<u>50,435,718</u>
Excess of revenues over expenditures	(143,949)	477,515	118,702	352,718	859,656	515,007
Other financing sources (uses)						
Operating transfers in	-	732	59,681	140,862	43,003	114,053
Operating transfers out	<u>(115,051)</u>	<u>(183,991)</u>	<u>(310,853)</u>	<u>(265,810)</u>	<u>(387,819)</u>	<u>(273,150)</u>
Net other financing sources (uses)	(115,051)	(183,259)	(251,172)	(124,948)	(344,816)	(159,097)
Excess of revenues and other sources over expenditures and other uses	(259,000)	294,256	(132,470)	227,770	514,840	355,910
Fund balance, beginning	<u>8,200,823</u>	<u>7,906,567</u>	<u>8,039,037</u>	<u>7,811,267</u>	<u>7,296,427</u>	<u>6,940,517</u>
Fund balance, ending	<u>\$7,941,823</u>	<u>\$8,200,823</u>	<u>\$7,906,567</u>	<u>\$8,039,037</u>	<u>\$7,811,267</u>	<u>\$7,296,427</u>

¹ All numbers for Fiscal Years 2013-14 and 2014-15 are configured on a budgetary basis; they do not reflect teachers' on-behalf payments in intergovernmental revenues nor education expenditures.

² Fiscal years 2010 through 2013 include teacher pension payments made on behalf of the State of Connecticut. The on-behalf payments are as follows:

2013	\$3,614,512
2012	3,446,978
2011	2,713,864
2010	2,626,935

Intergovernmental Revenues as a Percent of General Fund Revenues

Fiscal Year Ended June 30	Intergovernmental Revenues	General Fund Revenues	Percent
2014 ¹ (unaudited)	\$11,739,593	\$52,059,226	22.5%
2013	16,502,034	56,290,219	29.3
2012	16,850,972	55,823,239	30.1
2011	13,912,509	51,852,277	26.8
2010	13,731,950	50,950,725	27.0
2009	15,758,147	53,030,755	29.7
2008 ²	24,366,793	60,019,233	40.6
2007	12,217,566	47,593,388	25.7

¹ Budgetary basis

² Includes payments made by the State of Connecticut on behalf of the Town for teachers' pensions. The amount paid by the State for fiscal year 2008 was \$11,937,851, an increase of \$9,959,166 from the previous year.

Assessment Practices

Under Section 12-62 of the Connecticut General Statutes, as amended, the Town must update all real estate values every five years and conduct a physical inspection of all real properties every ten years. The Town completed its last general revaluation for October 1, 2009. A statistical revaluation will be required for the assessment year commencing October 1, 2014.

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion onto the annual grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed values for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town on October 1. For the list of October 1, 2013, Tolland's net taxable grand list amounted to \$1,300,919,626. Assessments for real estate are computed at 70% of the estimated market value at the time of the last revaluation. Each year the Town's Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current grand list are warranted.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permits issued by the Building Inspector. Upon issuance of a certification of completion, a physical inspection is conducted and the structure is given a new fair market value determined with the aid of a schedule developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All personal property (furniture, fixtures, equipment, machinery, supplies, and leased equipment) is revalued annually. Random audits are conducted by the assessor periodically. Assessments for both personal property and motor vehicles are computed at 70% of the current fair market value.

Motor vehicle registration lists are furnished to the Town by the State of Connecticut Department of Motor Vehicles (the "DMV"). The Office of Policy and Management has recommended that the average retail values contained in the National Automobile Dealers Association pricing guides be utilized in preparation of the grand lists. These values are applied uniformly and equitably to all vehicles in the Town; a myriad of exemptions is then applied to qualifying applicants. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the DMV after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 grand list. If such registration occurs subsequent to November 1 but prior to the following August 1, the tax is prorated, and the proration is based on the period of time from the date of registration until the following October 1. Motor vehicles purchased in August and September are not taxed until the next October 1 grand list.

Annual Audit

The Town, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 7-397), is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the State Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2013, the financial statements of the various funds of the Town were audited by Blum, Shapiro & Company, P.C., West Hartford, Connecticut. The annual audits are conducted in compliance with Chapter 111 and contain the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations.

Tax Levy and Collection

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real and personal property taxes are billed in the following July and are payable in two installments on July 1 and January 1, except that motor vehicle taxes and real and personal property taxes \$100 or less are payable in one installment on July 1. Motor vehicle supplemental bills are payable on January 1. A modest estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Each year delinquent motor vehicle, real estate and personal property tax accounts that are deemed uncollectible are transferred to a suspense account at which time they cease to be carried as receivables. Tax accounts are transferred to a suspense account no later than 15 years after the due date in accordance with State statutes.

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 (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes which are deemed to be uncollectible.

Pension Plans

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. All full-time Town employees who work at least 25 hours per week, and all Board of Education employees who work 1,000 hours or more per year, are covered by and required, as a condition of employment, to participate in the Plan, except elected officials and certified teachers. Eligible employees must be at least 18 years of age on or prior to their employment date, and benefits vest at 100% after five years. Any non-vested 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.

The Town and Tolland Board of Education employees must contribute 2½% of their earnings for the plan year. The total Town contribution during the year ended June 30, 2014 was \$235,928.43 and represented 6.0% of covered payroll. The employees' mandatory contributions were \$98,304 and represented 2.5% of covered payroll. See Appendix A - "Auditor's Section, Notes to the Financial Statements, Note 5" for more information.

Teachers participate in a contributory defined-benefit plan established under Chapter 167a of the Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board. Full-

time certified teachers are vested in the system after ten years of service in this state. The Town is not required to and does not contribute to this plan.

Other Post-Employment Benefits

The Town provides post-employment benefits for retirees who meet certain requirements regarding age and years of service and is in the process of complying with the requirements of Governmental Accounting Standards Board ("GASB") Statements 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their Other Post-employment Benefits ("OPEB") plans and include information concerning the valuation of such plans in their financial statements. The Town complied with the reporting requirements of GASB 45 beginning with the 2009 fiscal year. An OPEB Trust Fund was established by the Town and an initial contribution of \$119,434 was deposited in September 2008.

The Town continues to comply with the requirements of GASB 45. The last OPEB valuation report was prepared by Milliman Actuaries as of July 1, 2012. The Town has submitted updated information to Milliman and anticipates a new valuation will be completed in October 2014. The July 2012 valuation showed an accrued liability of \$4,667,000 using a phased-in funding approach and assuming an amortization period of 25 years decreasing and a discount rate of 7.5%. The group is a closed group. As of June 30, 2014 the contributions to the Trust exceeded the annual required contribution by \$164,428. Annual required contributions are budgeted each year and made accordingly. As of June 30, 2014 the OPEB Trust balance was \$626,658. The estimated annual required contribution including pay-as-you-go payments for Fiscal Year 2014-15 is \$508,000.

Schedule of Employer Contribution

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/11	\$484,901	\$559,000	115%
6/30/12	519,594	491,000	94%
6/30/13	546,161	549,000	100%
6/30/14 (unaudited)	483,000	483,000	100%

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Excess (Unfunded) Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess (Unfunded) Liability as a Percentage of Covered Payroll</u>
7/1/12	\$372,000	\$4,667,000	(\$4,295,000)	8%	\$22,286,770	(19%)
7/1/10	229,000	5,399,000	(5,170,000)	4%	N/A	N/A
7/1/08	--	4,954,000	(4,954,000)	0%	N/A	N/A

See also Appendix A – "Audited Financial Statements, Notes to Financial Statements, Note 5C" herein.

Investment Policy

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

The Town follows an investment policy that was adopted by the Town Council on June 26, 2007. The Town's investment policy authorizes investment in the State Treasurer's Short Term Investment Fund and Cutwater Asset Management. 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 Cutwater Asset Management 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.

Risk Management

The Town is exposed to various risks of loss related to public officials and police liability; Board of Education liability; torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The Town purchases commercial insurance for all risks of loss. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Financial Policies, Procedures and Guidelines

On June 26, 2007, the Town Council approved the Town's Financial Policies, Procedures and Guidelines (the "Policy"). The Policy was last reviewed in 2011 and is currently being reviewed by the Town Administration and the Town Council. The content of the Policy addresses matters pertaining to investment, debt management, capital financing, reserve/fund balance, multi-year financial forecasting, and capital assets. The Reserve/Fund Balance Policy states that any year-end surpluses will revert to unappropriated fund balance for use in maintaining reserve levels set by policy. The Town strives to maintain a total fund balance level of 8% to 17% of the General Fund operating budget.

SECTION VI - ADDITIONAL INFORMATION

Litigation

Following consultation with the Town Attorney and other attorneys providing legal services to the Town, Town officials advise that the Town, its officers, employees, boards and commissions are named defendants in a number of lawsuits. There are personal injury and life insurance claims against the Town which are being defended by counsel hired and paid for by the Town's insurance carrier. There are also municipal property tax appeals which have been filed against the Town. With regard to these and the other pending lawsuits, it is the Town officials' opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

Continuing Disclosure

The Town prepares, in accordance with state law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management, within six months of the end of its fiscal year. The Town provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of the Annual Financial Report, Recommended and Adopted Budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into Continuing Disclosure Agreements with respect to the Bonds and the Notes, substantially in the forms included in Appendices D and E to this Official Statement, to provide or cause to be provided, in accordance with the requirements of the Securities and Exchange Commission Rule 15c2-12 (the "Rule"), (i) for the Continuing Disclosure Agreement for the Bonds, annual financial information and operating data, (ii) for the Continuing Disclosure Agreements, timely notices of the occurrence of certain events with respect to the Bonds and the Notes within 10 business days of the occurrence of such events, and (iii) for the Continuing Disclosure Agreement for the Bonds, timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement for the Bonds. The Underwriter's obligation to purchase the Bonds and the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds and the Notes, executed copies of the Continuing Disclosure Agreements.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To its knowledge, in the last 5 years the Town has not failed to comply in any material respect with its undertakings under such agreements.

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system.

Documents to Be Furnished at Closing

The Underwriter will be furnished, subject to delivery of reoffering yield information as requested, the following documents when the Bonds and the Notes are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the Town Manager and the Treasurer, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bond purchase agreement was executed and at the time of the delivery of the Bonds and the Notes, the description and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds and the Notes.
4. The approving opinions of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Middletown and New Haven, Connecticut, substantially in the forms attached hereto as Appendices B and C.
5. Executed Continuing Disclosure Agreements substantially in the forms attached hereto as Appendices D and E.
6. Within seven business days after the execution of the bond purchase agreement, the Town will furnish the Underwriter a reasonable number of copies of the Official Statement as prepared by the Town.
7. Any other documents required by the bond purchase agreement.

A record of the proceedings taken by the Town in authorizing the Bonds and the Notes will be kept on file at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and may be examined upon reasonable notice.

Concluding Statement

This Official Statement is submitted only in connection with the sale of the Bonds and the Notes by the Town, and may not be reproduced or used in whole or in part for any other purpose.

The following officials, in their capacity as officers of the Town, and in the name and on behalf of the Town, do hereby certify in connection with this issue that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the Town and its finances were true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

TOWN OF TOLLAND, CONNECTICUT

By /s/ Steven R. Werbner
Steven R. Werbner
Town Manager

By /s/ Agata Herasimowicz
Agata Herasimowicz
Treasurer

Dated as of October 8, 2014

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APPENDIX A – AUDITED FINANCIAL STATEMENTS

The following includes the General Purpose Financial Statements of the Town of Tolland, Connecticut for the fiscal year ended June 30, 2013. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.

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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, 2013, and the related notes to the financial statements, which collectively comprise the Town of Tolland, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tolland, Connecticut, as of June 30, 2013 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013 on our consideration of the Town of Tolland, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tolland, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
November 27, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in the introductory section of this report, as well as the Town's basic financial statements.

Financial Highlights

- On a government-wide basis, the assets of the Town of Tolland exceeded its liabilities at the close of the most recent year by \$104,831,060 (net position). Of this amount, \$16,177,658 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- On a government-wide basis, the government's total net position decreased by \$1,574,340. Governmental and business-type activity expenses were \$62,456,993, while revenues were \$60,882,653.
- The total cost of all Town services for the fiscal year 2013 was \$62,456,993; of which \$61,620,039 was for governmental services and \$836,954 for business-type activities.
- At the close of the fiscal year, the Town's governmental funds reported, on a current resource basis, combined ending fund balances of \$14,035,501, a decrease of \$1,643,667 from the prior fiscal year. Of the total fund balance as of June 30, 2013, \$6,649,387 represents the combined unassigned fund balance in the general fund, special revenue funds, capital projects funds and permanent funds.
- At the end of the current fiscal year, the total fund balance for the general fund alone was \$7,906,567, a decrease of \$132,470 over the prior fiscal year. Unassigned fund balance for the general fund was \$6,649,387 or 11.8% 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 \$7,735,845 or 13.8% of general fund expenditures and transfers out. Total fund balance for the general fund was \$7,906,567 or 14% of general fund expenditures and transfers out.
- Long-term debt was issued on August 28, 2012 in the amount of \$9,485,000. The proceeds were used to refund December 2004 and 2005 bonds to achieve savings and to add \$1,460,000 for various capital projects in the capital projects plan.
- A new Emergency Storm Reserve Fund was created by ordinance and funded. This fund will be used to provide emergency funds in the event of future significant storms. This fund was set up in response to the several storms that the East Coast has been hit with over the past few years. It will add another level of resources in the event of unanticipated funding needs resulting from unforeseen storm response needs. The fund balance at June 30, 2013 was \$157,905.
- A new Education Reserve Fund was created by ordinance. This was established in accordance with Connecticut State Statute #10-248a to provide funding resources for future Board of Education non-recurring or unanticipated expenditure funding needs. The Town Council may authorize up to 1% of the Board of Education's adopted budget unexpended funds for the fiscal year to be set aside in this reserve fund. Funding cannot occur until the final expenditure numbers have been audited.

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 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Sewer Assessment, CDBG Small Cities and Capital Projects, which are considered to be major funds. Data from the other 26 governmental funds are combined into a single, aggregated presentation under the caption "other governmental funds." Nonmajor governmental funds include the Dog, Open Space Maintenance, Stone Pond Sewer Escrow, Tolland Townhouse Sewer Escrow, Lodge Activity, Open Space, Tolland Business Park, Town Aid Road, Recreation, Water Assessment, School Lunch, State and Federal Education Grants, Before/After School Program, Eviction Fund, Cemetery Operations, Minnie Hicks, Training Center, Conservation Green Grant, Traffic Grant, Field Maintenance, Veterans Memorial, 300th Celebration, Emergency Storm, Cemetery Perpetual Care 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 two 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 Sewer Fund was converted from a Special Revenue Fund to recognize the expansion of the Town's sewer operations in the 2007/2008 CAFR.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 28 of this report.

The combining statements and supplemental schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found beginning on page 53 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position and an important determinant of its ability to finance services in the future. Town of Tolland's total assets exceeded liabilities by \$104,831,060 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Tolland's net position (\$88,309,657) (84%) 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, 2013 AND 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 20,877,379	\$ 24,186,937	\$ 440,476	\$ 360,474	\$ 21,317,855	\$ 24,547,411
Capital assets	119,247,739	120,274,159	9,609,679	9,859,251	128,857,418	130,133,410
Total assets	<u>140,125,118</u>	<u>144,461,096</u>	<u>10,050,155</u>	<u>10,219,725</u>	<u>150,175,273</u>	<u>154,680,821</u>
Current liabilities	6,586,338	7,597,780	106,778	67,503	6,693,116	7,665,283
Noncurrent liabilities	38,651,097	40,610,138			38,651,097	40,610,138
Total liabilities	<u>45,237,435</u>	<u>48,207,918</u>	<u>106,778</u>	<u>67,503</u>	<u>45,344,213</u>	<u>48,275,421</u>
Net investment in capital assets	78,699,978	79,197,477	9,609,679	9,859,251	88,309,657	89,056,728
Restricted	313,063	313,063	30,682	24,357	343,745	337,420
Unrestricted	<u>15,874,642</u>	<u>16,742,638</u>	<u>303,016</u>	<u>268,614</u>	<u>16,177,658</u>	<u>17,011,252</u>
Total Net Position	<u>\$ 94,887,683</u>	<u>\$ 96,253,178</u>	<u>\$ 9,943,377</u>	<u>\$ 10,152,222</u>	<u>\$ 104,831,060</u>	<u>\$ 106,405,400</u>

An additional portion of the Town of Tolland's total net position, .33% or \$343,745, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16,177,658 is *unrestricted net position* and may be used to meet the Town's ongoing obligations to citizens and creditors.

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

There was an increase of \$6,325 in restricted net position in the business-type activities and no change in the governmental activities from the previous year.

