

## **Final Official Statement Dated September 9, 2020**

**NEW MONEY/ REFUNDING ISSUE: Book-Entry-Only**

**RATINGS: S&P Global Ratings: "AAA / SP-1+"**

*In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with certain covenants and procedures relating to certain requirements of the Internal Revenue Code of 1986, as amended, interest on the Bonds and the Notes is excludable from the gross income of the owners thereof for Federal income tax purposes and will not be treated as a preference item for purposes of computing the federal alternative minimum tax. 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 – "Forms of Legal Opinions of Bond Counsel and Tax Matters" herein.)*



### **Town of Tolland, Connecticut**

**\$10,570,000**

#### **General Obligation Bonds, Issue of 2020, Series A**

**Dated: Date of Delivery**

**Due: September 15, 2021-2040,  
As shown on the inside cover hereof:**

The Series A Bonds will bear interest payable semiannually on March 15 and September 15 in each year until maturity, commencing March 15, 2021.

The Series A Bonds are subject to redemption prior to maturity as herein provided. See "Redemption Provisions" herein.

### **FHN FINANCIAL CAPITAL MARKETS**

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**\$2,210,000**

#### **General Obligation Refunding Bonds, Issue of 2020, Series B**

**Dated: Date of Delivery**

**Due: August 1, 2021-2030,  
As shown on the inside cover hereof:**

The Series B Bonds will bear interest payable semiannually on February 1 and August 1 in each year until maturity, commencing February 1, 2021.

The Series B Bonds are NOT subject to redemption prior to maturity.

### **FHN FINANCIAL CAPITAL MARKETS**

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**\$4,505,000**

#### **General Obligation Bond Anticipation Notes**

**Dated: September 17, 2020**

**Due: September 16, 2021**

The Notes will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated September 2, 2020.

The Notes are NOT subject to redemption prior to maturity.

### **OPPENHEIMER & Co.**

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The Series A Bonds and the Series B Bonds (collectively, the "Bonds") and the Notes are issuable only as fully-registered bonds and notes, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner or noteowner, as applicable, and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds and the Notes. Purchases of the Bonds and the Notes will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds or the Notes. So long as Cede & Co. is the Bondowner or Noteowner, as applicable, as nominee of DTC, reference herein to the Bondowner and Noteowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds and the Notes. See "Book-Entry-Only Transfer System" herein.

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 the interest on the Bonds and the Notes when due. See "Security and Remedies" herein.

U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103 will serve as the Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Bonds and the Notes. It will also serve as Escrow Agent for the Series B Bonds.

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the final approving opinions of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made through the facilities of DTC in New York, New York on or about September 17, 2020.

**Town of Tolland, Connecticut**  
**\$10,570,000**  
**General Obligation Bonds, Issue of 2020, Series A**

**Dated:**     **Date of Delivery**

**Due: September 15,**  
**as shown below:**

<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP <sup>1</sup></b>	<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP <sup>1</sup></b>
2021	\$ 530,000	5.000%	0.150%	889481UF2	2031*	\$ 530,000	2.000%	1.250%	889481UR6
2022	530,000	5.000%	0.170%	889481UG0	2032*	530,000	2.000%	1.400%	889481US4
2023	530,000	5.000%	0.190%	889481UH8	2033*	530,000	2.000%	1.500%	889481UT2
2024	530,000	5.000%	0.220%	889481UJ4	2034*	530,000	2.000%	1.600%	889481UU9
2025	530,000	5.000%	0.280%	889481UK1	2035*	525,000	2.000%	1.650%	889481UV7
2026	530,000	5.000%	0.390%	889481UL9	2036*	525,000	2.000%	1.700%	889481UW5
2027	530,000	5.000%	0.510%	889481UM7	2037*	525,000	2.000%	1.770%	889481UX3
2028*	530,000	4.000%	0.700%	889481UN5	2038*	525,000	2.000%	1.850%	889481UY1
2029*	530,000	2.000%	1.000%	889481UP0	2039*	525,000	2.000%	1.950%	889481UZ8
2030*	530,000	2.000%	1.120%	889481UQ8	2040	525,000	2.000%	2.000%	889481VA2

\* Priced assuming redemption on September 15, 2027; however, any such redemption is at the option of the Town.

**FHN FINANCIAL CAPITAL MARKETS**

**\$2,210,000**  
**General Obligation Refunding Bonds, Issue of 2020, Series B**

**Dated:**     **Date of Delivery**

**Due: August 1,**  
**as shown below:**

<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP <sup>1</sup></b>	<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP <sup>1</sup></b>
2021	\$ 530,000	5.000%	0.150%	889481VB0	2026	\$ 180,000	4.000%	0.390%	889481VG9
2022	330,000	5.000%	0.170%	889481VC8	2027	130,000	4.000%	0.510%	889481VH7
2023	335,000	5.000%	0.190%	889481VD6	2028	130,000	4.000%	0.700%	889481VJ3
2024	150,000	5.000%	0.220%	889481VE4	2029	125,000	4.000%	0.830%	889481VK0
2025	175,000	5.000%	0.280%	889481VF1	2030	125,000	4.000%	1.000%	889481VL8

**FHN FINANCIAL CAPITAL MARKETS**

**\$4,505,000**  
**General Obligation Bond Anticipation Notes**

**Dated:**     **September 17, 2020**

**Rate:**     **1.25%**

**Yield:**     **0.15%**

**Due: September 16, 2021**

**CUSIP: <sup>1</sup> 889481VM6**

<sup>1</sup> 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 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 the Bonds and the Notes 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 the Bonds and the Notes.

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations in connection with the offering of the Bonds or the Notes, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. 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 by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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 estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds or the Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement or any earlier date as of which any information continual herein is given.

Set forth in Appendix A – “2019 General Purpose Financial Statements Excerpted from the Town’s Comprehensive Annual Financial Report” 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 is not passing on and does not assume any responsibility for the accuracy or completeness of the statements made in this Official Statement (other than matters expressly set forth as its opinions in Appendix B "Forms of Legal Opinions of Bond Counsel and Tax Matters" herein) and makes no representation that it has independently verified the same.

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## **Series A Bond Issue Summary**

*The information in this Series A Bond Issue Summary, the front cover page and the inside cover page 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. This Official Statement speaks only as of its date and the information herein is subject to change.*

<b>Date of Sale:</b>	Wednesday, September 9, 2020 at 11:30 A.M. (Eastern)
<b>Location of Sale:</b>	Office of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460.
<b>Issuer:</b>	Town of Tolland, Connecticut (the "Town").
<b>Issue:</b>	\$10,570,000 General Obligation Bonds, Issue of 2020, Series A (the "Series A Bonds").
<b>Dated Date:</b>	Date of Delivery
<b>Principal and Interest Due:</b>	Principal due serially September 15, 2021 through September 15, 2040. Interest due March 15 and September 15 in each year until maturity, commencing March 15, 2021.
<b>Purpose:</b>	The Series A Bonds are being issued to retire notes initially issued to finance, and to provide new money for, various general purpose and school projects for the Town. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Series A Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
<b>Security:</b>	The Series A Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Series A Bonds when due.
<b>Credit Rating:</b>	The Series A Bonds are rated "AAA" by S&P Global Ratings ("S&P").
<b>Bond Insurance:</b>	The Town does not expect to purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC), as of the dated date.
<b>Tax Matters:</b>	See Appendix B-1 – "Form of Legal Opinion of Bond Counsel and Tax Matters for Series A Bonds" herein.
<b>Bank Qualification:</b>	The Series A Bonds <b>shall NOT</b> 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 of certain interest expense allocable to the Series A Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data, notices of certain listed events and notices of failure to provide required information with respect to the Series A Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-1 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 283-1110.
<b>Legal Opinion:</b>	Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut will act as Bond Counsel.
<b>Separate CUSIPS:</b>	Separate CUSIP numbers for the Series A Bonds are required. It shall be the responsibility of the Municipal Advisor to obtain CUSIP numbers for the Series A Bonds prior to delivery.
<b>Delivery and Payment:</b>	It is expected that delivery of the Series A Bonds in book-entry-only form will be made to The Depository Trust Company on or about September 17, 2020. Delivery of the Series A Bonds will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Lisa Hancock, Director of Finance and Records, Town of Tolland, Hicks Memorial Municipal Center, 21 Tolland Green, Tolland, Connecticut 06084. Telephone: (860) 871-3658.

## **Series B Bond Issue Summary**

*The information in this Series B Bond Issue Summary, the front cover page and the inside cover page 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. This Official Statement speaks only as of its date and the information herein is subject to change.*

<b>Date of Sale:</b>	Wednesday, September 9, 2020 at 12:00 Noon (Eastern)
<b>Location of Sale:</b>	Office of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460.
<b>Issuer:</b>	Town of Tolland, Connecticut (the "Town").
<b>Issue:</b>	\$2,210,000 General Obligation Refunding Bonds, Issue of 2020, Series B (the "Series B Bonds").
<b>Dated Date:</b>	Date of Delivery
<b>Principal and Interest Due:</b>	Principal due serially August 1, 2021 through August 1, 2030. Interest due February 1 and August 1 in each year until maturity, commencing February 1, 2021.
<b>Purpose:</b>	The Series B Bonds are being issued to refund a portion of the Town's outstanding general obligation bonds. See "Plan of Refunding" herein.
<b>Redemption:</b>	The Series B Bonds are NOT subject to redemption prior to maturity.
<b>Security:</b>	The Series B Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Series A Bonds when due.
<b>Credit Rating:</b>	The Series B Bonds are rated "AAA" by S&P Global Ratings ("S&P").
<b>Bond Insurance:</b>	The Town does not expect to purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC), as of the dated date.
<b>Tax Matters:</b>	See Appendix B-2 – "Form of Legal Opinion of Bond Counsel and Tax Matters for Series B Bonds" herein.
<b>Bank Qualification:</b>	The Series B Bonds <b>shall NOT</b> 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 of certain interest expense allocable to the Series B Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data, notices of certain listed events and notices of failure to provide required information with respect to the Series B Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-2 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, Paying Agent and Escrow Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 283-1110.
<b>Legal Opinion:</b>	Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut will act as Bond Counsel.
<b>Separate CUSIPS:</b>	Separate CUSIP numbers for the Series B Bonds are required. It shall be the responsibility of the Municipal Advisor to obtain CUSIP numbers for the Series B Bonds prior to delivery.
<b>Delivery and Payment:</b>	It is expected that delivery of the Series B Bonds in book-entry-only form will be made to The Depository Trust Company on or about September 17, 2020. Delivery of the Series B Bonds will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Lisa Hancock, Director of Finance and Records, Town of Tolland, Hicks Memorial Municipal Center, 21 Tolland Green, Tolland, Connecticut 06084. Telephone: (860) 871-3658.



## **Note Issue Summary**

*The information in this Note Issue Summary, the front cover page and the inside cover page 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 informal decision. This Official Statement speaks only as of its date and the information herein is subject to change.*

<b>Date of Sale:</b>	Wednesday, September 9, 2020 at 11:00 A.M. (E.D.T.)
<b>Location of Sale:</b>	Office of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460.
<b>Issuer:</b>	Town of Tolland, Connecticut (the "Town").
<b>Issue:</b>	\$4,505,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	Date of Delivery
<b>Interest Due:</b>	At maturity: September 16, 2021
<b>Principal Due:</b>	At maturity: September 16, 2021
<b>Purpose:</b>	The Notes are being issued to finance the Birch Grove school project for the Town. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Notes are NOT subject to redemption prior to maturity.
<b>Security:</b>	The Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
<b>Credit Rating:</b>	The Notes are rated "SP-1+" by S&P Global Ratings ("S&P").
<b>Note Insurance:</b>	The Town does not expect to purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of the dated date.
<b>Tax Matters:</b>	See Appendix B-3 – "Form of Legal Opinion of Bond Counsel and Tax Matters for Notes" herein.
<b>Bank Qualification:</b>	The Notes <b><u>shall NOT</u></b> 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 of certain interest expense allocable to the Notes.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, notices of the occurrence of certain listed events pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-3 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 283-1110.
<b>Legal Opinion:</b>	Udike, Kelly & Spellacy, P.C., of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about September 17, 2020. Delivery of the Notes will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Lisa Hancock, Director of Finance and Records, Town of Tolland, Hicks Memorial Municipal Center, 21 Tolland Green, Tolland, Connecticut 06084. Telephone: (860) 871-3658.

## ***I. Bond and Note Information***

### ***Introduction***

This Official Statement, including the front and inside cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Tolland, Connecticut (the “Town”), in connection with the issuance and sale of \$10,570,000 General Obligation Bonds, Issue of 2020, Series A (the “Series A Bonds”), \$2,210,000 General Obligation Refunding Bonds, Issue of 2020, Series B (the “Series B Bonds”) and \$4,505,000 General Obligation Bond Anticipation Notes (the “Notes”) of the Town.

The Bonds and Notes are being offered for sale at public bidding. A Notice of Sale dated September 2, 2020 for each of the Series A Bonds, the Series B Bonds and the Notes has been furnished to prospective bidders. Reference is made to the Notices of Sale, which are included herein as Appendix D, for the terms and conditions of the bidding on the Bonds and the Notes.

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 Notes. 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 or be repeated in the future. All quotations from and summaries and explanations of provisions of statutes, charters, or acts of the Town contained herein do not purport to be complete, and are qualified in their entirety by reference to such laws, charters or acts. Such provisions of law are subject to repeal or amendment. All references to the Bonds or Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

U.S. Bank National Association will certify and act as Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Bonds and the Notes and will act as Escrow Agent for the Series B Bonds.

The presentation of information in this Official Statement is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town.

The Town deems this Official Statement to be “final” for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

Bond Counsel is not passing on and does not assume any responsibility for the accuracy or completeness of the statements made in this Official Statement (other than matters expressly set forth in its opinions in Appendix B herein), and makes no representation that it has independently verified the same.

### ***COVID-19 Outbreak***

The outbreak of COVID-19, a respiratory virus caused by a new strain of coronavirus, has been declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, in response to the COVID-19 outbreak, the President of the United States declared a national emergency. The U.S. Centers for Disease Control and Prevention (CDC) has warned that some areas in the United States are experiencing community spread of COVID-19 and that widespread transmission of COVID-19 in the United States is likely to continue. To slow the spread of COVID-19 in the U.S., the U.S. government imposed bans on travel from various countries, including China and many countries in Europe, and recommended social distancing measures. The outbreak of the virus has affected travel, commerce and financial markets globally, and is expected to continue to affect economic growth worldwide.

There can be no assurances that the ongoing impact of COVID-19 will not materially affect State, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the Town. As the situation evolves, states, municipalities, businesses and people have and continue to alter behaviors in a manner that is having negative effects on global and local economies. Financial markets in the United States and throughout the world have seen a significant increase in volatility attributed to COVID-19 concerns, including significant declines in the stock and bond markets.

### **State and Local Efforts to Mitigate the Ongoing Impact of COVID-19**

Governor Lamont declared a state of emergency in the State of Connecticut on March 10, 2020 as a result of the COVID-19 outbreak. State agencies were directed to use all resources necessary to prepare for and respond to the outbreak. The Governor has issued numerous Executive Orders prohibiting certain activities in an attempt to slow the spread of COVID-19, including the cancellation of all public-school classes for all students for the rest of the prior school year, restrictions on the number of people who can attend social and recreational gatherings, the reduction and suspension of activity at the State Capitol and legislative offices, state agencies and facilities, the suspension of non-exigent operations of the judicial branch, the suspension of in-person municipal voting requirements, limiting restaurant seating, requiring all businesses and not-for-profit entities in the State to employ, to the maximum extent possible, any telecommuting or work from home procedures that they can safely employ, and the required closure of all non-essential businesses and not-for-profit entities. Additionally, the Governor extended the date for adoptions of municipal budgets which fell on or before May 15, 2020 by up to 30 days.

Additional Executive Orders may be issued from time to time. The State has a dedicated website providing up-to-date information concerning the State's actions in response to the COVID-19 virus, including the Executive Orders, at: [CT.Gov/coronavirus](https://www.ct.gov/coronavirus). Neither the Town nor any of the other parties involved with the issuance of the Bonds has reviewed the information provided by the State on this website and such parties take no responsibility for the accuracy thereof.

While the potential long-term impact of the COVID-19 pandemic on the Town cannot be predicted at this time, the continued spread of the outbreak and any prolonged effects on the national, State and local economy could have a materially adverse effect on the Town and its finances. Also, the ability of the State to provide the same level of assistance to Connecticut municipalities, such as the Town, as in prior fiscal years may be negatively impacted. On March 12, 2020 at 6:00 p.m., the Town declared a local state of emergency for public health and civil preparedness, which originally lasted thirty days. This step allowed the Tolland Town Manager to exercise emergency powers as needed to help the community, and make the Town better positioned to access emergency federal aid. The Town Council extended the state of emergency until April 30, 2020 at their March 31 meeting to conform to Federal guidance. On May 4, 2020, the Town Council further extended indefinitely the state of emergency.

The Town has closed Town Hall to the public except by appointment and operated Town offices with limited staff performing essential services. On July 16, 2020, the Town began a phased re-opening. The Town Senior and Recreation Centers, the Town Library, and Town schools have been closed to the public and the Town is conducting essential board and commission meetings remotely. The Board of Education will open schools on a hybrid method with some on-line classes as well as alternating days of in-person classes for the 2020-21 school year. Students will attend in classroom on certain days based on their letters in the alphabet assigned to those days.

### **Estimated Financial Results for Fiscal Year 2020**

While a potential risk, the COVID-19 outbreak does not appear to have had a materially adverse effect on the Town's financial condition for Fiscal Year 2020. The Town's finances and financial plans remained stable for the end of the recently completed fiscal year and 100.4% of its total revenues were received as of June 30, 2020, including the collection of over 100.8% of budgeted property taxes. The Town is expected to end the recently completed fiscal year with a surplus of approximately \$1.26 million.

The Town cannot predict at this time the impact that the COVID-19 pandemic will have on future tax collections. However, as of August 24, 2020, the Town has received \$22,514,052 or 51.06% of taxes for the fiscal year ending June 30, 2021. The Town is also fortunate to have a special Emergency Declaration Fund to provide cash flow for emergency safety measures that will be reimbursed by FEMA as well as other Federal funding sources.

### **Municipal Tax Relief Programs**

On April 1, 2020, the Governor issued Executive Order No. 7S entitled "Protection of Public Health and Safety During COVID-19 Pandemic and Response – Safe Stores, Relief for Policyholders, Taxpayers, and Tenants", which was subsequently amended by Executive Order No. 7W issued April 9, 2020 (as amended, "Executive Order No. 7S"). Section 6 of Executive Order 7S established two programs, a "Deferment Program" and a "Low Interest Rate Program". The Deferment Program, for the period April 1, 2020 through and including July 1, 2020, offers eligible taxpayers, businesses, nonprofits, and residents a deferment by three (3) months of any taxes on real property, personal property or motor vehicles, or municipal water, sewer and electric rates, charges or assessments for such tax, rate, charge, or assessment from the time it became due and payable. Eligible taxpayers, businesses, nonprofits, and

residents are those that attest to or document significant economic impact by COVID-19, and/or those that document they are providing relief to those significantly affected by the COVID-19 pandemic. The Low Interest Rate Program provides a three percent (3%) per annum interest rate to all taxpayers on the delinquent portion of the principal of any taxes on real property, personal property or motor vehicles, or municipal water, sewer and electric rates, charges or assessments, or part thereof, for three (3) months from the time when it became due and payable until the same is paid, for any such tax, rate, charge, or assessment due and payable from April 1, 2020 through and including July 1, 2020, unless such delinquent portion is subject to interest and penalties at less than three percent (3%) per annum. Financial institutions and mortgage servicers that hold property tax payments in escrow on behalf of a borrower shall continue to remit property taxes to the municipality, so long as the borrower remains current on their mortgage or is in a forbearance or deferment program, irrespective of the borrower's eligibility for or participation in the Deferment Program or the Low Interest Rate Program.

Connecticut municipalities, such as Tolland, were required to elect participation in one or both programs by vote of its legislative body no later than April 25, 2020.

The Town elected to adopt the Deferment Program at its April 14, 2020 Town Council meeting. The Deferment Program offers an extension of 90 days for taxpayers to pay their July 2020 tax bills. The bills were still due July 1, 2020 but the grace period that normally extends to August 1st will now extend until October 1st. The taxpayers can pay their bills up to 90 days after the due date without any penalty or interest. The financial impact to the Town of this program is not expected to be material. Only 18 taxpayers elected to defer payment of their taxes and two of them ultimately paid on time. Loss of revenue resulting from the interest and motor vehicle fee loss that the Town receives on collections paid after August 1<sup>st</sup> is expected to be in the approximate amount of \$3,000. In addition to revenue loss, this program is expected to have a minimal impact on the Town's cash flow in the approximate amount of \$62,500. The Town anticipates that it will collect enough revenue from escrow accounts to cover the projected expenditures. The Town believes that it has adequate cash reserves available to withstand the delay in cash flows.

#### **Federal Government Response to COVID-19's Impact on the Economy**

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess of \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion will be appropriated to states and other units of government for activities that are directly related to COVID-19; the amount paid to each state will be based on population with a minimum payment of \$1.25 billion. In addition, the CARES Act will provide \$454 billion to the Federal Reserve to purchase business, state or municipal securities in order to provide a level of liquidity to the municipal market. Other financial relief affecting states and local governments includes \$30.9 billion for education, \$10 billion for airports, \$25 billion for transit providers, and \$17 billion for housing, including \$5 billion for Community Development Block Grants for COVID-19 related services.

On March 28, 2020, President Trump approved Governor Lamont's request for a disaster declaration for the State of Connecticut. Under the declaration, it is expected that federal funding will be made available to state, tribal and eligible local governments and certain private nonprofit organizations for emergency protective measures, including direct federal assistance, for all areas of Connecticut impacted by COVID-19. The impacted agencies and towns will be reimbursed for 75 percent of the costs associated with their response and emergency protective measures.

#### **Municipal Advisor**

Phoenix Advisors, LLC, of Milford, Connecticut has served as Municipal Advisor to the Town with respect to the issuance of the Bonds and the Notes (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## ***The Bonds***

### ***Description of the Series A Bonds***

The Series A Bonds will mature on September 15 in each of the years and in the principal amounts as set forth on the inside cover page hereof. The Series A Bonds will be dated the date of delivery and bear interest at the rates per annum specified on the inside cover page, payable semiannually on March 15 and September 15 in each year until maturity, commencing March 15, 2021. 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 last business day of February and August, in each year, by check mailed to the registered owner; or so long as the Series A 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, as Paying Agent. The Series A Bonds will be issued as fully registered in denominations of \$5,000 or any integral multiple thereof. The legal opinion for the Series A Bonds will be rendered by Updike, Kelly & Spellacy, P.C., Bond Counsel, in substantially the form set forth in Appendix B-1 to this Official Statement.

### ***Description of the Series B Bonds***

The Series B Bonds will mature on August 1 in each of the years and in the principal amounts as set forth on the inside cover page hereof. The Series B Bonds will be dated the date of delivery and bear interest at the rates per annum specified on the inside cover page, payable semiannually on February 1 and August 1 in each year until maturity, commencing February 1, 2021. 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, or preceding day if such fifteenth day is not a business day, in each year, 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, as Paying Agent. The Series B Bonds will be issued as fully registered in denominations of \$5,000 or any integral multiple thereof. The legal opinion for the Series B Bonds will be rendered by Updike, Kelly & Spellacy, P.C., Bond Counsel, in substantially the form set forth in Appendix B-2 to this Official Statement.