**TOWN OF TOLLAND CHANGES IN NET POSITION
JUNE 30, 2013 AND 2012**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 2,236,515	\$ 2,266,262	\$ 576,864	\$ 640,629	\$ 2,813,379	\$ 2,906,891
Operating grants and contributions	17,057,676	17,542,724			17,057,676	17,542,724
Capital grants and contributions	882,463	1,660,594			882,463	1,660,594
General revenues:						
Property taxes	39,058,990	38,343,637			39,058,990	38,343,637
Grants and contributions not restricted to specific programs	529,845	357,609			529,845	357,609
Investment income	264,739	202,173	1,245	1,490	265,984	203,663
Miscellaneous	274,316	506,984			274,316	506,984
Total revenues	<u>60,304,544</u>	<u>60,879,983</u>	<u>578,109</u>	<u>642,119</u>	<u>60,882,653</u>	<u>61,522,102</u>
Expenses:						
Administration	1,128,418	1,170,393			1,128,418	1,170,393
Planning and community development	478,632	505,425			478,632	505,425
Community services	1,307,822	2,125,783			1,307,822	2,125,783
Public works	9,389,371	8,260,781			9,389,371	8,260,781
Public safety services	2,068,676	2,021,332			2,068,676	2,021,332
Records and financial services	1,093,230	1,029,158			1,093,230	1,029,158
Board of education	44,748,673	44,963,365			44,748,673	44,963,365
Interest expense	1,405,217	1,524,853			1,405,217	1,524,853
Sewer Fund			460,248	453,389	460,248	453,389
Water Fund			376,706	368,586	376,706	368,586
Total expenses	<u>61,620,039</u>	<u>61,601,090</u>	<u>836,954</u>	<u>821,975</u>	<u>62,456,993</u>	<u>62,423,065</u>
Excess (deficiency) before transfers	(1,315,495)	(721,107)	(258,845)	(179,856)	(1,574,340)	(900,963)
Transfers	<u>(50,000)</u>	<u>(15,000)</u>	<u>50,000</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
Change in net position	(1,365,495)	(736,107)	(208,845)	(164,856)	(1,574,340)	(900,963)
Net Position - July 1	<u>96,253,178</u>	<u>96,989,285</u>	<u>10,152,222</u>	<u>10,317,078</u>	<u>106,405,400</u>	<u>107,306,363</u>
Net Position - June 30	<u>\$ 94,887,683</u>	<u>\$ 96,253,178</u>	<u>\$ 9,943,377</u>	<u>\$ 10,152,222</u>	<u>\$ 104,831,060</u>	<u>\$ 106,405,400</u>

The Town of Tolland's overall net position decreased \$1,574,340 from the prior fiscal year. The major changes in revenues and expenditures creating this overall decrease are discussed in the following sections for governmental activities and business-type activities. Governmental activities decreased the Town of Tolland's net position by \$1,365,495 and business-type activities reduced it by \$208,845.

Governmental Activities

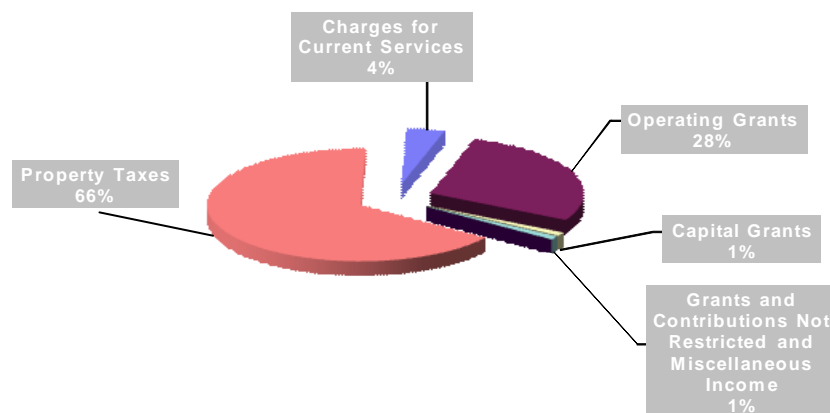
For governmental activities, approximately 65% of the revenues were derived from property taxes, followed by 31.1% in other intergovernmental revenues. These numbers reflect an increase in those categories as compared to the prior fiscal year where property taxes were 63% and other intergovernmental revenues were 32.1% of total revenues.

Major revenue factors included:

1. *Property tax revenues* recorded during fiscal year 2013 reflect a .26 mill increase in the mill rate for the current levy and the impact of a .89% growth in the grand list. There was \$715,353 more in property tax revenues collected over the previous year.
2. *Charges for services* were \$29,747 less than the prior year due to various one time revenues received in the prior fiscal year that were not received in the current year and other accrued revenue timing differences.
3. *Operating grants* reflected a decrease of \$485,048 mainly due to prior year revenue received for FEMA funding for \$713,000 for Storms Irene and Alfred which was offset by additional State and Federal grants funding payments for Education.
4. *Capital grants and contributions* reflected a decrease of \$778,131 over the previous year due to non-recurring grant reimbursements received for completion of a Small Cities ADA Elevator project for \$445,243, for the final school construction grant payments after the completion of the audit of Birch Grove School for \$133,743 as well as the Luce property purchase reimbursement of \$270,000 in fiscal year 2012. These reductions were offset by an energy rebate for the GEO Thermal project which was received in the amount \$225,648 as one-time revenue.

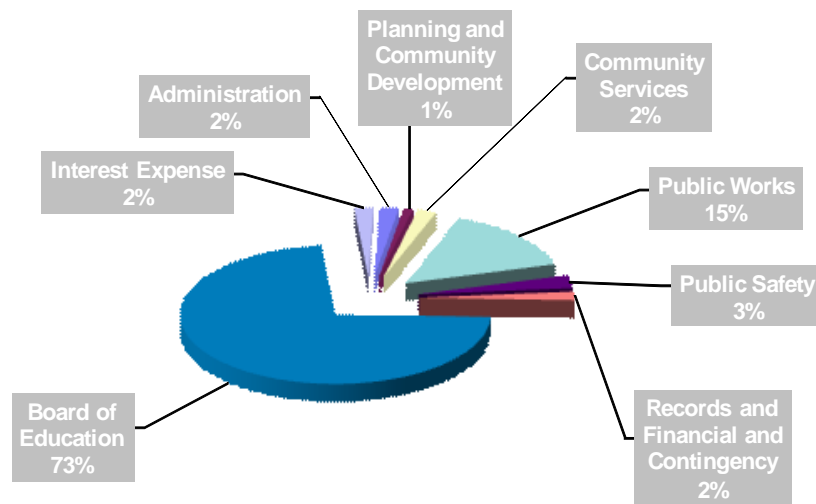
Overall governmental revenue decreased by \$575,439 due to lesser inflow of operating and capital grants as well the grant revenue for the purchase of property.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



The largest component of revenue, which is from property taxes, increased to 66% of total revenue in the current year as compared to 63% in the prior year.

EXPENDITURES BY SOURCE - GOVERNMENTAL ACTIVITIES



For governmental activities, 72.6% of the Town's expenditures relate to education, 15.2% to public works, 3.4% to public safety, 2.1% to community services, 2.3% to interest payments on long-term debt, 1.8% to administration, 1.8% to records & financial services and contingency and 0.8% to planning and community development. The Board of Education expenditures for State Teacher's Retirement funding for the current year was \$3,614,512 or an increase of \$167,544 over the previous year's amount of \$3,446,968. However, other State and Federal operating grant expenditures decreased by \$378,027.

Overall total of governmental expenditures excluding transfers increased slightly in the amount of \$18,949 with the biggest impact of \$1,128,590 in Public Works due to funding of \$1,000,000 per year towards road improvements approved by the November 2012 Referendum. This increase was offset by the decrease in \$817,961 in community services due to timing expenditures of the Library roof and the Small Cities ADA elevator project in the previous year.

Business-type activities. Business-type activities decreased the Town of Tolland's net position by \$208,845. Key elements of this year's activities are as follows:

- Water Fund and Sewer Fund both experienced operating losses for a combined \$263,427. The non-operating revenues and capital contributions of Sewer Fund helped to offset the losses in both funds resulting in the reduction in net position of \$208,845 at year end. The Water Commission and the Water Pollution Control Authority are addressing user fees and funding resources to eliminate future operating losses as well addresses the needs of future capital needs.

Financial Analysis of the Government's Funds:

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

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

As of the end of the current fiscal year, the Town of Tolland's governmental funds reported combined ending fund balances of \$14,035,501, a decrease of \$1,643,667 from the previous year.

The major decrease of \$1,692,925 was in *the capital projects funds* balance. The capital projects negative change in fund balance resulted by outflow of the expenditures for the Referendum road improvement and other capital expenditures with bonding process postponed to the future. Some of the reduction was offset by a bond issuance and refunding.

The general fund balance decreased by \$132,470 mainly due to a planned transfer of \$121,976 from the FEMA funding recorded as assigned fund balance and transferred to newly created Emergency Storm Reserve Fund. The fund balance also had an increase by \$59,681 for a bond premium. These funds were restricted by the Town Council and the Internal Revenue Service to be used to offset the next two years debt service costs.

The sewer assessment fund increased by \$77,512 due to the transfer into the fund to reserve funds for future capital needs from the Sewer Operations for \$15,000 and from sewer assessment fees that exceeded the actual cost of debt service.

The overall amount of the **governmental fund** balances totals up to \$14,035,501. Of that amount the assigned fund balance is \$1,086,458 for encumbrances (\$836,457) and funding for the subsequent budget (\$250,000). The restricted amount of the total fund balance is for future debt payments and restriction on spending grants in the amount of \$260,430. There are balances committed in the amount of \$5,685,035 for capital projects and other special commitments. An additional amount of \$354,191 represents the nonspendable portion of fund balance and the unassigned portion of fund balance is \$6,649,387 or 42% of total fund balance.

The general fund is the chief operating fund of the Town of Tolland. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,649,387, while total fund balance was \$7,906,567. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11.8% of total general fund expenditures including transfers out. Total fund balance represents 14% of that same amount. The unassigned portion of fund balance, when compared with unassigned last year portion for the general fund had increased by \$60,692 while the total fund balance decreased \$132,470. This decrease resulted primarily from a planned allocation of prior year revenue from FEMA to create a new Emergency Storm Reserve fund.

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

- All revenues, except intergovernmental revenue, increased over the prior year. Intergovernmental revenue had a decrease mainly due to the FEMA funding that was received in the prior fiscal year as a one-time source. Tax revenue grew over the prior year by \$777,872 due to an increase in the mill rate of .26 mills and growth in the Grand List of 0.89%. The fiscal year 2013 collectible rate for budget calculations has been increased from 98.6% to 99.00% reflecting current strong collection trend. Aggressive tax collections included a tax sale of select properties which resulted with property owners paying off much of the outstanding taxes as well as the associated interest and liens. Prior year taxes received were \$106,041 more than the amount that was anticipated.

- Interest income increased slightly by \$9,881 despite poor interest rates market.
- Charges for service increased by \$23,411 due to increased activity in building permits and a new user fee for delinquent motor vehicle fines.

The *Sewer Assessment* fund had an increase in its operating revenue by \$42,839 as compared to last.

The *CDBG Small Cities Funds* qualified as a major fund again this year due to a new rehabilitation grant that produced expenditures of \$50,610 and grant revenues of \$32,935. There was an increase in fund balance of \$20,117.

In the Capital Projects funds, expenditures and other financing uses exceeded revenues and other financing sources by \$1,692,925 due to the timing of the bond issue and grant receipts.

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

Net position of the water fund amounted to \$3,026,193 and \$6,917,184 for the sewer fund at year-end. This represented a decrease of \$42,653 for water and a decrease of \$166,192 for sewer. These decreases in water and sewer are mainly due to the cost of depreciation for the year and less capital contributions. Both funds experienced operating losses. As mentioned earlier in the discussion of business-type activities, the Water Commission and the Water Pollution Control Authority are addressing user fees and other funding resources to eliminate future operating losses.

General Fund Budgetary Highlights

Comparing the difference between the original budget and the final amended budget reveals an overall increase of \$124,160. During the year, actual revenues and other financing sources on a budgetary basis were \$51,599,938, which exceeded budgetary estimates by \$113,544. Actual tax revenues exceeded the budget by \$276,175 which in part represents an aggressive pursuit of delinquent taxes. Actual intergovernmental revenue exceeded the budget by \$46,007 due to conservatively budgeted Educational Cost Sharing grant. Charges for services were \$12,466 above the budget due to increases in building permits issued, property tax conveyance collections and recycling fee collections being higher than anticipated. Investment income was \$28,432 over budget due to investing a portion of cash not currently needed into longer term investments for higher interest rates. The budget for fiscal year 2012-13 was projected downward accordingly. Other financing sources included receipts for a bond premium of \$59,681 and \$6,440 for cancellation of previous year encumbrances.

Actual expenditures on a budgetary basis and other financing uses totaled \$51,459,386, which was less than budgeted by \$27,008. Of this amount, savings resulting from the Board of Education were \$16,300.

Capital Asset and Debt Administration

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 13,764,819	\$ 13,762,065	\$ 50,858	\$ 50,858	\$ 13,815,677	\$ 13,812,923
Construction in progress	305,148	2,528,667			305,148	2,528,667
Buildings	73,210,751	75,598,864			73,210,751	75,598,864
Vehicles, furniture and equipment	5,873,313	5,074,376			5,873,313	5,074,376
Plant and pumping station			1,444,334	1,474,437	1,444,334	1,474,437
Water distribution system			8,114,487	8,333,956	8,114,487	8,333,956
Infrastructure	26,093,708	23,310,187			26,093,708	23,310,187
Total	\$ 119,247,739	\$ 120,274,159	\$ 9,609,679	\$ 9,859,251	\$ 128,857,418	\$ 130,133,410

Capital assets. The Town of Tolland's investment in capital assets for its combined governmental and business-type assets includes land, buildings and improvements, vehicles and equipment, roads, rights of way, water systems, dams, bridges and sewer lines. The total decrease in the Town of Tolland's investment in capital assets for the current fiscal year was \$1,275,992, or approximately .98%, with a decrease of \$1,026,420 for governmental activities and a decrease of \$249,572 for business-type activities.

The Town's depreciated capital assets increased with net effect of the governmental activities decreased overall despite new projects such as ADA Elevator, Cross Farms Concession Stand and purchase of a ladder truck, three generators and finished up in the current year a construction of geothermal system in the Town Hall building.

Business type activities decreased due to the net effect of depreciation and a smaller in scope additions of hydrants.

Additional information on the Town of Tolland's capital assets can be found in Note 3E on pages 40-41 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Tolland had total bonded debt outstanding of \$35,820,000, all of which is backed by the full faith and credit of the Town.

Of this debt, \$26,229,285 is school related and \$9,590,715 is general obligation. In addition, the Town has an outstanding obligation of \$384,543 to the Town of Vernon to participate proportionately in the repayment of bonds for the wastewater treatment plant upgrade and the East Main Street sewer project. Tolland is hooked into Vernon's treatment plant and is allotted a certain capacity each month in exchange for user fees.

The Town of Tolland's total debt decreased by a net amount of \$1,940,000, which was the result of the new issue of \$9,485,000 in general, obligation bonds on August 29, 2012, less \$11,425,000 which was retired or refunded during the fiscal year. There were no bond anticipation notes outstanding at June 30, 2013.

The last bond rating for the Town of Tolland was in August, 2012 and the Town maintained an "AA+" rating from Fitch and a "AA positive rating" from Standard and Poor's for general obligation debt. On November 25, 2013, Standard and Poor's did a surveillance review and upgraded the Town to "AAA" rating. The upgrade reflects that the Town has consistently strong, stable financial operations and has improved financial management policies and practices. This is the highest and most prestigious rating a Town can obtain and there are very few communities rated this high in the State of Connecticut. This rating will lead to lower debt service costs in the future.

State statutes limit the amount of general obligation debt a governmental entity may issue to $2\frac{1}{4}$ to $4\frac{1}{2}$ 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 \$273,336,217, 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 3G on pages 43-46 of this report.

Economic Factors and Next Year's Budget and Rates

Local and State Governments throughout the country, including Tolland, are battling with the federal monetary crisis. As the economy worsens, citizens have been losing their jobs or absorbing wage reductions and are trying to pay their bills with lesser amounts of household income. The Town Council and staff have continued to address these issues while still trying to provide first rate services. The Town Council has formed several committees to review technology, energy and other areas where efficiencies can be identified in order to generate ideas for cost savings. The Town also performed a complete review of all revenue sources and identified appropriate user fees to self-fund 100% of noncore programs. There are continued efforts to grow the Town's tax base, retaining current businesses and increasing economic development opportunities.

The economic indicators for the past few years, and several other factors were taken into consideration when adopting the general fund budget for fiscal year 2013/2014. Amounts available for appropriation in the general fund budget are \$51,844,725, an increase of .94% over the fiscal year 2012 budget of \$51,362,234. A combination of increased costs for fixed items such as utilities, salaries, health benefits and other commodities along with no change in the percentage increase in State aid, particularly the Education Cost Sharing grant, had the biggest impact on the fiscal year 2013/2014 budget. The budget represents an increase of .20 mills or a 0.67% increase in the mill rate over the prior year. In order to achieve this budget level, cost cutting measures were employed such as elimination of positions, elimination of funds for street sweeping activities, over seeding Board of Education fields, reduction in bulky waste pick up from ten months to six per year and a reduction in hours for the swimming pond.

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 improve the Town Hall heating and cooling system, funds to do road improvements, community development grants (CDBG-Small Cities) and other social service grants. Voters in November approved the library expansion project which will provide much needed space for library programs. At the time we indicated we would be applying for a series of grants to try and reduce the amount of local borrowing needed for the project. As a result of some outstanding work by Town staff in a very short period of time the State Library Board has approved our grant request for one million dollars. We will immediately be commencing work to obtain an architectural firm to complete the design phase and then move forward with bidding and construction. There are other grants we will be seeking that have applications due in April, 2014 for an additional million dollars.

The Town and Board of Education have also recently agreed to create a new "Utility Internal Service Fund" in order to build up reserves from anticipated savings from the recent Energy Performance Contract initiated with Honeywell for various energy improvements in the Town and Board of Education Buildings. These savings will be used to pay the debt payments on the project as well as build reserves to help offset future economic fluctuations in the various utilities.

Requests for Information

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

Basic Financial Statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 13,090,524	\$ 241,239	\$ 13,331,763
Investments	2,590,171		2,590,171
Property taxes receivable	604,209		604,209
Intergovernmental receivable	1,738,788		1,738,788
Accounts and other receivables	2,061,834	199,237	2,261,071
Other assets	41,128		41,128
Deferred charges	271,684		271,684
Restricted cash and investments	313,063		313,063
Other post employment benefit asset	165,978		165,978
Capital assets, nondepreciable	14,069,967	50,858	14,120,825
Capital assets, net of accumulated depreciation	105,177,772	9,558,821	114,736,593
Total assets	<u>140,125,118</u>	<u>10,050,155</u>	<u>150,175,273</u>
Liabilities:			
Accounts payable	1,452,426	106,778	1,559,204
Accrued liabilities	398,075		398,075
Accrued interest payable	382,189		382,189
Unearned revenue	664,721		664,721
Noncurrent liabilities, due within one year	3,688,927		3,688,927
Noncurrent liabilities, due in more than one year	38,651,097		38,651,097
Total liabilities	<u>45,237,435</u>	<u>106,778</u>	<u>45,344,213</u>
Net Position:			
Net investment in capital assets	78,699,978	9,609,679	88,309,657
Restricted for:			
Commitments		30,682	30,682
Endowments - nonexpendable	20,800		20,800
Perpetual care - nonexpendable	292,263		292,263
Unrestricted	<u>15,874,642</u>	<u>303,016</u>	<u>16,177,658</u>
Total Net Position	<u>\$ 94,887,683</u>	<u>\$ 9,943,377</u>	<u>\$ 104,831,060</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Administration	\$ 1,128,418	\$ 10,756	\$	\$	\$ (1,117,662)	\$	\$ (1,117,662)
Planning and community development	478,632	302,962		102,017	(73,653)		(73,653)
Community services	1,307,822	376,711	54,620	300,640	(575,851)		(575,851)
Public works	9,389,371	48,035	243,507	436,075	(8,661,754)		(8,661,754)
Public safety services	2,068,676	135,789	26,500		(1,906,387)		(1,906,387)
Record and financial services	1,093,230	125,682			(967,548)		(967,548)
Board of education	44,748,673	1,236,580	16,733,049		(26,779,044)		(26,779,044)
Interest expense	1,405,217			43,731	(1,361,486)		(1,361,486)
Total governmental activities	<u>61,620,039</u>	<u>2,236,515</u>	<u>17,057,676</u>	<u>882,463</u>	<u>(41,443,385)</u>	<u>-</u>	<u>(41,443,385)</u>
Business-Type Activities:							
Sewer Fund	460,248	243,188				(217,060)	(217,060)
Water Fund	<u>376,706</u>	<u>333,676</u>				<u>(43,030)</u>	<u>(43,030)</u>
Total business-type activities	<u>836,954</u>	<u>576,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(260,090)</u>	<u>(260,090)</u>
Total Primary Government	<u>\$ 62,456,993</u>	<u>\$ 2,813,379</u>	<u>\$ 17,057,676</u>	<u>\$ 882,463</u>	<u>(41,443,385)</u>	<u>(260,090)</u>	<u>(41,703,475)</u>
General revenues:							
Property taxes					39,058,990		39,058,990
Grants and contributions not restricted to specific programs					529,845		529,845
Investment income					264,739	1,245	265,984
Miscellaneous					274,316		274,316
Transfers:					(50,000)	50,000	-
Total general revenues and transfers					<u>40,077,890</u>	<u>51,245</u>	<u>40,129,135</u>
Change in net position					(1,365,495)	(208,845)	(1,574,340)
Net Position at Beginning of Year					<u>96,253,178</u>	<u>10,152,222</u>	<u>106,405,400</u>
Net Position at End of Year					<u>\$ 94,887,683</u>	<u>\$ 9,943,377</u>	<u>\$ 104,831,060</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 8,805,346	\$ 989,328	\$ 44,144	\$ 2,156,073	\$ 1,387,896	\$ 13,382,787
Investments	1,113,551			908,852	588,568	2,610,971
Receivables	587,571	995,773	937,545	148,079	227,044	2,896,012
Due from other funds	49,537			301,671		351,208
Other					41,128	41,128
Total Assets	<u>\$ 10,556,005</u>	<u>\$ 1,985,101</u>	<u>\$ 981,689</u>	<u>\$ 3,514,675</u>	<u>\$ 2,244,636</u>	<u>\$ 19,282,106</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 985,049	\$	\$ 500	\$ 420,741	\$ 46,136	\$ 1,452,426
Accrued liabilities	395,980			2,095		398,075
Due to other funds	301,671				49,537	351,208
Deferred revenue	966,738	1,006,017	937,545		134,596	3,044,896
Total liabilities	<u>2,649,438</u>	<u>1,006,017</u>	<u>938,045</u>	<u>422,836</u>	<u>230,269</u>	<u>5,246,605</u>
Fund balances:						
Nonspendable					354,191	354,191
Restricted	170,722		43,644		46,064	260,430
Committed		979,084		3,091,839	1,614,112	5,685,035
Assigned	1,086,458					1,086,458
Unassigned	6,649,387					6,649,387
Total fund balances	<u>7,906,567</u>	<u>979,084</u>	<u>43,644</u>	<u>3,091,839</u>	<u>2,014,367</u>	<u>14,035,501</u>
Total Liabilities and Fund Balances	<u>\$ 10,556,005</u>	<u>\$ 1,985,101</u>	<u>\$ 981,689</u>	<u>\$ 3,514,675</u>	<u>\$ 2,244,636</u>	<u>\$ 19,282,106</u>

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

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

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

Total fund balances (Exhibit III)	\$ 14,035,501
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 198,956,194	
Less accumulated depreciation	<u>(79,708,455)</u>	
		119,247,739

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	93,392
Property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	2,380,175
Other post employment benefit asset	165,978
School building grant receivable	1,423,832
Allowance for doubtful accounts on interest and liens	(8,405)
Bond issue costs	271,684

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

Bonds and sewer notes payable	(36,204,543)
Deferred amount in refunding	815,511
Compensated absences	(1,792,263)
Accrued interest payable	(382,189)
Capital lease	(3,466,667)
Bond premium	<u>(1,692,062)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 94,887,683</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 39,100,634	\$	\$	\$	\$	\$ 39,100,634
Intergovernmental	16,502,034		32,935	454,782	1,424,448	18,414,199
Charges for services	604,168	187,215	37,762		1,584,922	2,414,067
Investment income	58,432	67,763	30	70,935	67,579	264,739
Other revenues	24,951	3,807		482,728	40,950	552,436
Total revenues	<u>56,290,219</u>	<u>258,785</u>	<u>70,727</u>	<u>1,008,445</u>	<u>3,117,899</u>	<u>60,746,075</u>
Expenditures:						
Current:						
Administration	2,585,864					2,585,864
Planning and community development	369,838					369,838
Community services	873,887		50,610		334,444	1,258,941
Public works	4,837,764				241,611	5,079,375
Public safety services	1,587,392				36,253	1,623,645
Record and financial services	887,048					887,048
Contingency and other	39,993					39,993
Board of Education	40,346,946				2,252,968	42,599,914
Capital outlay				4,575,746		4,575,746
Debt service	4,642,785	196,273		135,708		4,974,766
Total expenditures	<u>56,171,517</u>	<u>196,273</u>	<u>50,610</u>	<u>4,711,454</u>	<u>2,865,276</u>	<u>63,995,130</u>
Excess (Deficiency) of Revenues over Expenditures	<u>118,702</u>	<u>62,512</u>	<u>20,117</u>	<u>(3,703,009)</u>	<u>252,623</u>	<u>(3,249,055)</u>
Other Financing Sources (Uses):						
Bond issuance				1,460,000		1,460,000
Bond premiums	59,681			74,657		134,338
Issuance of refunding bonds				8,025,000		8,025,000
Payments to escrow agent				(9,122,074)		(9,122,074)
Premium on refunding bond issuance				1,158,124		1,158,124
Transfers in		15,000		464,377	123,976	603,353
Transfers out	(310,853)			(50,000)	(292,500)	(653,353)
Net other financing sources (uses)	<u>(251,172)</u>	<u>15,000</u>	<u>-</u>	<u>2,010,084</u>	<u>(168,524)</u>	<u>1,605,388</u>
Net Change in Fund Balances	(132,470)	77,512	20,117	(1,692,925)	84,099	(1,643,667)
Fund Balances at Beginning of Year	<u>8,039,037</u>	<u>901,572</u>	<u>23,527</u>	<u>4,784,764</u>	<u>1,930,268</u>	<u>15,679,168</u>
Fund Balances at End of Year	<u>\$ 7,906,567</u>	<u>\$ 979,084</u>	<u>\$ 43,644</u>	<u>\$ 3,091,839</u>	<u>\$ 2,014,367</u>	<u>\$ 14,035,501</u>

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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)	\$ (1,643,667)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	2,956,066
Depreciation expense	(3,977,203)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	96,755
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The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(102,038)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(296,740)
Increase in other post employment benefit asset	2,838
Decrease in property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	(230,251)
Decrease in property tax interest and lien revenue	(12,413)
Decrease in property tax, sewer use and community development block grant allowance for doubtful accounts	1,118
Amortization of bond premiums	150,843

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 issuance costs, 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	(1,460,000)
Issuance of refunding bonds	(8,025,000)
Bond payments	3,125,000
Payment to escrow agent	9,122,074
Premium on bond issuance	(1,292,462)
Deferred bond issue costs	135,707
Capital lease payments	133,333

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	(74,121)
Change in accrued interest	2,961
Amortization of deferred amounts	(49,456)
Amortization of issuance costs	(53,429)
Note principal payments	124,590

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>(1,365,495)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 38,824,459	\$ 38,824,459	\$ 39,100,634	\$ 276,175
Intergovernmental	11,697,441	11,699,625	11,745,632	46,007
Charges for services	591,702	591,702	604,168	12,466
Investment income	30,000	30,000	58,432	28,432
Other revenues	18,632	18,632	24,951	6,319
Total revenues	<u>51,162,234</u>	<u>51,164,418</u>	<u>51,533,817</u>	<u>369,399</u>
Expenditures:				
Current:				
Administrative	2,536,428	2,531,448	2,531,429	19
Planning and community development	359,502	363,196	361,990	1,206
Community services	859,381	867,450	866,631	819
Public works	4,508,829	4,513,916	4,505,476	8,440
Public safety services	1,585,150	1,582,908	1,582,877	31
Record and financial services	892,346	903,920	903,899	21
Contingency and other	86,708	67,690	67,518	172
Board of Education	35,702,228	35,702,228	35,685,928	16,300
Debt service	4,642,785	4,642,785	4,642,785	-
Total expenditures	<u>51,173,357</u>	<u>51,175,541</u>	<u>51,148,533</u>	<u>27,008</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(11,123)</u>	<u>(11,123)</u>	<u>385,284</u>	<u>396,407</u>
Other Financing Sources (Uses):				
Cancellation of prior year encumbrances			6,440	6,440
Appropriation of fund balance	200,000	321,976		(321,976)
Transfers in			59,681	59,681
Transfers out	<u>(188,877)</u>	<u>(310,853)</u>	<u>(310,853)</u>	<u>-</u>
Net other financing sources (uses)	<u>11,123</u>	<u>11,123</u>	<u>(244,732)</u>	<u>(255,855)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>140,552</u>	<u>\$ 140,552</u>
Fund Balance at Beginning of Year			<u>6,929,557</u>	
Fund Balance at End of Year			<u>\$ 7,070,109</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2013

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 237,180	\$ 4,059	\$ 241,239
Accounts receivable	87,698	111,539	199,237
Total current assets	<u>324,878</u>	<u>115,598</u>	<u>440,476</u>
Noncurrent assets:			
Capital assets, nondepreciable:			
Land	50,858		50,858
Capital assets, net of accumulated depreciation:			
Plant and pumping station	449,852	994,482	1,444,334
Distribution system	<u>2,227,140</u>	<u>5,887,347</u>	<u>8,114,487</u>
Total noncurrent assets	<u>2,727,850</u>	<u>6,881,829</u>	<u>9,609,679</u>
Total assets	<u>3,052,728</u>	<u>6,997,427</u>	<u>10,050,155</u>
Liabilities:			
Current liabilities:			
Accounts payable	<u>26,535</u>	<u>80,243</u>	<u>106,778</u>
Net Position:			
Net investment in capital assets	2,727,850	6,881,829	9,609,679
Restricted for commitments	30,682		30,682
Unrestricted	<u>267,661</u>	<u>35,355</u>	<u>303,016</u>
Total Net Position	<u>\$ 3,026,193</u>	<u>\$ 6,917,184</u>	<u>\$ 9,943,377</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, 2013

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for services	\$ 333,676	\$ 234,003	\$ 567,679
Operating Expenses:			
Professional services	112,016	49,132	161,148
Repairs and maintenance	89,943	15,599	105,542
Service fees	7,196	135,999	143,195
Materials and supplies	22,985	26,257	49,242
Utilities	43,010	31,429	74,439
Depreciation	95,708	201,832	297,540
Total operating expenses	370,858	460,248	831,106
Operating Loss	(37,182)	(226,245)	(263,427)
Nonoperating Revenue (Expense):			
Investment income	377	868	1,245
Intergovernmental revenue		9,185	9,185
Loss on disposal	(5,848)		(5,848)
Net nonoperating revenue (expense)	(5,471)	10,053	4,582
Loss Before Transfers	(42,653)	(216,192)	(258,845)
Transfers In		50,000	50,000
Change in Net Position	(42,653)	(166,192)	(208,845)
Net Position at Beginning of Year	3,068,846	7,083,376	10,152,222
Net Position at End of Year	\$ 3,026,193	\$ 6,917,184	\$ 9,943,377

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, 2013

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 333,800	\$ 219,586	\$ 553,386
Payments to suppliers	(282,585)	(230,645)	(513,230)
Net cash provided by (used in) operating activities	<u>51,215</u>	<u>(11,059)</u>	<u>40,156</u>
Cash Flows from Noncapital Financing Activities:			
Intergovernmental grants		9,185	9,185
Net transfers in		50,000	50,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>59,185</u>	<u>59,185</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	<u>(8,202)</u>	<u>(45,613)</u>	<u>(53,815)</u>
Cash Flows from Investing Activities:			
Investment income	<u>377</u>	<u>868</u>	<u>1,245</u>
Net Increase in Cash	43,390	3,381	46,771
Cash at Beginning of Year	<u>193,790</u>	<u>678</u>	<u>194,468</u>
Cash at End of Year	<u>\$ 237,180</u>	<u>\$ 4,059</u>	<u>\$ 241,239</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:			
Operating loss	\$ (37,182)	\$ (226,245)	\$ (263,427)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation expense	95,708	201,832	297,540
(Increase) decrease in accounts receivable	124	(14,417)	(14,293)
Increase (decrease) in due to/from other funds		(18,938)	(18,938)
Increase (decrease) in accounts payable	<u>(7,435)</u>	<u>46,709</u>	<u>39,274</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 51,215</u>	<u>\$ (11,059)</u>	<u>\$ 40,156</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2013

	OPEB Trust Fund	Private Purpose Trust Fund Stevenson Scholarship	Agency Funds
Assets:			
Cash and cash equivalents	\$	\$ 25,061	\$ 481,208
Investments:			
Mutual funds	424,323		
Total assets	<u>424,323</u>	<u>25,061</u>	<u>481,208</u>
Liabilities:			
Accounts payable			<u>481,208</u>
Net Position:			
Held in Trust for Other Purposes	\$ <u>424,323</u>	\$ <u>25,061</u>	\$ <u>-</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	OPEB Trust Fund	Private Purpose Trust Fund Stevenson Scholarship
Additions:		
Interest and dividends	\$	\$ 696
Contributions	549,000	
Net increase in the fair value of the investment	25,749	
Total additions	<u>574,749</u>	<u>696</u>
Deductions:		
Scholarships awarded		650
Benefits	522,000	
Total deductions	<u>522,000</u>	<u>650</u>
Change in Net Position	52,749	46
Net Position at Beginning of Year	<u>371,574</u>	<u>25,015</u>
Net Position at End of Year	<u>\$ 424,323</u>	<u>\$ 25,061</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
NOTES TO 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.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town's primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following major proprietary funds:

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Water Fund and Sewer Fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

C. Cash and Cash Equivalents

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

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

D. Investments

Investments are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

F. Restricted Assets

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

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 for equipment, \$25,000 for improvements and \$50,000 for infrastructure, and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

H. 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.

I. 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, as well as issuance costs, 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 are reported as deferred charges and amortized over the term of the related debt.

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.

J. Equity

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

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

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

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

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

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

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

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

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by 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.

K. 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.

L. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

- The Town Council is authorized to transfer any budgeted amounts between departments and to approve additional appropriations up to \$40,000 in the aggregate in any one year. All additional appropriations in excess of \$40,000 in the aggregate must be subject to a public hearing. During the year, the Town Council approved \$124,160 in additional appropriations. Of these appropriations, \$2,184 was from revised revenue estimates and \$121,976 was additional appropriations from fund balance.

- Management is authorized to make budgetary transfers within departments but cannot approve additional appropriations.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level within a function.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.
- Encumbrances are recognized as valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Project Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

A reconciliation of the accounting treatment required by GAAP and budgetary requirements at June 30, 2013 is as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Fund Balance
Balance, budgetary basis	\$ 51,599,938	\$ 51,459,386	\$ 7,070,109
Prior year encumbrances liquidated		851,099	
Prior year encumbrances cancelled	(6,440)		
Prior year encumbrances still outstanding			251,941
Current year encumbrances		(584,517)	584,517
State of Connecticut grants for Special Education Excess Costs, netted for budgetary purposes	1,141,890	1,141,890	
State Teachers' Retirement on-behalf payment	<u>3,614,512</u>	<u>3,614,512</u>	
Balance, GAAP basis	<u>\$ 56,349,900</u>	<u>\$ 56,482,370</u>	<u>\$ 7,906,567</u>

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents, and Investments

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully 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*, \$9,523,140 of the Town's bank balance of \$12,849,114 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,395,826
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,127,314</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 9,523,140</u></u>

Cash Equivalents

At June 30, 2013, the Town's cash equivalents amounted to \$2,363,325. 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	
Cutwater Asset Management		
Connecticut CLASS		AAAm

Investments

As of June 30, 2013, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More than 10
Interest-bearing investments:					
Fixed income funds	N/A	\$ 688,718	\$ 688,718	\$	\$
Certificates of Deposit	N/A	1,113,551	1,113,551		
U.S. Government Obligation					
National Mortgage Pool	N/A	324			324
Corporate bonds	A3	30,151	30,151		
Corporate bonds	Ba1	38,579	38,579		
Corporate bonds	Baa1	26,079		26,079	
Corporate bonds	Baa2	28,296	28,296		
Total		1,925,698	\$ 1,899,295	\$ 26,079	\$ 324
Other investments:					
Mutual funds		742,816			
Equities		366,780			
Total Investments		\$ 3,035,294			

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, 2013.