### ***Description of the Notes***

The Notes will be dated September 17, 2020 and will be due and payable as to both principal and interest at maturity on September 16, 2021. The Notes are not subject to redemption prior to maturity and will bear interest, calculated on the basis of a 360-day year consisting of twelve 30-day months, at the rate or rates per annum specified by the successful bidder or bidders using the Net Interest Cost ("NIC") method. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership affected on the records of The Depository Trust Company, New York, New York ("DTC") and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry-Only Transfer System" herein.) The legal opinion for the Notes will be rendered by Updike, Kelly & Spellacy, P.C., Bond Counsel, in substantially the form set forth in Appendix B-3 to this Official Statement.

### ***Redemption Provisions***

#### **Series A Bonds**

The Series A Bonds maturing on or before September 15, 2027 are not subject to redemption prior to maturity. The Series A Bonds maturing on September 15, 2028 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after September 15, 2027, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price (expressed as a percentage of the principal amount of the Series A Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<b><i>Redemption Dates</i></b>	<b><i>Redemption Price</i></b>
September 15, 2027 and thereafter.....	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the redemption date to the registered owner of any Series A Bonds designated for redemption at the address of such registered owner as the same shall last appear on the registration books for the Series A Bonds kept for such purpose. 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 Series A Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Series A Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Series A Bonds of any one maturity shall be called for redemption, the particular Series A Bonds or portions of the Series A 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 Series A Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Series A Bonds for redemption, each Series A Bond shall be considered as representing that number of Series A Bonds which is obtained by dividing the principal amount of such Series A Bond by \$5,000.

The Town, so long as a book-entry system is used for the Series A Bonds being called for redemption, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC 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 Series A Bonds called for redemption. Redemption of portions of the Series A Bonds of any maturity by the Town will reduce the outstanding principal amount 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 interest held by DTC Participants in the Series A Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Series A Bonds to be redeemed held by the Beneficial Owners. Any such allocation of reductions of interests in the Series A Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Series A Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

#### Series B Bonds

The Series B Bonds are NOT subject to redemption prior to maturity.

### ***Authorization and Purpose***

The Bonds and the Notes are issued pursuant to Title 7 of the General Statutes of the State of Connecticut, as amended, the Charter of the Town of Tolland, and bond resolutions adopted by the Town's Town Council and, as applicable, the voters of the Town at referendum, more particularly described below:

**Various Capital Projects (2017-18):** Series A Bonds are being issued pursuant to appropriations and bonding authorizations in the aggregate amount of \$2,150,879 adopted by the Town Council on July 11, 2017, for the purpose of financing the cost of drainage and detention basin replacement and design, repairs and improvements to all or certain portions of town roads (\$200,000 appropriation and bond authorization), pavement resurfacing, sealing, repair and/or reconstruction of certain portions of Old Cathole Road North (\$410,800 appropriation and bond authorization), reconstruction, renovations and repairs to the Town's public works garage (\$1,349,779 appropriation and bond authorization), and purchasing heavy machinery and equipment, such as a front line dump truck to be used in connection with the transport of asphalt, gravel and other materials, plowing, sanding and other purposes and a pavement roller (\$190,300 appropriation and bond authorization).

**Various Capital Projects (2018-19):** Series A Bonds are being issued pursuant to appropriations and bonding authorizations in the aggregate amount of \$1,290,606 adopted by the Town Council on July 10, 2018, for the purpose of financing the cost of pavement resurfacing, sealing, overlay, repair and/or reconstruction of all or portions of certain Town roads (\$773,484 appropriation authorization), purchasing a salt shed tarp (\$100,000 appropriation authorization), and purchasing heavy machinery and equipment, such as two all-season front line trucks to be used in connection with the transport of asphalt, gravel and other materials, plowing, snow removal, sanding and other purposes, a lawn mower and the replacement of a truck utility body (\$417,122 appropriation authorization).

**Various Capital Projects (2020-21):** Series A Bonds are being issued pursuant to appropriations and bonding authorizations in the aggregate amount of \$577,870 adopted by the Town Council on July 14, 2020, for the purpose of financing the cost of parking lot pavement resurfacing, sealing and repair at the Board of Education office building (\$90,000 appropriation authorization), design work associated with three firehouses (\$100,000 appropriation authorization) and purchasing two all-season front line trucks and a New Holland skid steer and refurbishing the body of, and sandblasting and painting of, a 2005 Mack truck and installation of a new ground speed control system therefor (\$387,870 appropriation authorization).

**School Improvements Project:** Series A Bonds are being issued pursuant to an appropriation and bonding authorization in the amount of \$9,600,000 adopted at referendum on November 8, 2016, for the purpose of financing costs related to certain repairs, renovations, construction and improvements, and equipment acquisition, at Tolland High School, Tolland Middle School, Tolland Intermediate School and Birch Grove Primary School.

**Road Improvement Project (2018):** Series A Bonds are being issued pursuant to an appropriation and bonding authorization in the amount of \$5,000,000 adopted at referendum on November 6, 2018, 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.

**Birch Grove School Project:** Series A Bonds and the Notes are being issued pursuant to an appropriation and bonding authorization in the amount of \$46,000,000 adopted at referendum on May 7, 2019, for the purpose of financing costs related to certain building and infrastructure repairs, demolition, remediation work, renovations, construction and/or improvements associated with the replacement and/or reconstruction of the Birch Grove Primary School.

**Refunding Bonds:** Pursuant to a refunding bond authorization in an amount up to \$3,000,000, adopted by the Town Council at its meeting of August 25, 2020 in accordance with Section 7-370c of the Connecticut General Statutes, as amended, the Series B Bonds were authorized for the purpose of refunding outstanding general obligation bonds of the Town (see “The Plan of Refunding” herein).

### ***Use of Proceeds***

<b><i>Project</i></b>	<b><i>Amount Authorized</i></b>	<b><i>This Issue:</i></b>		
		<b><i>The Notes: Due: 9/16/2021</i></b>	<b><i>Series A Bonds</i></b>	<b><i>Series B Bonds</i></b>
Refunding Bonds.....	\$ 3,000,000	\$ -	\$ -	\$ 2,210,000
Various Capital Projects (2017-18).....	2,150,879	-	334,800	-
Various Capital Projects (2018-19).....	1,290,606	-	875,912	-
Various Capital Projects (2020-21).....	577,870	-	577,870	-
School Improvements Project.....	9,600,000	-	1,926,418	-
Road Improvements (2018).....	5,000,000	-	1,795,000	-
Birch Grove School Project.....	46,000,000	4,505,000	5,060,000	-
<b><i>Total.....</i></b>	<b>\$67,619,355</b>	<b>\$ 4,505,000</b>	<b>\$ 10,570,000</b>	<b>\$ 2,210,000</b>

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## Plan of Refunding

The Series B Bonds are being issued to currently refund at or prior to maturity all or a portion of certain maturities of certain of the outstanding series of general obligation bonds of the Town as set forth below (the “Refunded Bonds”). The refunding is contingent upon delivery of the Series B Bonds.

	<i>Dated</i>	<i>Maturity</i>	<i>Interest</i>	<i>Par</i>	<i>Redemption</i>	<i>Redemption</i>	
<i>Issue</i>	<i>Date</i>	<i>Date</i>	<i>Rate</i>	<i>Amount</i>	<i>Date</i>	<i>Price</i>	<i>CUSIP</i>
2010	8/1/2010	8/01/2021	3.000%	\$ 125,000	10/19/2020	100%	889481PT8
		8/01/2022	3.000%	125,000	10/19/2020	100%	889481PU5
		8/01/2023	3.125%	125,000	10/19/2020	100%	889481PV3
		8/01/2024	3.250%	125,000	10/19/2020	100%	889481PW1
		8/01/2025	3.375%	150,000	10/19/2020	100%	889481PX9
		8/01/2026	3.500%	150,000	10/19/2020	100%	889481PY7
		8/01/2027	3.600%	150,000	10/19/2020	100%	889481PZ4
		8/01/2028	3.700%	150,000	10/19/2020	100%	889481QA8
		8/01/2029	3.750%	150,000	10/19/2020	100%	889481QB6
		8/01/2030	4.000%	150,000	10/19/2020	100%	889481QC4
<b>Sub-Total .....</b>				<b>\$ 1,400,000</b>			
2011	10/18/2011	10/01/2021	3.250%	\$ 445,000	10/19/2020	100%	889481QP5
		10/01/2022	3.000%	240,000	10/19/2020	100%	889481QQ3
		10/01/2023	3.000%	240,000	10/19/2020	100%	889481QR1
		10/01/2024	3.000%	50,000	10/19/2020	100%	889481QS9
		TERM	10/01/2026	3.250%	100,000	10/19/2020	100%
	<b>Sub-Total .....</b>				<b>\$ 1,075,000</b>		
<b>Total .....</b>				<b>\$ 2,475,000</b>			

Upon delivery of the Series B Bonds, a portion of the proceeds of the Series B Bonds will be deposited 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 (the “Escrow Agreement”) dated as of the date of delivery between the Escrow Agent and the Town. 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 government of the United States of America, including, without limitation, United States Treasury State and Local Government Series securities (“SLGS”), all of which shall not be callable or prepayable at the option of the issuer thereof (the “Escrow Securities”). The Escrow Securities will have maturities and interest rates sufficient to meet the principal, interest and redemption payments of the Refunded Bonds on the dates such payments are due. All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Series B Bonds will be used toward the payment of costs of issuance.

The Connecticut General Statutes provide that upon placement in escrow of proceeds of refunding bonds sufficient to provide for payment of principal and interest on the bonds to be funded by the refunding bonds, such bonds are no longer counted in computing the Town’s debt for statutory debt limitation purposes. The Escrow Agreement requires that the Escrow Agent call for the redemption of the Refunded Bonds.

## Verification of Mathematical Computations

The accuracy of the mathematical computations regarding the adequacy of the amount set forth in the Municipal Advisor’s schedules to pay, when due, the principal of, accrued interest and redemption premium, if any, on the Refunded Bonds on the redemption date and the net present value savings, will be verified by AMTEC of Avon, Connecticut (the “Verification Agent”). Such verification of the accuracy of the mathematical computations will be based upon information and assumptions supplied to the Verification Agent by the Municipal Advisor. AMTEC will express no opinion on the assumptions provided to them. Bond Counsel in rendering its opinion described herein will rely on the verification report.



## **Sources and Uses of Series B Bond Proceeds**

### **Sources:**

Par Amount of the Bonds.....	\$	2,210,000.00
Net Original Issue Premium .....		335,952.85
<b>Total Sources .....</b>	<b>\$</b>	<b>2,545,952.85</b>

### **Uses:**

Deposit to Refunding Escrow .....	\$	2,503,789.65
Costs of Issuance .....		26,693.20
Underwriter's Discount .....		15,470.00
<b>Total Uses .....</b>	<b>\$</b>	<b>2,545,952.85</b>

## **School Projects**

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996.

Debt service reimbursement will continue under the prior reimbursement program for all projects approved prior to July 1, 1996. Under the old program, a municipality issues bonds for the entire amount of the school construction project and the State of Connecticut reimburses the Town for principal and interest costs for eligible school construction projects over the life of outstanding school bonds and subsequent bond issues necessary to completely fund the approved school project.

Under the current program, the State of Connecticut makes proportional progress payments for eligible construction costs during project construction. State grants are paid directly to the Town after it submits its request for progress payments, and accordingly, the Town will issue its bonds only for its net share of project costs.

## **Book-Entry-Only Transfer System**

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 certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and one fully-registered note certificate will be issued for each interest rate of the Notes, 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 S&P Global's highest 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](http://www.dtcc.com).

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of each security ("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 the Bonds or Notes, except in the event that use of the book-entry system for the Bonds and/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 the Bonds and the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and 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. Beneficial Owners of the Bonds and the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the bond and note documents. For example, Beneficial Owners of the Bonds and/or the Notes may wish to ascertain that the nominee holding the Bonds or the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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 Bonds and 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 and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest 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 principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the 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 and the Notes at any time by giving reasonable notice to the Town or its Paying 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.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Neither the Town nor the Paying Agent will have any responsibility or obligation to the Participants of DTC or the persons for whom they act as nominees with respect to (i) the accuracy of any records maintained by DTC or by any Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, or (iii) any other actions taken by DTC or its partnership nominees as owner of the Bonds or the Notes.

### ***DTC Practices***

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds or 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 Securities***

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds or the Notes, and the Town fails to identify another qualified securities depository for the Bond or 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 or the Notes, the Town will issue fully-registered bond or note certificates, as the case may be, directly to the Beneficial Owner. A Beneficial Owner of the Bonds or the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds or the Notes, as the case may be.

### ***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 qualified disabled persons taxable at limited amounts. There was, however, no such classified property on the last completed Grand List of the Town. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town a portion of the amount of the 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 revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds and 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 power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefor 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. Section 7-566 of the Connecticut General Statutes, as amended in 1993, 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 any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

***THE TOWN HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR  
INTEREST ON ITS BONDS OR NOTES.***

***Qualification for Financial Institutions***

The Bonds and 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 interest expense allocable to the Bonds and the Notes.

***Availability of Continuing Information***

The Town prepares, in accordance with State law, annual independent audited financial statements and operating statements and files such annual reports with the State of Connecticut, Office of Policy and Management. The Town provides, and will continue to provide, rating agencies ongoing disclosure in the form of independent annual financial reports, adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds substantially in the forms attached as Appendices C-1 and C-2 to this Official Statement (the "Continuing Disclosure Agreements for the Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5) (the "Rule"), (i) annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of such events, notice of the occurrence of certain listed events with respect to the Bonds and (iii) timely notice of the failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreements for the Bonds. The obligation of the winning bidder or bidders to purchase the Bonds shall be conditioned upon them receiving, at or prior to the delivery of the Bonds, executed copies of the Continuing Disclosure Agreements for the Bonds.

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes substantially in the form attached as Appendix C-3 to this Official Statement (the "Continuing Disclosure Agreement for the Notes"), to provide or cause to be provided, in accordance with the requirements of the Rule, timely, but not in excess of ten (10) business days after the occurrence of such events, notice of the occurrence of certain listed events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon it receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreements for the Notes.

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 the Rule. To its knowledge, in the past five years, the Town has not failed to comply in any material respect with its undertakings under such agreements.

## ***Ratings***

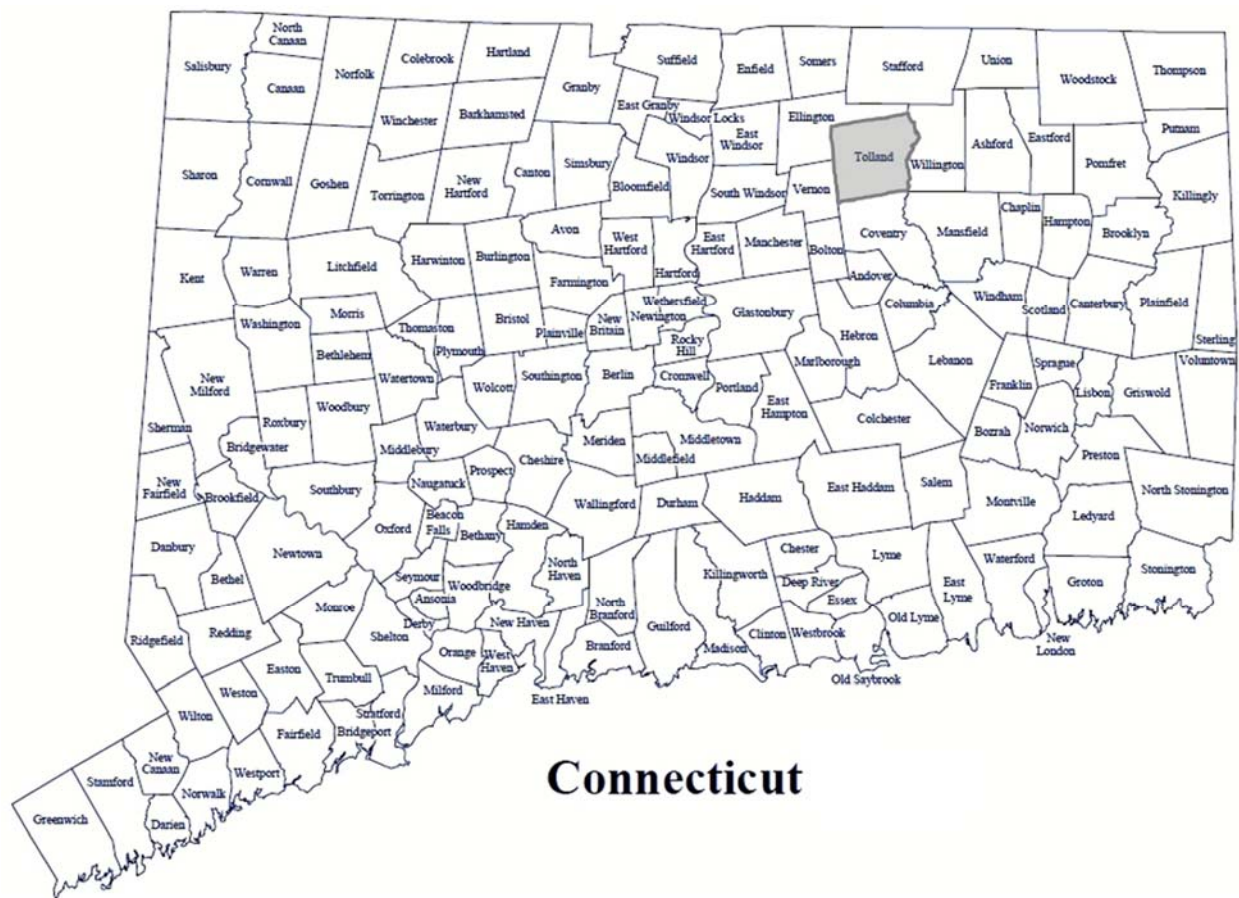
The Bonds are rated “AAA” by S&P Global Ratings ("S&P"). The Notes are rated “SP-1+” by S&P. Such ratings reflect only the views of the rating agency and an explanation of the significance of each rating may be obtained from such rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions on its own. There can be no assurance that the ratings will continue for any given period of time or that they will not be revised or withdrawn entirely if in the judgment of such applicable rating agency, circumstances so warrant. A revision or withdrawal of the ratings may have an adverse effect on the marketability or market price of the Town’s outstanding debt obligations, including the Bonds and the Notes. The Town expects to furnish the rating agency with certain information and materials that the agency may request.

## ***Bond and Note Insurance***

The Town does not expect to purchase a credit enhancement facility for the Bonds or the Notes.

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## II. The Issuer



## Connecticut

### ***Description of the Municipality***

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. The ranking is based upon a strong local economy, great schools, affordable homes, low crime, and several ease-of-living criteria. In its write-up on Tolland, CNN-Money Magazine states that “residents of Tolland live in a mix of modernity and historic charm.”

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 designated as a National Historic District. Included in the district are several of the Town’s historic attractions, such as the former Tolland County Court House, the Old Jail Museum and the Hicks-Stearns Family Museum, plus a number of gracious 18<sup>th</sup> and 19<sup>th</sup> century homes. Many of these Colonial, Greek Revival and Victorian structures are still being used as residences and by several churches. 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 an outer-ring suburb of the Hartford metropolitan area. Ninety-five percent of its dwellings are owner-occupied and ninety-five

percent are single-family homes. Land subdivision activity and housing starts have slowed down over the last ten years due initially to the economic downturn, planned changes in zoning regulations and purchase by the Town of open space. There are indications of increased activity in the commercial and multi-family sector based on discussions with potential developers.

### ***Economic Development***

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

The 2019 Plan of Conservation and Development (the "2019 Plan") reflects a strong emphasis on economic development and recommends revisiting the Tolland Village Area and Technology Campus Zone. The Commission has engaged the services of a consultant to expand the uses allowed in these zones. The Town and its Economic Development Commission have been working with property owners, developers and residents to promote development. The Town Council updated its tax abatement policy to expand eligibility for businesses. Along with efforts to produce a regional economic development action plan, it is the Town's goal to more aggressively market opportunities in Tolland and the region for development.

The 2019 Plan promotes the Town's vision for mixed use development. Studies show there is market potential for restaurants, apartments, possibly a hotel, and other uses.

Recognizing that business development often relies on infrastructure, the Town has undertaken road extensions (the Business Park) and sewer expansions. These projects increased economic development in Tolland. Businesses including NESTEEL and the Star Hill Family Athletic Center moved into the Business Park. Sewer expansions enabled a 123,000-square-foot development with a 60,000 square foot Big Y supermarket, a new branch for a bank, a medical facility, a restaurant and other retail stores. The Town extended the sewer line to the Technology Campus Zone, enabling the approval of an 87-unit town house development, which is under construction.

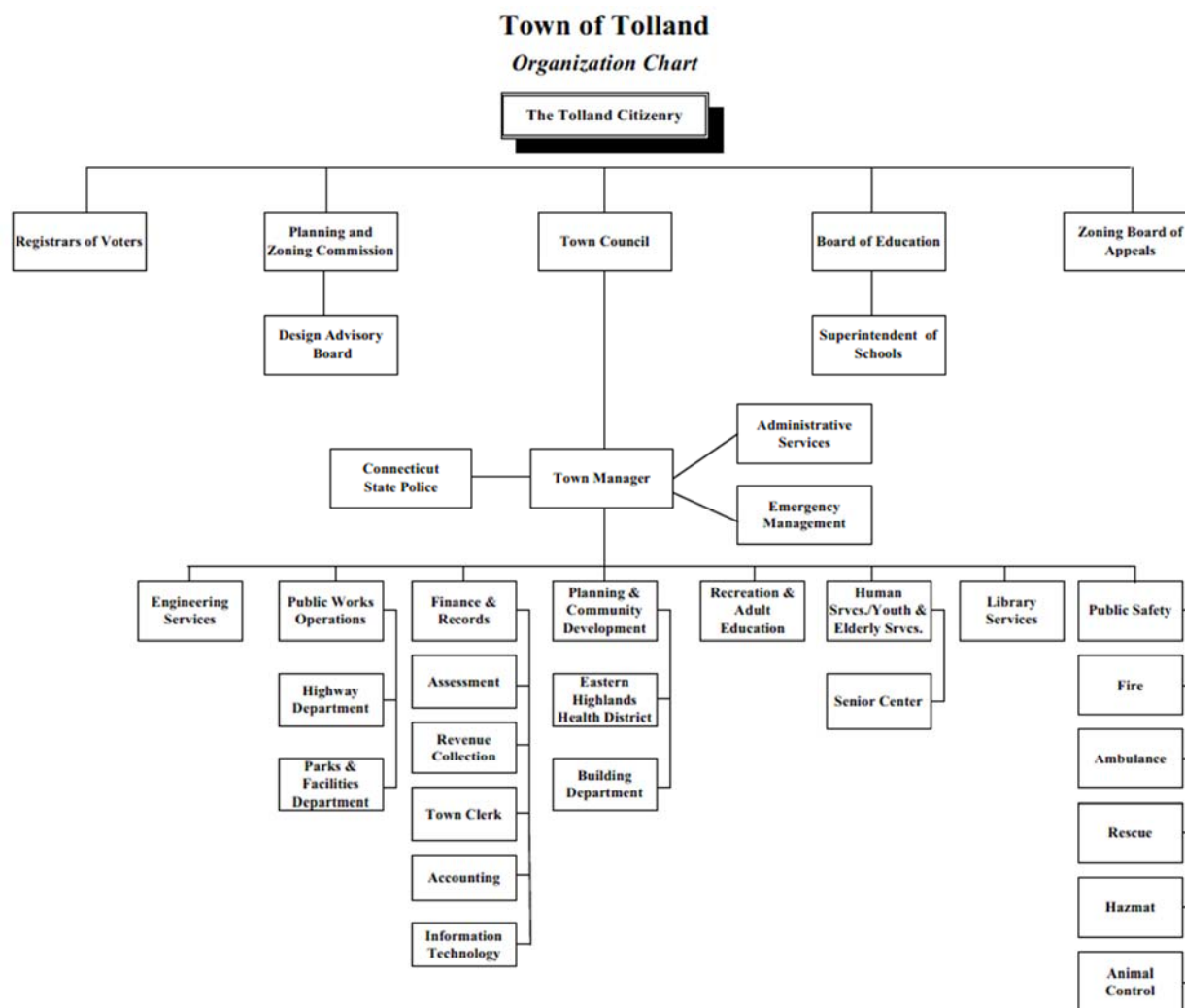
Tolland's attractiveness to new business and general population, as evidenced by its growth, was documented in the 2015 edition of Money Magazine's "100 Best Places to Live" in the United States. Government statistics reflect a well-educated citizenry with a median household income of \$ 115,718 (American Community Survey 2014-2018). Tolland's unemployment rate was 2.8% in 2019 compared to the State's rate of 3.7%.