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

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

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

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

B. Endowments Received

	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	Total
Original principal received	\$ 292,263	\$ 20,800	\$ 313,063
Net appreciation on investments	<u>1,990</u>	<u>567,768</u>	<u>569,758</u>
Total Value	<u>\$ 294,253</u>	<u>\$ 588,568</u>	<u>\$ 882,821</u>

The original principal received remains in the net assets and is restricted for the trust principal. The net appreciation on investments is included in unrestricted net assets and is spent based on the original criteria established by the trust. The Town's policy is to spend only investment income for the purposes of the trust.

C. Receivables

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

	<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	\$ 523,739	\$	\$	\$	\$	\$	\$	\$ 523,739
Accounts and other	43,977	995,773	27,947	937,545	191,503	87,698	111,539	2,395,982
Intergovernmental	<u>24,372</u>		<u>120,132</u>	<u>937,545</u>	<u>35,541</u>			<u>180,045</u>
Gross receivables	592,088	995,773	148,079	937,545	227,044	87,698	111,539	3,099,766
Less: Allowance for collection losses	<u>4,517</u>							<u>4,517</u>
Net Total Receivables	<u>\$ 587,571</u>	<u>\$ 995,773</u>	<u>\$ 148,079</u>	<u>\$ 937,545</u>	<u>\$ 227,044</u>	<u>\$ 87,698</u>	<u>\$ 111,539</u>	<u>\$ 3,095,249</u>

D. Deferred and Unearned Revenue

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 395,853	\$
Advance tax collections		570,885
Sewer Assessment Fund:		
Assessment receivable	995,773	
Advance sewer collections		10,244
CDBG Small Cities Fund:		
Loan receivable	937,545	
Nonmajor Governmental Funds:		
Loan receivable	37,034	
Program fees		82,270
Cemetery operations	9,020	
Education grants		1,322
Permanent Funds:		
Cemetery perpetual care	<u>4,950</u>	
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,380,175</u>	<u>\$ 664,721</u>

E. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 13,361,857	\$	\$	\$	\$ 13,361,857
Rights of way	400,208	2,754			402,962
Construction in progress	<u>2,528,667</u>	<u>305,148</u>	<u>(2,525,340)</u>	<u>3,327</u>	<u>305,148</u>
Total capital assets not being depreciated	<u>16,290,732</u>	<u>307,902</u>	<u>(2,525,340)</u>	<u>3,327</u>	<u>14,069,967</u>
Capital assets being depreciated:					
Buildings and improvements	120,833,335			95,890	120,737,445
Vehicles, furniture and equipment	10,831,973	1,459,840	34,296	273,581	12,052,528
Infrastructure	<u>48,320,131</u>	<u>1,285,079</u>	<u>2,491,044</u>		<u>52,096,254</u>
Total capital assets being depreciated	<u>179,985,439</u>	<u>2,744,919</u>	<u>2,525,340</u>	<u>369,471</u>	<u>184,886,227</u>
Less accumulated depreciation for:					
Buildings and improvements	45,234,471	2,292,223			47,526,694
Vehicles, furniture and equipment	5,757,597	670,563		248,945	6,179,215
Infrastructure	<u>25,009,944</u>	<u>1,014,417</u>		<u>21,815</u>	<u>26,002,546</u>
Total accumulated depreciation	<u>76,002,012</u>	<u>3,977,203</u>	<u>-</u>	<u>270,760</u>	<u>79,708,455</u>
Total capital assets being depreciated, net	<u>103,983,427</u>	<u>(1,232,284)</u>	<u>2,525,340</u>	<u>98,711</u>	<u>105,177,772</u>
Governmental Activities Capital Assets, Net	<u>\$ 120,274,159</u>	<u>\$ (924,382)</u>	<u>\$ -</u>	<u>\$ 102,038</u>	<u>\$ 119,247,739</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 50,858	\$	\$	\$	\$ 50,858
Capital assets being depreciated:					
Plant and pumping stations	2,452,703	45,613			2,498,316
Water/sewer distribution system	<u>10,758,625</u>	<u>8,202</u>		<u>8,221</u>	<u>10,758,606</u>
Total capital assets being depreciated	<u>13,211,328</u>	<u>53,815</u>	<u>-</u>	<u>8,221</u>	<u>13,256,922</u>
Less accumulated depreciation for:					
Plant and pumping stations	978,266	75,716			1,053,982
Water/sewer distribution system	<u>2,424,669</u>	<u>221,824</u>		<u>2,374</u>	<u>2,644,119</u>
Total accumulated depreciation	<u>3,402,935</u>	<u>297,540</u>	<u>-</u>	<u>2,374</u>	<u>3,698,101</u>
Total capital assets being depreciated, net	<u>9,808,393</u>	<u>(243,725)</u>	<u>-</u>	<u>5,847</u>	<u>9,558,821</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,859,251</u>	<u>\$ (243,725)</u>	<u>\$ -</u>	<u>\$ 5,847</u>	<u>\$ 9,609,679</u>

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

Governmental Activities:

Administration	\$ 38,485
Planning and community development	25,078
Community services	103,408
Public works	1,252,301
Public safety services	270,777
Record and financial services	1,806
Board of education	<u>2,285,348</u>

Total Depreciation Expense - Governmental Activities	\$ <u><u>3,977,203</u></u>
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Business-type activities:

Water	\$ 95,708
Sewer	<u>201,832</u>
	<u>\$ 297,540</u>

Construction Commitments

The Town has active construction projects as of June 30, 2013. 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>
Building Façade Cracks at T.I.S.	\$ 22,911	\$ 790,077
Track Resurface at T.M.S.	84,605	10,000
ET 340 Fire Truck	1,870	59,402
Cross Farm Complex		337,771
Highway Garage	55,964	14,036
Generators	25,315	84,684
Geothermal Heating System at Hicks		
	3,513,985	86,014
Base Repeaters	18,762	40,000
Street and Roads Pavement	<u>790,142</u>	<u>246,865</u>
	<u>\$ 4,513,554</u>	<u>\$ 1,668,849</u>

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

F. 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, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 49,537
Capital Projects Fund	General Fund	<u>301,671</u>
		<u>\$ 351,208</u>

All balances are expected to be repaid within a year.

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

	<u>Transfers In</u>				<u>Total Transfers Out</u>
	<u>Sewer Assessment Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Fund</u>	
Transfers out:					
General Fund	\$ 15,000	\$ 171,877	\$ 123,976	\$	\$ 310,853
Capital Projects Fund				50,000	50,000
Nonmajor Governmental		<u>292,500</u>			<u>292,500</u>
Total Transfers In	<u>\$ 15,000</u>	<u>\$ 464,377</u>	<u>\$ 123,976</u>	<u>\$ 50,000</u>	<u>\$ 653,353</u>

G. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 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 payable:					
General obligation bonds	\$ 37,760,000	\$ 9,485,000	\$ 11,425,000	\$ 35,820,000	\$ 3,210,000
Plus deferred amounts:					
Deferred charge on refunding	(42,894)	(822,073)	(49,456)	(815,511)	
Issuance premium	<u>550,443</u>	<u>1,292,462</u>	<u>150,843</u>	<u>1,692,062</u>	
Total bonds payable	<u>38,267,549</u>	<u>9,955,389</u>	<u>11,526,387</u>	<u>36,696,551</u>	<u>3,210,000</u>
 Sewer notes	 509,133		124,590	384,543	128,348
Capital lease	3,600,000		133,333	3,466,667	266,667
Compensated absences	<u>1,718,142</u>	<u>156,659</u>	<u>82,538</u>	<u>1,792,263</u>	<u>83,912</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 44,094,824</u>	<u>\$ 10,112,048</u>	<u>\$ 11,866,848</u>	<u>\$ 42,340,024</u>	<u>\$ 3,688,927</u>

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

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. During the year, the Town issued \$1,460,000 of general obligation bonds. These bonds mature on September 1, 2027 and bear interest from 1.5% to 3%.

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.

Refundings

On August 29, 2012, the Town issued \$8,025,000 in general obligation bonds, with an average interest rate of 3.87% to refund \$8,300,000 of outstanding 2004 and 2005 general obligation bonds with an average rate of 4.19%. The net proceeds of \$9,122,074 (after payment of issuance costs of \$135,707) were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by the United States of America, to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The transaction generated a cash flow savings of \$523,364 and a present value savings of \$458,264.

The Town has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2013, \$8,300,000 of the defeased debt is outstanding.

Sewer Notes

The Town entered into an agreement with the Town of Vernon, Connecticut (Vernon) for sewer construction along East Main Street. The Town will pay Vernon for its share of principal and interest payments on the sewer bonds issued by Vernon to fund this project. The bonds mature in September 2013 and bear interest of 5-6.75%.

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

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

Description	Date of Issue	Maturity	Interest Rate (%)	Amount of Original Issue	Annual Principal	Balance Outstanding June 30, 2013
General purpose:						
General obligation	12/1/04	12/1/24	3.5-4.25	\$ 3,260,000	Various	\$ 182,400
General obligation	9/1/05	9/1/25	4-4.25	445,000	Various	185,600
General obligation	9/15/06	6/30/26	4-4.25	1,965,000	Various	1,388,152
General obligation	9/1/07	9/1/21	3.9-5	1,872,200	Various	1,586,200
General obligation	9/1/08	9/1/18	3.0-4.0	2,010,000	Various	1,425,000
General obligation	8/1/10	8/1/30	2.0-4.0	825,000	Various	783,750
General obligation refunding	10/1/11	10/1/26	2.0-3.0	3,334,864	Various	3,033,828
General obligation	9/1/12	9/1/27	1.5-3.0	845,285	Various	845,285
General obligation refunding	9/1/12	9/1/25	3.0-5.0	160,500	Various	160,500
Total general purpose				<u>14,717,849</u>		<u>9,590,715</u>
School:						
School improvement	12/1/04	12/1/24	3.5-4.25	6,740,000	Various	387,600
School improvement	9/1/05	9/1/25	4-4.25	11,000,000	Various	7,189,400
School improvement	9/15/06	8/15/26	4-4.25	7,050,000	Various	5,126,848
School improvement	9/1/07	9/1/27	3.9-5	2,382,800	Various	2,018,800
School improvement	8/1/10	8/1/30	2.0-4.0	1,700,000	Various	1,616,250
School improvement	10/1/11	10/1/26	2.0-3.0	1,575,136	Various	1,411,172
School improvement	9/1/12	9/1/27	1.5-3.0	614,715	Various	614,715
School improvement - refunding	9/1/12	9/1/25	3.0-5.0	7,864,500	Various	7,864,500
Total school				<u>38,927,151</u>		<u>26,229,285</u>
Sewer notes:						
Vernon sewer	9/15/96	9/15/13	5-6.75	555,000	Various	29,400
Vernon wastewater	12/31/97	12/31/16	2	1,748,330	Various	355,143
Total sewer notes				<u>2,303,330</u>		<u>384,543</u>
Total Outstanding				<u>\$ 55,948,330</u>		<u>\$ 36,204,543</u>

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

	Bonds		Sewer Notes	
	Principal	Interest	Principal	Interest
2013	\$ 3,210,000	\$ 1,280,714	\$ 128,348	\$ 7,066
2014	3,140,000	1,169,133	100,945	4,202
2015	3,070,000	1,060,874	102,982	2,164
2016	3,225,000	945,962	52,268	305
2017	3,185,000	828,562		
2018-2022	12,395,000	2,606,129		
2023-2027	7,145,000	573,217		
2028-2031	450,000	26,212		
	<u>\$ 35,820,000</u>	<u>\$ 8,490,803</u>	<u>\$ 384,543</u>	<u>\$ 13,737</u>

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2013 is \$2,699,987. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Statutory Debt Limitation

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

Category	Debt Limitation	Net Indebtedness	Balance
General purpose	\$ 87,858,070	\$ 8,419,646	\$ 79,438,424
Schools	175,716,140	26,686,509	149,029,631
Sewers	146,430,116	1,990,000	144,440,116
Urban renewal	126,906,101		126,906,101
Pension deficit	117,144,093		117,144,093

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$273,336,217. All long-term debt obligations are retired through General Fund appropriations. The indebtedness reflected above includes bonds and notes outstanding in addition to the amounts of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$1,423,832 is reflected as deductions in the computation of net indebtedness.

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. There were principal lease payments made on the QECB lease during 2013 of \$133,333, and lease interest payments were made in the amount of \$183,960.

The asset acquired through the capital lease is as follows:

	Governmental Activities
Asset:	
Vehicle	\$ 3,682,123
Less: accumulated depreciation	<u>46,027</u>
Total	<u><u>\$ 3,636,096</u></u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2013 were as follows:

Fiscal Year Ending June 30,	Governmental Activities
2013	\$ 440,407
2014	426,780
2015	413,154
2016	399,527
2017	385,900
Thereafter	<u>2,596,639</u>
Total lease payments	4,662,407
Less amount representing interest	<u>1,195,740</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 3,466,667</u></u>

4. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2013 are as follows:

	<u>General Fund</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	\$ 41,128	\$ 41,128
Permanent fund principal					313,063	313,063
Restricted for:						
Community rehabilitation services			43,644			43,644
Debt service	170,722					170,722
Unspent grant proceeds					46,064	46,064
Committed to:						
Sewer capital improvements		979,084				979,084
Dog warden					4,857	4,857
Open space					101,411	101,411
Sewer escrow					24,697	24,697
Lodge furnishings					43,886	43,886
Business park improvements					17,454	17,454
Recreation					161,341	161,341
Water assessments					127,772	127,772
Food service					135,769	135,769
Education programs					621,310	621,310
Eviction storage					857	857
Cemeteries					195,123	195,123
Training center repair and replacement					7,982	7,982
Field maintenance					13,748	13,748
Emergency storms					157,905	157,905
Special assessment projects				3,091,839		3,091,839
Assigned to:						
Purchases on order	836,458					836,458
Contribution to next fiscal budget	250,000					250,000
Unassigned	<u>6,649,387</u>					<u>6,649,387</u>
Total Fund Balances	<u>\$ 7,906,567</u>	<u>\$ 979,084</u>	<u>\$ 43,644</u>	<u>\$ 3,091,839</u>	<u>\$ 2,014,367</u>	<u>\$ 14,035,501</u>

Significant encumbrances of \$836,458 at June 30, 2013 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 contribution during the year ended June 30, 2013 was \$244,790 and represented 6% of covered payroll. The employees' required contributions were \$101,966 and represented 2.5% of covered payroll.

Employer and Employee Obligations

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

B. Teachers' Retirement

Teachers participate in a contributory defined-benefit plan established under Chapter 167a of the Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board. Full-time certified teachers are vested in the system after ten years of service in this state.

All certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings. The Board of Education does not contribute to the plan. Prior to July 1, 1989, teachers were vested in their contributions up to 5% of their earnings prior to five years of service. After five years of service, teachers were fully vested in their own contributions. After ten years of service, teachers are fully vested and entitled to a monthly pension benefit that is payable at the age of 60. The State of Connecticut contributes amounts based on the actuarial reserve basis described in C.G.S. Sections 10-183b(7). For the year ended June 30, 2013, teachers of the Town contributed \$1,245,852 to the plan, and covered payroll for the year was \$17,179,098. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2013 was \$3,614,512 and is recognized in the governmental funds GAAP-basis income statement.

C. Annual OPEB Cost and Net OPEB Obligations

Summary of Significant Accounting Policies

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

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

Plan Description

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

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

At July 1, 2012, plan membership consisted of the following:

	Retiree Medical Program
Retired members and Spouses of retired members	75
Active plan members	286
Total	361

Funding Policy

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

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

Employer contributions to the plan of \$549,000 were made in accordance with actuarially determined requirements. Of this amount, \$522,000 represents premium payments, and \$27,000 was contributed to prefund benefits.

Annual OPEB Cost and Net OPEB Obligations

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

	Retiree Medical Program
Annual required contribution (ARC)	\$ 547,000
Interest on net OPEB obligation	(12,236)
Adjustment to annual required contribution	11,398
Annual OPEB Cost	546,162
Contributions made	549,000
Increase in net OPEB asset	(2,838)
Net OPEB Asset - beginning of year	(163,140)
Net OPEB Asset - End of Year	\$ (165,978)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal years ended June 30, 2013, 2012 and 2011, are presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Asset
6/30/2011	\$ 484,901	\$ 559,000	115.28%	\$ 191,734
6/30/2012	519,594	491,000	94.50%	163,140
6/30/2013	546,162	549,000	100.52%	165,978

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

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2012, the most recent actuarial valuation date, is as follows:

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	(Unfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2008	\$	\$ 4,954,000	\$ (4,954,000)	0%	\$ n/a	n/a
7/1/2010	229,000	5,399,000	(5,170,000)	4%	n/a	n/a
7/1/2012	372,000	4,667,000	(4,295,000)	8%	22,286,770	(19)%

Schedule of Employer Contributions			
Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2011	\$ 486,000	\$ 559,000	115%
6/30/2012	521,000	491,000	94%
6/30/2013	547,000	549,000	100%

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

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 6.2% initially, reduced by decrements to an ultimate rate of 4.7% after 69 years; imbedded within this trend rate is an estimate of the underlying inflation rate of 2.75%. Projected salary increases were 4.5%. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 was 22 years.

6. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to public officials and police liability; Board of Education liability; torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for all risks of loss. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2013. There have been no significant reductions in insurance coverage during the year.

B. Contingent Liabilities

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

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

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

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**Supplemental, Combining
and Individual Fund**

Statements

and

Schedules

General Fund

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

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Property Taxes:				
Current year levy	\$ 38,039,407	\$ 38,039,407	\$ 38,132,515	\$ 93,108
Prior year levy	250,000	250,000	356,041	106,041
Interest and lien fees	122,678	122,678	209,320	86,642
Motor vehicle supplement	377,874	377,874	373,468	(4,406)
Suspense	1,500	1,500	807	(693)
Telecommunications access line	33,000	33,000	28,483	(4,517)
Total property taxes	<u>38,824,459</u>	<u>38,824,459</u>	<u>39,100,634</u>	<u>276,175</u>
Intergovernmental:				
Education:				
Transportation	132,619	132,619	124,599	(8,020)
Adult education	9,792	9,792	9,367	(425)
Education equalization	10,834,283	10,834,283	10,883,229	48,946
Total education	<u>10,976,694</u>	<u>10,976,694</u>	<u>11,017,195</u>	<u>40,501</u>
General Government:				
Elderly circuit breaker	65,000	65,000	70,595	5,595
State property reimbursement	52,937	52,937	57,208	4,271
Interest subsidy	43,731	43,731	43,731	-
Bond subsidy	296,740	296,740	296,740	-
SDE/MH and AS/DEEP grants	34,218	34,218	24,214	(10,004)
Manufacturers' equipment	75,000	75,000	67,508	(7,492)
Civil defense grant	5,000	5,000	5,000	-
Mashantucket Pequot	45,038	45,038	45,575	537
Miscellaneous grants	29,393	31,577	36,537	4,960
Veterans	7,500	7,500	7,433	(67)
Town Clerk Preservation	4,000	4,000	4,000	-
Disability grant	1,690	1,690	1,732	42
Property tax relief	60,500	60,500	68,164	7,664
Total general government	<u>720,747</u>	<u>722,931</u>	<u>728,437</u>	<u>5,506</u>
Total intergovernmental	<u>11,697,441</u>	<u>11,699,625</u>	<u>11,745,632</u>	<u>46,007</u>

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Charges for Services:				
Building permit fees	\$ 160,000	\$ 160,000	\$ 149,866	\$ (10,134)
Fines, fees and penalties	1,500	1,500	560	(940)
Pistol permits	5,000	5,000	8,610	3,610
Zoning permit fees	7,500	7,500	8,675	1,175
Town clerk	20,000	20,000	15,229	(4,771)
Library fees	14,000	14,000	11,266	(2,734)
Counseling fees	1,800	1,800	1,779	(21)
Motor vehicle fine	15,000	15,000	13,539	(1,461)
Planning and zoning and IWWC	6,500	6,500	3,936	(2,564)
Rents/PILOT	11,322	11,322	11,671	349
Property conveyance tax	110,000	110,000	114,790	4,790
Document recording fees	85,000	85,000	94,813	9,813
Map and copy sales	12,000	12,000	14,646	2,646
Notary fees			388	388
Zoning board of appeals	3,000	3,000	3,668	668
Public safety services	875	875	1,910	1,035
Solid waste fees/sewer fees	40,500	40,500	34,531	(5,969)
Tuition			14,695	14,695
Town preservation	8,000	8,000	9,546	1,546
Ambulance	89,705	89,705	90,050	345
Total charges for services	<u>591,702</u>	<u>591,702</u>	<u>604,168</u>	<u>12,466</u>
Investment Income:				
General Fund	<u>30,000</u>	<u>30,000</u>	<u>58,432</u>	<u>28,432</u>
Other Revenues	<u>18,632</u>	<u>18,632</u>	<u>24,951</u>	<u>6,319</u>
Total Revenues	<u>51,162,234</u>	<u>51,164,418</u>	<u>51,533,817</u>	<u>369,399</u>
Other Financing Sources:				
Cancellation of prior year encumbrances			6,440	6,440
Appropriation of fund balance	200,000	321,976		(321,976)
Bond premium			59,681	59,681
Total other financing sources	<u>200,000</u>	<u>321,976</u>	<u>66,121</u>	<u>(255,855)</u>
Total Revenues and Other Financing Sources	<u>\$ 51,362,234</u>	<u>\$ 51,486,394</u>	<u>\$ 51,599,938</u>	<u>\$ 113,544</u>

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Administrative:				
Town council	\$ 38,239	\$ 37,824	\$ 37,823	\$ 1
Town manager	218,345	222,220	222,216	4
Economic development commission	7,275	7,235	7,234	1
Human resources and administrative services	1,891,897	1,856,216	1,856,209	7
Miscellaneous support services	43,166	43,630	43,627	3
Information technology and telecommunications	86,486	87,537	87,536	1
Insurance	184,595	185,347	185,347	-
Legal services	57,000	82,014	82,014	-
Probate court	9,425	9,425	9,423	2
Total administrative	2,536,428	2,531,448	2,531,429	19
Planning and Community Development:				
Building inspection services	91,190	92,704	92,189	515
Zoning board of appeals	3,435	4,015	4,013	2
Environmental health services	68,190	68,190	68,188	2
Planning and zoning services	179,302	181,445	181,274	171
Inland wetlands commission	4,140	4,250	3,825	425
Conservation commission	3,590	3,610	3,608	2
Planning and zoning commission	9,655	8,982	8,893	89
Total planning and community development	359,502	363,196	361,990	1,206
Community Services:				
Elderly services	46,642	46,908	46,353	555
Human services	311,194	316,864	316,858	6
Library	382,269	382,808	382,550	258
Recreation and adult education	119,276	120,870	120,870	-
Total community services	859,381	867,450	866,631	819
Public Works:				
Public works administration	101,508	101,497	101,494	3
Parks and facilities	1,255,629	1,265,665	1,264,480	1,185
Refuse and recycling services	1,267,700	1,264,870	1,264,843	27
Streets and roads	1,883,992	1,881,884	1,874,659	7,225
Total public works	4,508,829	4,513,916	4,505,476	8,440
Public Safety Services:				
Water supply	75,470	75,470	75,470	-
Ambulance	282,342	265,701	265,690	11
Canine control	38,145	36,590	36,589	1
Civil preparedness	12,013	11,400	11,400	-
Fire prevention	45,519	49,879	49,879	-
Fire suppression	528,456	540,533	540,524	9
Law enforcement	603,205	603,335	603,325	10
Total public safety services	1,585,150	1,582,908	1,582,877	31
Record and Financial Services:				
Accounting services	293,439	296,644	296,641	3
Assessment services	238,354	234,765	234,761	4
Board of assessment appeals	850	850	849	1
Independent audit	23,500	23,500	23,500	-
Registrar of voters	40,702	44,643	44,640	3
Revenue services	165,423	166,699	166,693	6
Town clerk	130,078	136,819	136,815	4
Total record and financial services	892,346	903,920	903,899	21
Contingency and Other	86,708	67,690	67,518	172

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TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Board of Education:				
Language arts	\$ 97,960	\$ 97,782	\$ 84,648	\$ 13,134
Math	41,263	41,441	37,270	4,171
Social studies	18,918	16,823	19,197	(2,374)
Science	73,525	71,860	71,158	702
Art	28,992	29,523	28,430	1,093
Music	19,804	19,273	18,169	1,104
Physical education	13,238	13,238	12,388	850
World language	11,268	11,268	8,113	3,155
Family and consumer science	14,917	14,917	16,558	(1,641)
Technology education	36,678	36,678	36,224	454
Business education	6,472	7,044	10,920	(3,876)
Computer education	10,083	9,993	8,347	1,646
Talc	1,240	1,240	98	1,142
Special services	2,291,201	2,291,201	2,145,165	146,036
Special education	88,051	94,731	92,545	2,186
Interdistrict programs	146,038	146,038	181,508	(35,470)
Student athletics	153,677	153,677	141,046	12,631
Student activities	23,787	23,787	14,951	8,836
Guidance and counseling	9,948	8,964	4,053	4,911
Nursing	16,561	16,561	17,053	(492)
Library	16,475	16,475	15,210	1,265
Audiovisual	3,614	3,614	2,767	847
Staff services	5,733,706	5,733,265	6,311,072	(577,807)
Communication/Insurance	195,297	180,297	184,987	(4,690)
Principals' offices	130,446	128,089	93,718	34,371
Transportation	2,317,868	2,317,868	2,223,455	94,413
Superintendent's office	18,924	24,159	26,788	(2,629)
Business office	191,953	192,753	198,813	(6,060)
Technology services	215,116	230,116	263,346	(33,230)
Custodial Services	219,364	219,364	209,356	10,008
Energy management	6,360	6,360	4,541	1,819
Energy management - utilities	1,383,344	1,383,344	1,251,987	131,357
Plant maintenance	379,772	379,772	384,632	(4,860.00)
BOE Payroll Clerk	1,095	3,352	2,952	400
Program/Professional development	67,163	67,747	66,054	1,693
Certified regular education payroll	13,044,049	13,062,077	12,817,286	244,791
Certified special education payroll	2,732,975	2,707,340	2,693,911	13,429
Noncertified payroll	1,212,738	1,212,738	1,227,785	(15,047)
Building operations	902,310	841,460	842,602	(1,142)
Building maintenance	176,911	176,911	175,105	1,806
Business services	292,814	292,814	292,253	561
Superintendent services	274,641	271,351	270,450	901
Principals' services	1,525,238	1,519,742	1,512,774	6,968.00
System-wide substitutes	364,736	390,371	505,907	(115,536)
System-wide services	1,085,508	1,117,120	1,058,762	58,358
Adult education	30,269	30,269	30,267	2
Board of Education	75,921	87,421	71,307	16,114
Total Board of Education	35,702,228	35,702,228	35,685,928	16,300
Debt Service	4,642,785	4,642,785	4,642,785	-
Total Expenditures	51,173,357	51,175,541	51,148,533	27,008
Other Financing Uses:				
Transfers out:				
Sewer fund	15,000	15,000	15,000	-
Capital improvements	171,877	171,877	171,877	-
Other governmental funds	2,000	123,976	123,976	-
Total other financing uses	188,877	310,853	310,853	-
Total Expenditures and Other Financing Uses	\$ 51,362,234	\$ 51,486,394	\$ 51,459,386	\$ 27,008

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2013

Grand List Year	Uncollected Taxes July 1, 2012	Lawful Corrections				Transfers to Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2013
		Supplement	Pro-Rates	Additions	Deductions			Taxes	Interest and Lien Fees	Total	
1997	\$	\$	\$	\$	\$	\$	\$ -	\$	\$	\$ -	\$ -
1998							-			-	-
1999							-			-	-
2000							-			-	-
2001							-			-	-
2002				66			66	66	159	225	-
2003	449					449	-			-	-
2004	1,509			227		1,342	394	394	567	961	-
2005	1,733			8	8	1,404	329	230	284	514	99
2006	7,785			194	19	3,001	4,959	1,356	1,495	2,851	3,603
2007	16,420			160	40	3,299	13,241	4,624	2,440	7,064	8,617
2008	42,736			846	1,600	3,850	38,132	23,313	7,598	30,911	14,819
2009	106,579			158	133	3,986	102,618	64,368	23,973	88,341	38,250
2010	365,256			7,096	6,721	7,621	358,010	249,780	51,811	301,591	108,230
Total Prior Years	542,467	-	-	8,755	8,521	24,952	517,749	344,131	88,327	432,458	173,618
2011	38,498,590	392,052	-	64,505	122,207	1,778	38,831,162	38,481,041	134,532	38,615,573	350,121
Total	\$ 39,041,057	\$ 392,052	\$ -	\$ 73,260	\$ 130,728	\$ 26,730	\$ 39,348,911	\$ 38,825,172	\$ 222,859	\$ 39,048,031	\$ 523,739

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

Recreation - To account for Town recreation programs.

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

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

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

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

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

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

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

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

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

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

Field Maintenance - To utilize donations for field maintenance.

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

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

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

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

PERMANANENT 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, 2013

	Special Revenue Funds									
	<u>Dog Fund</u>	<u>Open Space Maintenance</u>	<u>Stone Pond Sewer Escrow</u>	<u>Tolland Townhouse Sewer Escrow</u>	<u>Lodge Activity Fund</u>	<u>Open Space Fund</u>	<u>Tolland Business Park Fund</u>	<u>Town Aid Road</u>	<u>Recreation</u>	<u>Water Assessment</u>
ASSETS										
Cash	\$ 15,549	\$ 1,478	\$ 14,477	\$ 10,220	\$ 55,004	\$ 99,776	\$ 17,454	\$ 10,153	\$ 143,900	\$ 127,772
Investments										
Receivables										37,034
Due from other funds										
Other										
Total Assets	<u>\$ 15,549</u>	<u>\$ 1,478</u>	<u>\$ 14,477</u>	<u>\$ 10,220</u>	<u>\$ 55,004</u>	<u>\$ 99,776</u>	<u>\$ 17,454</u>	<u>\$ 10,153</u>	<u>\$ 143,900</u>	<u>\$ 164,806</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts and other payables/due to State	\$ 10,692	\$	\$	\$	\$ 327	\$	\$	\$	\$ 10,924	\$
Due to other funds										
Deferred revenue					10,791					37,034
Total liabilities	<u>10,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,924</u>	<u>37,034</u>
Fund balances:										
Nonspendable										
Restricted								10,153		
Committed	<u>4,857</u>	<u>1,478</u>	<u>14,477</u>	<u>10,220</u>	<u>43,886</u>	<u>99,776</u>	<u>17,454</u>		<u>132,976</u>	<u>127,772</u>
Total fund balances	<u>4,857</u>	<u>1,478</u>	<u>14,477</u>	<u>10,220</u>	<u>43,886</u>	<u>99,776</u>	<u>17,454</u>	<u>10,153</u>	<u>132,976</u>	<u>127,772</u>
Total Liabilities and Fund Balances	<u>\$ 15,549</u>	<u>\$ 1,478</u>	<u>\$ 14,477</u>	<u>\$ 10,220</u>	<u>\$ 55,004</u>	<u>\$ 99,776</u>	<u>\$ 17,454</u>	<u>\$ 10,153</u>	<u>\$ 143,900</u>	<u>\$ 164,806</u>

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

JUNE 30, 2013

		Special Revenue Funds							
	<u>School Lunch</u>	<u>State and Federal Education Grants</u>	<u>Before/After School Programs</u>	<u>Eviction Fund</u>	<u>Cemetery Operations Fund</u>	<u>Minnie Hicks Fund</u>	<u>Training Center Fund</u>	<u>Conservation Green Grant</u>	<u>Traffic Fund</u>
ASSETS									
Cash	\$ 226,930	\$ 1,322	\$ 92,848	\$ 857	\$ 194,565	\$ 4,027	\$ 10,927	\$ 157	\$ 3,182
Investments									
Receivables	24,229				9,020				11,312
Due from other funds									
Other	<u>41,128</u>								
Total Assets	<u>\$ 292,287</u>	<u>\$ 1,322</u>	<u>\$ 92,848</u>	<u>\$ 857</u>	<u>\$ 203,585</u>	<u>\$ 4,027</u>	<u>\$ 10,927</u>	<u>\$ 157</u>	<u>\$ 14,494</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables/due to State	\$ 13,478	\$	\$	\$	\$ 1,307	\$	\$ 2,945	\$	\$ 4,825
Due to other funds	49,537				125				
Deferred revenue	<u>28,146</u>	<u>1,322</u>	<u>43,333</u>		<u>9,020</u>				
Total liabilities	<u>91,161</u>	<u>1,322</u>	<u>43,333</u>	<u>-</u>	<u>10,452</u>	<u>-</u>	<u>2,945</u>	<u>-</u>	<u>4,825</u>
Fund balances:									
Nonspendable	41,128								
Restricted	24,229								9,669
Committed	<u>135,769</u>		<u>49,515</u>	<u>857</u>	<u>193,133</u>	<u>4,027</u>	<u>7,982</u>	<u>157</u>	
Total fund balances	<u>201,126</u>	<u>-</u>	<u>49,515</u>	<u>857</u>	<u>193,133</u>	<u>4,027</u>	<u>7,982</u>	<u>157</u>	<u>9,669</u>
Total Liabilities and Fund Balances	<u>\$ 292,287</u>	<u>\$ 1,322</u>	<u>\$ 92,848</u>	<u>\$ 857</u>	<u>\$ 203,585</u>	<u>\$ 4,027</u>	<u>\$ 10,927</u>	<u>\$ 157</u>	<u>\$ 14,494</u>

(Continued on next page)

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

JUNE 30, 2013

	<u>Special Revenue Funds</u>					<u>Permanent Funds</u>			
	<u>Field Maintenance</u>	<u>Veterans Memorial Fund</u>	<u>300th Anniversary Fund</u>	<u>Miscellaneous Grants Fund</u>	<u>Emergency Storm Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Ratcliff Hicks Memorial School Fund</u>	<u>Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS									
Cash	\$ 6,255	\$	\$ 29,509	\$	\$ 27,406	\$ 294,128	\$	\$	\$ 1,387,896
Investments							588,568		588,568
Receivables				10,000	130,499	4,950			227,044
Due from other funds	7,987					125		(8,112)	-
Other									41,128
Total Assets	<u>\$ 14,242</u>	<u>\$ -</u>	<u>\$ 29,509</u>	<u>\$ 10,000</u>	<u>\$ 157,905</u>	<u>\$ 299,203</u>	<u>\$ 588,568</u>	<u>\$ (8,112)</u>	<u>\$ 2,244,636</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables/due to State	\$ 494	\$	\$ 1,144	\$	\$	\$	\$	\$	\$ 46,136
Due to other funds				7,987				(8,112)	49,537
Deferred revenue						4,950			134,596
Total liabilities	<u>494</u>	<u>-</u>	<u>1,144</u>	<u>7,987</u>	<u>-</u>	<u>4,950</u>	<u>-</u>	<u>(8,112)</u>	<u>230,269</u>
Fund balances:									
Nonspendable						292,263	20,800		354,191
Restricted				2,013					46,064
Committed	13,748		28,365		157,905	1,990	567,768		1,614,112
Total fund balances	<u>13,748</u>	<u>-</u>	<u>28,365</u>	<u>2,013</u>	<u>157,905</u>	<u>294,253</u>	<u>588,568</u>	<u>-</u>	<u>2,014,367</u>
Total Liabilities and Fund Balances	<u>\$ 14,242</u>	<u>\$ -</u>	<u>\$ 29,509</u>	<u>\$ 10,000</u>	<u>\$ 157,905</u>	<u>\$ 299,203</u>	<u>\$ 588,568</u>	<u>\$ (8,112)</u>	<u>\$ 2,244,636</u>