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## Form of Government

Tolland is governed by a charter first adopted in 1973 (amended most recently in November 2018) 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.

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 Officials**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection/Term</b>	<b>Years of Service</b>
Town Manager.....	Michael Rosen	Appointed/Indefinite	1
Town Council Chairperson.....	Tammy Nuccio	Elected/2 years	3
Director of Finance and Records/Treasurer...	Lisa A. Hancock	Appointed/Indefinite	8
Assistant Finance Director/Asst. Treasurer....	Christopher Jordan	Appointed/Indefinite	3
Town Clerk.....	Sheila Bailey	Appointed/Indefinite	6
Collector of Revenue.....	Michele Manas	Appointed/Indefinite	9
Assessor.....	Jason Lawrence	Appointed/Indefinite	8
Director of Planning and Community Development.....	Heidi Samokar	Appointed/Indefinite	5
Superintendent of Schools.....	Dr. Walter Willett	Appointed/Indefinite	6

## **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. Several recreational programs 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. The Parks and Facilities Division provide 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 30.6 full-time equivalent employees and one part-time employee and is supplemented by contracted firms.

**Engineering:** The Town currently outsources engineering services which include 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.

**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 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. 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. There is also a full-time Fire Marshal. In an effort to provide funding for replacement vehicles, ambulance revenues in excess of \$39,140 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, 32 businesses, 10 private fire services and six municipal accounts. 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.

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## 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 2019, Tolland schools had an enrollment of approximately 2,354 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).

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. 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.

### School Enrollment

<i>Historical</i>				
<i>School Year</i>	<i>Elementary Grades Pre-K-5</i>	<i>Middle Grades 6-8</i>	<i>High Grades 9-12</i>	<i>Total</i>
2010-11	1,364	750	940	3,054
2011-12	1,307	740	930	2,977
2012-13	1,250	695	913	2,858
2013-14	1,183	689	860	2,732
2014-15	1,141	684	853	2,678
2015-16	1,141	684	851	2,676
2016-17	1,040	603	841	2,484
2017-18	1,032	582	851	2,465
2018-19	985	574	827	2,386
2019-20	964	572	818	2,354
<i>Projected</i>				
<i>School Year</i>	<i>Grades Pre-K-5</i>	<i>Grades 6-8</i>	<i>Grades 9-12</i>	<i>Total</i>
2020-21	911	582	793	2,286
2021-22	917	531	774	2,222
2022-23	920	496	756	2,172

Source: Town of Tolland, Board of Education

### School Facilities<sup>1</sup>

<i>School</i>	<i>Grades</i>	<i>Date of Construction (Additions, Remodeling)</i>	<i>Number of Classrooms</i>	<i>10/1/2019 Enrollment</i>	<i>Rated Capacity</i>
Tolland High School .....	9-12	2006	46 <sup>2</sup>	818	1,300
Tolland Middle School .....	6-8	1966 (1983)	47	572	1,090
Tolland Intermediate School ....	3-5	1971 (1974)	37	496	840
Birch Grove Primary School ...	Pre-K, K-2	1999 (2003)	41	468	785
<b>Total.....</b>			171	2,354	4,015

<sup>1</sup> Figures based on data from 2019-2020 school year.

<sup>2</sup> Excludes labs and science rooms.

Source: Town of Tolland, Board of Education

### Principal Public Facilities

<i>Facility</i>	<i>Year of Acquisition or Improvements</i>	<i>Type of Construction</i>	<i>Planned Major Improvements</i>
Crandall's Lodge.....	1989	Wood Frame	None
Crandall Park Pavilion.....	2011	Post & Beam	None
Cross Farms Concession Stand.....	2014	Concrete Block/Wood	None
Senior Center.....	1998	Wood Frame	None
Maintenance Garage.....	1991	Steel	None
Highway Garage/Addition.....	1981/2019	Steel/Concrete Block	Expansion in Process
Old Tolland County Jail Museum.....	1856	Brick/Masonry	None
Town Hall Arts Center.....	1879/1997	Wood Frame	None
Tolland Recreation Center/ Elderly Housing.....	1964/1992/2011/2019	Concrete Block	None
Military Museum (Prior State Trooper Building)....	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	Potential Renovation
Rhodes Road & Merrow Road Firehouses.....	1973	Concrete Block	None
Gehring Road Firehouse.....	1975	Concrete Block	None
Tolland High School.....	2006	Concrete Block	None
Tolland Middle School.....	1966/1975/2018	Concrete Block	None
Tolland Intermediate School.....	1971/1995	Concrete Block	Roof
Birch Grove Primary School.....	1999	Concrete Block/Steel	Demolition/Rebuild to be Completed in 2021
Tolland Board of Education.....	1970	Brick/Wood Frame	None

### Employee Relations and Collective Bargaining

#### Municipal Employees <sup>1</sup>

	<i>2019-20</i>	<i>2018-19</i>	<i>2017-18</i>	<i>2016-17</i>	<i>2015-16</i>
General Government.....	79	78	77	78	78
Board of Education.....	415	403	403	406	422
<b>Total.....</b>	<b>494</b>	<b>481</b>	<b>480</b>	<b>484</b>	<b>500</b>

<sup>1</sup> Includes Full-Time Equivalents

#### Municipal Employee Bargaining Organizations

<i>Organization</i>	<i>Positions Covered</i>	<i>Current Contract Expiration Date</i>
IAFF Local 3954 <sup>2</sup> .....	6.0	6/30/2020 <sup>3</sup>
Teamsters Local 1035 <sup>2</sup> .....	23.0	6/30/2022
Tolland Educational Association <sup>1</sup> .....	202.1	6/30/2023
Tolland Administrators <sup>1</sup> .....	13.8	6/30/2023
Tolland Paraprofessionals <sup>1</sup> .....	96.8	6/30/2020 <sup>3</sup>
Tolland School Nurses <sup>1</sup> .....	8.7	6/30/2023
CSEA Local 2001 Town Hall Employees <sup>2</sup> .....	29.0	6/30/2022
Tolland BOE Custodians .....	19.0	6/30/2022
Association of Education Secretaries <sup>1</sup> .....	16.8	6/30/2021
<b>Total Bargaining Group Employees.....</b>	<b>415.20</b>	
Non Bargaining <sup>2</sup> .....	82.50	
<b>Total Bargaining and Non-Bargaining Employees.....</b>	<b>497.70</b>	

<sup>1</sup> Includes Full-Time Equivalents

<sup>2</sup> Town employees show number of positions and not full time equivalents of 79 employees

<sup>3</sup> In negotiation

Source: Town of Tolland

## ***Binding Arbitration***

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide for 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 municipality may reject the 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 party. 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. Effective October 1, 1997, for binding arbitration of teachers' contracts, in assessing the financial capability of a town, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any items subject to arbitration. In 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 wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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### III. Economic and Demographic Information

#### Population and Density

<b>Year</b>	<b>Actual Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>
2018 <sup>3</sup>	14,766	-1.9%	366.4
2010	15,052	14.5%	373.5
2000	13,146	19.5%	326.2
1990	11,001	13.5%	273.0
1980	9,694	23.4%	240.5
1970	7,857	-	195.0

<sup>1</sup> U.S. Department of Commerce, Bureau of Census, Census of Population 1970-2010.

<sup>2</sup> Per square mile; 40.3 square miles.

<sup>3</sup> American Community Survey, 2014-2018

#### Age Distribution of the Population

<b>Age</b>	<b>Town of Tolland</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Under 5 years .....	580	3.9%	184,983	5.2%
5 to 9 years .....	865	5.9	201,006	5.6
10 to 14 years .....	1,236	8.4	224,135	6.3
15 to 19 years .....	1,194	8.1	247,182	6.9
20 to 24 years .....	851	5.8	245,490	6.9
25 to 34 years .....	1,264	8.6	439,848	12.3
35 to 44 years .....	1,586	10.7	427,023	11.9
45 to 54 years .....	2,787	18.9	522,138	14.6
55 to 59 years .....	1,002	6.8	266,170	7.4
60 to 64 years .....	1,193	8.1	235,949	6.6
65 to 74 years .....	1,231	8.3	327,414	9.1
75 to 84 years .....	739	5.0	170,979	4.8
85 years and over .....	238	1.6	89,187	2.5
<b>Total.....</b>	<b>14,766</b>	<b>100%</b>	<b>3,581,504</b>	<b>100%</b>
Median Age (Years) 2018.....	43.5		40.8	
Median Age (Years) 2010..... <sup>1</sup>	41.6		40.0	

<sup>1</sup> U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey 2014-2018

## Income Distribution

<b>Income</b>	<b>Town of Tolland</b>		<b>State of Connecticut</b>	
	<b>Households</b>	<b>Percent</b>	<b>Households</b>	<b>Percent</b>
\$ 0 - \$ 9,999.....	-	0.0%	26,021	2.9%
10,000 - 14,999.....	13	0.3	16,472	1.8
15,000 - 24,999.....	64	1.5	38,804	4.3
25,000 - 34,999.....	85	2.1	50,215	5.6
35,000 - 49,999.....	198	4.8	80,042	9.0
50,000 - 74,999.....	427	10.3	127,676	14.3
75,000 - 99,999.....	500	12.1	118,848	13.3
100,000 - 149,999.....	1,142	27.6	186,154	20.8
150,000 - 199,999.....	803	19.4	105,285	11.8
200,000 and over.....	912	22.0	143,423	16.1
<b>Total.....</b>	<b>4,144</b>	<b>100.0%</b>	<b>892,940</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

## Income Levels

	<b>Town of Tolland</b>	<b>State of Connecticut</b>
Per Capita Income, 2018.....	\$ 51,773	\$ 43,056
Per Capita Income, 2010.....	\$ 41,883	\$ 36,775
Median Family Income, 2018.....	\$ 136,000	\$ 97,310
Median Family Income, 2010 .....	\$ 108,564	\$ 84,170

Source: American Community Survey 2014-2018

## Educational Attainment Years of School Completed - Age 25 and Over

	<b>Town of Tolland</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	76	0.8%	101,068	4.1%
9th to 12th grade.....	121	1.2	134,758	5.4
High School graduate.....	2,235	22.3	670,519	27.1
Some college, no degree.....	1,957	19.5	416,267	16.8
Associate's degree .....	881	8.8	190,869	7.7
Bachelor's degree.....	2,746	27.4	538,924	21.7
Graduate or professional degree.....	2,024	20.2	426,303	17.2
<b>Total.....</b>	<b>10,040</b>	<b>100.0%</b>	<b>2,478,708</b>	<b>100.0%</b>
Total high school graduate or higher (%).....		98.0%		90.5%
Total bachelor's degree or higher (%).....		47.5%		38.9%

Source: American Community Survey 2014-2018

**Major Employers  
As of August 2020**

<b>Employer</b>	<b>Nature of Business</b>	<b>Number of Employees</b>
Town of Tolland.....	Municipality	498
Gerber Garment Technologies.....	Precision Instruments	286
Woodlake at Tolland.....	Nursing Home	255
Big Y.....	Supermarket	184
CNC Software.....	Software Supplier	152
Star Hill Athletic Facility <sup>1</sup> .....	Sports Complex	75
State Police Troop C.....	Law Enforcement	70
Eversource.....	Utility	64
NERAC, Inc.....	Research	41
USDA.....	Department of Agricult	29

<sup>1</sup> Star Hill Athletic Facility averages between 50 to 150 employees depending on the season.

**Employment by Industry  
Employed Persons 16 Years and Over**

<b>Sector</b>	<b>Town of Tolland</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing and hunting, and mining.....	45	0.6%	7,195	0.4%
Construction.....	576	7.1	107,331	5.9
Manufacturing.....	1,075	13.3	190,995	10.5
Wholesale trade.....	152	1.9	44,714	2.5
Retail trade.....	695	8.6	191,939	10.6
Transportation warehousing, and utilities.....	302	3.7	72,806	4.0
Information.....	105	1.3	41,839	2.3
Finance, insurance, real estate, and leasing.....	1,036	12.8	164,607	9.1
Professional, scientific, management, administrative, and waste management.....	882	10.9	207,632	11.5
Education, health and social services.....	1,964	24.3	479,677	26.5
Arts, entertainment, recreation, accommodation and food services.....	428	5.3	150,852	8.3
Other services (except public admin.).....	457	5.7	83,686	4.6
Public Administration.....	362	4.5	67,172	3.7
<b>Total Labor Force, Employed.....</b>	<b>8,079</b>	<b>100.0%</b>	<b>1,810,445</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018



## Employment Data By Place of Residence

Period	Town of Tolland		Percentage Unemployed		
	Employed	Unemployed	Town of Tolland	Hartford Labor Market	State of Connecticut
June 2020.....	7,888	618	7.3	9.7	10.0
<b>Annual Average</b>					
2019.....	8,456	246	2.8	3.8	3.7
2018.....	8,381	262	3.0	4.1	4.1
2017.....	8,361	282	3.3	4.8	4.7
2016.....	8,250	311	3.6	5.3	5.3
2015.....	8,274	317	3.7	5.6	5.6
2014.....	8,041	397	4.7	6.7	6.7
2013.....	7,920	468	5.6	7.9	7.9
2012.....	8,088	502	5.8	8.4	8.3
2011.....	7,994	531	6.2	8.9	8.8
2010.....	7,961	550	6.5	9.0	9.0

Source: State of Connecticut, Department of Labor.

## Age Distribution of Housing

Year Built	Town of Tolland		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	146	2.7%	337,795	22.3%
1940 to 1949.....	61	1.1	104,394	6.9
1950 to 1959.....	514	9.4	222,628	14.7
1960 to 1969.....	955	17.4	206,299	13.6
1970 to 1979.....	811	14.8	201,360	13.3
1980 to 1989.....	875	16.0	191,306	12.6
1990 to 1999.....	1,267	23.1	115,459	7.6
2000 or 2009.....	815	14.9	103,632	6.9
2010 or later.....	37	0.7	29,432	1.9
<b>Total Housing Units .....</b>	<b>5,481</b>	<b>100.0%</b>	<b>1,512,305</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

## Housing Inventory

Housing Units	Town of Tolland		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	5,134	93.7%	892,608	59.0%
1-unit, attached.....	76	1.4	80,684	5.3
2 units.....	-	-	123,908	8.2
3 or 4 units.....	90	1.6	130,948	8.7
5 to 9 units.....	129	2.4	84,021	5.6
10 to 19 units.....	34	0.6	57,153	3.8
20 or more units.....	18	0.3	130,872	8.7
Mobile home.....	-	-	11,734	0.8
Boat, RV, van, etc.....	-	-	377	0.0
<b>Total Inventory.....</b>	<b>5,481</b>	<b>100.0%</b>	<b>1,512,305</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

### Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Tolland		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	90	1.9%	21,254	2.3%
\$50,000 to \$99,000.....	29	0.6	29,211	3.2
\$100,000 to \$149,999.....	157	3.3	81,446	9.0
\$150,000 to \$199,000.....	541	11.3	139,715	15.4
\$200,000 to \$299,999.....	1,594	33.4	245,801	27.1
\$300,000 to \$499,999.....	2,064	43.3	240,706	26.5
\$500,000 or more.....	275	5.8	106,993	11.8
\$1,000,000 or more.....	21	0.4	42,008	4.6
<b>Total.....</b>	<b>4,771</b>	<b>100.0%</b>	<b>907,134</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$298,100</b>		<b>\$272,700</b>	

Source: American Community Survey 2014-2018

### Housing Vacancy Rates

Housing Units	Town of Tolland		State of Connecticut	
	Units	Percent	Units	Percent
Occupied Housing Units .....	5,159	94.1%	1,367,374	90.4%
Vacant Housing Units .....	322	5.9%	144,931	9.6%
<b>Total Units .....</b>	<b>5,481</b>	<b>100.0%</b>	<b>1,512,305</b>	<b>100.0%</b>
Homeowner Vacancy Rate .....	—	3.4	—	1.8
Rental Vacancy Rate .....	—	0.0	—	6.4

Source: American Community Survey 2014-2018

### Building Permits

Fiscal Year	Single-Family Residential		Total <sup>1</sup>	
	Number	Value	Number	Value
2020	8	\$ 2,861,234	1,122	\$ 42,315,834
2019	17	2,521,440	1,010	20,537,615
2018	8	2,695,642	1,141	17,487,957
2017	10	2,788,546	989	15,419,767
2016	5	1,688,787	1,096	10,602,382
2015	10	2,887,827	1,137	15,299,492
2014	13	4,212,416	914	11,237,363
2013	7	1,960,249	997	9,776,438
2012	8	2,781,931	1,078	12,885,208
2011	6	1,543,195	871	8,337,237

<sup>1</sup> Includes Commercial and Industrial

## Land Use Summary

The Town experienced considerable single-family residential growth from 1995 to 2005 issuing approximately 100 dwelling 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 proposed Plan of Conservation and Development identifies the need for more diverse housing stock among other recommendations.

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 however there have been ongoing discussions with potential developers, including an office building and brewery, for future development.

<b>Land Use</b>	<b>Acres</b>	<b>% of Developed</b>	
		<b>Committed Land</b>	<b>% of Total Land</b>
Residential.....	12,317	57.7%	47.7%
Commercial/Industrial.....	624	2.9%	2.4%
Parks and Open Space.....	5,076	23.8%	19.6%
Agriculture.....	1,182	5.5%	4.6%
Town Land/ Institutional.....	459	2.2%	1.8%
Other.....	1,696	7.9%	6.6%
Vacant.....	4,494		17.4%
<b>Total.....</b>	<b>25,848</b>		

Source: Plan of Conservation and Development. As of February 2019.

Note: Other includes right-of-ways and water.

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## **IV. Tax Base Data**

### **Property Tax – Assessments**

Under Section 12-62 of the Connecticut General Statutes, as amended, the Town must conduct a revaluation of its real property every five years based on generally accepted mass appraisal methods. The Town completed a full physical revaluation effective as of October 1, 2019, and a statistical revaluation will be required in five years or October 1, 2024.

Prior to the completion of each revaluation, the Assessor shall conduct a field review. The Assessor must fully inspect each parcel of improved real property once in every ten assessment years, provided that the Assessor is not required to fully inspect all of a municipality's improved real property parcels in the same assessment year or to fully inspect any such parcel more than once during every ten assessment years. Section 12-62 provides that the full inspection requirement shall not apply to any parcel of improved real property for which the Assessor obtains satisfactory verification of data listed on the Assessor's property record by means of a questionnaire sent by the Assessor, at any time during the period in which a full inspection of an improved parcel of real property is required, to the owner of such parcel to (A) obtain information concerning the property's acquisition, and (B) obtain verification of the accuracy of data listed on the Assessor's property record for such parcel.

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion onto the 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, 2019, Tolland's net taxable grand list amounted to approximately \$1,275,333,000. Assessments for real estate are computed at 70% of the estimated market value at the time of the last general revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. 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 permit issued by the Building Official. Upon issuance of a certification of completion, a physical inspection is conducted and the structure is given a new fair market value is determined with the aid of schedules developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties and estimate changes to existing income streams.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles, and leased equipment) is revalued annually. Random audits are conducted periodically by the Assessor.

Motor vehicle registration lists are furnished to the Town by the State Department of Motor Vehicles. The Office of Policy and Management has indicated that the average retail values represented by the National Automobile Dealers Association pricing guides must 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 are 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. The same process is applied to the Supplemental Motor Vehicle list, which represents new or replacement vehicles which were registered after the October 1 assessment date, but before the following July 1. Bills for this supplemental list are issued the following January, eighteen months after the grand list date.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property but creates a cap on the local property tax mill rate for motor vehicles. This statute provides that (1) for the assessment year October 1, 2016 (fiscal year ending June 30, 2018), the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 (the fiscal year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. The Town's mill rate for motor vehicles for the assessment year commencing October 1, 2019 (the fiscal year ending June 30, 2021) is 36.05 mills.

The Town has not approved the use of Section 12-124a of the Connecticut General Statutes, which permits a municipality, upon approval of its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income.

The Town elected to adopt the Deferment Program as a result of the Governor's Executive Order No. 7S. See "COVID-19 Outbreak" above.

### **Comparative Assessed Valuations (000s)**

<b>Grand List As Of 10/1</b>	<b>Residential Real Property (%)</b>	<b>Commercial and Industrial Real Property (%)</b>	<b>Other Real Property (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicle (%)</b>	<b>Gross Taxable Grand List (000's)</b>	<b>Exemptions, Veterans Relief and Disabled (000's)</b>	<b>Net Taxable Grand List (000's)</b>	<b>Percent Growth</b>
2019 <sup>1</sup>	78.0	8.3	0.1	3.2	10.4	\$ 1,286,379	\$ 11,046	\$ 1,275,333	-0.5%
2018	78.5	7.8	0.1	3.5	10.1	1,292,254	10,390	1,281,864	0.2%
2017	78.9	7.9	0.1	3.1	10.0	1,289,527	10,542	1,278,985	0.2%
2016	79.0	8.0	0.1	3.0	9.9	1,285,486	8,774	1,276,712	0.9%
2015	79.4	7.5	0.3	2.8	10.0	1,275,802	11,045	1,264,757	0.8%
2014 <sup>1</sup>	79.5	8.0	0.5	2.3	7.7	1,266,018	10,841	1,255,177	-3.5%
2013	82.1	6.2	0.5	2.0	9.2	1,312,486	11,567	1,300,919	0.4%
2012	82.0	6.3	0.5	2.0	9.2	1,307,091	11,294	1,295,797	0.2%
2011	81.6	6.2	0.6	2.4	9.2	1,304,100	10,811	1,293,289	0.9%
2010	82.3	6.2	0.6	2.0	8.9	1,299,161	17,200	1,281,961	1.1%

<sup>1</sup> Revaluation.

Source: Town of Tolland, Assessor's Office.