TOWN OF TOLLAND, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2013

	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	Water Assessment
Revenues:										
Intergovernmental	\$	\$	\$	\$	\$ 311	\$	\$	\$ 169,856	\$ 2,000	\$
Charges for services	20,380				38,493	4,911			263,222	2,801
Investment income	16	7	24	18	36	147	33	246	147	4,995
Other	953								2,300	
Total revenues	21,349	7	24	18	38,840	5,058	33	170,102	267,669	7,796
Expenditures:										
Current:										
Community services					33,977		2,698		269,663	
Public works										
Public safety services	23,271									
Education										
Total expenditures	23,271	-	-	-	33,977	-	2,698	-	269,663	-
Excess (Deficiency) of Revenues over Expenditures	(1,922)	7	24	18	4,863	5,058	(2,665)	170,102	(1,994)	7,796
Other Financing Sources (Uses):										
Transfers in	2,000							(280,000)		
Transfers out								(280,000)		
Net other financing sources (uses)	2,000	-	-	-	-	-	-	(280,000)	-	-
Net Change in Fund Balances	78	7	24	18	4,863	5,058	(2,665)	(109,898)	(1,994)	7,796
Fund Balances at Beginning of Year	4,779	1,471	14,453	10,202	39,023	94,718	20,119	120,051	134,970	119,976
Fund Balances at End of Year	\$ 4,857	\$ 1,478	\$ 14,477	\$ 10,220	\$ 43,886	\$ 99,776	\$ 17,454	\$ 10,153	\$ 132,976	\$ 127,772

(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, 2013

		Special Revenue Funds								
		School Lunch	State and Federal Education Grants	Before/After School Programs	Eviction Fund	Cemetery Operations Fund	Minnie Hicks Fund	Training Center Fund	Conservation Green Grant	Traffic Fund
64	Revenues:									
	Intergovernmental	\$ 208,730	\$ 750,722	\$ 475,250	\$ 150	\$ 600	\$	\$	\$	\$ 36,572
	Charges for services	746,635				31,680		1,300		
	Investment income					295	349	15		5
	Other									
	Total revenues	<u>955,365</u>	<u>750,722</u>	<u>475,250</u>	<u>150</u>	<u>32,575</u>	<u>349</u>	<u>1,315</u>	<u>-</u>	<u>36,577</u>
	Expenditures:									
	Current:									
	Community services					16,869				
	Public works									24,449
	Public safety services							2,945	37	
	Education	<u>963,653</u>	<u>750,722</u>	<u>537,894</u>		<u>699</u>	<u>699</u>	<u>2,945</u>	<u>37</u>	<u>24,449</u>
Total expenditures	<u>963,653</u>	<u>750,722</u>	<u>537,894</u>	<u>-</u>	<u>16,869</u>	<u>699</u>	<u>2,945</u>	<u>37</u>	<u>24,449</u>	
Excess (Deficiency) of Revenues over Expenditures	<u>(8,288)</u>	<u>-</u>	<u>(62,644)</u>	<u>150</u>	<u>15,706</u>	<u>(350)</u>	<u>(1,630)</u>	<u>(37)</u>	<u>12,128</u>	
Other Financing Sources (Uses):										
Transfers in					1,350					
Transfers out					<u>(12,500)</u>					
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net Change in Fund Balances	(8,288)	-	(62,644)	150	4,556	(350)	(1,630)	(37)	12,128	
Fund Balances at Beginning of Year	<u>209,414</u>	<u>-</u>	<u>112,159</u>	<u>707</u>	<u>188,577</u>	<u>4,377</u>	<u>9,612</u>	<u>194</u>	<u>(2,459)</u>	
Fund Balances at End of Year	\$ 201,126	\$ -	\$ 49,515	\$ 857	\$ 193,133	\$ 4,027	\$ 7,982	\$ 157	\$ 9,669	

(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, 2013

	Special Revenue Funds					Permanent Funds			Total Nonmajor Governmental Funds
	Field Maintenance	Veterans Memorial Fund	300th Anniversary Fund	Miscellaneous Grants Fund	Emergency Storm Fund	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	Eliminations	
Revenues:									
Intergovernmental	\$	\$	\$	\$ 12,000	\$ 243,507	\$	\$	\$	\$ 1,424,448
Charges for services						250			1,584,922
Investment income	22		19	13		1,349	59,843		67,579
Other	7,450	25	30,222						40,950
Total revenues	7,472	25	30,241	12,013	243,507	1,599	59,843	-	3,117,899
Expenditures:									
Current:									
Community services		210	3,992				7,035		334,444
Public works	9,584				207,578				241,611
Public safety services				10,000					36,253
Education									2,252,968
Total expenditures	9,584	210	3,992	10,000	207,578	-	7,035	-	2,865,276
Excess (Deficiency) of Revenues over Expenditures	(2,112)	(185)	26,249	2,013	35,929	1,599	52,808	-	252,623
Other Financing Sources (Uses):									
Transfers in					121,976			(1,350)	123,976
Transfers out						(1,350)	-	1,350	(292,500)
Net other financing sources (uses)	-	-	-	-	121,976	(1,350)	-	-	(168,524)
Net Change in Fund Balances	(2,112)	(185)	26,249	2,013	157,905	249	52,808	-	84,099
Fund Balances at Beginning of Year	15,860	185	2,116	-	-	294,004	535,760	-	1,930,268
Fund Balances at End of Year	\$ 13,748	\$ -	\$ 28,365	\$ 2,013	\$ 157,905	\$ 294,253	\$ 588,568	\$ -	\$ 2,014,367

Fiduciary Funds

PRIVATE-PURPOSE TRUST FUNDS

A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations or other governments.

Stevenson Scholarship Fund - To provide a scholarship to a graduating Tolland High School Senior who has exhibited a sincere interest in the study of local, school, state or national politics.

AGENCY FUNDS

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

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

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

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

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

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

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

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

Permanent Celebration Fund - To accumulate money to be used to fund various Town celebration activities throughout the year.

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

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

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

TOWN OF TOLLAND, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance, July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2013</u>
Cash:				
Youth Center Reserve	\$ 57,066	\$ 24,797	\$ 33,630	\$ 48,233
Student Activity Fund	302,518	944,405	925,809	321,114
Senior Citizens Center	7,341	7,482	10,003	4,820
Tolland Public Library	63,936	19,201	45,141	37,996
Tolland Emergency Fund	36,979	11,447	5,694	42,732
D.A.R.E.	2,054	1		2,055
Land Preservation Fund	68			68
Education Fund	21,029	351,001	360,113	11,917
Board of Education - Section 125	7,638	26,550	21,944	12,244
Barn Restoration	29			29
Total Cash	\$ <u>498,658</u>	\$ <u>1,384,884</u>	\$ <u>1,402,334</u>	\$ <u>481,208</u>
Accounts Payable:				
Youth Center Reserve	\$ 57,066	\$ 24,797	\$ 33,630	\$ 48,233
Student Activity Fund	302,518	944,405	925,809	321,114
Senior Citizens Center	7,341	7,482	10,003	4,820
Tolland Public Library	63,936	19,201	45,141	37,996
Tolland Emergency Fund	36,979	11,447	5,694	42,732
D.A.R.E.	2,054	1		2,055
Land Preservation Fund	68			68
Education Fund	21,029	351,001	360,113	11,917
Board of Education - Section 125	7,638	26,550	21,944	12,244
Barn Restoration	29			29
Total Liabilities	\$ <u>498,658</u>	\$ <u>1,384,884</u>	\$ <u>1,402,334</u>	\$ <u>481,208</u>

Statistical Section

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

Contents	Page
Financial Trends	65-68
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	69-71
These schedules contain information to help the reader assess the Town's most significant local revenue source, property taxes.	
Debt Capacity	72-74
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	75-78
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	77-79
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

TABLE 1

TOWN OF TOLLAND, CONNECTICUT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
Net investment in capital assets	\$ 57,937,228	\$ 64,001,051	\$ 85,563,227	\$ 81,254,819	\$ 80,889,930	\$ 80,876,436	\$ 81,360,747	\$ 80,465,804	\$ 79,197,477	\$ 78,699,978
Restricted	4,781,940	745,459	313,063	313,138	313,063	313,063	313,063	313,063	313,063	313,063
Unrestricted	7,382,139	14,637,431	7,315,984	11,812,235	15,252,055	16,283,861	15,413,879	16,943,872	16,742,638	15,874,642
Total governmental activities net position	<u>70,101,307</u>	<u>79,383,941</u>	<u>93,192,274</u>	<u>93,380,192</u>	<u>96,455,048</u>	<u>97,473,360</u>	<u>97,087,689</u>	<u>97,722,739</u>	<u>96,253,178</u>	<u>94,887,683</u>
Business-Type Activities:										
Net investment in capital assets	2,153,065	2,605,987	8,248,910	9,369,285	9,134,790	9,245,889	9,294,194	10,069,400	9,859,251	9,609,679
Restricted					16,100				24,357	30,682
Unrestricted	320,187	389,496	521,909	590,528	618,074	291,738	254,954	247,954	268,614	303,016
Total business-type activities net position	<u>2,473,252</u>	<u>2,995,483</u>	<u>8,770,819</u>	<u>9,959,813</u>	<u>9,768,964</u>	<u>9,537,627</u>	<u>9,549,148</u>	<u>10,317,354</u>	<u>10,152,222</u>	<u>9,943,377</u>
Primary Government:										
Net investment in capital assets	60,090,293	66,607,038	93,812,137	90,624,104	90,024,720	90,122,325	90,654,941	90,535,204	89,056,728	88,309,657
Restricted	4,781,940	745,459	313,063	313,138	329,163	313,063	313,063	313,063	337,420	343,745
Unrestricted	7,702,326	15,026,927	7,837,893	12,402,763	15,870,129	16,575,599	15,668,833	17,191,550	17,011,252	16,177,658
Total Primary Government Net Position	<u>\$ 72,574,559</u>	<u>\$ 82,379,424</u>	<u>\$ 101,963,093</u>	<u>\$ 103,340,005</u>	<u>\$ 106,224,012</u>	<u>\$ 107,010,987</u>	<u>\$ 106,636,837</u>	<u>\$ 108,039,817</u>	<u>\$ 106,405,400</u>	<u>\$ 104,831,060</u>

TABLE 2

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities:										
Administration	\$ 1,410,701	\$ 1,003,916	\$ 918,022	\$ 868,729	\$ 1,179,140	\$ 1,161,198	\$ 1,197,703	\$ 1,152,320	\$ 1,170,393	\$ 1,128,418
Planning and community development	827,146	505,293	492,192	510,916	535,217	494,459	437,811	459,598	505,425	478,632
Community services	1,953,817	1,773,869	1,771,273	1,917,465	2,039,569	2,436,453	2,241,062	1,756,255	2,125,783	1,307,822
Public works	5,351,486	5,712,790	5,849,385	6,533,106	6,691,773	7,627,881	7,327,481	7,843,996	8,260,781	9,389,371
Public safety services	1,324,320	1,438,062	1,531,744	1,689,193	1,875,910	2,018,465	1,476,762	1,967,888	2,021,332	2,068,676
Records and financial services	1,054,614	1,174,516	981,271	1,019,719	1,098,650	1,224,626	1,163,683	1,038,972	1,029,158	1,093,230
Board of Education	30,575,507	32,289,056	34,120,009	40,523,002	48,761,510	41,413,090	42,227,879	42,181,314	44,963,365	44,748,673
Interest expense	698,863	808,455	1,690,346	1,756,875	1,856,342	1,785,519	1,601,756	1,469,838	1,524,853	1,405,217
Total governmental activities expenses	43,196,454	44,705,957	47,354,242	54,819,005	64,038,111	58,161,691	57,674,137	57,870,181	61,601,090	61,620,039
Business-type activities:										
Water	161,757	171,093	244,777	315,437	378,020	361,474	376,151	388,310	368,586	376,706
Sewer			246,901	262,121	352,643	316,824	309,562	447,724	453,389	460,248
Total business-type activities expenses	161,757	171,093	491,678	577,558	730,663	678,298	685,713	836,034	821,975	836,954
Total primary government expenses	43,358,211	44,877,050	47,845,920	55,396,563	64,768,774	58,839,989	58,359,850	58,706,215	62,423,065	62,456,993
Program Revenues:										
Governmental activities:										
Charges for services:										
Administration	39,835	24,426	33,468							10,756
Planning and community development	347,298	358,608	308,758	294,081	427,071	226,064	272,661	296,752	286,961	302,962
Community services	441,468	466,098	542,351	649,450	632,107	449,231	489,934	721,398	370,474	376,711
Public works	125,967	355,727	2,025,275	114,177	103,175	247,389	34,725	495,316	45,948	48,035
Public safety services	72,955	73,825	72,866	275,718	102,882	373,317	154,448	490,783	259,484	135,789
Records and financial services	428,913	382,248	362,998	121,541	108,141	94,691	97,487	117,532	122,561	125,682
Board of Education	678,576	683,133	740,835	1,136,808	1,245,530	1,206,132	1,299,973	1,235,591	1,180,834	1,236,580
Operating grants and contributions:										
Community services	469,742	258,205	108,972						23,516	54,620
Public works	186,212	306,498	150,197						713,000	243,507
Public safety services	2,000	2,000	2,000							26,500
Board of Education	11,133,782	9,973,203	12,364,381	12,142,535	24,146,095	15,560,242	15,676,752	15,742,394	16,506,865	16,733,049
Capital grants and contributions:										
Administration	325,680	550,012	159,320	571,630						
Planning and community development	2,766,367				631,245	212,265	749,762	1,227,483	289,946	102,017
Community services	52,250	170,657	482,162			1,178,000			848,986	300,640
Public works		9,144	469,897						256,910	436,075
Public safety services			216,825							
Board of Education	1,693,922	8,763,636	15,569,354	956,886	450,762	421,147	364,361	301,946	512,458	
Interest expense						102,793	67,925	59,612	51,637	43,731
Total governmental activities program revenues	18,764,967	22,377,420	33,609,659	16,262,826	27,847,008	20,071,271	19,208,028	20,688,807	21,469,580	20,176,654
Business-type activities:										
Charges for services:										
Water	180,036	185,481	221,176	231,115	222,541	227,024	199,308	225,340	303,144	243,188
Sewer			96,069	104,868	161,817	181,663	227,429	268,531	337,485	333,676
Capital grants and contributions:										
Water		500,000	77,000	107,440	114,345	10,066	159,047			
Sewer				139,169						
Total business-type activities program revenues	180,036	685,481	394,245	582,592	498,703	418,753	585,784	493,871	640,629	576,864
Total primary government program revenues	18,945,003	23,062,901	34,003,904	16,845,418	28,345,711	20,490,024	19,793,812	21,182,678	22,110,209	20,753,518
Net (expense) revenue:										
Governmental activities	(24,431,487)	(22,328,537)	(13,744,583)	(38,556,179)	(36,191,103)	(38,090,420)	(38,466,109)	(37,181,374)	(40,131,510)	(41,443,385)
Business-type activities	18,279	514,388	(97,433)	5,034	(231,960)	(259,545)	(99,929)	(342,163)	(181,346)	(260,090)
Total primary government net expense	(24,413,208)	(21,814,149)	(13,842,016)	(38,551,145)	(36,423,063)	(38,349,965)	(38,566,038)	(37,523,537)	(40,312,856)	(41,703,475)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	27,905,489	29,742,683	31,445,290	33,851,289	34,457,677	36,444,090	36,569,603	37,290,129	38,343,637	39,058,990
Unrestricted grants and contributions	332,527	372,418	347,899	1,355,620	1,442,362	1,273,901	574,468	771,764	357,609	529,845
Investment income	201,037	522,920	686,252	1,020,661	588,117	358,911	398,723	448,225	202,173	264,739
Donated asset				884,165	2,198,752	555,592				
Miscellaneous	153,421	973,150	307,857	802,499	576,945	496,238	641,127	405,717	506,984	274,316
Transfers	(2,800)		(2,219,170)	(30,000)	(20,000)	(20,000)	(103,483)	(1,099,411)	(15,000)	(50,000)
Total governmental activities	28,589,674	31,611,171	30,568,128	37,884,234	39,243,853	39,108,732	38,080,438	37,816,424	39,395,403	40,077,890
Business-type activities:										
Investment income	2,884	7,843	17,987	26,960	21,111	8,208	3,064	819	1,490	1,245
Miscellaneous							4,903	9,863		
Transfers	2,800		2,219,170	30,000	20,000	20,000	103,483	1,099,411	15,000	50,000
Total business-type activities	5,684	7,843	2,237,157	56,960	41,111	28,208	111,450	1,110,093	16,490	51,245
Total primary government	28,595,358	31,619,014	32,805,285	37,941,194	39,284,964	39,136,940	38,191,888	38,926,517	39,411,893	40,129,135
Change in Net Position:										
Governmental activities	4,158,187	9,282,634	16,823,545	(671,945)	3,052,750	1,018,312	(385,671)	635,050	(736,107)	(1,365,495)
Business-type activities	23,963	522,231	2,139,724	61,994	(190,849)	(231,337)	11,521	767,930	(164,856)	(208,845)
Total Primary Government	\$ 4,182,150	\$ 9,804,865	\$ 18,963,269	\$ (609,951)	\$ 2,861,901	\$ 786,975	\$ (374,150)	\$ 1,402,980	\$ (900,963)	\$ (1,574,340)