### **Property Tax Levies and Collections**

<b>Grand List of 10/1</b>	<b>Fiscal Year Ending 6/30</b>	<b>Net Taxable Grand List (000's)</b>	<b>Mill Rate</b>	<b>Adjusted Annual Levy</b>	<b>Percent of Annual Levy Collected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected as of 6/30/2020</b>
2019 <sup>3</sup>	2021 <sup>1,2</sup>	\$ 1,275,333	36.05	\$45,703,810	N/A	N/A	N/A
2018	2020	1,281,864	36.05	46,462,004	98.4%	1.6%	0.82%
2017	2019	1,278,985	35.00	45,014,124	99.4	0.6	0.59%
2016	2018	1,276,712	34.48	43,442,830	99.1	0.9	0.31%
2015	2017	1,264,757	34.19	41,981,338	99.0	1.0	0.10%
2014 <sup>3</sup>	2016	1,255,177	33.36	41,586,635	99.2	0.8	0.08%
2013	2015	1,300,919	31.05	40,444,416	99.1	0.9	0.05%
2012	2014	1,295,797	30.19	38,885,680	99.2	0.8	0.04%
2011	2013	1,293,289	29.99	38,831,167	99.1	0.9	0.03%
2010	2012	1,281,961	29.73	38,099,627	99.0	1.0	0.02%

<sup>1</sup> Subject to audit.

<sup>2</sup> Budgeted.

<sup>3</sup> Revaluation.

Source: Town of Tolland, Tax Collector

## Ten Largest Taxpayers

<i>Name of Taxpayer</i>	<i>Business</i>	<i>Taxable Assessed Value</i>	<i>Percent of Net Taxable Grand List <sup>1</sup></i>
Eversource .....	Utility	\$ 16,681,170	1.31%
Capitol Ventures .....	Shopping Center	13,641,800	1.07%
Gerber Scientific, Inc. ....	Manufacturing	8,340,110	0.65%
Woodlake at Tolland .....	Nursing & Rehab Center	8,104,500	0.64%
Silva Real Estate/Dari Farms .....	Holding Company/Ice Cream Distributor	6,028,420	0.47%
JM Associates LLC (CNC Software)....	Holding Company	5,662,730	0.44%
Norwegian Woods, Inc. ....	Apartments	5,544,100	0.43%
Ivy Woods LLC .....	Apartments	5,009,900	0.39%
MJB Realty LLC (Star Hill Complex)....	Sports Complex	4,572,230	0.36%
CT Water Company .....	Public Utility	4,166,030	0.33%
<b>Total.....</b>		<b>\$ 77,750,990</b>	<b>6.10%</b>

<sup>1</sup> Based on the Net Taxable Grand List of October 1, 2019 of \$1,275,333,000.

Source: Town of Tolland, Assessor's Office.

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**V. Debt Summary**  
**Principal Amount of Indebtedness**  
**As of September 17, 2020**  
**(Pro Forma)**

**Long-Term Debt:** <sup>1</sup>

<u>Date</u>	<u>Purpose</u>	<u>Interest Rate %</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>	<u>Fiscal Year of Maturity</u>
10/18/11	General Purpose .....	2.00-4.00	\$ 1,942,000	\$ 205,000	2021
10/18/11	School .....	2.00-4.00	2,235,000	195,000	2021
10/18/11	Sewer .....	2.00-4.00	733,000	45,000	2021
08/29/12	Series A - General Purpose ....	1.50-3.00	1,145,310	521,640	2028
08/29/12	Series A - School .....	1.50-3.00	314,690	143,360	2028
08/29/12	Series B - General Purpose ....	3.00-5.00	256,700	70,500	2026
08/29/12	Series B - School .....	3.00-5.00	6,579,900	4,291,800	2026
08/29/12	Series B - Sewer .....	3.00-5.00	1,188,400	452,700	2026
10/22/14	General Purpose .....	2.00-4.00	1,499,715	1,002,355	2028
10/22/14	School .....	2.00-4.00	7,517,285	3,251,025	2028
10/22/14	Sewer .....	2.00-4.00	618,000	126,620	2023
10/21/15	General Purpose .....	2.00-4.00	7,275,000	5,821,000	2036
10/21/15	School .....	2.00-4.00	290,000	289,000	2036
05/24/18	General Purpose .....	3.00-5.00	7,169,908	6,870,000	2043
05/24/18	School .....	3.00-5.00	2,170,092	2,080,000	2043
<b>Total Outstanding Bonded Debt.....</b>			<b>\$ 40,935,000</b>	<b>\$ 25,365,000</b>	

<sup>1</sup> Excludes bonds refunded or defeased.

**This Issue**

09/17/20	Series A - General Purpose ....	<i>tbd</i>	\$ 3,583,582	\$ 3,583,582	2041
09/17/20	Series A - School .....	<i>tbd</i>	6,986,418	6,986,418	2041
09/17/20	Series B - General Purpose ....	<i>tbd</i>	592,000	592,000	2022
09/17/20	Series B - School .....	<i>tbd</i>	1,355,000	1,355,000	2024
09/17/20	Series B - Sewer .....	<i>tbd</i>	263,000	263,000	2027
<b>Total This Issue.....</b>			<b>\$ 12,780,000</b>	<b>\$ 12,780,000</b>	
<b>Grand Total.....</b>			<b>\$ 53,715,000</b>	<b>\$ 38,145,000</b>	

**Short-Term Debt**  
**As of September 17, 2020**  
**(Pro Forma)**

<u>Project</u>	<u>Amount</u>	<u>This Issue:</u>
	<u>Authorized</u>	<u>The Notes:</u>
Birch Grove School Project.....	\$ 46,000,000	\$ 4,505,000
<b>Total .....</b>	<b>\$ 46,000,000</b>	<b>\$ 4,505,000</b>

## **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 contract with Willimantic Waste for \$60.00 per ton for the fiscal year. The Town renegotiated an extension to the contract. The current tipping fee for Fiscal Year 2020-21 is \$73.04 per ton. Currently, Willimantic Waste also provides the Town with collection services as well as collection and disposal of recyclables.

**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.

**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 expected 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 7.2% in part of federal fiscal year ending September 30, 2014, reduced by 7.3% in fiscal year ending September 30, 2015, reduced by 6.8% in fiscal year ending September 30, 2016, reduced by 6.6% in fiscal year ending September 30, 2017, reduced by 6.2% in fiscal year ending September 30, 2018, reduced by 5.9% in fiscal year ending September 30, 2019 and reduced by 5.7% in fiscal year ending September 30, 2020. 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. In October 2016, the Town refinanced this lease agreement with TD Equipment Leasing at a rate of 2.12% resulting in an overall savings of \$1,435,458. The lease payments are subject to annual appropriation.

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**Annual Bonded Debt Maturity Schedule**  
**As of September 17, 2020**  
**(Pro Forma)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total</b>	<b>This Issue:</b>		<b>Total Principal</b>	<b>Cumulative Principal Retired %</b>
				<b>Series A Bonds</b>	<b>Series B Bonds</b>		
2021 <sup>2</sup>	\$ 1,220,000	\$ 687,088	\$ 1,907,088	\$ -	\$ -	\$ 1,220,000	3.20%
2022	2,715,000	788,238	3,503,238	530,000	530,000	3,775,000	13.09%
2023	2,595,000	668,463	3,263,463	530,000	330,000	3,455,000	22.15%
2024	2,620,000	559,763	3,179,763	530,000	335,000	3,485,000	31.29%
2025	2,620,000	464,988	3,084,988	530,000	150,000	3,300,000	39.94%
2026	2,135,000	386,238	2,521,238	530,000	175,000	2,840,000	47.38%
2027	1,410,000	336,888	1,746,888	530,000	180,000	2,120,000	52.94%
2028	1,180,000	301,838	1,481,838	530,000	130,000	1,840,000	57.77%
2029	770,000	275,438	1,045,438	530,000	130,000	1,430,000	61.52%
2030	770,000	253,288	1,023,288	530,000	125,000	1,425,000	65.25%
2031	770,000	230,188	1,000,188	530,000	125,000	1,425,000	68.99%
2032	770,000	207,088	977,088	530,000	-	1,300,000	72.39%
2033	770,000	183,500	953,500	530,000	-	1,300,000	75.80%
2034	770,000	159,425	929,425	530,000	-	1,300,000	79.21%
2035	770,000	135,350	905,350	530,000	-	1,300,000	82.62%
2036	770,000	110,300	880,300	525,000	-	1,295,000	86.01%
2037	390,000	90,950	480,950	525,000	-	915,000	88.41%
2038	390,000	78,763	468,763	525,000	-	915,000	90.81%
2039	390,000	66,575	456,575	525,000	-	915,000	93.21%
2040	385,000	53,900	438,900	525,000	-	910,000	95.60%
2041	385,000	40,425	425,425	525,000	-	910,000	97.98%
2042	385,000	26,950	398,475	-	-	385,000	98.99%
2043	385,000	13,475	398,475	-	-	385,000	100.00%
<b>Total.....</b>	<b>\$ 25,365,000</b>	<b>\$ 6,119,113</b>	<b>\$ 31,470,638</b>	<b>\$ 10,570,000</b>	<b>\$ 2,210,000</b>	<b>\$ 38,145,000</b>	

<sup>1</sup> Excludes bonds refunded or defeased.

<sup>2</sup> Excludes principal payments of \$2,050,000 and interest payments of \$228,500 made from July 1, 2020 through September 17, 2020.

**Overlapping/Underlying Debt**

The Town of Tolland does not have any overlapping or underlying debt.

**THE TOWN OF TOLLAND HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR  
INTEREST ON ITS BONDS OR NOTES**

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**Debt Statement**  
**As of September 17, 2020**  
**(Pro Forma)**

**Long-Term Debt Outstanding:**

General Purpose (Includes this issue).....	\$ 18,666,077
Schools (Includes this issue).....	18,591,603
Sewers (Includes this issue).....	887,320
<b>Total Long-Term Debt</b> .....	<b>38,145,000</b>
<b>Short-Term Debt</b> (Includes this issue).....	<b>4,505,000</b>
<b>Direct Debt</b> .....	<b>42,650,000</b>
<b>Overlapping / Underlying Debt</b> .....	<b>-</b>
<b>Total Overall Debt</b> .....	<b>42,650,000</b>
Less: School Construction Grants Receivable (As of June 30, 2020) .....	-
<b>Total Overall Net Debt</b> .....	<b>\$ 42,650,000</b>

**Current Debt Ratios**  
**As of September 17, 2020**  
**(Pro Forma)**

Population (2018) <sup>1</sup> .....	14,766
Net Taxable Grand List (10/1/19) .....	\$1,275,333,000
Estimated Full Value (70%).....	\$1,821,904,286
Equalized Net Grand List (10/1/18) <sup>2</sup> .....	\$1,883,061,331
Money Income per Capita (2018) <sup>1</sup> .....	\$51,773

	<b>Total Overall Debt</b>	<b>Total Overall Net Debt</b>
Per Capita.....	\$2,888.39	\$2,888.39
Ratio to Net Taxable Grand List.....	3.34%	3.34%
Ratio to Estimated Full Value.....	2.34%	2.34%
Ratio to Equalized Net Grand List.....	2.26%	2.26%
Debt per Capita to Money Income per Capita (2018)....	5.58%	5.58%

<sup>1</sup> American Community Survey, 2014-2018.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

**Authority to Incur Debt**

The Town of Tolland has the power to incur indebtedness as provided by the Connecticut General Statutes and the Town Charter. 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. Notwithstanding the foregoing, 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 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 by which temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except for sewer or school notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the sewer or school 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).

### ***Maturities***

Except for refunding bonds that achieve net present value savings or are approved by a two-thirds vote of the municipality's legislative body, general obligation (serial or term) bonds are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50%, or aggregate annual principal and interest payments must be substantially equal. The term of the issue may not exceed twenty years, except in the case of sewer and school bonds or other bonds issued on or after July 1, 2017, but prior to July 1, 2022, which may mature in up to thirty years.

### ***Limitation of Indebtedness***

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

"Annual receipts from taxation" (the "base") are defined as total tax collections including interest, penalties, late payment of taxes and state payments for revenue losses under Connecticut General Statutes Sections 12-129d and 7-528. In no case shall total indebtedness exceed seven times the base.

The Connecticut General Statutes also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

**Statement of Statutory Debt Limitation  
As of September 17, 2020  
(Pro Forma)**

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2020 <sup>1</sup> .....	\$ 46,415,408
Reimbursement For Revenue Loss (Tax relief for elderly).....	-
<b>Base for Debt Limitation Computation.....</b>	<b>\$ 46,415,408</b>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$104,434,669	-	-	-	-
4 1/2 times base.....	-	\$ 208,869,338	-	-	-
3 3/4 times base.....	-	-	\$ 174,057,781	-	-
3 1/4 times base.....	-	-	-	\$ 150,850,077	-
3 times base.....	-	-	-	-	\$ 139,246,225
<b>Total Debt Limitation.....</b>	<b>\$104,434,669</b>	<b>\$ 208,869,338</b>	<b>\$ 174,057,781</b>	<b>\$ 150,850,077</b>	<b>\$ 139,246,225</b>

<b>Indebtedness:</b>					
Bonds Outstanding .....	\$ 14,490,495	\$ 10,250,185	\$ 624,320	\$ -	\$ -
Series A Bonds – This Issue.....	3,583,582	6,986,418	-	-	-
Series B Bonds – This Issue.....	592,000	1,355,000	263,000	-	-
Notes – This Issue.....	-	4,505,000	-	-	-
Debt Authorized But Unissued.....	4,589,591	41,253,038	-	-	-
<b>Total Net Indebtedness.....</b>	<b>23,255,668</b>	<b>64,349,641</b>	<b>887,320</b>	<b>-</b>	<b>-</b>
Less: School Grant Receivable .....	-	-	-	-	-
<b>Net Debt for Calculation of Debt Limitation....</b>	<b>\$ 23,255,668</b>	<b>\$ 64,349,641</b>	<b>\$ 887,320</b>	<b>\$ -</b>	<b>\$ -</b>

<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....</b>	<b>\$ 81,179,001</b>	<b>\$ 144,519,697</b>	<b>\$ 173,170,461</b>	<b>\$ 150,850,077</b>	<b>\$ 139,246,225</b>
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<sup>1</sup> Subject to audit.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$324,907,858

For the purpose of determining a municipality's compliance with the statutory debt limitation, there is no requirement that authorized but unissued debt be considered.

**Authorized but Unissued Debt  
As of September 17, 2020  
(Pro Forma)**

Project	Date Authorized	Amount Authorized	Previously Bonded	Maturing Notes Due: 9/17/2020	Grants / Paydowns	New Money	This Issue:			Authorized But Unissued Debt
							The Notes: Due: 9/16/2021	Series A Bonds	Series B Bonds	
Refunding Bonds.....	08/11/2020	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,210,000	\$ -
Various Capital Projects (2015-16) <sup>1</sup> .....	07/14/2015	2,091,608	1,405,864	-	276,088	-	-	-	-	409,656
Various Capital Projects (2017-18).....	07/11/2017	2,150,879	1,816,079	334,800	-	-	-	334,800	-	-
Various Capital Projects (2018-19).....	07/10/2018	1,290,606	-	875,912	393,586	-	-	875,912	-	21,108
Various Capital Projects (2020-21).....	07/09/2019	577,870	-	-	-	577,870	-	577,870	-	-
Open Space (2006) .....	11/07/2006	2,000,000	1,796,173	-	-	-	-	-	-	203,827
School Improvements Project.....	11/08/2016	9,600,000	2,170,092	894,288	685,452	1,032,130	-	1,926,418	-	4,818,038
Road Improvements (2018).....	11/06/2018	5,000,000	-	1,000,000	-	795,000	-	1,795,000	-	3,205,000
Fire Rescue Truck Acquisition (2019-20) ....	07/09/2019	750,000	-	-	-	-	-	-	-	750,000
Birch Grove School Project.....	05/07/2019	46,000,000	-	9,565,000	-	-	4,505,000	5,060,000	-	36,435,000
<b>Total.....</b>		<b>\$ 72,460,963</b>	<b>\$ 7,188,208</b>	<b>\$ 12,670,000</b>	<b>\$ 1,355,126</b>	<b>\$ 2,405,000</b>	<b>\$ 4,505,000</b>	<b>\$ 10,570,000</b>	<b>\$ 2,210,000</b>	<b>\$ 45,842,629</b>

<sup>1</sup> The Town plans to rescind such outstanding authorization amounts at a future Town Council meeting.

### Ratios of Net Long-Term Debt to Valuation, Population, and Income

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Net Long-Term Debt (000s)<sup>1</sup></b>	<b>Ratio of Net Long-Term Debt to Assessed Value (%)</b>	<b>Ratio of Net Long-Term Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Net Long-Term Debt per Capita</b>	<b>Ratio of Net Long-Term Debt per Capita to Per Capita Income<sup>3</sup></b>
2020 <sup>4</sup>	\$ 1,281,864	\$ 1,831,234	\$ 29,890	2.33%	1.63%	14,976	\$ 1,995.86	3.86%
2019	1,278,985	1,827,121	33,165	2.59%	1.82%	14,976	2,214.54	4.28%
2018	1,276,712	1,823,874	36,310	2.84%	1.99%	14,976	2,424.55	4.68%
2017	1,264,757	1,806,796	30,435	2.41%	1.68%	14,976	2,032.25	3.93%
2016	1,255,177	1,793,110	33,870	2.70%	1.89%	14,976	2,261.62	4.37%
2015	1,300,919	1,858,456	29,290	2.25%	1.58%	14,977	1,955.67	3.78%

<sup>1</sup> Long-Term debt does not include Water debt, compensated absences, capital lease obligations, or State of Connecticut Clean Water Fund Debt.

<sup>2</sup> Bureau of Census.

<sup>3</sup> American Community Survey (2014-2018), Money Income Per Capita \$51,773.

<sup>4</sup> Subject to audit.

Source: Town of Tolland Audited Financial Reports 2015-2019. 2020 from Finance Department.

### Ratio of Total General Fund Debt Service Expenditures To Total General Fund Expenditures and Transfers Out Last Five Fiscal Years

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures<sup>1</sup></b>	<b>Ratio of Total Debt Service to General Fund Expenditures</b>
2020 <sup>2</sup>	\$ 4,554,906	\$ 56,128,312	8.94%
2019	5,020,102	60,227,660	8.35%
2018	5,030,690	63,179,227	7.37%
2017	4,655,944	63,172,806	6.64%
2016	4,193,538	59,387,889	7.65%
2015	4,542,249	53,201,794	8.92%
2014	4,744,210	56,879,940	8.34%
2013	4,642,785	56,482,370	8.22%
2012	4,751,795	55,736,331	8.53%
2011	4,730,620	51,380,440	9.21%

<sup>1</sup> Includes transfers out.

<sup>2</sup> Subject to audit.

Source: Town of Tolland Finance Department.

## **VI. Financial Administration**

### ***Fiscal Year***

The Town's fiscal year begins July 1 and ends June 30.

### ***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.

### ***Budget Procedure***

The annual budget serves as the foundation for the Town's financial planning and control of the General Fund and supports the Capital Improvement Plan. The All other funds are supported by related user fees and/or grants and do not have approved budgets. The Town maintains budgetary controls with the objective to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the budget referendum. The operational budget, including a five-year Capital Improvement Plan, is initially prepared by Department Heads and the Board of Education and presented to the Town Manager.

Not later than March 27<sup>th</sup>, the Town Manager shall present to the Town Council a budget consisting of: (a) a budget message outlining the financial policy of the Town and describing the important features of the budget plan, indicating any major changes from the current financial policies, revenues and expenditures, together with the reasons for such changes and containing a clear general summary of its contents; (b) estimates of revenue presenting, in parallel columns, the itemized receipts collected in the last completed fiscal year, the budget of the current fiscal year, total receipts estimated to be collected during the current fiscal year, estimated receipts, other than from the property tax, to be collected in the ensuing fiscal year and an estimate of available surplus; (c) itemized estimates presenting in parallel columns the actual expenditures for each department, office, agency or activity for the last completed fiscal year, the adopted budget for the current year, the adopted budget for the current year as amended, and recommended expenditures for the ensuing fiscal year and such other information as may be required by the Town Council. The Town Manager shall present reasons for his recommendations. The Board of Education, preparing its estimates for submission to the Town Manager, shall have the same duties and follow the same form and procedure with respect to the budget of the Board of Education. The Town Manager shall call and attend a joint meeting of the Town Council and the Board of Education for the purpose of discussing the appropriation request of the Board of Education on or before April 11<sup>th</sup>.

After such discussion, the Board of Education finalized appropriation request shall be submitted to the Town Council no later than the Council's budget public hearing [Charter of the Town of Tolland, § C9-4].

The Town Council shall hold one (1) or more public hearings at which any registered or non-registered voter may have an opportunity to be heard regarding appropriations for the ensuing fiscal year. Following the receipt of all estimates from the Town Manager and the holding of the final such public hearing, the Town Council shall prepare a budget and shall recommend the same at the Annual Budget Presentation, to be held no later than one (1) week prior to the Budget Referendum. [Charter of the Town of Tolland, § C9-9]

Sufficient copies of said annual budget shall be made available for general distribution in the office of Town Clerk and the Town Manager, and, at least five (5) days prior to said Annual Budget Referendum a summary of the proposed budget shall be published. The budget shall become effective when passed at the Annual Budget Referendum to be held on the 1<sup>st</sup> Tuesday of May, and an official copy shall be filed with the Town Clerk. Additional referenda, as required, will be held every other week on Tuesday until a budget is approved. Within ten (10) days after the budget is approved at referendum, the Town Council shall fix the rate of mills, which shall be levied on all taxable property in the Town for the ensuing fiscal year. [Charter of the Town of Tolland, § C9-7]

After the start of the fiscal year, the Town Council, by resolution, may make appropriations to be funded by grants or gifts, and other additional and supplementary appropriations not to exceed an aggregate of forty thousand dollars (\$40,000) in any fiscal year. In addition, following a public hearing, the Town Council, by resolution, may make further additional and supplementary appropriations upon recommendation and certification of the Town Manager that there are available unappropriated funds in excess of the proposed additional appropriations. Upon request from the Town Manager, the Town Council, by resolution, may transfer any unencumbered appropriations, balances or portion thereof from one department to another. No transfer shall be made from any appropriation for debt service. Management is authorized after budget adoption to make budgetary transfers – amendments - within departments but cannot approve additional appropriations. The legal level of budgetary control is at the department level within a function. The Board of Education, which is not a separate function but a function of the Town, is authorized under State law to make transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.

In accordance with Governor Lamont's Executive Orders No. 7C and 7I, the Town's fiscal year ending June 30, 2021 budget was approved by the Town Council on June 25, 2020.

### ***Municipal Budget Expenditures Cap***

Connecticut General Statutes Section 4-66l, as amended ("Section 4-66l"), creates certain disincentives on increasing adopted budget expenditures for Connecticut municipalities. Section 4-66l reduces a municipality's State revenue sharing grant if its general budget expenditures in any fiscal year, with certain exceptions, exceeds the statutory threshold. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including, but not limited to, debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2019-2021 biennium budget legislation does not provide funding for the municipal revenue sharing grant in the fiscal years ending June 30, 2020 and June 30, 2021, and accordingly, the Town will not receive a municipal revenue sharing grant in such years.

## Capital Improvement Plan

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 2020–2024) as submitted to the Town Council in the Town Manager’s fiscal year 2021 Budget.