TABLE 3

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

		Fiscal Year									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:											
Reserved	\$	997,935	\$ 921,534	\$ 1,083,083	\$ 1,117,199	\$ 1,484,504	\$ 1,085,203	\$ 1,176,551	\$	\$	\$
Unreserved		4,035,058	4,206,752	4,353,581	4,894,670	5,175,165	5,855,314	6,119,876			
Restricted										140,862	170,722
Assigned									1,601,935	1,309,480	1,086,458
Unassigned									6,209,332	6,588,695	6,649,387
Total General Fund	\$	<u>5,032,993</u>	<u>\$ 5,128,286</u>	<u>\$ 5,436,664</u>	<u>\$ 6,011,869</u>	<u>\$ 6,659,669</u>	<u>\$ 6,940,517</u>	<u>\$ 7,296,427</u>	<u>\$ 7,811,267</u>	<u>\$ 8,039,037</u>	<u>\$ 7,906,567</u>
All Other Governmental Funds:											
Reserved	\$	3,784,005	\$ 1,353,978	\$ 6,886,690	\$ 235,642	\$ 642,654	\$ 794,358	\$ 329,059	\$	\$	\$
Unreserved, reported in:											
Special Revenue Funds		1,184,514	1,537,946	2,329,034	2,349,434	2,690,894	2,932,590	2,836,172			
Capital Projects Funds		(4,303,486)	2,861,492	(9,734,439)	(3,706,449)	(483,411)	894,010	250,097			
Permanent Funds		163,648	107,148	503,184	574,396	523,715	442,255	781,822			
Nonspendable									350,896	349,238	354,191
Restricted									264,177	166,425	89,708
Committed									8,336,702	7,126,927	5,685,035
Unassigned										(2,459)	
Total All Other Governmental Funds	\$	<u>828,681</u>	<u>\$ 5,860,564</u>	<u>\$ (15,531)</u>	<u>\$ (546,977)</u>	<u>\$ 3,373,852</u>	<u>\$ 5,063,213</u>	<u>\$ 4,197,150</u>	<u>\$ 8,951,775</u>	<u>\$ 7,640,131</u>	<u>\$ 6,128,934</u>

TABLE 4

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Property taxes	\$ 27,890,790	\$ 29,784,967	\$ 31,414,813	\$ 33,785,185	\$ 34,338,609	\$ 36,412,114	\$ 36,529,867	\$ 37,233,490	\$ 38,322,762	\$ 39,100,634
Intergovernmental	14,590,998	22,124,010	30,159,758	15,315,428	26,828,386	18,947,374	17,210,059	17,912,905	19,468,002	18,414,199
Charges for services	2,163,820	2,276,052	2,767,669	2,622,418	2,765,424	2,573,103	2,575,458	2,568,392	2,309,929	2,414,067
Investment income	163,596	509,167	682,401	1,020,661	588,117	358,912	398,723	448,225	202,173	264,739
Net increase in fair value of investment	37,441	13,753	3,851	7,277						
Other revenues	157,421	973,149	336,334	810,222	576,945	592,386	761,405	405,717	528,023	552,436
Total revenues	<u>45,004,066</u>	<u>55,681,098</u>	<u>65,364,826</u>	<u>53,561,191</u>	<u>65,097,481</u>	<u>58,883,889</u>	<u>57,475,512</u>	<u>58,568,729</u>	<u>60,830,889</u>	<u>60,746,075</u>
Expenditures:										
Administration	2,005,355	1,984,834	1,997,846	2,092,235	2,182,068	2,317,706	2,406,461	2,388,643	2,456,691	2,585,864
Planning and community development	356,573	362,361	385,289	390,443	430,956	370,967	353,395	357,485	353,474	369,838
Community services	1,648,754	1,550,788	1,528,215	1,647,115	1,688,501	2,169,528	1,976,783	1,482,441	1,779,801	1,258,941
Public works	3,652,614	4,095,039	3,633,670	4,188,154	4,413,376	4,766,504	4,758,619	4,588,172	4,672,022	5,079,375
Public safety services	1,022,943	1,101,353	1,261,595	1,353,132	1,406,752	1,460,169	942,775	1,402,161	1,530,271	1,623,645
Records and financial services	854,717	919,225	806,604	831,021	907,091	1,016,583	958,041	836,717	803,047	887,048
Contingency and other	74,993	46,713	43,979	41,193	42,154	41,734	48,783	106,293	681,042	39,993
Board of Education	29,275,253	30,670,813	32,882,552	34,667,352	46,345,151	39,122,338	39,905,194	39,894,224	42,059,147	42,599,914
Capital outlay	8,392,297	16,056,016	35,575,549	13,550,025	3,064,323	2,885,426	1,808,716	3,358,775	4,807,253	4,575,746
Debt service:										
Principal	1,288,324	3,014,754	2,866,629	2,273,331	2,460,067	2,961,839	3,118,640	3,300,490	3,445,310	3,402,386
Interest	736,300	752,026	1,497,019	1,670,476	1,845,519	1,823,321	1,700,016	1,572,380	1,572,380	1,572,380
Total expenditures	<u>49,308,123</u>	<u>60,553,922</u>	<u>82,478,947</u>	<u>62,704,477</u>	<u>64,785,958</u>	<u>58,936,115</u>	<u>57,977,423</u>	<u>59,287,781</u>	<u>64,160,438</u>	<u>63,995,130</u>
Excess of revenues over (under) expenditures	<u>(4,304,057)</u>	<u>(4,872,824)</u>	<u>(17,114,121)</u>	<u>(9,143,286)</u>	<u>311,523</u>	<u>(52,226)</u>	<u>(501,911)</u>	<u>(719,052)</u>	<u>(3,329,549)</u>	<u>(3,249,055)</u>
Other financing sources (uses):										
Proceeds from capital lease			424,486					3,600,000		
Bond issue proceeds	1,700,000	10,000,000	17,215,000	9,015,000	4,255,000	2,010,000		2,525,000	2,675,000	1,460,000
Issuance of refunding bonds									2,235,000	8,025,000
Payments to escrow agents			(6,240,441)						(2,345,417)	(9,122,074)
Bond premium	37,537		221,442	68,882		32,435			191,275	134,338
Premium on refunding bond issuance									153,420	1,158,124
Transfers in	799,108	406,942	593,091	1,658,825	980,003	1,637,398	834,944	884,920	630,810	603,353
Transfers out	(801,908)	(406,942)	(650,438)	(1,658,825)	(1,000,003)	(1,657,398)	(843,186)	(936,552)	(645,810)	(653,353)
Total other financing sources (uses)	<u>1,734,737</u>	<u>10,000,000</u>	<u>11,563,140</u>	<u>9,083,882</u>	<u>4,235,000</u>	<u>2,022,435</u>	<u>(8,242)</u>	<u>6,073,368</u>	<u>2,894,278</u>	<u>1,605,388</u>
Net change in fund balances	<u>(2,569,320)</u>	<u>5,127,176</u>	<u>(5,550,981)</u>	<u>(59,404)</u>	<u>4,546,523</u>	<u>1,970,209</u>	<u>(510,153)</u>	<u>5,354,316</u>	<u>(435,271)</u>	<u>(1,643,667)</u>
Fund balances at beginning of year	* <u>8,430,994</u>	<u>5,861,674</u>	<u>11,105,277</u>	* <u>5,554,296</u>	<u>5,486,998</u>	* <u>10,033,521</u>	<u>12,003,730</u>	<u>11,493,577</u>	<u>16,114,439</u>	* <u>15,679,168</u>
Fund Balances at End of Year	\$ <u><u>5,861,674</u></u>	\$ <u><u>10,988,850</u></u>	\$ <u><u>5,554,296</u></u>	\$ <u><u>5,494,892</u></u>	\$ <u><u>10,033,521</u></u>	\$ <u><u>12,003,730</u></u>	\$ <u><u>11,493,577</u></u>	\$ <u><u>16,847,893</u></u>	\$ <u><u>15,679,168</u></u>	\$ <u><u>14,035,501</u></u>
Debt Service as a Percentage of Noncapital Expenditures	5.0%	9.1%	9.6%	8.1%	7.7%	9.2%	8.5%	8.5%	8.2%	8.2%

* Fund balance restated

TABLE 5

TOWN OF TOLLAND, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Estate Assessed Value	Motor Vehicle Assessed Value	Personal Property Assessed Value	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Percentage of Total Assessed Value to Total Estimated Value
2004	\$ 689,411,826	\$ 104,284,994	\$ 24,553,466	\$ 818,250,286	33.97	\$ 1,437,530,943	56.92%
2005	709,106,132	102,703,295	27,500,441	839,309,868	35.40	1,549,671,337	54.16%
2006	1,012,933,746	113,292,659	29,903,330	1,156,129,735	27.22	1,651,613,908	70.00%
2007	1,040,370,770	121,269,537	32,969,806	1,194,610,113	28.39	1,743,956,369	62.04%
2008	1,060,000,490	122,059,235	33,597,853	1,215,657,578	28.39	1,826,351,172	62.03%
2009	1,063,038,650	123,761,918	32,363,826	1,219,164,394	29.51	1,884,035,661	59.01%
2010	1,091,730,550	116,941,268	33,435,456	1,242,107,274	29.49	1,884,272,473	61.00%
2011	1,132,401,370	120,408,733	27,357,855	1,280,167,958	29.15	1,828,811,369	68.23%
2012	1,142,580,300	125,830,860	25,638,820	1,293,240,010	29.73	1,737,318,888	70.00%
2013	1,147,601,690	132,924,706	25,791,953	1,306,318,349	29.99	1,866,169,070	70.00%

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

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

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

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

Tax-exempt property not broken out by category.

TABLE 6

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

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Capitol Ventures	\$ 12,335,300	1	0.95%	\$		
Connecticut Light and Power	8,661,700	2	0.67%	5,297,283	3	0.64%
MJB Realty	6,246,200	3	0.48%			
Summers and Summers Realty	5,615,700	4	0.43%	4,038,360	4	0.49%
Gerber Scientific, Inc.	4,136,700	5	0.32%	5,714,120	1	0.69%
Ivy Woods LLC	3,964,000	6	0.31%			
Norwegian Woods, Inc.	3,741,000	7	0.29%	2,899,100	9	0.35%
Carriage Crossing LLC	3,730,900	8	0.29%			
Silva Real Estate/Dari Farms	3,383,600	9	0.26%	5,429,960	2	0.66%
Tomlen	2,943,525	10	0.23%			
NERAC				3,520,650	5	0.43%
Connecticut Water Company						
Gerber Garment Technologies				3,412,831	6	0.41%
Interet Properties, Inc.				3,395,440	7	0.41%
SD Williams/Williams Construction				3,228,260	8	0.39%
Wilde, Daniel and Helen				2,552,110	10	0.31%
Total	\$ 54,758,625		4.23%	\$ 39,488,114		4.78%

Note: Based on net taxable grand list, October 1, 2011 and October 1, 2002.

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
2004	33.97	\$ 27,690,981	\$ 27,533,765	99.43%	\$ 102,601	\$ 27,636,366	99.80%
2005	35.40	29,567,650	29,424,763	99.52%	112,516	29,537,279	99.90%
2006	27.22	31,275,379	31,100,571	99.44%	129,604	31,230,175	99.86%
2007	28.39	33,675,313	33,433,237	99.28%	235,189	33,668,426	99.98%
2008	28.39	34,273,077	34,008,432	99.23%	199,043	34,207,475	99.81%
2009	29.51	36,178,846	35,855,624	99.11%	295,918	36,151,542	99.92%
2010	29.49	36,374,695	36,045,688	99.10%	204,086	36,249,774	99.66%
2011	29.15	37,022,472	36,753,059	99.27%	224,531	36,977,590	99.88%
2012	29.73	38,100,458	37,743,231	99.06%	108,231	37,851,462	99.35%
2013	29.99	38,831,162	38,481,041	99.10%	-	38,481,041	99.10%

TABLE 8

TOWN OF TOLLAND, CONNECTICUT

**RATIOS OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA**

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt		Percentage of Actual Taxable Value of Property (a)	Sewer Notes	Capital Lease	Total Primary Government	Percentage of Personal Income (b)	Total Debt Per Capita
	General Obligation Bonds	Other Bonds						
2004	\$ 18,560,660	n/a	2.3%	\$ 1,477,469	\$	\$ 20,038,129	4.64%	\$ 1,387
2005	25,658,783	n/a	3.1%	1,362,508		27,021,291	6.26%	1,871
2006	34,332,276	n/a	2.9%	1,245,879	372,655	35,950,810	8.29%	2,479
2007	41,244,765	n/a	3.4%	1,127,548	316,165	42,688,478	9.75%	2,914
2008	43,143,372	n/a	3.5%	1,007,480	257,537	44,408,389	10.11%	3,021
2009	42,326,411	n/a	3.4%	885,641	196,693	43,408,745	9.88%	2,952
2010	39,311,535	n/a	3.1%	761,994	127,087	40,200,616	9.05%	2,707
2011	38,641,899	n/a	3.0%	636,504	3,668,014	42,946,417	9.55%	2,853
2012	38,267,549	n/a	2.9%	509,133	3,600,000	42,376,682	8.41%	2,785
2013	36,696,551	n/a	2.7%	384,543	3,466,667	40,547,761	6.43%	2,694

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, 2013

Total Tax Collections (Including Interest and Lien Fees) for the Year Ended June 30, 2013	\$ 39,048,031
Reimbursement for Revenue Loss: Tax relief for elderly freeze	<u>-</u>
Base for Debt Limitation Computation	<u>\$ 39,048,031</u>

	<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	\$ 87,858,070	\$	\$	\$	\$
4 1/2 times base		175,716,140			
3 3/4 times base			146,430,116		
3 1/4 times base				126,906,101	
3 times base					117,144,093
	<u>87,858,070</u>	<u>175,716,140</u>	<u>146,430,116</u>	<u>126,906,101</u>	<u>117,144,093</u>
Total debt limitation	<u>87,858,070</u>	<u>175,716,140</u>	<u>146,430,116</u>	<u>126,906,101</u>	<u>117,144,093</u>
Indebtedness:					
Bonds payable	7,717,715	26,229,285	1,873,000		
Bond authorized but unissued	701,931	1,881,056	117,000		
Less: School building grants receivable	<u></u>	<u>(1,423,832)</u>	<u></u>	<u></u>	<u></u>
Net Indebtedness (1) (2)	<u>8,419,646</u>	<u>26,686,509</u>	<u>1,990,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 79,438,424</u>	<u>\$ 149,029,631</u>	<u>\$ 144,440,116</u>	<u>\$ 126,906,101</u>	<u>\$ 117,144,093</u>

(1) The total of the above net indebtedness amounts to: \$ 37,096,155

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 273,336,217

(2) There is no overlapping debt.

TABLE 10

TOWN OF TOLLAND, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 194,940,326	\$ 206,909,829	\$ 219,545,501	\$ 235,696,293	\$ 240,090,690	\$ 253,980,272	\$ 255,521,231	\$ 260,406,559	\$ 267,626,436	\$ 273,336,217
Total net debt applicable to limit	<u>17,459,784</u>	<u>81,512,403</u>	<u>80,627,288</u>	<u>53,637,510</u>	<u>71,644,562</u>	<u>69,053,708</u>	<u>44,220,139</u>	<u>43,543,142</u>	<u>40,060,513</u>	<u>37,096,154</u>
Legal Debt Margin	<u>\$ 177,480,542</u>	<u>\$ 125,397,426</u>	<u>\$ 138,918,213</u>	<u>\$ 182,058,783</u>	<u>\$ 168,446,128</u>	<u>\$ 184,926,564</u>	<u>\$ 211,301,092</u>	<u>\$ 216,863,417</u>	<u>\$ 227,565,923</u>	<u>\$ 236,240,063</u>
Total net debt applicable to the limit as a percentage of debt limit	9.0%	39.4%	36.7%	22.8%	29.8%	27.2%	17.3%	16.7%	15.0%	13.6%

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 2013 debt limit can be found in the notes to the financial statements.

TOWN OF TOLLAND, CONNECTICUT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population (3)	Personal Income	Per Capita Personal Income (1)	Median Age (4)	School Enrollment	Unemployment Rate (2)
2004	14,446	\$ 431,819,832	\$ 29,892	37.4	3,053	3.6%
2005	14,446	431,819,832	29,892	37.4	3,103	3.4%
2006	14,500	433,434,000	29,892	37.4	3,181	3.3%
2007	14,650	437,917,800	29,892	37.4	3,142	3.1%
2008	14,699	439,382,508	29,892	40.0	3,131	4.2%
2009	14,705	439,561,860	29,892	40.0	3,149	6.2%
2010	14,853	443,985,876	29,892	40.0	3,149	6.3%
2011	15,052	449,934,384	29,892	40.0	3,020	6.5%
2012	15,216	503,771,328	33,108	38.0	2,977	6.1%
2013	15,052	630,422,916	41,883	41.6	3,230	5.9%

Sources:

- (1) U.S. Department of Commerce, Bureau of Census, 2000 and 2010 Census
- (2) State of Connecticut, Department of Labor, Labor Market Information
- (3) Connecticut Department of Public Health
- (4) Connecticut Economic Resource Center (CERC) Town Profile

TABLE 12

TOWN OF TOLLAND

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Town of Tolland (1)	507	1	6.2%	495	2	6.1%
Gerber Garment Technologies	335	2	4.1%	500	1	5.4%
Woodlake at Tolland	241	3	3.0%	200	4	2.0%
Big Y	220	4	2.7%	N/A	N/A	N/A
CNC Software	146	5	1.8%	N/A	N/A	N/A
Dari Farms	126	6	1.6%	170	5	2.3%
Standard Register	71	7	0.9%	160	6	1.5%
NERAC, Inc.	62	8	0.8%	240	3	2.4%
Northeast Utilities	62	9	0.8%	N/A	N/A	N/A
Soldream, Inc.	60	10	0.7%	N/A	N/A	N/A
	<u>1,830</u>					

Notes:

(1): Full-time equivalents

TOWN OF TOLLAND, CONNECTICUT

TOWN GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administration	5	4	4	4	4	4	4	4	4	4
Planning and community development	7	7	7	7	7	7	5	5	5	5
Community services	20	20	20	20	20	17	18	18	18	18
Public works	34	34	34	34	34	35	34	33	33	32
Public safety services	9	9	9	9	10	11	12	12	12	13
Records and financial services	16	16	16	16	15	14	14	14	14	14
Total	91	90	90	90	90	88	87	86	86	86

**Based on head count

TABLE 14

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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Planning and community development:										
Residential permit inspections	98	65	66	40	50	20	9	6	8	8
Commercial permit inspections	3	12	24	23	20	25	12	22	11	34
Subdivision lots approved (P&Z Comm)	21	11	12	2	5	2	8	2	3	0
COs issued (P&Z Services)	250	268	283	277	350	700	131	146	212	28
Elderly services:										
Senior center attendance	8,000	9,000	9,750	9,500	7,239	8,000	8,568	7,792	8,029	8,405
Library:										
Total circulation	145,939	144,698	148,380	177,798	138,265	148,891	144,512	136,776	112,356	119,949
Attendance at library	93,950	109,588	108,872	87,477	83,698	94,723	97,219	91,294	70,000	77,231
Recreation:										
Youth programs and sports participation	3,525	3,311	3,009	2,991	3,108	3,221	2,553	2,243	2,213	2,111
Adult programs and sports participation	1,801	1,667	1,216	1,213	1,281	1,333	1,576	1,397	1,061	965
Refuse and recycling:										
Tons of refuse co-generated	6,295	6,427	6,554	6,864	6,864	5,970	4,595	4,557	4,806	4,348
Tons of single stream recycling	1,702	1,925	2,062	2,082	2,187	1,530	1,824	1,840	1,737	1,772
Public safety:										
Ambulance medical calls	775	807	815	823	868	954	1,031	1,095	1,183	1,102
Ambulance non-emergency calls	2,019	2,100	2,121	2,142	2,324	2,221	2,253	2,343	2,534	2,610
Fire calls	397	406	410	414	432	427	476	264	540	505
Fire medical calls*	775	807	815	823	868	954	1,031	1,095	1,183	N/A
Fire non-emergency calls	2,019	2,100	2,121	2,142	2,234	2,221	2,253	2,343	2,534	2,610
Hazardous materials	48	63	64	65	66	43	43	44	51	53
Other calls / service calls**										283
Law enforcement:										
Criminal investigations	280	469	502	450	357	450	375	214	169	398
Motor vehicle accident investigations	330	347	350	340	279	350	286	252	255	234
Registrar of voters:										
Total registered voters	8,709	9,421	9,400	9,400	9,278	10,000	9,661	9,300	9,186	9,419
Revenue services:										
Total taxes collected	\$ 27,636,271	\$ 29,537,037	\$ 31,229,206	\$ 33,665,945	\$ 34,183,960	\$ 36,079,493	\$ 36,045,688	\$ 36,706,615	\$ 37,641,605	\$ 38,850,182

* no longer used

** new in 2013

TABLE 15

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
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	5	4	4	4	4	4	4
Parks and recreation:										
Fields - Municipal	16	16	16	16	16	16	16	16	16	16
Fields - Schools	10	10	10	16	16	16	16	16	16	16
Water:										
Water mains (Municipal) (miles)	56,791	59,191	66,591	67,560	66,591	66,991	66,991	66,991	66,991	66,994
Water mains (Private) (miles)	66,272	66,272	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772
Fire hydrants (Public)	67	70	79	84	85	86	86	86	86	86
Fire hydrants (Private)	11	12	12	12	12	14	15	15	15	15
Wastewater:										
Sewer line (feet)	27,191	41,532	41,532	41,532	41,532	41,532	46,432	46,432	46,432	46,432
Highway:										
Paved miles	119.81	119.81	119.81	120.25	122.79	123.11	123.11	123.50	123.60	123.68
Unimproved miles	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85

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APPENDIX B – FORM OF OPINION OF BOND COUNSEL AND TAX MATTERS (BONDS)

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Appendix B – Form of Opinion of Bond Counsel and Tax Matters (Bonds)

October 22, 2014

Town of Tolland
21 Tolland Green
Tolland, CT 06084

RE: Town of Tolland, Connecticut
\$9,635,000 General Obligation Refunding Bonds, 2014 Series A, dated October 22, 2014

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Tolland, Connecticut (the “Town”) of its \$9,635,000 General Obligation Refunding Bonds, 2014 Series A, dated October 22, 2014 (the “Bonds”).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Town and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon written representations and agreements executed by officials of the Town authorized to issue the Bonds, in connection with the issuance and delivery of the Bonds, without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement, the final Official Statement or any other offering material relating to the Bonds (except only the matters set forth as our opinion in the Preliminary Official Statement and the final Official Statement), and we express no opinion relating thereto.

Based upon the foregoing examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. When certified as provided thereon by a duly authorized official of U.S. Bank National Association, the Bonds will be the valid and binding general obligations of the Town. The Bonds will be payable as to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to certain classified property such as certified forest land taxable at a limited rate pursuant to Section 12-97 of the Connecticut General Statutes and dwelling houses of qualified elderly persons of low income taxable at limited amounts pursuant to Section 12-129b of the Connecticut General Statutes. Subject to conformity with Section 12-129d of the Connecticut General Statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses.

2. Under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest is not treated as a preference item for purposes of calculating the federal alternative minimum tax for individuals or corporations. Such interest is, however, includable in the adjusted current earnings of certain corporations for purposes of computing the federal alternative minimum tax imposed on such corporations.

The opinion set forth in the preceding paragraph is subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

3. Under existing law, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Although we have rendered an opinion that interest on the Bonds is not includable in the gross income of the owners thereof for purposes of federal income taxation, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any other federal or state tax consequence of ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Very truly yours,

UPDIKE, KELLY & SPELLACY, P.C.

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met at and subsequent to delivery of the Bonds in order that interest on the Bonds be and remains excluded from gross income for federal income tax purposes. Failure to comply with the continuing requirements of the Code may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds, irrespective of the date on which such noncompliance occurs. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds, contains certain representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the federal alternative minimum tax imposed on such corporations.

Ownership of the Bonds may result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. The foregoing is not intended to be an exhaustive list of potential tax consequences. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are

advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of the Bonds.

State Taxes

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or to reflect any changes in law that may thereafter occur or become effective.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon.

Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other state and local tax consequences of ownership and disposition of the Bonds.

Original Issue Discount

The initial public offering prices of certain maturities of the Bonds (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the inside cover page of the Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law, OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income of the owners of the Bonds for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount

that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium

The initial public offering prices of certain maturities of the Bonds (the "OIP Bonds") may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. The offering prices relating to the yields set forth on the inside cover page of the Official Statement for the OIP Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OIP Bonds are sold. Prospective purchasers of OIP Bonds should consult their own tax advisors regarding the amortization of premium and the effect upon basis.

Proposed Legislation and Other Matters

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds, or the marketability of the Bonds, or otherwise prevent the owners of the Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made recently and in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the Bonds for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Bonds or the market price for, or marketability of, the Bonds. No assurance can be given with respect to the impact of future legislation on the Bonds. Prospective purchasers of the Bonds should consult their own tax and financial advisors regarding such matters.

General

The opinions of Bond Counsel are rendered as of their date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other

federal tax law consequences discussed above of owning and disposing of the Bonds. No assurance can be given that future legislation, or amendments to the State of Connecticut income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates. The opinions of Bond Counsel are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

APPENDIX C – FORM OF OPINION OF BOND COUNSEL AND TAX MATTERS (NOTES)

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Appendix C – Form of Opinion of Bond Counsel and Tax Matters (Notes)

October 22, 2014

Town of Tolland
21 Tolland Green
Tolland, CT 06084

RE: Town of Tolland, Connecticut
\$5,410,000 General Obligation Bond Anticipation Notes, dated October 22, 2104

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Tolland, Connecticut (the “Town”) of its \$5,410,000 General Obligation Bond Anticipation Notes, dated October 22, 2014 (the “Notes”).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Town and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon written representations and agreements executed by officials of the Town authorized to issue the Notes, in connection with the issuance and delivery of the Notes, without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement, the final Official Statement or any other offering material relating to the Notes (except only the matters set forth as our opinion in the Preliminary Official Statement and the final Official Statement), and we express no opinion relating thereto.

Based upon the foregoing examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. When certified as provided thereon by a duly authorized official of U.S. Bank National Association, the Notes will be the valid and binding general obligations of the Town. The Notes will be payable as to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to certain classified property such as certified forest land taxable at a limited rate pursuant to Section 12-97 of the Connecticut General Statutes and dwelling houses of qualified elderly persons of low income taxable at limited amounts pursuant to Section 12-129b of the Connecticut General Statutes. Subject to conformity with Section 12-129d of the Connecticut General Statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses.

2. Under existing law, interest on the Notes is not includable in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest is not treated as a preference item for purposes of calculating the federal alternative minimum tax for individuals or corporations. Such interest is, however, includable in the adjusted current earnings of certain corporations for purposes of computing the federal alternative minimum tax imposed on such corporations.

The opinion set forth in the preceding paragraph is subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes.

3. Under existing law, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax.

It is to be understood that the rights of the holders of the Notes and the enforceability of the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes.

Although we have rendered an opinion that interest on the Notes is not includable in the gross income of the owners thereof for purposes of federal income taxation, federal income tax liability may otherwise be affected by the ownership or disposition of the Notes. We express no opinion regarding any other federal or state tax consequence of ownership or disposition of, or receipt of interest income on, the Notes not specifically described herein.

Very truly yours,

UPDIKE, KELLY & SPELLACY, P.C.

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met at and subsequent to delivery of the Notes in order that interest on the Notes be and remains excluded from gross income for federal income tax purposes. Failure to comply with the continuing requirements of the Code may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes, irrespective of the date on which such noncompliance occurs. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Notes, contains certain representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Notes in order to comply with requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Notes is, however, includable in adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the federal alternative minimum tax imposed on such corporations.

Ownership of the Notes may result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Notes. The foregoing is not intended to be an exhaustive list of potential tax consequences. Prospective purchasers of the Notes, particularly those who may be subject to special rules, are

advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of the Notes.

State Taxes

In the opinion of Bond Counsel, based on existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or to reflect any changes in law that may thereafter occur or become effective.

Interest on the Notes is included in gross income for purposes of the Connecticut corporation business tax.

No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon.

Prospective purchasers of the Notes are advised to consult their own tax advisors regarding other state and local tax consequences of ownership and disposition of the Notes.

Original Issue Discount

The initial public offering prices of the Notes (the “OID Notes”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Notes to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Notes is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the inside cover page of the Official Statement for the OID Notes are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Notes are sold. Under existing law, OID on the Notes accrued and properly allocable to the owners thereof under the Code is not included in gross income of the owners of the Notes for federal income tax purposes if interest on the Notes is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Note, OID treated as having accrued while the owner holds the OID Note will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Note. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Note will be included in the calculation of

the corporation's federal alternative minimum tax liability. As a result, ownership of an OID Note by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Notes should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Notes purchasing such Notes after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Notes.

Original Issue Premium

The initial public offering prices of the Notes (the "OIP Notes") may be more than their stated principal amounts. An owner who purchases a Note at a premium to its principal amount must amortize Note premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Note for federal income tax purposes. The offering prices relating to the yields set forth on the inside cover page of the Official Statement for the OIP Notes are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OIP Notes are sold. Prospective purchasers of OIP Notes should consult their own tax advisors regarding the amortization of premium and the effect upon basis.

Proposed Legislation and Other Matters

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Notes, gain from the sale or other disposition of the Notes, the market value of the Notes, or the marketability of the Notes, or otherwise prevent the owners of the Notes from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made recently and in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the Notes for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Notes or the market price for, or marketability of, the Notes. No assurance can be given with respect to the impact of future legislation on the Notes. Prospective purchasers of the Notes should consult their own tax and financial advisors regarding such matters.

General

The opinions of Bond Counsel are rendered as of their date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other federal tax law consequences discussed above of owning and disposing of the Bonds. No assurance can be given that future legislation, or amendments to the State of Connecticut income

tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates. The opinions of Bond Counsel are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Notes, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT (BONDS)

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Appendix D – Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of the 22nd day of October, 2014, by the Town of Tolland, Connecticut (the “Town”), acting by its undersigned officers, duly authorized, in connection with the issuance of \$9,635,000 General Obligation Refunding Bonds, 2014 Series A, dated October 22, 2014 (the “Bonds”) for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions.

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the Town, dated October 8, 2014, prepared in connection with the Bonds.

“Listed Events” means any of the events listed in Section 3 of this Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” means the MSRB, through the operation of the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 59061 and maintained by the MSRB for purposes of the Rule, or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“Rule” means rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, and otherwise in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2014) as follows:

(i) Audited financial statements of the Town's general fund, special revenue fund, capital projects funds, internal service and trust or agency funds, and the general long-term obligations account group (the "Governmental Funds") for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Town is required to prepare audited financial statements of its various funds and accounts. The modified accrual basis of accounting is followed for the Town's general fund with major revenues recorded when measurable and available and expenditures recorded when incurred.

(ii) In addition to the information and statements described in (i) above:

- (A) amounts of the net taxable grand list applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total net debt as of the close of the fiscal year,
- (F) total bonded debt of the Town per capita,
- (G) ratios of the total bonded debt of the Town to the Town's net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the Town's pension benefit obligations.

(b) The financial statements and other financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Town's fiscal year currently ends on June 30. The Town agrees that if audited information is not available eight months after the close of any fiscal year, it shall submit unaudited information, if available, by such time and will submit audited information when available.

(c) Annual financial information or operating data may be provided in whole or in part by specific reference to other documents available to the public on the MSRB's Electronic Municipal Market Access (EMMA) system, the current internet web address of which is www.emma.msrb.org, or filed with the SEC. If the document to be cross-referenced is a final

official statement, it must be available from the MSRB. The Town shall clearly identify each such other document so incorporated by cross-reference. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(d) The Town reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated statutory accounting principles as in effect from time to time, provided that the Town agrees that the exercise of any such right will be done in a manner consistent with the Rule.

(e) The Town may file information with the Repository, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the Town chooses to make a Voluntary Filing, the Town shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the Town is under no obligation to provide any Voluntary Filing.

Section 3. Reporting of Listed Events.

The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following Listed Events with respect to the Bonds, in a timely manner not later than ten (10) business days after the occurrence of any such Listed Event:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;

- (h) Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;

Note to clause (l): For the purposes of the event identified in clause (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town;

- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of trustee, if material.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Town agrees to provide, or cause to be provided, in a timely manner, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purpose from time to time.

Section 6. Termination.

The obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Town ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The Town acknowledges that the undertakings set forth in Sections 2, 3 and 4 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to undertakings set forth in Section 2 of this Agreement or five (5) business days with respect to undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Town Manager, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. For purposes of this section, notice to the Town should be made to the Town Manager, Town of Tolland, 21 Tolland Green, Tolland, Connecticut 06084.

In the event the Town does not cure such failure within the time specified above, the beneficial owner of any of the Bonds shall be entitled only to the remedy of specific performance. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provisions of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) this Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by the holders of not less than 66 2/3% of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the Repository in electronic format. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating or financial information provided.

TOWN OF TOLLAND

By: _____
STEVEN R. WERBNER
Town Manager

By: _____
AGATA HERASIMOWICZ
Treasurer

By: _____
LISA A. HANCOCK
Director of Finance and Records

APPENDIX E – FORM CONTINUING DISCLOSURE AGREEMENT (NOTES)

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Appendix E – Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of the 22nd day of October, 2014 by the Town of Tolland, Connecticut (the “Town”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$5,410,000 General Obligation Bond Anticipation Notes, dated October 22, 2014 and due on October 21, 2015 (the “Notes”).

Section 1. Definitions.

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Listed Events” means any of the events listed in Section 2 of this Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” means the MSRB, through the operation of the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 59061 and maintained by the MSRB for purposes of the Rule, or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“Rule” means rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Reporting of Listed Events.

The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following Listed Events with respect to the Notes, in a timely manner not later than ten (10) business days after the occurrence of any such Listed Event:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;

- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;

Note to clause (l): For the purposes of the event identified in clause (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town;

- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of trustee, if material.

Section 3. Use of Agents.

Notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purpose from time to time.

Section 4. Termination.

The obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Notes, or (ii) such time as the Town ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

Section 5. Enforcement.

The Town acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding five (5) business days) from the time the General Manager, or a successor, receives written notice from any beneficial owner of the Notes of such failure. For purposes of this section, notice to the Town should be made to the Town Manager, Town of Tolland, 21 Tolland Green, Tolland, Connecticut 06084.

In the event the Town does not cure such failure within the time specified above, the beneficial owner of any of the Notes shall be entitled only to the remedy of specific performance. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Notes.

Section 6. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Notes. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provisions of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) this Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule,

as well as any change in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Notes or an approving vote by the holders of not less than 66 2/3% of the aggregate principal amount of the Notes then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the Repository in electronic format.

TOWN OF TOLLAND

By: _____
STEVEN R. WERBNER
Town Manager

By: _____
AGATA HERASIMOWICZ
Treasurer

By: _____
LISA A. HANCOCK
Director of Finance and Records