<b>Purpose</b>	<b>Fiscal 2019-20</b>	<b>Fiscal 2020-21</b>	<b>Fiscal 2021-22</b>	<b>Fiscal 2022-23</b>	<b>Fiscal 2023-24</b>	<b>Total</b>
Administration.....	\$ 166,335	\$ 315,906	\$ 261,078	\$ 257,622	\$ 254,166	\$ 1,255,107
Board of Education.....	370,000	63,000	51,950	-	45,000	529,950
Capital Equipment.....	128,995	298,804	386,834	467,380	202,930	1,484,943
Fire and Ambulance.....	997,500	35,000	285,000	435,000	250,000	2,002,500
Parks and Recreation.....	47,355	40,810	-	-	-	88,165
Public Facilities.....	273,344	127,100	3,181,000	103,000	40,015,000	43,699,444
Streets and Roads.....	1,454,313	1,351,064	1,208,264	1,111,264	1,193,484	6,318,389
Water Facilities.....	1,500,000	-	-	-	-	1,500,000
<b>Total Expenditures .....</b>	<b>\$ 4,937,842</b>	<b>\$ 2,231,684</b>	<b>\$ 5,374,126</b>	<b>\$ 2,374,266</b>	<b>\$ 41,960,580</b>	<b>\$ 56,878,498</b>

<b>Funding</b>	<b>Fiscal 2019-20</b>	<b>Fiscal 2020-21</b>	<b>Fiscal 2021-22</b>	<b>Fiscal 2022-23</b>	<b>Fiscal 2023-24</b>	<b>Total</b>
General Fund Contribution.....	\$ 121,048	\$ 382,482	\$ 247,249	\$ 291,551	\$ 331,096	\$ 1,373,426
Bonds and Notes.....	2,950,000	1,199,570	4,268,055	1,173,451	40,936,000	50,527,076
CNRE.....	147,354	99,558	99,558	-	-	346,470
Recreation Special Revenue.....	47,355	40,810	-	-	-	88,165
Grants.....	769,185	474,264	474,264	474,264	443,484	2,635,461
Ambulance Fees.....	247,500	35,000	285,000	435,000	250,000	1,252,500
Other Funds .....	655,400	-	-	-	-	655,400
<b>Total Funding Sources.....</b>	<b>\$ 4,937,842</b>	<b>\$ 2,231,684</b>	<b>\$ 5,374,126</b>	<b>\$ 2,374,266</b>	<b>\$ 41,960,580</b>	<b>\$ 56,878,498</b>

## 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, 2019, 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.

## 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 2018-19 financial statements and “Notes to the Financial Statements” incorporated in Appendix A to this Official Statement and the independent auditor’s report.

## Liability Insurance

See Note number 6 in “Notes to Financial Statements” of Appendix A.



## Pensions

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 and Board of Education contribution during the year ended June 30, 2019 was \$509,849 and represented 6.0% of covered payroll. The Town and Board of Education employees' mandatory contributions were \$212,438 and represented 2.5% of covered payroll for the same period. 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 the state. The Town is not required to and does not contribute to this plan.

## Other Post-Employment Benefits (OPEB)

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, 2018. The July 2018 valuation showed a net OPEB liability of \$2,265,588 using a phased-in funding approach and assuming an amortization period of 25 years decreasing and a discount rate of 6%. The group is a closed group. Annual required contributions are budgeted each year and made accordingly. As of June 30, 2019 the OPEB Trust balance was \$1,282,525. The employer contribution for Fiscal Year 2019-20 of \$303,217, consisting of pay-as-you-go payments in the amount of \$234,596 and Trust contributions of \$68,621, matched the actuarially determined contributions for such year.

### Schedule of Employer Contribution

	2020 <sup>1</sup>	2019	2018	2017	2016
Actuarially Determined Contribution.....	\$ 303,217	\$ 446,295	\$ 437,420	\$ 466,488	\$ 447,781
Actual Contributions in Relation to the					
Actuarially Determined Contribution.....	303,217	325,723	444,283	473,839	457,613
Contribution Deficiency (Excess).....	\$ -	\$ 120,572	\$ (6,863)	\$ (7,351)	\$ (9,832)
Contributions as a Percentage of ADC.....	100.00%	72.98%	101.57%	101.58%	102.20%
Covered Payroll.....	N/A	\$ 16,323,734	\$ 16,323,734	\$ 16,844,405	\$ 16,844,405
Contributions as a Percentage					
of Covered Payroll.....	N/A	2.00%	2.72%	2.81%	2.72%

<sup>1</sup> Budgeted amounts.

### **Total OPEB Liability**

Total OPEB Liability .....	\$ 3,471,646
Plan Fiduciary Net Position .....	1,282,525
Total Net OPEB Liability .....	<u>\$ 2,189,121</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability .....	36.94%

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (5.00%) or 1% higher (7.00%) than the current discount rate:

	<b>1% Decrease (5.00%)</b>	<b>Current Discount Rate (6.00%)</b>	<b>1% Increase (7.00%)</b>
Town Net OPEB Liability.....	\$ 2,483,424	\$ 2,189,121	\$ 1,925,790

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
Town Plan Net OPEB Liability.....	\$ 1,857,414	\$ 2,189,121	\$ 2,573,713

### **Investment Policy**

The Town invests its public funds in accordance with Connecticut General Statutes Section 7-400 and 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. 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. 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.

See Appendix A – "Audited Financial Statements, Notes to Financial Statements, Note 3" herein.

### **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 2018 for the update of the Fund Balance policy and continues to be 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, purchasing, delinquent tax collection, 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 10% to 17% of the General Fund operating budget.

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## 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, 2016 through 2019, and the estimated actuals for fiscal year 2020. 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

	<i>Estimated Actual <sup>1</sup> 6/30/2020</i>	<i>Actual 6/30/2019</i>	<i>Actual 6/30/2018</i>	<i>Actual 6/30/2017</i>	<i>Actual 6/30/2016</i>
<b>Assets:</b>					
Cash and cash equivalents.....	\$ 13,124,613	\$ 9,798,816	\$ 13,242,795	\$ 9,916,342	\$ 9,709,769
Investments .....	-	1,516,097	-	2,027,194	1,507,072
Receivables.....	1,075,654	843,532	790,297	754,836	487,146
Due from other funds.....	900	47,526	77,258	-	-
Other assets.....	-	-	-	-	-
<b>Total Assets .....</b>	<b>14,201,167</b>	<b>12,205,971</b>	<b>14,110,350</b>	<b>12,698,372</b>	<b>11,703,987</b>
<b>Liabilities:</b>					
Accounts and Other Payables.....	198,721	145,392	940,941	863,348	357,801
Accrued Liabilities .....	188,902	75,065	71,608	80,072	55,917
Due to other funds.....	-	-	-	218,620	197,036
Deferred Revenue.....	-	-	-	-	-
<b>Total Liabilities .....</b>	<b>387,624</b>	<b>220,457</b>	<b>1,012,549</b>	<b>1,162,040</b>	<b>610,754</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue - Property Taxes.....	863,823	644,763	494,540	402,206	388,512
Advance Property Taxes Collections.....	232,630	463,532	1,872,836	1,110,288	1,762,282
<b>Total Deferred Inflows of Resources ....</b>	<b>1,096,452</b>	<b>1,108,295</b>	<b>2,367,376</b>	<b>1,512,494</b>	<b>2,150,794</b>
<b>Fund Balances:</b>					
Restricted .....	-	-	-	-	-
Committed.....	781,635	696,522	46,580	46,580	63,813
Assigned.....	2,732,318	2,030,521	2,363,364	2,053,282	1,764,973
Unassigned.....	9,203,138	8,150,176	8,320,481	7,923,976	7,113,653
<b>Total Fund Balances.....</b>	<b>12,717,091</b>	<b>10,877,219</b>	<b>10,730,425</b>	<b>10,023,838</b>	<b>8,942,439</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances.....</b>	<b>\$ 14,201,167</b>	<b>\$ 12,205,971</b>	<b>\$ 14,110,350</b>	<b>\$ 12,698,372</b>	<b>\$ 11,703,987</b>
<b>Operating revenues .....</b>	<b>\$ 57,374,259</b>	<b>\$ 59,610,853</b>	<b>\$ 63,412,253</b>	<b>\$ 64,133,352</b>	<b>\$ 59,775,912</b>
Fund balance as percent of					
operating revenues .....	22.17%	18.25%	16.92%	15.63%	14.96%
Unassigned fund balance as percent of operating revenues .....	16.04%	13.67%	13.12%	12.36%	11.90%

<sup>1</sup> Subject to audit.

**General Fund Revenues and Expenditures**  
**Four Year Summary of Audited Revenues and Expenditures (GAAP Basis)**  
**And Adopted Budgets (Budgetary Basis)**

	<i>Estimated</i>					
	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
<b>Revenues:</b>	<b>2020-2021<sup>1,3</sup></b>	<b>2019-2020<sup>1,3</sup></b>	<b>2018-19<sup>2</sup></b>	<b>2017-18<sup>2</sup></b>	<b>2016-17<sup>2</sup></b>	<b>2015-16<sup>2</sup></b>
Property Taxes .....	\$ 46,064,580	\$ 46,398,314	\$ 45,048,508	\$ 44,200,499	\$ 43,606,051	\$ 42,183,337
Investment income.....	265,000	301,815	393,603	115,143	90,895	70,918
Intergovernmental .....	9,631,477	9,923,235	13,349,967	18,332,893	19,708,750	16,861,099
Charges for Services .....	606,440	697,169	677,351	647,046	681,566	585,333
Other .....	500,000	53,726	141,424	116,672	46,090	75,225
<b>Total Revenues .....</b>	<b>\$ 57,067,497</b>	<b>\$ 57,374,259</b>	<b>\$ 59,610,853</b>	<b>\$ 63,412,253</b>	<b>\$ 64,133,352</b>	<b>\$ 59,775,912</b>
<b>Expenditures:</b>						
Current:						
Administration .....	3,120,505	2,988,654	2,808,468	2,813,641	2,950,835	3,024,034
Planning and community development.....	444,028	447,953	412,478	406,893	397,518	355,841
Community services.....	971,425	861,859	916,809	888,453	918,523	932,577
Public works.....	4,552,430	4,407,270	4,610,435	4,154,866	4,332,924	4,455,193
Public safety services.....	2,119,318	2,040,235	2,016,586	1,741,310	1,882,243	1,857,452
Record and financial services.....	1,000,657	962,715	997,461	956,625	936,000	633,230
Contingency and other.....	164,277	91,726	76,296	176,038	68,707	124,671
Board of Education <sup>3</sup> .....	40,017,290	39,266,833	42,635,947	46,931,133	46,732,919	43,158,871
Debt Service .....	4,600,000	4,554,906	5,020,102	5,030,690	4,655,944	4,193,538
<b>Total Expenditures .....</b>	<b>56,989,930</b>	<b>55,622,151</b>	<b>59,494,582</b>	<b>63,099,649</b>	<b>62,875,613</b>	<b>58,735,407</b>
Revenues over (under) expenditures .....	77,567	1,752,108	116,271	312,604	1,257,739	1,040,505
<b>Other Financing Sources Uses:</b>						
Bond Issuance.....	-	-	-	-	-	-
Bond Premiums.....	-	-	-	-	-	-
Operating Transfers In .....	115,000	7,000	763,601	473,561	120,853	88,196
Operating Transfers (Out) .....	(192,567)	(506,161)	(733,078)	(79,578)	(297,193)	(652,482)
<b>Total other Financing Sources (uses) ....</b>	<b>(77,567)</b>	<b>(499,161)</b>	<b>30,523</b>	<b>393,983</b>	<b>(176,340)</b>	<b>(564,286)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing (uses) .....</b>						
	\$ -	\$ 1,252,947	\$ 146,794	\$ 706,587	\$ 1,081,399	\$ 476,219
Fund Balance, July 1 .....	\$ 12,130,166	\$ 10,877,219	\$ 10,730,425	\$ 10,023,838	\$ 8,942,439	\$ 8,466,220
Fund Balance, June 30.....	\$ 12,130,166	\$ 12,130,166	\$ 10,877,219	\$ 10,730,425	\$ 10,023,838	\$ 8,942,439

<sup>1</sup> Subject to audit.

<sup>2</sup> GAAP Basis

<sup>3</sup> Doesn't include State contribution for Teacher's Retirement.

**Intergovernmental Revenues**

<i>Fiscal Year</i>	<i>Intergovernmental</i>	<i>Total</i>	
<i>Ended 6/30</i>	<i>Revenues</i>	<i>Revenues</i>	<i>Percent</i>
2020 <sup>1</sup>	\$ 9,923,235	\$ 57,374,259	17.3%
2019	13,349,967	59,610,853	22.4%
2018	18,332,893	63,412,253	28.9%
2017	19,708,750	64,133,352	30.7%
2016	16,861,099	59,775,912	28.2%
2015	16,383,122	57,670,027	28.4%
2014	17,105,210	57,368,477	29.8%
2013	16,502,034	56,290,219	29.3%
2012	16,850,972	55,823,239	30.2%
2011	13,912,509	51,852,277	26.8%

Source: Annual Audited Financial Statements.

<sup>1</sup> Subject to audit.

## **VII. Legal and Other Information**

### ***Litigation***

The Town of Tolland, its officers, employees, boards, and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings, and other miscellaneous claims. It is the opinion of the Town officials, following consultation with the Town Attorney and other attorneys providing legal services to the Town, that such pending litigation, appeals, proceedings and other claims will not be finally determined, individually or in aggregate, so as to result in final judgments against the Town which would have a material adverse effect on the Town's financial position.

### ***Documents Furnished at Delivery of Bonds***

The original purchasers will be furnished the following documents when the Bonds and the Notes are delivered:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the Notes or the levy or collection of taxes to pay them.
2. Certificates on behalf of the Town, signed by the Town Manager and the Town 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 bids were awarded for the Bonds and the Notes, the descriptions 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 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. Receipts for the purchase price of the Bonds and the Notes.
4. The approving opinions of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut substantially in the forms contained in Appendix B attached hereto.
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendices C-1, C-2 and C-3 to this Official Statement.
6. The Town will make available to the winning bidders of the Series A and Series B Bonds twenty-five (25) copies, and to the winning bidder of the Notes five (5) copies, of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidders at the office of the Town's Municipal Advisor no later than seven business days of the bid opening. If the Town's Municipal Advisor is provided with the necessary information from the winning bidders by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, yields or reoffering prices, the name of the underwriters, the name of the insurer, if any, and any changes on the Bonds or Notes. The purchasers shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchasers.

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

### ***Concluding Statement***

Information set forth herein has been derived or obtained by the Town from official and other sources and is believed by the Town to be reliable, but such information other than that obtained from official records of the Town has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

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: *Michael Rosen*

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Michael Rosen, *Town Manager*

By: *Lisa A. Hancock*

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Lisa A. Hancock, *Director of Finance and Records / Treasurer*

Dated: September 9, 2020

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## ***Appendix A***

### ***2019 General Purpose Financial Statements Excerpted from the Town's Comprehensive Annual Financial Report***

The following includes the General Purpose Financial Statements of the Town of Tolland, Connecticut for the fiscal year ended June 30, 2019. The supplemental data that 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, 2019, and the related notes to the financial statements, which collectively comprise the Town of Tolland, Connecticut's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tolland, Connecticut, as of June 30, 2019 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 and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2019 on our consideration of the Town of Tolland, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Tolland, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tolland, Connecticut's internal control over financial reporting and compliance.

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

West Hartford, Connecticut  
November 7, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019. 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 \$104,846,857 (net position). Of this amount, \$23,311,132 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- On a government-wide basis, the government's total net position increased by \$3,566,393. Governmental and business-type activity expenses were \$62,650,204 while revenues were \$66,216,597.
- The total cost of all Town services for the fiscal year 2019 was \$62,650,204; of which \$61,829,805 was for governmental services and \$820,399 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 \$19,773,449, a decrease of \$3,223,840 from the prior fiscal year. Of the total fund balance as of June 30, 2019, \$8,150,176 represents the combined unassigned fund balance in the general fund, special revenue funds, capital projects funds and permanent funds.
- At the end of the current fiscal year, the total fund balance on a GAAP basis for the general fund alone was \$10,877,219, an increase of \$146,794 over the prior fiscal year. Unassigned fund balance for the general fund was \$8,150,176 or 13.5% of general fund expenditures and transfers out. Unrestricted fund balance (the total of the committed, assigned and unassigned components of fund balance) for the general fund was \$10,877,219 or 18.1% of general fund expenditures and transfers out. There was no restricted fund balance in general fund.

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

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

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

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

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

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

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

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

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

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

The Town of Tolland maintains 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, Training Center, Conservation Fund, Traffic Grant, Field Maintenance, Veterans Memorial, Emergency Storm, Miscellaneous Grants, Artificial Turf, Cemetery Perpetual Care, Debt Service Fund and Ratcliff Hicks Memorial School funds. Individual fund data for each of these nonmajor governmental funds is provided in the *form of combining statements* elsewhere in this report.

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

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

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

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

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

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

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

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

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

The combining statements and supplemental schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found beginning on page 69 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 \$104,846,857 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Tolland's net position \$81,146,368 (77.4%) 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, 2019 AND 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 26,321,456	\$ 32,557,100	\$ 1,302,114	\$ 1,073,523	\$ 27,623,570	\$ 33,630,623
Capital assets	117,914,767	117,550,963	7,966,653	8,200,166	125,881,420	125,751,129
Total assets	<u>144,236,223</u>	<u>150,108,063</u>	<u>9,268,767</u>	<u>9,273,689</u>	<u>153,504,990</u>	<u>159,381,752</u>
Deferred outflows of resources	2,392,264	1,139,838			2,392,264	1,139,838
Current liabilities	5,568,404	6,561,344	95,505	58,048	5,663,909	6,619,392
Noncurrent liabilities	44,902,195	50,748,898			44,902,195	50,748,898
Total liabilities	<u>50,470,599</u>	<u>57,310,242</u>	<u>95,505</u>	<u>58,048</u>	<u>50,566,104</u>	<u>57,368,290</u>
Deferred inflows of resources	484,293	1,872,836			484,293	1,872,836
Net investment in capital assets	73,179,715	68,793,985	7,966,653	8,200,166	81,146,368	76,994,151
Restricted	313,063	313,063	76,294	66,520	389,357	379,583
Unrestricted	<u>22,180,817</u>	<u>22,957,775</u>	<u>1,130,315</u>	<u>948,955</u>	<u>23,311,132</u>	<u>23,906,730</u>
Total Net Position	<u>\$ 95,673,595</u>	<u>\$ 92,064,823</u>	<u>\$ 9,173,262</u>	<u>\$ 9,215,641</u>	<u>\$ 104,846,857</u>	<u>\$ 101,280,464</u>

An additional portion of the Town of Tolland's total net position, .37% or \$389,357, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$23,311,132 is *unrestricted net position* and may be used to meet the Town's ongoing obligations to citizens and creditors.

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

Restricted net position in the business-type activities increased by \$9,774 and there was no change for governmental activities from the previous year.

**TOWN OF TOLLAND CHANGES IN NET POSITION  
JUNE 30, 2019 AND 2018**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Revenues:						
Program revenues:						
Charges for services	\$ 2,642,215	\$ 2,712,070	\$ 778,868	\$ 738,188	\$ 3,421,083	\$ 3,450,258
Operating grants and contributions	14,133,735	18,729,976			14,133,735	18,729,976
Capital grants and contributions	2,163,095	1,656,859			2,163,095	1,656,859
General revenues:						
Property taxes	45,216,830	44,299,403			45,216,830	44,299,403
Grants and contributions not restricted to specific programs	521,497	281,712			521,497	281,712
Investment income	610,285	227,649	10,577	6,748	620,862	234,397
Miscellaneous	139,495	128,703			139,495	128,703
Total revenues	<u>65,427,152</u>	<u>68,036,372</u>	<u>789,445</u>	<u>744,936</u>	<u>66,216,597</u>	<u>68,781,308</u>
Expenses:						
Administration	1,075,524	1,413,134			1,075,524	1,413,134
Planning and community development	502,276	491,843			502,276	491,843
Community services	1,777,504	1,698,846			1,777,504	1,698,846
Public works	9,388,239	8,165,431			9,388,239	8,165,431
Public safety services	2,563,483	2,308,812			2,563,483	2,308,812
Records and financial services	1,242,415	1,186,970			1,242,415	1,186,970
Board of education	43,885,556	51,267,751			43,885,556	51,267,751
Interest expense	1,394,808	1,112,080			1,394,808	1,112,080
Sewer Fund			436,016	491,475	436,016	491,475
Water Fund			384,383	332,778	384,383	332,778
Total expenses	<u>61,829,805</u>	<u>67,644,867</u>	<u>820,399</u>	<u>824,253</u>	<u>62,650,204</u>	<u>68,469,120</u>
Excess (deficiency) before transfers	3,597,347	391,505	(30,954)	(79,317)	3,566,393	312,188
Transfers	11,425	5,000	(11,425)	(5,000)	-	-
Change in net position	<u>3,608,772</u>	<u>396,505</u>	<u>(42,379)</u>	<u>(84,317)</u>	<u>3,566,393</u>	<u>312,188</u>
Net Position - July 1	<u>92,064,823</u>	<u>91,668,318</u>	<u>9,215,641</u>	<u>9,299,958</u>	<u>101,280,464</u>	<u>100,968,276</u>
Net Position - June 30	<u>\$ 95,673,595</u>	<u>\$ 92,064,823</u>	<u>\$ 9,173,262</u>	<u>\$ 9,215,641</u>	<u>\$ 104,846,857</u>	<u>\$ 101,280,464</u>

The Town of Tolland's overall net position increased \$3,566,393 from the prior fiscal year. The major changes in revenues and expenses creating this overall increase are discussed in the following sections for governmental activities and business-type activities. Governmental activities increased the Town of Tolland's net position by \$3,608,772 and business-type activities reduced it by \$42,379.

## Governmental Activities

For governmental activities, approximately 69.2% of the revenues were derived from property taxes, followed by 24.9% in other intergovernmental revenues. These numbers reflect an increase in property tax revenue and a decrease in intergovernmental revenue as compared to the prior fiscal year where property taxes were 65.1% and other intergovernmental revenues were 29.9% of total revenues.

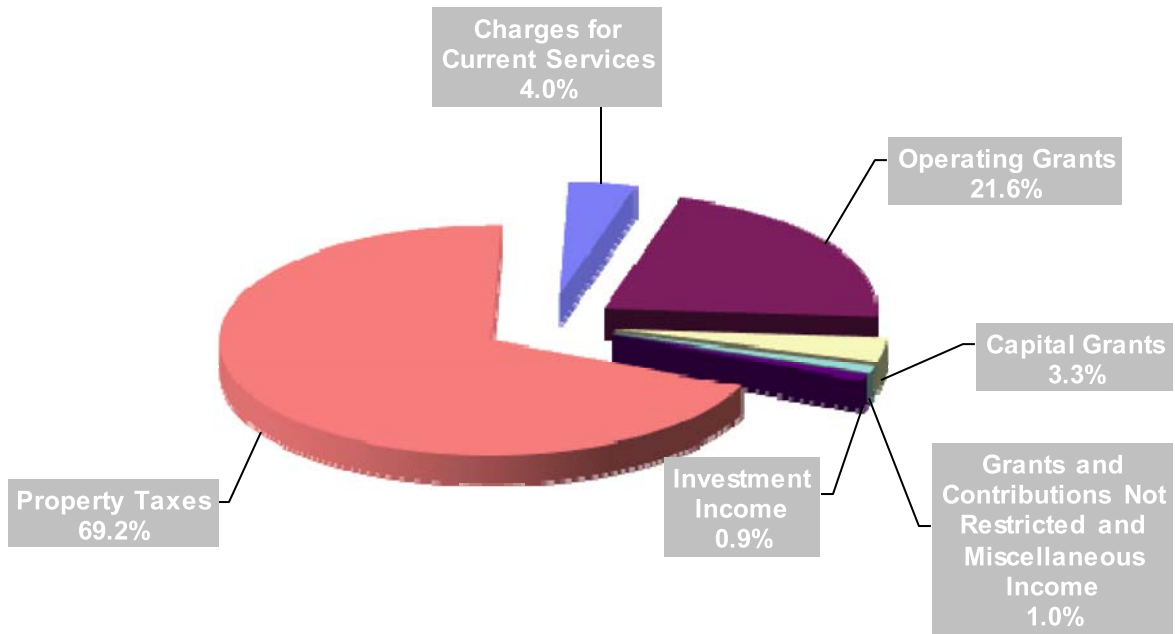
Major revenue factors included:

1. *Property tax revenues* recorded during the fiscal year 2019 reflect a .52 mill increase in the mill rate for the current levy and the impact of a .23% increase in the grand list. There was \$917,427 more in property tax revenues collected over the previous year.
2. *Charges for services* were \$69,855 lower than the prior year.
3. *Operating grants* reflected a decrease of \$4,596,241 mainly due to a decrease in State Teacher Retirement pension and OPEB expense for \$5,155,188, an increase of \$429,260 in Education Excess Cost, increase in Special Education Excess Cost \$41,078 and are offset by minor increases in other operating grants. Education Excess Cost in FY 2018 had been reduced significantly by a mid-year State budget reduction from what the Town had been entitled to. Although there is an increase reflected in 2019 it is due to receiving the entire entitlement this year. This entitlement however is less than the previous years.
4. *Capital grants and contributions* reflected an increase of \$506,236 over the previous year due to grants received for one-time public works projects.
5. *Grants and contributions not restricted to specific programs* increased by \$239,785 mainly due to an increase in the state municipal revenue sharing grant for \$298,675 combined with decreases for the elimination of the Pequot-Mohegan Grant of \$34,843 and other one-time grants received last year.
6. *Miscellaneous General Revenues* increased by \$10,792 over the previous year mainly due to one-time receipts in 2019 for reimbursements for Engineering fees and CIRMA Audit insurance credits.

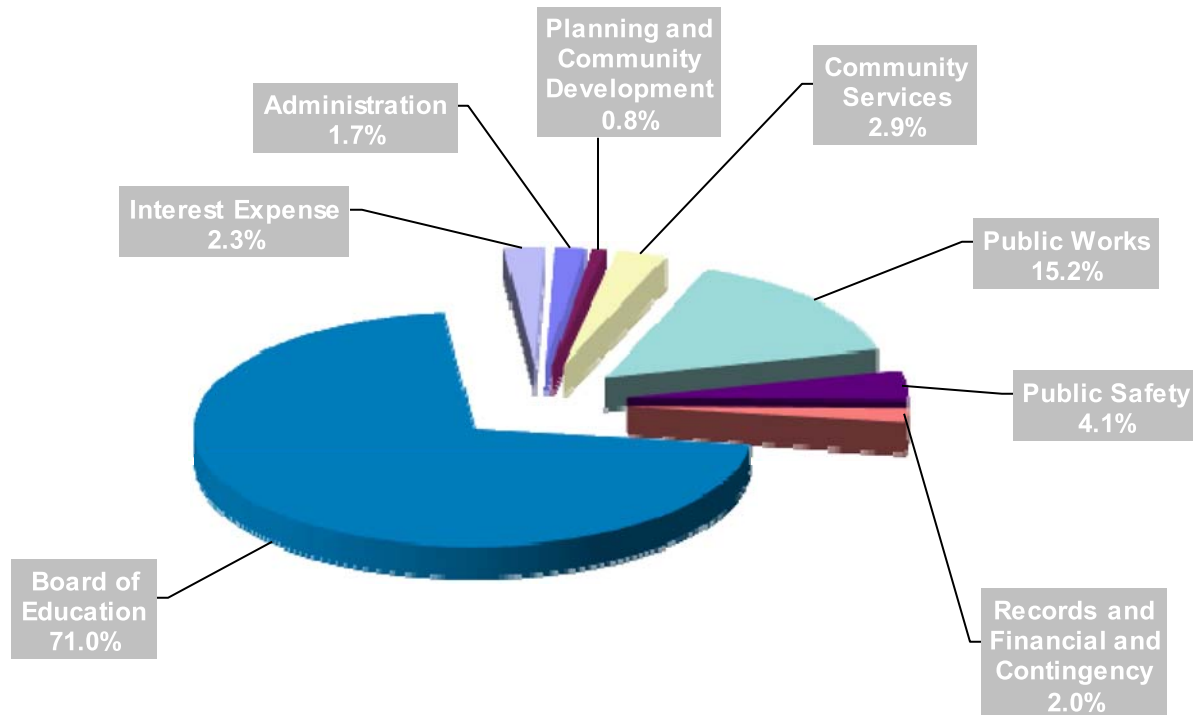
Overall governmental revenue decreased by \$2,609,220. This is mainly due to a decrease in State Teacher Retirement grants as mentioned above. That reduction was offset by an increase of property taxes of \$917,427, an increase in miscellaneous and investment income of \$393,428, an increase in capital grants for \$506,236 and an increase in grants and contributions not restricted to specific programs of \$239,785 for additional Municipal Revenue Sharing funds received.

## REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

The largest component of revenue, which is from property taxes, increased to 69.2% of total revenue in the current year as compared to 65.8% in the prior year.



## EXPENSES BY SOURCE - GOVERNMENTAL ACTIVITIES



For governmental activities, 71% of the Town's expenses relate to education, 15.2% to public works, 4.1% to public safety, 2.9% to community services, 2.3% to interest payments on long-term debt, 1.7% to administration, 2% to records & financial services and contingency and 0.8% to planning and community development.

The overall total of governmental expenses excluding transfers increased in the amount of \$5,815,062 with the biggest impact of a decrease of \$5,155,188 in the State of CT Teacher's Retirement pension and OPEB expense. The overall decrease for governmental expenditures was impacted by various increases and decreases within other Town operations with the largest decrease in Administration in the amount of \$337,610 for savings in the Town Manager salary for the reduced hours contracted for, less professional services for legal services, reduced insurance costs and attrition in Public Safety for changes with State Troopers.

**Business-Type Activities.** Business-type activities decreased the Town of Tolland's net position by \$42,379. Key elements of this year's activities are as follows:

- The Water Fund had operating income of \$54,331 and the Sewer Fund experienced an operating loss of \$89,719 for a combined operating loss of \$35,388. The non-operating losses of \$4,434 and transfers out to Capital Reserves of \$5,000 bring the reduction in net position to \$42,379 at year end. A majority of the operating loss in the Sewer Fund relates to the impact of depreciation expense. The Water Commission and the Water Pollution Control Authority continue to address user fees and funding resources to eliminate future operating losses as well as to address 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 \$19,773,449, a decrease of \$3,223,840 from the previous year.

The largest change in fund balance was a decrease in the Capital Projects Fund by \$3,346,051 due to capital expenditures funded by general obligation bonds issued in the previous year. The General Fund also increased by \$146,794. There were also decreases in the Sewer Assessment and Small Cities funds. Nonmajor Governmental funds had an increase of \$60,059.

*The general fund* balance increased by \$146,794 due to an excess of \$116,271 in revenues over expenditures plus the other financing sources and uses of \$30,523.

*The sewer assessment* fund decreased by \$69,362 due to sewer assessment fees that were lower than the cost of debt service.

The overall amount of the governmental fund balances totals up to \$19,773,449. Of that amount the assigned fund balance is \$2,030,521 which includes \$1,730,521 for encumbrances and \$300,000 for the subsequent budget. The restricted amount of the total fund balance is a restriction on spending grant receipts and bond proceeds in the amount of \$172,483. There are balances committed in the amount of \$9,065,470 for capital projects and other special commitments. An additional amount of \$354,799 represents the non-spendable portion of fund balance and the unassigned portion of fund balance is \$8,150,176 or 41.2% 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 \$8,150,176, while total fund balance was \$10,877,219. 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 13.5% of total general fund expenditures including transfers out. Total fund balance represents 18.1% of that same amount. The unassigned portion of fund balance, when compared with unassigned last year portion for the general fund had decreased by \$170,305 while the total fund balance increased by \$146,794.

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

- Overall Town experienced a shortfall in revenues for \$625,199. The current, prior year, and motor vehicle supplemental tax collections exceeded the budget by \$202,784. Motor vehicle supplemental taxes collected as part of this amount account for \$48,318 due to more than anticipated vehicles being added to the Motor Vehicle list.
- Additional revenue collected in investment income and other revenues was \$377,043 was mainly due to higher investment returns and longer maturity investments and unanticipated insurance rebates and engineering fee reimbursements.
- Transfers in of \$280,000 were unanticipated and includes \$275,000 from the Debt Service Fund. The \$275,000 was formally committed in the fund balance by Town Council in June, 2019 to be used to smooth the mill rate during periods of time while paying bonds for the Birch Grove Primary School reconstruction costs.

- Total Expenditures were \$339,894 less than anticipated. \$85,113 of this amount was unexpended from the Board of Education. The Town unexpended balance of \$254,781 mainly consisted of unexpended State Police contracted services of \$143,800 due to attrition and staffing changes and \$74,014 for savings in Administration for Town Manager salary, legal and insurances.

The *Sewer Assessment fund* had a decrease in its operating revenue by \$44,239 as compared to last year and a decrease of fund balance of \$69,362.

The *CDBG Small Cities funds* produced program income revenues of \$62,799 and program expenditures of \$78,079 resulting in a net reduction to fund balance by \$15,280.

The *Capital Projects funds* produced revenues and other financing sources that were less than expenditures and other financing uses by \$3,346,051 due to the timing of capital projects and the bond issue from the previous year.

**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 \$3,215,894 and \$5,957,368 for the sewer fund at year end. This represented an increase of \$56,644 for water and a decrease of \$99,023 for sewer. The increase in water resulted from an increase in customer user fees. There was also an increase in professional services expenses. The decrease in sewer is due mainly to expenses, including depreciation, not being covered by user fees. The Sewer Operating expenses were \$55,459 less than the previous fiscal year. This was mainly due to less repairs and supplies in this fiscal year. The Water Pollution Control Authority continues to address user fees and other funding resources to eliminate future operating losses.

The Utility Internal Service Fund operating revenues and transfers in were \$1,769,212 and operating expenses were \$1,065,085, when combined with non-operating expenses of \$192,887, non-operating revenues of \$8,229 and transfers-out of \$478,303, resulted in an increase in net position of \$41,166. Total net position as of June 30, 2019 was \$942,032. Operating expenses decreased by \$93,323 due to savings in utility costs. Our current fiscal year non-operating revenues/expenses are \$8,268 less than the previous fiscal year mainly due to the reduction in interest expense.

The ECHIP Health Insurance Internal Service Fund had total revenue of \$6,577,404 and operating expenses of \$7,230,609 resulting in a reduction in net position of \$653,205. A majority of these excess funds were expended in July, 2019 due to timing differences. The total net position as of June 30, 2019 was \$2,064,668.

### **General Fund Budgetary Highlights**

The final amended budget of \$57,129,160 was increased by \$958,463. This increase was for funds transferred to the Board of Education Reserve fund for \$393,339 and the balance of \$565,124 was transferred to the Capital Improvements fund for Board of Education additional capital projects. During the year, actual revenues and other financing sources on a budgetary basis were \$56,503,961, which was less than the budgetary estimates by \$625,199.

Actual tax revenues were over budget by \$202,784 due to an increase in current year tax collections, aggressive prior year's delinquent collections and unanticipated supplemental motor vehicles added to the grand list.

Actual intergovernmental revenue exceeded the budget by \$43,357. Additional funds were received for the Education Cost Sharing grant for \$24,730 resulting from prior year calculation adjustments. The Town also received \$9,835 for Veterans and Disability grants that were originally slated to be eliminated.

Charges for current services exceeded the budget by \$88,911 due to higher than anticipated Building Permit applications. Investment income was \$318,603 over budget due to investing a portion of cash not currently needed into longer term investments for higher interest rates. Interest rates were significantly higher than what was estimated during the budget process. Other financing sources included \$38,169 for cancellation of previous year encumbrances.

Other revenues exceeded the budget by \$58,440. A majority of that amount came from prior year expenditure reimbursements for engineering costs of \$20,000, insurance rebates of \$3,995, and \$15,000 from our sports leagues to assist with the cost associated with the Artificial Turf field.

The Town had an original budgeted appropriation for the use of fund balance in the amount of \$690,000. All of this amount did not have to be used mainly due to unanticipated excess revenues received for current, prior and motor vehicle supplemental taxes, investment income, building permit fees and expenditures less than budgeted. The actual amount of budgetary basis fund balance decreased by \$285,305.

Actual expenditures on a budgetary basis and other financing uses totaled \$56,789,266 which was less than budgeted by \$339,894. These savings are discussed under key factors contributing to the general fund increase.

## Capital Asset and Debt Administration

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 14,881,115	\$ 14,871,215	\$ 50,858	\$ 50,858	\$ 14,931,973	\$ 14,922,073
Construction in progress	3,455,512	768,456	72,359		3,527,871	768,456
Buildings	76,114,158	78,876,599			76,114,158	78,876,599
Vehicles, furniture and equipment	5,524,293	5,366,711			5,524,293	5,366,711
Plant and pumping station			990,738	1,094,071	990,738	1,094,071
Water distribution system			6,852,698	7,055,237	6,852,698	7,055,237
Infrastructure	17,939,689	17,667,982			17,939,689	17,667,982
Total	\$ 117,914,767	\$ 117,550,963	\$ 7,966,653	\$ 8,200,166	\$ 125,881,420	\$ 125,751,129

**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 \$130,291 or approximately .1%, with an increase of \$363,804 for governmental activities and a decrease of \$233,513 for business-type activities.



The Town's Governmental Activities type capital assets increase of \$363,804 is the net result of depreciation and deletions combined with the addition of the following assets:

Fire Alarm Panels	\$ 10,650
Security Doors	231,897
Ford F-250 Pickup Truck	31,897
Nutmeg International Truck HV507	169,122
Nutmeg International Truck HV507	175,000
Toro Mower	64,962
Reading Standard Line Truck	10,500
Lazer Z "S" Series Kawasaki Mower	9,122
Ambulance 540	175,764
Thermal Imaging Cameras	11,222
Town Hall Doors	15,000
Library Self Check RFID System	49,850
District Wide BOE Building Security Upgrades	259,522
Public Works Garage Renovations	2,559,911
Pedestrian Pathway	5,500
Barracuda Message Archiver	6,690
Hurst Tool	25,000
Unimac Commercial Washer	8,860
Landpipe Broom	5,601
Konica Bizhub Copier	6,151
Pickup Truck	27,975
New Road – Josephine Way	1,209,900
Tennant Rider Scrubber	18,397

Business-type activities decreased by \$233,513 due to the net effect of depreciation and the addition of the following assets:

Storage Tank Design	\$ 26,099
Hydrants	26,736
Pump Station	23,985

Additional information on the Town of Tolland's capital assets can be found in Note 3D on pages 43-44 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the Town of Tolland had total bonded debt outstanding of \$33,165,000, all of which is backed by the full faith and credit of the Town. Of this debt, \$15,176,518 is school related and \$17,988,482 is general obligation. The Town of Tolland's total debt decreased by the amount of \$3,145,000 for payments made during the fiscal year.

In October 2016 the Town was upgraded to 'AAA' from 'AA+' by Fitch Rating Agency based on revised criteria on prior debt issuances. The last bond rating before June 30, 2018 for the Town of Tolland was in May, 2018 affirming an "AAA" rating from Standard and Poor's, and Fitch Rating Agency for general obligation debt. The Town plans to have another bond rating performed in the summer of 2020 in preparation for a bond issue in September, 2020.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2¼ to 4½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town of Tolland is \$309,929,662 which is significantly in excess of the Town of Tolland's outstanding general obligation debt.

Additional information on the Town of Tolland's long-term debt can be found in Note 3F on pages 45-48 of this report.

## Economic Factors and Next Year's Budget and Rates

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

- New businesses that opened in FY 2018-19 included an adult-care center, a fitness center and a flooring shop. In addition, the Planning and Zoning Commission approved a new 2,300 square foot office building (not built yet) and approved an addition to a contractor's storage building under construction.
- The Town Council approved the sale of a vacant 16-acre parcel in the business park to a local contractor. The contractor intends to build just over 30,000 square feet of space for contractor storage.
- Approvals have been given to convert a vacant 55,000 square foot building into a storage facility. The plans entail the addition of 25,000 square feet.

The new economic indicators were taken into consideration when adopting the general fund budget for fiscal year 2019/2020. The preliminary State budget reduced Tolland's municipal aid by \$555,742 or 5.6%. A budget including this decrease was approved at Town-wide referendum on May 7, 2019. Subsequent to the budget being approved, the State Legislature increased the amount of the revenue to the Town by an additional \$568,966. The Town Council voted to establish an ordinance to create a municipal tax stabilization fund with \$225,000 of these funds. This will assist with a method to provide funding to smooth the anticipated impact on the mill rate for future revenue losses for Education Cost Sharing revenue. Town Council also appropriated \$75,000 for the portions of the Birch Grove School Construction that will not be funded by State grants.

We are fortunate that we did experience a .296% increase in our October 1, 2018 Grand List. This resulted in an increase of approximately \$132,573 in actual dollars generated based on the FY 18-19 mill rate. The value of these funds is factored into the FY 19-20 mill rate calculation. Without them, the mill rate would have been higher.

When factoring in all the changes in non-tax revenue sources including the proposed reduction of State Municipal aid we were facing a decrease in revenues overall in the amount of \$858,742. A majority of this revenue loss is covered by a combined increase in tax revenue along with using \$300,000 from fund balance. The Town Manager and Finance Director have recommended cautious use of fund balance and a plan should be in place for the next budget to responsibly plan to replenish or limit the future use of fund balance. A revised fund balance reserve policy was approved by Town Council to support this recommendation.

In 2019/2020 the overall Town expenditure budget increased by 1.07% which required a 1.05 mill increase. This increase was much less than comparable Connecticut Towns. As we have on a regular basis over the last several years in response to the economic times, we have minimized, to the extent practical, expenditures while doing everything possible to retain or improve upon the quality of programs and services offered. Our budget philosophy is to focus on our ability to sustain over time essential services and programs and to address absolute needs in a prioritized manner.

Amounts available for the FY 2019/2020 appropriation in the general fund budget are \$56,772,735, an increase of \$602,038 over the fiscal year 2019 budget of \$56,170,697. A combination of increased costs for fixed items such as, insurance, utilities, salaries, employee benefits and other commodities and the transition of contracted out engineering services to a full-time Town Engineer position, along with a substantial change in the percentage decrease in State aid had the biggest impact on the fiscal year 2019/2020 budget. In order to achieve this budget level, cost savings measures were employed such as eliminating the one free bulky waste pickup, savings in a renegotiated school bus transportation contract and savings in health insurance premiums using revised trend assumptions and some of the reserve balance.

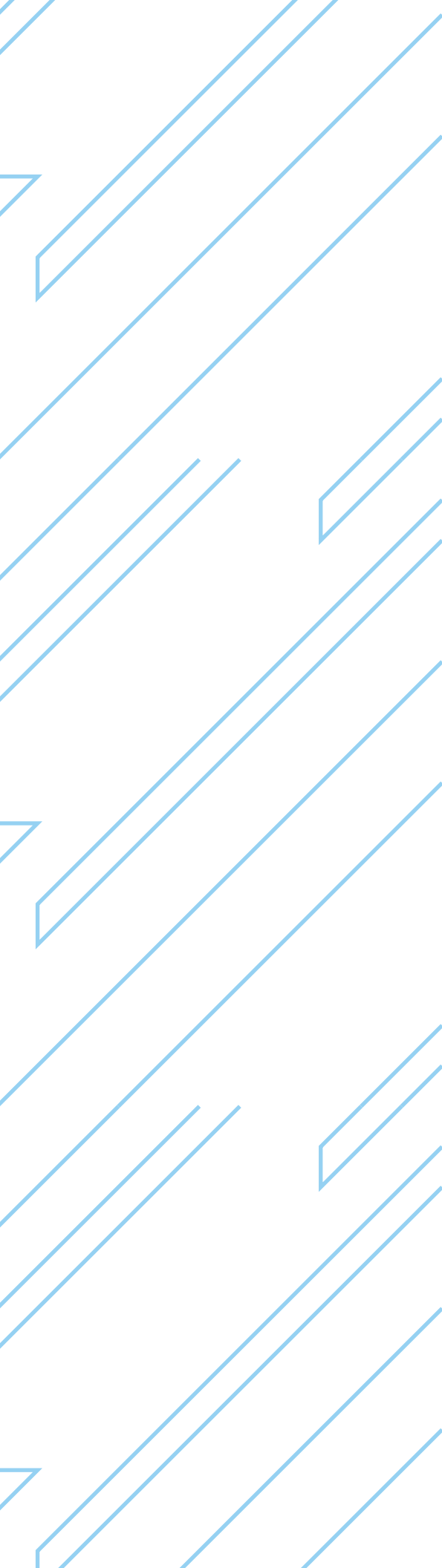
In an attempt to meet the challenge of accomplishing the most with limited resources, the Town continued strong efforts to apply for several grant funding initiatives to address infrastructure and community needs. The Town was successful in obtaining grant funds to do road improvements, community development grants (CDBG-Small Cities) and other social service grants. Tolland was also very fortunate to be awarded two State School Construction grants to reconstruct the Birch Grove Elementary School due to a crumbling foundation. This situation is a result of pyrrhotite levels in the concrete foundation causing the foundation to crumble. The State awarded a 100%, \$9 million grant to fund the portable classrooms while the demolition and construction are being completed. In conjunction, the construction project is estimated at \$45 million and the State has awarded 89% funding (\$40,050,000) for the replacement of this school.

Tolland's unemployment rate decreased from 3.8% as of June 2018 to 3.1% as of June 2019. The State of CT unemployment rate decreased from 4.5% (June 2018) to 3.8% as of June 2019.

### **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.

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## **Basic Financial Statements**

**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 17,536,134	\$ 1,012,086	\$ 18,548,220
Investments	3,351,559		3,351,559
Property taxes receivable	869,000		869,000
Intergovernmental receivable	101,914		101,914
Accounts and other receivables	1,517,282	290,028	1,807,310
Other assets	41,736		41,736
Advance to plan administrator	2,590,768		2,590,768
Restricted cash	292,263		292,263
Restricted investments	20,800		20,800
Capital assets, nondepreciable	18,336,627	123,217	18,459,844
Capital assets, net of accumulated depreciation	99,578,140	7,843,436	107,421,576
Total assets	<u>144,236,223</u>	<u>9,268,767</u>	<u>153,504,990</u>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows related to OPEB	1,373,988		1,373,988
Deferred charge on refunding	1,018,276		1,018,276
Total deferred outflows of resources	<u>2,392,264</u>	<u>-</u>	<u>2,392,264</u>
<b>Liabilities:</b>			
Accounts payable	800,196	95,505	895,701
Accrued liabilities	75,065		75,065
Accrued interest payable	382,961		382,961
Unearned revenue	127,380		127,380
Noncurrent liabilities, due within one year	4,182,802		4,182,802
Noncurrent liabilities, due in more than one year	44,902,195		44,902,195
Total liabilities	<u>50,470,599</u>	<u>95,505</u>	<u>50,566,104</u>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows related to OPEB	20,761		20,761
Advance property tax collections	463,532		463,532
Total deferred inflows of resources	<u>484,293</u>	<u>-</u>	<u>484,293</u>
<b>Net Position:</b>			
Net investment in capital assets	73,179,715	7,966,653	81,146,368
Restricted for:			
Committed for capital repairs and improvements		76,294	76,294
Endowments - nonexpendable	20,800		20,800
Perpetual care - nonexpendable	292,263		292,263
Unrestricted	<u>22,180,817</u>	<u>1,130,315</u>	<u>23,311,132</u>
Total Net Position	<u>\$ 95,673,595</u>	<u>\$ 9,173,262</u>	<u>\$ 104,846,857</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, 2019**

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	\$ 1,075,524	\$	\$	\$	\$ (1,075,524)	\$	\$ (1,075,524)
Planning and community development	502,276	481,779			(20,497)		(20,497)
Community services	1,777,504	453,327	28,535		(1,295,642)		(1,295,642)
Public works	9,388,239	56,112	24,443	2,084,524	(7,223,160)		(7,223,160)
Public safety services	2,563,483	443,682	1,713		(2,118,088)		(2,118,088)
Record and financial services	1,242,415	94,022			(1,148,393)		(1,148,393)
Board of education	43,885,556	1,113,293	14,079,044	78,571	(28,614,648)		(28,614,648)
Interest expense	1,394,808				(1,394,808)		(1,394,808)
Total governmental activities	<u>61,829,805</u>	<u>2,642,215</u>	<u>14,133,735</u>	<u>2,163,095</u>	<u>(42,890,760)</u>	<u>-</u>	<u>(42,890,760)</u>
Business-type activities:							
Sewer Fund	436,016	346,297				(89,719)	(89,719)
Water Fund	<u>384,383</u>	<u>432,571</u>				<u>48,188</u>	<u>48,188</u>
Total business-type activities	<u>820,399</u>	<u>778,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,531)</u>	<u>(41,531)</u>
Total	<u>\$ 62,650,204</u>	<u>\$ 3,421,083</u>	<u>\$ 14,133,735</u>	<u>\$ 2,163,095</u>	<u>(42,890,760)</u>	<u>(41,531)</u>	<u>(42,932,291)</u>
General revenues:							
Property taxes					45,216,830		45,216,830
Grants and contributions not restricted to specific programs					521,497		521,497
Investment income					610,285	10,577	620,862
Miscellaneous					139,495		139,495
Transfers					11,425	(11,425)	-
Total general revenues and transfers					<u>46,499,532</u>	<u>(848)</u>	<u>46,498,684</u>
Change in net position					3,608,772	(42,379)	3,566,393
Net Position at Beginning of Year					<u>92,064,823</u>	<u>9,215,641</u>	<u>101,280,464</u>
Net Position at End of Year					<u>\$ 95,673,595</u>	<u>\$ 9,173,262</u>	<u>\$ 104,846,857</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 9,798,816	\$ 804,991	\$ 116,064	\$ 3,614,011	\$ 2,523,663	\$ 16,857,545
Investments	1,516,097			759,213	1,097,049	3,372,359
Receivables	843,532	334,260	955,507	154,090	78,218	2,365,607
Due from other funds	47,526					47,526
Other					41,736	41,736
Total Assets	<u>\$ 12,205,971</u>	<u>\$ 1,139,251</u>	<u>\$ 1,071,571</u>	<u>\$ 4,527,314</u>	<u>\$ 3,740,666</u>	<u>\$ 22,684,773</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 145,392	\$	\$	\$ 63,161	\$ 20,154	\$ 228,707
Accrued liabilities	75,065					75,065
Due to other funds				46,243	1,283	47,526
Unearned revenue					127,380	127,380
Total liabilities	<u>220,457</u>	<u>-</u>	<u>-</u>	<u>109,404</u>	<u>148,817</u>	<u>478,678</u>
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	644,763					644,763
Unavailable revenue - special assessments		334,260			25,009	359,269
Unavailable revenue - loans receivable			955,507			955,507
Unavailable revenue - cemetery					9,575	9,575
Advance property tax collections	463,532					463,532
Total deferred inflows of resources	<u>1,108,295</u>	<u>334,260</u>	<u>955,507</u>	<u>-</u>	<u>34,584</u>	<u>2,432,646</u>
Fund Balances:						
Nonspendable					354,799	354,799
Restricted			116,064		56,419	172,483
Committed	696,522	804,991		4,417,910	3,146,047	9,065,470
Assigned	2,030,521					2,030,521
Unassigned	8,150,176					8,150,176
Total fund balances	<u>10,877,219</u>	<u>804,991</u>	<u>116,064</u>	<u>4,417,910</u>	<u>3,557,265</u>	<u>19,773,449</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,205,971</u>	<u>\$ 1,139,251</u>	<u>\$ 1,071,571</u>	<u>\$ 4,527,314</u>	<u>\$ 3,740,666</u>	<u>\$ 22,684,773</u>

The accompanying notes are an integral part of the financial statements



**TOWN OF TOLLAND, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2019**

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

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

Total fund balances (Exhibit III)	\$	19,773,449
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	223,017,053
Less accumulated depreciation		<u>(105,102,286)</u>
		117,914,767
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		116,505
Property tax, sewer use, water assessment and community development block grant receivable - accrual basis change		1,969,114
Allowance for doubtful accounts on interest and liens		(10,485)
Deferred outflows of resources related to OPEB		1,373,988
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.		
		3,006,700
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable		(33,165,000)
Other post employment benefit liability		(2,189,121)
Deferred inflows of resources related to OPEB		(20,761)
Deferred charge on refunding		1,018,276
Compensated absences		(1,142,548)
Accrued interest payable		(382,961)
Capital lease		(10,481,503)
Bond premium		<u>(2,106,825)</u>
Net Position of Governmental Activities (Exhibit I)	\$	<u><u>95,673,595</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<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	\$ 45,048,508	\$	\$	\$	\$	\$ 45,048,508
Intergovernmental	13,349,967			1,183,182	976,342	15,509,491
Charges for services	677,351	99,390	62,799		1,490,190	2,329,730
Investment income	393,603	12,634		88,928	74,147	569,312
Other revenues	141,424	24		421,773	9,989	573,210
Total revenues	<u>59,610,853</u>	<u>112,048</u>	<u>62,799</u>	<u>1,693,883</u>	<u>2,550,668</u>	<u>64,030,251</u>
Expenditures:						
Current:						
Administration	2,808,468					2,808,468
Planning and community development	412,478					412,478
Community services	916,809		78,079		351,803	1,346,691
Public works	4,610,435				28,235	4,638,670
Public safety services	2,016,586				19,169	2,035,755
Record and financial services	997,461					997,461
Contingency and other	76,296					76,296
Board of Education	42,635,947				1,890,311	44,526,258
Capital outlay				5,673,805		5,673,805
Debt service	5,020,102	207,835				5,227,937
Total expenditures	<u>59,494,582</u>	<u>207,835</u>	<u>78,079</u>	<u>5,673,805</u>	<u>2,289,518</u>	<u>67,743,819</u>
Excess (Deficiency) of Revenues over Expenditures	<u>116,271</u>	<u>(95,787)</u>	<u>(15,280)</u>	<u>(3,979,922)</u>	<u>261,150</u>	<u>(3,713,568)</u>
Other Financing Sources (Uses):						
Transfers in	763,601	26,425		639,169	91,048	1,520,243
Transfers out	<u>(733,078)</u>			<u>(5,298)</u>	<u>(292,139)</u>	<u>(1,030,515)</u>
Net other financing sources (uses)	<u>30,523</u>	<u>26,425</u>	<u>-</u>	<u>633,871</u>	<u>(201,091)</u>	<u>489,728</u>
Net Change in Fund Balances	146,794	(69,362)	(15,280)	(3,346,051)	60,059	(3,223,840)
Fund Balances at Beginning of Year	<u>10,730,425</u>	<u>874,353</u>	<u>131,344</u>	<u>7,763,961</u>	<u>3,497,206</u>	<u>22,997,289</u>
Fund Balances at End of Year	<u>\$ 10,877,219</u>	<u>\$ 804,991</u>	<u>\$ 116,064</u>	<u>\$ 4,417,910</u>	<u>\$ 3,557,265</u>	<u>\$ 19,773,449</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

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)	\$ (3,223,840)
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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	3,714,356
Depreciation expense	(4,586,812)

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.	1,236,260
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Change in deferred outflows related to OPEB	1,357,382
Change in deferred inflows related to OPEB	(20,761)

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:

Decrease in property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	101,569
Increase in property tax interest and lien revenue	19,888
Increase in property tax, sewer use and community development block grant allowance for doubtful accounts	(1,789)
Amortization of bond premiums	231,614

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

Bond payments	3,145,000
Capital lease payments	750,268

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	48,041
Change in accrued interest	4,090
Amortization of deferred charge on refunding	(104,956)
Net other post employment benefit expense	1,550,501

The net income of the internal service funds is reported with governmental activities.	<u>(612,039)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,608,772</u>
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**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 44,845,724	\$ 44,845,724	\$ 45,048,508	\$ 202,784
Intergovernmental	9,949,533	9,949,533	9,992,890	43,357
Charges for services	595,440	595,440	677,351	81,911
Investment income	75,000	75,000	393,603	318,603
Other revenues	15,000	15,000	73,440	58,440
Total revenues	<u>55,480,697</u>	<u>55,480,697</u>	<u>56,185,792</u>	<u>705,095</u>
Expenditures:				
Current:				
Administrative	2,937,288	2,939,376	2,865,362	74,014
Planning and community development	415,570	415,570	401,292	14,278
Community services	918,468	920,118	915,399	4,719
Public works	4,395,043	4,398,526	4,389,897	8,629
Public safety services	2,129,104	2,145,528	2,000,511	145,017
Record and financial services	951,132	934,138	931,755	2,383
Contingency and other	144,579	137,928	132,622	5,306
Board of Education	39,642,607	39,642,607	39,557,494	85,113
Debt service	4,478,295	4,468,952	4,468,517	435
Total expenditures	<u>56,012,086</u>	<u>56,002,743</u>	<u>55,662,849</u>	<u>339,894</u>
Excess of Revenues over Expenditures	<u>(531,389)</u>	<u>(522,046)</u>	<u>522,943</u>	<u>1,044,989</u>
Other Financing Sources (Uses):				
Cancellation of prior year encumbrances			38,169	38,169
Appropriation of fund balance	690,000	1,648,463		(1,648,463)
Transfers in			280,000	280,000
Transfers out	<u>(158,611)</u>	<u>(1,126,417)</u>	<u>(1,126,417)</u>	<u>-</u>
Net other financing sources (uses)	<u>531,389</u>	<u>522,046</u>	<u>(808,248)</u>	<u>(1,330,294)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>(285,305)</u>	<u>\$ (285,305)</u>
Fund Balance at Beginning of Year			<u>9,010,481</u>	
Fund Balance at End of Year			<u>\$ 8,725,176</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2019**

	<b>Business-Type Activities Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 857,682	\$ 154,404	\$ 1,012,086	\$ 970,852
Advance to plan administrator			-	2,590,768
Accounts receivable	107,839	182,189	290,028	16,569
Total current assets	<u>965,521</u>	<u>336,593</u>	<u>1,302,114</u>	<u>3,578,189</u>
Noncurrent assets:				
Capital assets, nondepreciable:				
Land	50,858		50,858	
Construction in progress	26,099	46,260	72,359	
Capital assets, net of accumulated depreciation:				
Plant and pumping station	375,138	615,600	990,738	
Distribution system	<u>1,823,033</u>	<u>5,029,665</u>	<u>6,852,698</u>	
Total noncurrent assets	<u>2,275,128</u>	<u>5,691,525</u>	<u>7,966,653</u>	<u>-</u>
Total assets	<u>3,240,649</u>	<u>6,028,118</u>	<u>9,268,767</u>	<u>3,578,189</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	24,755	70,750	95,505	45,389
Claims payable			-	526,100
Total current liabilities	<u>24,755</u>	<u>70,750</u>	<u>95,505</u>	<u>571,489</u>
<b>Net Position:</b>				
Net investment in capital assets	2,275,128	5,691,525	7,966,653	
Restricted for commitments for capital repairs and improvements	76,294		76,294	
Unrestricted	<u>864,472</u>	<u>265,843</u>	<u>1,130,315</u>	<u>3,006,700</u>
<b>Total Net Position</b>	<u>\$ 3,215,894</u>	<u>\$ 5,957,368</u>	<u>\$ 9,173,262</u>	<u>\$ 3,006,700</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, 2019**

	<b>Business-Type Activities Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
Operating Revenues:				
Charges for services	\$ 388,963	\$ 346,297	\$ 735,260	\$ 1,769,212
Other charges for services	43,608		43,608	
Employer contributions			-	6,544,660
Total operating revenues	<u>432,571</u>	<u>346,297</u>	<u>778,868</u>	<u>8,313,872</u>
Operating Expenses:				
Professional services	70,346	47,579	117,925	
Repairs and maintenance	69,688	6,506	76,194	
Service fees	7,305	128,965	136,270	
Materials and supplies	15,301	13,165	28,466	
Utilities	118,406	32,805	151,211	1,020,912
Administration			-	76,329
Employee benefits			-	7,198,453
Depreciation	97,194	206,996	304,190	
Total operating expenses	<u>378,240</u>	<u>436,016</u>	<u>814,256</u>	<u>8,295,694</u>
Operating Income (Loss)	<u>54,331</u>	<u>(89,719)</u>	<u>(35,388)</u>	<u>18,178</u>
Nonoperating Revenue (Expenses):				
Interest expense			-	(192,887)
Investment income	8,456	2,121	10,577	40,973
Loss on disposal	(6,143)		(6,143)	
Net nonoperating revenue (expense)	<u>2,313</u>	<u>2,121</u>	<u>4,434</u>	<u>(151,914)</u>
Income (Loss) Before Transfers	<u>56,644</u>	<u>(87,598)</u>	<u>(30,954)</u>	<u>(133,736)</u>
Transfers In			-	5,298
Transfers Out		(11,425)	(11,425)	(483,601)
Total transfers	<u>-</u>	<u>(11,425)</u>	<u>(11,425)</u>	<u>(478,303)</u>
Change in Net Position	56,644	(99,023)	(42,379)	(612,039)
Net Position at Beginning of Year	<u>3,159,250</u>	<u>6,056,391</u>	<u>9,215,641</u>	<u>3,618,739</u>
Net Position at End of Year	<u>\$ 3,215,894</u>	<u>\$ 5,957,368</u>	<u>\$ 9,173,262</u>	<u>\$ 3,006,700</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers	\$ 407,986	\$ 338,443	\$ 746,429	\$ 8,301,056
Payments to suppliers	(276,827)	(195,782)	(472,609)	(1,082,486)
Payments to providers of benefits			-	(6,577,404)
Net cash provided by (used in) operating activities	<u>131,159</u>	<u>142,661</u>	<u>273,820</u>	<u>641,166</u>
Cash Flows from Noncapital Financing Activities:				
Transfers in/out		(11,425)	(11,425)	(478,303)
Interest payments			-	(192,887)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(11,425)</u>	<u>(11,425)</u>	<u>(671,190)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	<u>(52,835)</u>	<u>(23,985)</u>	<u>(76,820)</u>	
Cash Flows from Investing Activities:				
Investment income	<u>8,456</u>	<u>2,121</u>	<u>10,577</u>	<u>40,973</u>
Net Increase (Decrease) in Cash and Cash Equivalents	86,780	109,372	196,152	10,949
Cash and Cash Equivalents at Beginning of Year	<u>770,902</u>	<u>45,032</u>	<u>815,934</u>	<u>959,903</u>
Cash and Cash Equivalents at End of Year	<u>\$ 857,682</u>	<u>\$ 154,404</u>	<u>\$ 1,012,086</u>	<u>\$ 970,852</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 54,331	\$ (89,719)	\$ (35,388)	\$ 18,178
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	97,194	206,996	304,190	
(Increase) decrease in accounts receivable	(24,585)	(7,854)	(32,439)	(12,816)
(Increase) decrease in advance to plan administrator				627,305
Increase (decrease) in accounts payable	4,219	33,238	37,457	(17,401)
Increase (decrease) in claims payable				25,900
Net Cash Provided by (Used in) Operating Activities	<u>\$ 131,159</u>	<u>\$ 142,661</u>	<u>\$ 273,820</u>	<u>\$ 641,166</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2019**

	<b>OPEB Trust Fund</b>	<b>Private Purpose Trust Fund Stevenson Scholarship</b>	<b>Agency Funds</b>
<b>Assets:</b>			
Cash and cash equivalents	\$	\$ 25,087	\$ 729,689
Investments:			
Mutual funds	1,282,525		
Accounts receivable			23,395
Total assets	<u>1,282,525</u>	<u>25,087</u>	<u>753,084</u>
<b>Liabilities:</b>			
Accounts payable			<u>753,084</u>
<b>Net Position:</b>			
Held in Trust for Other Purposes	<u>\$ 1,282,525</u>	<u>\$ 25,087</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, 2019**

	<b>OPEB Trust Fund</b>	<b>Private Purpose Trust Fund Stevenson Scholarship</b>
Additions:		
Interest and dividends	\$	\$ 26
Contributions	325,723	
Net change in fair value of investments	61,219	
Total additions	<u>386,942</u>	<u>26</u>
Deductions:		
Benefits	<u>268,458</u>	
Change in Net Position	118,484	26
Net Position at Beginning of Year	<u>1,164,041</u>	<u>25,061</u>
Net Position at End of Year	<u>\$ 1,282,525</u>	<u>\$ 25,087</u>

The accompanying notes are an integral part of the financial statements

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

### **A. Reporting Entity**

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

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

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

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

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

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

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following major proprietary funds:

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

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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The *Sewer Fund* accounts for the maintenance and repair needs of the sewer system. The Town of Tolland does not own its own sanitary sewer treatment plant and contracts for treatment with the Town of Vernon. The Sewer Fund pays for treatment on the basis of volume of waste and in accordance with sewer usage fees of the Town of Vernon. The major source of revenue for this fund is the collection of sewer use fees.

Additionally, the Town reports the following fund types:

The *Internal Service Funds* are used to account for the fees associated with the utilities and the debt service on the ESCO project, along with future system improvements and repairs, and the self-insured medical activities of the Town and Board of Education.

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

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

The *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.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

**D. Investments**

Investments are reported at fair value.

**E. Receivables and Payables**

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

**F. Restricted Assets**

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

**G. Capital Assets**

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

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

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

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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

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

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

#### **I. Deferred Inflows of Resources**

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

#### **J. Compensated Absences**

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

#### **K. Net OPEB Liability**

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

#### **L. Long-Term Obligations**

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

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

#### **M. Equity**

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

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

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

##### **Restricted Net Position**

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

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**Unrestricted Net Position**

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

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

**Nonspendable Fund Balance**

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

**Restricted Fund Balance**

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

**Committed Fund Balance**

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

**Assigned Fund Balance**

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

**Unassigned Fund Balance**

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

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

**N. Property Taxes**

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

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



## **O. Accounting Estimates**

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

## **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 ended June 30, 2019, the Town approved additional appropriations of \$958,463 from fund balance.
- Management is authorized to make budgetary transfers within departments but cannot approve additional appropriations.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level within a function.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.
- Encumbrances are recognized as valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Project Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

A reconciliation of the accounting treatment required by GAAP and budgetary requirements at June 30, 2019 is as follows:

	<b>Revenues and Other Financing Sources</b>	<b>Expenditures and Other Financing Uses</b>	<b>Fund Balance</b>
Balance, budgetary basis	\$ 56,503,961	\$ 56,789,266	\$ 8,725,176
Prior year encumbrances liquidated		1,446,185	
Prior year encumbrances cancelled	(38,169)		
Prior year encumbrances still outstanding			189,010
Utility Service Fund transfer nonbudgeted	483,601	483,601	
Education Reserve Fund beginning fund balance			46,580
Debt Service Interest refund credits	67,984	67,984	
Education Reserve Fund expenditures nonbudgeted		18,397	(18,397)
Education Reserve Fund transfers are budgeted		(393,339)	393,339
Current year encumbrances		(1,541,511)	1,541,511
State of Connecticut grants for Special Education Excess Costs, netted for budgetary purposes	951,160	951,160	
State Teachers' Retirement OPEB revenue	(3,486,732)	(3,486,732)	
State Teachers' Retirement pension expense	<u>5,892,649</u>	<u>5,892,649</u>	
Balance, GAAP Basis	<u>\$ 60,374,454</u>	<u>\$ 60,227,660</u>	<u>\$ 10,877,219</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."

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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*, \$16,031,879 of the Town's bank balance of \$17,869,195 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,303,691
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,728,188</u>
Total Amount Subject to Custodial Credit Risk	\$ <u>16,031,879</u>

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**Cash Equivalents**

At June 30, 2019, the Town's cash equivalents amounted to \$4,561,239. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

**Investments**

As of June 30, 2019, the Town had the following investments:

<b>Investment Type</b>	<b>Credit Rating</b>	<b>Fair Value</b>	<b>Investment Maturities (Years)</b>		
			<b>Less Than 1</b>	<b>1 - 10</b>	<b>More than 10</b>
Certificates of deposit*		\$ 1,815,340	\$ 1,815,340	\$ _____	\$ _____
Total		1,815,340	\$ <u>1,815,340</u>	\$ <u>-</u>	\$ <u>-</u>
Other investments:					
Mutual funds		<u>2,839,544</u>			
Total Investments		\$ <u>4,654,884</u>			

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

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2019:

	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments by fair value level:				
Mutual funds	\$ <u>2,839,544</u>	\$ <u>2,839,544</u>	\$ _____	\$ _____
Total investments by fair value level	2,839,544	\$ <u>2,839,544</u>	\$ <u>-</u>	\$ <u>-</u>
Certificates of deposit	<u>1,815,340</u>			
Total Investments	\$ <u>4,654,884</u>			

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

**Investment Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value if its investment or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk. The Town does not hold any uninsured or unregistered securities at June 30, 2019.

**Credit Risk**

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

**Concentration of Credit Risk**

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

**Interest Rate Risk**

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

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

**B. Endowments Received**

	<b>Cemetery Perpetual Care Fund</b>	<b>Ratcliff Hicks Memorial School Fund</b>	<b>Total</b>
Original principal received	\$ 292,263	\$ 20,800	\$ 313,063
Net appreciation on investments	3,238	814,603	817,841
Total Value	<u>\$ 295,501</u>	<u>\$ 835,403</u>	<u>\$ 1,130,904</u>

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

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

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Town
- The investment policies of the Town

**C. Receivables**

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

	<u>General</u>	<u>Sewer Assessment</u>	<u>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	\$ 788,417	\$	\$	\$	\$	\$	\$	\$ 788,417
Accounts and other	61,666	334,260		955,507	84,497	109,528	184,027	1,729,485
Intergovernmental	18,886		154,090		33,685			206,661
Gross receivables	868,969	334,260	154,090	955,507	118,182	109,528	184,027	2,724,563
Less allowance for collection losses	25,437					1,689	1,838	28,964
Net Total Receivables	<u>\$ 843,532</u>	<u>\$ 334,260</u>	<u>\$ 154,090</u>	<u>\$ 955,507</u>	<u>\$ 118,182</u>	<u>\$ 107,839</u>	<u>\$ 182,189</u>	<u>\$ 2,695,599</u>

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**D. Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 14,468,253	\$	\$	\$	\$ 14,468,253
Rights of way	402,962	9,900			412,862
Construction in progress	768,456	2,824,933		(137,877)	3,455,512
Total capital assets not being depreciated	<u>15,639,671</u>	<u>2,834,833</u>	<u>-</u>	<u>(137,877)</u>	<u>18,336,627</u>
Capital assets being depreciated:					
Buildings and improvements	139,888,665			137,877	140,026,542
Vehicles, furniture and equipment	14,213,661	915,783	280,972		14,848,472
Infrastructure	48,605,412	1,200,000			49,805,412
Total capital assets being depreciated	<u>202,707,738</u>	<u>2,115,783</u>	<u>280,972</u>	<u>137,877</u>	<u>204,680,426</u>
Less accumulated depreciation for:					
Buildings and improvements	61,012,066	2,900,318			63,912,384
Vehicles, furniture and equipment	8,846,950	758,201	280,972		9,324,179
Infrastructure	30,937,430	928,293			31,865,723
Total accumulated depreciation	<u>100,796,446</u>	<u>4,586,812</u>	<u>280,972</u>	<u>-</u>	<u>105,102,286</u>
Total capital assets being depreciated, net	<u>101,911,292</u>	<u>(2,471,029)</u>	<u>-</u>	<u>137,877</u>	<u>99,578,140</u>
Governmental Activities Capital Assets, Net	<u>\$ 117,550,963</u>	<u>\$ 363,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,914,767</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 50,858	\$	\$	\$	\$ 50,858
Construction in progress		50,084		22,275	72,359
Total capital assets not being depreciated	<u>50,858</u>	<u>50,084</u>	<u>-</u>	<u>22,275</u>	<u>123,217</u>
Capital assets being depreciated:					
Plant and pumping stations	2,549,554			(22,275)	2,527,279
Water/sewer distribution system	10,808,352	26,736	25,783		10,809,305
Total capital assets being depreciated	<u>13,357,906</u>	<u>26,736</u>	<u>25,783</u>	<u>(22,275)</u>	<u>13,336,584</u>
Less accumulated depreciation for:					
Plant and pumping stations	1,455,483	81,058			1,536,541
Water/sewer distribution system	3,753,115	223,132	19,640		3,956,607
Total accumulated depreciation	<u>5,208,598</u>	<u>304,190</u>	<u>19,640</u>	<u>-</u>	<u>5,493,148</u>
Total capital assets being depreciated, net	<u>8,149,308</u>	<u>(277,454)</u>	<u>6,143</u>	<u>(22,275)</u>	<u>7,843,436</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,200,166</u>	<u>\$ (227,370)</u>	<u>\$ 6,143</u>	<u>\$ -</u>	<u>\$ 7,966,653</u>

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

Governmental activities:	
Administration	\$ 261,822
General finance	10,260
Planning and development	8,043
Development and community affairs	126,519
Public works	1,999,092
Public safety services	281,679
Board of education	<u>1,899,397</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,586,812</u>
Business-type activities:	
Water	\$ 97,194
Sewer	<u>206,996</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 304,190</u>

**Construction Commitments**

The Town has active construction projects as of June 30, 2019. 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>
2017-2018 Education Bond Issue	\$ 2,894,597	\$ 6,705,403
Birch Grove School Portables	109,404	8,890,596
Birch Grove School Reconstruction	140	46,000,000
District-Wide School Projects	25,125	610,546
Ambulance 540	175,764	38,236
Public Works Garage Renovations	3,024,330	1,103,786
Drainage & Construction	34,630	234,342
Old Cathole Road North Town Share	169,400	241,400
Old Cathole Road State Share	7,755	2,100,845
Pavement Management	223,351	550,235
2018 Road Bond Project		5,000,000

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



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**E. Interfund Receivables, Payables and Transfers**

Interfund loans were generally used to transfer monies as a result of issuing bonds. The composition of interfund balances as of June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 46,243
General Fund	Nonmajor Governmental Funds	<u>1,283</u>
		<u>\$ 47,526</u>

All balances are expected to be repaid within a year.

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

	<u>Transfers In</u>					<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Sewer Assessment Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	
Transfers out:						
General Fund	\$	\$ 15,000	\$ 627,030	\$ 91,048	\$	\$ 733,078
Sewer Fund		11,425				11,425
Capital Projects Fund					5,298	5,298
Nonmajor Governmental Funds	280,000		12,139			292,139
Internal Service Fund	<u>483,601</u>					<u>483,601</u>
Total Transfers In	<u>\$ 763,601</u>	<u>\$ 26,425</u>	<u>\$ 639,169</u>	<u>\$ 91,048</u>	<u>\$ 5,298</u>	<u>\$ 1,525,541</u>

**F. Long-Term Debt**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 36,310,000	\$	\$ 3,145,000	\$ 33,165,000	\$ 3,275,000
Premium	<u>2,338,439</u>		<u>231,614</u>	<u>2,106,825</u>	
Total bonds and notes payable	38,648,439	-	3,376,614	35,271,825	3,275,000
Capital lease	11,231,771		750,268	10,481,503	760,520
Net OPEB liability	3,739,622		1,550,501	2,189,121	
Compensated absences	<u>1,190,589</u>	<u>48,996</u>	<u>97,037</u>	<u>1,142,548</u>	<u>147,282</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 54,810,421</u>	<u>\$ 48,996</u>	<u>\$ 5,774,420</u>	<u>\$ 49,084,997</u>	<u>\$ 4,182,802</u>

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

**TOWN OF TOLLAND, CONNECTICUT**  
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**General Obligation Bonds**

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

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

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

<b>Description</b>	<b>Date of Issue</b>	<b>Maturity</b>	<b>Interest Rate (%)</b>	<b>Amount of Original Issue</b>	<b>Annual Principal</b>	<b>Balance Outstanding June 30, 2019</b>
General purpose:						
General obligation	8/1/10	8/1/30	2.0-4.0	\$ 825,000	Various	\$ 539,119
General obligation refunding	10/1/11	10/1/26	2.0-3.0	2,675,000	Various	1,000,000
General obligation	9/1/12	9/1/27	1.5-3.0	1,145,310	Various	674,610
General obligation refunding	9/1/12	9/1/25	3.0-5.0	1,445,100	Various	780,600
General obligation refunding	10/1/14	8/1/24	2.0-4.0	2,117,715	Various	1,637,245
General obligation	10/15/15	10/15/35	2.0-4.0	7,275,000	Various	6,187,000
General obligation	5/15/18	5/15/43	3.0-5.0	7,169,908	Various	7,169,908
Total general purpose				<u>22,653,033</u>		<u>17,988,482</u>
School:						
School improvement	8/1/10	8/1/30	2.0-4.0	1,700,000	Various	1,110,881
School improvement	10/1/11	10/1/26	2.0-3.0	2,235,000	Various	965,000
School improvement	9/1/12	9/1/27	1.5-3.0	314,690	Various	185,390
School improvement - refunding	9/1/12	9/1/25	3.0-5.0	6,579,900	Various	4,999,400
School improvement - refunding	10/1/14	8/1/27	2.0-4.0	7,517,285	Various	5,437,755
School improvement	10/15/15	10/15/35	2.0-4.0	290,000	Various	308,000
School improvement	5/15/18	5/15/43	3.0-5.0	2,170,092	Various	2,170,092
Total school				<u>20,806,967</u>		<u>15,176,518</u>
Total Outstanding				<u>\$ 43,460,000</u>		<u>\$ 33,165,000</u>

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

	<b>Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2020	\$ 3,275,000	\$ 1,125,125
2021	3,270,000	997,557
2022	3,285,000	861,101
2023	2,960,000	726,744
2024	2,985,000	607,016
2025-2029	8,990,000	1,897,390
2030-2034	4,150,000	1,045,302
2035-2039	2,710,000	481,937
2040-2043	1,540,000	134,750
	<u>\$ 33,165,000</u>	<u>\$ 7,876,922</u>

**Authorized but Unissued Bonds**

The total of authorized but unissued bonds at June 30, 2019 is \$8,251,769. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

**Statutory Debt Limitation**

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

<b>Category</b>	<b>Debt Limitation</b>	<b>Net Indebtedness</b>	<b>Balance</b>
General purpose	\$ 99,620,249	\$ 18,662,649	\$ 80,957,600
Schools	199,240,497	21,992,640	177,247,857
Sewers	166,033,748	761,480	165,272,268
Urban renewal	143,895,915		143,895,915
Pension deficit	132,826,998		132,826,998

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$309,929,662. 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.

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

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

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

The assets acquired through the capital leases are as follows:

	<b>Governmental Activities</b>
Asset:	
ESCO Project	\$ 10,461,490
Geothermal heating system	3,682,123
Less accumulated depreciation	<u>3,330,141</u>
Total	<u>\$ 10,813,472</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2019 were as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Governmental Activities</b>
2020	\$ 1,035,135
2021	1,021,508
2022	1,007,881
2023	994,254
2024	980,626
Thereafter	<u>7,332,276</u>
Total lease payments	12,371,680
Less amount representing interest	<u>1,890,177</u>
Present Value of Future Minimum Lease Payments	<u>\$ 10,481,503</u>

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

The components of fund balance for the governmental funds at June 30, 2019 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	\$	\$	\$	\$	\$ 41,736	\$ 41,736
Permanent fund principal					313,063	313,063
Restricted for:						
Community rehabilitation services			116,064			116,064
Unspent grant proceeds					56,419	56,419
Committed to:						
Sewer capital improvements		804,991				804,991
Dog warden					74,966	74,966
Open space					129,320	129,320
Sewer escrow					25,332	25,332
Lodge furnishings					62,402	62,402
Business park improvements					19,069	19,069
Recreation					274,766	274,766
Water assessments					216,597	216,597
Food service					141,535	141,535
Education programs	421,522				1,314,302	1,735,824
Eviction storage					41	41
Cemeteries					233,881	233,881
Training center repair and replacement					6,777	6,777
Field maintenance					12,123	12,123
Veterans memorial					312	312
Conservation					50	50
Emergency storms					181,164	181,164
Artificial turf operation					6,106	6,106
Debt service	275,000				447,304	722,304
Special assessment projects				4,417,910		4,417,910
Assigned to:						
Administration	116,953					116,953
Planning & community development	29,381					29,381
Community services	45,803					45,803
Environmental maintenance	141,445					141,445
Public safety services	126,417					126,417
Records and financial services	65,880					65,880
Contingency	265,500					265,500
Education	939,142					939,142
Contribution to next fiscal budget	300,000					300,000
Unassigned	<u>8,150,176</u>					<u>8,150,176</u>
Total Fund Balances	<u>\$ 10,877,219</u>	<u>\$ 804,991</u>	<u>\$ 116,064</u>	<u>\$ 4,417,910</u>	<u>\$ 3,557,265</u>	<u>\$ 19,773,449</u>

Significant encumbrances of \$1,128,124 at June 30, 2019 are contained in the above table in the assigned category of the General Fund.

## **5. EMPLOYEE RETIREMENT PLANS**

### **A. Pension Plan - Defined Contribution**

The Town is the administrator of a single employer, defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan covers substantially all Town and Board of Education employees except elected officials and certified teachers. Contributions are established and amended by the approval of the Town Council.

#### **Summary Plan Description**

All full-time Town employees who work at least 25 hours a week and all Board of Education employees who work 1,000 hours or more per year are required, as a condition of employment, to participate in the plan, except for elected officials and certified teachers. Eligible employees must be at least 18 years of age on or prior to their date of employment. Benefits vest 100% after five years. Any nonvested Town contributions and related interest thereon of employees who leave employment are reserved in a forfeiture account to offset future Town contributions. Normal retirement date is age 65. Plan provisions and the authority to amend the provisions are established by Town ordinance.

#### **Contribution Requirements/Contributions Made**

The employer contribution for Town and Board of Education employees for the plan year is 6% of earnings. The total Town and Board of Education contribution during the year ended June 30, 2019 was \$509,849 and represented 6% of covered payroll. The employees' required contributions were \$212,438 and represented 2.5% of covered payroll. The Town fully funded required employer's contributions and members who left the Town employment during a year have forfeiture assets in the amount of \$104,040 which will be available for future contributions.

#### **Employer and Employee Obligations**

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

### **B. Connecticut Teachers Retirement System - Pension**

#### **Plan Description**

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

#### **Benefit Provisions**

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

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**Normal Retirement**

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the three years of highest salary).

**Early Retirement**

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**Disability Retirement**

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

**Contributions**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

*Employer (School Districts)*

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

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

*Employees*

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

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

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

At June 30, 2019, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>54,504,028</u>
Total	\$ <u>54,504,028</u>

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The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2019, the Town recognized pension expense and revenue of \$5,892,649 in Exhibit II.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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

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

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



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

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

#### **Discount Rate**

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

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

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

#### **Other Information**

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

## 6. OTHER POST EMPLOYMENT BENEFITS PLAN

### A. Retiree Medical Program

#### Summary of Significant Accounting Policies

##### Basis of Accounting

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

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

##### Plan Description

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

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

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

At July 1, 2018, plan membership consisted of the following:

	<b><u>Retiree Medical Program</u></b>
Retired members and spouses of retired members	54
Active plan members	<u>261</u>
Total	<u><u>315</u></u>

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**Funding Policy**

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

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

Employer contributions to the plan of \$325,723 were made in accordance with actuarially determined requirements.

**Investments**

**Investment Policy**

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

**Rate of Return**

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 5.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the Town**

The Town's net OPEB liability was measured as of June 30, 2019. The components of the net OPEB liability of the Town at June 30, 2019, were as follows:

Total OPEB liability	\$ 3,471,646
Plan fiduciary net position	<u>1,282,525</u>
Net OPEB Liability	<u><u>\$ 2,189,121</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	36.94%

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**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.5%, average, including inflation
Investment rate of return	6.0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	BOE, 5.4% decreasing to 4.4% over 67 years Town, 5.3% decreasing to 4.3% over 63 years

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

The actuarial assumptions used in the July 1, 2018 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of July 1, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Short Bonds	27.55 %	1.52 %
U.S. Large Caps	23.55	3.13
U.S. Core Fixed Income	19.10	2.27
U.S. High Yield Bonds	9.65	3.76
U.S. Inflation-Indexed Bonds	7.50	1.29
Foreign Developed Equity	6.35	3.91
U.S. Mid Caps	3.95	3.27
U.S. Small Caps	1.40	3.62
Emerging Markets Equity	0.95	4.59
Total	<u>100.00 %</u>	

**Discount Rate**

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

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**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2018	\$ 4,903,663	\$ 1,164,041	\$ 3,739,622
Changes for the year:			
Service cost	130,972		130,972
Interest on total OPEB liability	294,142		294,142
Differences between expected and actual experience	(279,634)		(279,634)
Changes in assumptions	(1,309,039)		(1,309,039)
Employer contributions		325,723	(325,723)
Net investment income		61,219	(61,219)
Benefit payments	(268,458)	(268,458)	-
Net changes	(1,432,017)	118,484	(1,550,501)
Balances as of June 30, 2019	\$ 3,471,646	\$ 1,282,525	\$ 2,189,121

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

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

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$ 2,483,424	\$ 2,189,121	\$ 1,925,790

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.4% and 4.3% decreasing to 3.4% and 3.3%) or 1% higher (6.4% and 6.3% decreasing to 5.4% and 5.3%) than the current healthcare cost trend rates:

	1% Decrease Healthcare cost Trend Rates	Current Rate Healthcare Cost Trend Rates	1% Increase Healthcare Cost Trend Rates
Net OPEB Liability	\$ 1,857,414	\$ 2,189,121	\$ 2,573,713

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$145,055. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual earnings on OPEB plan investments	\$ 1,132,142	\$ 20,761
Changes of assumptions		
Differences between expected and actual experience	<u>241,846</u>	
Total	<u>\$ 1,373,988</u>	<u>\$ 20,761</u>

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

<u>Year Ending June 30</u>	
2020	\$ (208,458)
2021	(208,458)
2022	(208,456)
2023	(212,607)
2024	(214,685)
Thereafter	(300,563)

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

**Plan Description**

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

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

## **Benefit Provisions**

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

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

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

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

## **Survivor Health Care Coverage**

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

## **Eligibility**

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

## **Credited Service**

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

## **Normal Retirement**

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

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**Early Retirement**

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

**Proratable Retirement**

Age 60 with 10 years of Credited Service.

**Disability Retirement**

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

**Termination of Employment**

Ten or more years of Credited Service.

**Contributions**

*State of Connecticut*

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

*Employer (School Districts)*

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

*Employees*

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

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

At June 30, 2019, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>10,495,900</u>
Total	\$ <u><u>10,495,900</u></u>



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The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2019, the Town recognized OPEB revenue of (\$3,486,732) in Exhibit II.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.27%).

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

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

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

**Other Information**

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

**7. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss related to public officials and police liability; Board of Education liability; torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for all risks of loss. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2019. There have been no significant reductions in insurance coverage during the year.

**Health Insurance Internal Service Fund**

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

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

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

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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The Town's health self-insurance fund is used to account for medical insurance coverage for Town and Board of Education employees. The Town examines the coverage on a yearly basis to determine adequate coverage and minimize risk. A schedule of changes in the claims liability for the years ended June 30, 2018 and 2019, are as follows:

	<u>Claims Payable July 1</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
2017-2018	\$ 518,100	\$ 6,665,110	\$ 6,683,010	\$ 500,200
2018-2019	500,200	7,198,453	7,172,553	526,100

**B. Contingent Liabilities**

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

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

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

**8. SUBSEQUENT EVENTS**

On September 19, 2019, the Town issued \$12,670,000 of general obligation bond anticipation notes for various capital projects. The notes carry interest at 2.00% and mature on September 17, 2020.

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## **Required Supplementary Information**

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

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

**Notes to Schedule**

Changes in benefit terms Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.  
Changes of assumptions During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.

Actuarial cost method Entry age  
Amortization method Level percent of salary, closed  
Single equivalent amortization period 17.6 years  
Asset valuation method 4-year smoothed market  
Investment rate of return 8.00%, net of investment-related expense

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:			
Service cost	\$ 130,972	\$ 137,121	\$ 129,359
Interest	294,142	289,134	287,531
Changes of benefit terms			
Differences between expected and actual experience	(279,634)		
Changes of assumptions	(1,309,039)		
Benefit payments	<u>(268,458)</u>	<u>(402,893)</u>	<u>(393,092)</u>
Net change in total OPEB liability	<u>(1,432,017)</u>	<u>23,362</u>	<u>23,798</u>
Total OPEB liability - beginning	<u>4,903,663</u>	<u>4,880,301</u>	<u>4,856,503</u>
Total OPEB liability - ending	<u>3,471,646</u>	<u>4,903,663</u>	<u>4,880,301</u>
Plan fiduciary net position:			
Contributions - employer	325,723	444,283	473,839
Net investment income	61,219	45,139	71,772
Benefit payments	<u>(268,458)</u>	<u>(402,893)</u>	<u>(393,092)</u>
Net change in plan fiduciary net position	<u>118,484</u>	<u>86,529</u>	<u>152,519</u>
Plan fiduciary net position - beginning	<u>1,164,041</u>	<u>1,077,512</u>	<u>924,993</u>
Plan fiduciary net position - ending	<u>1,282,525</u>	<u>1,164,041</u>	<u>1,077,512</u>
Net OPEB Liability - Ending	<u>\$ 2,189,121</u>	<u>\$ 3,739,622</u>	<u>\$ 3,802,789</u>
Plan fiduciary net position as a percentage of the total OPEB liability	36.94%	23.74%	22.08%
Covered-employee payroll	\$ 16,323,734	\$ 16,323,734	\$ 16,844,405
Net OPEB liability as a percentage of covered-employee payroll	13.41%	22.91%	22.58%

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution (1)	\$ 461,000	\$ 486,000	\$ 521,000	\$ 547,000	\$ 485,000	\$ 508,000	\$ 447,781	\$ 466,488	\$ 437,420	\$ 446,295
Contributions in relation to the actuarially determined contribution	521,000	559,000	491,000	549,000	483,000	512,000	457,613	473,839	444,283	325,723
Contribution Deficiency (Excess)	<u>\$ (60,000)</u>	<u>\$ (73,000)</u>	<u>\$ 30,000</u>	<u>\$ (2,000)</u>	<u>\$ 2,000</u>	<u>\$ (4,000)</u>	<u>\$ (9,832)</u>	<u>\$ (7,351)</u>	<u>\$ (6,863)</u>	<u>\$ 120,572</u>
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 22,286,770	\$ 22,286,770	\$ 16,844,405	\$ 16,844,405	\$ 16,323,734	\$ 16,323,734
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	2.17%	2.30%	2.72%	2.81%	2.72%	2.00%

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

**Notes to Schedule**

Valuation date: July 1, 2018

Measurement date: June 30, 2019

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	14 years
Asset valuation method	Actuarial value - 5-year smoothing period
Inflation	2.75%
Healthcare cost trend rates	BOE - 5.40% decreasing to 4.40% over 67 years Town - 5.30% decreasing to 4.30% over 63 years
Salary increases	Graded by service for Teachers and Administrators, and 3.5%, average, including inflation
Investment rate of return	6.00%, net of pension plan investment expense, including inflation
Retirement age	Scale from 15% at age 59 with 20 years of service, to 100% at age 70 with 20 years of service.

Mortality Teachers and Administrators: RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using Scale AA, with a two-year age setback. For All others, RP-2000 Mortality Table for males and females with generational projection per Scale AA; separate tables for active employees and annuitants.



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

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

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

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

	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>10,495,900</u>	<u>15,251,964</u>
Total	<u>\$ 10,495,900</u>	<u>\$ 15,251,964</u>
Town's covered payroll	\$ 17,279,176	\$ 16,181,359
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

**Notes to Schedule**

Changes in benefit terms	Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost-sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.
Changes of assumptions	<p>The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.</p> <p>Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the Total OPEB Liability as of the June 30, 2018 measurement date.</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.</p> <p>The assumed age-related annual percentage increases in expected annual per capital health care claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.</p> <p>Long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.</p> <p>The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplemental Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.</p> <p>The post-disability mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.</p> <p>The percentages of deferred, vested members who will become ineligible for future health care benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment-related expense including price inflation

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

## ***Appendix B***

### ***Forms of Legal Opinions of Bond Counsel and Tax Matters***

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## **Appendix B-1**

### **Form of Legal Opinion of Bond Counsel and Tax Matters for Series A Bonds**

September 17, 2020

Town of Tolland  
21 Tolland Green  
Tolland, CT 06084

RE: Town of Tolland, Connecticut  
\$10,570,000 General Obligation Bonds, Issue of 2020, Series A, dated September 17, 2020

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Tolland, Connecticut (the "Town") of its \$10,570,000 General Obligation Bonds, Issue of 2020, Series A, dated September 17, 2020 (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. Pursuant to the Connecticut General Statutes, classified property includes certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts.

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.

The opinions set forth in the preceding paragraphs are 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.

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***

With respect to any of the Bonds where the initial public offering price of such Bonds is less than the amount payable on those Bonds at maturity (the “OID Bonds”), the difference between the initial public offering price to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds of any maturity are sold and the amount payable on such OID Bonds at maturity constitutes original issue discount. Accrued original issue discount is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excluded therefrom. Accrued original issue discount on an OID Bond is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable 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.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any bond during each day it is owned is added to the adjusted basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bonds by such owner. Original issue discount on any bond is treated as accruing on the basis of economic accrual, computed by a constant semiannual compounding method using the yield to maturity on such bond, and the adjusted basis of such OID Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. Owners of the OID Bonds are advised to consult with their tax advisors with respect to the federal, state and local tax consequences of owning the OID Bonds.

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***

With respect to any of the Bonds where the initial public offering price of such Bonds is greater than the amount payable on those Bonds at maturity (the “OIP Bonds”), the excess of the price paid by the first owner of a OIP Bond over the principal amount payable at the maturity or the earlier call date, if any, of such OIP Bond constitutes original issue premium. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer’s yield to maturity using the taxpayer’s adjusted basis and a constant semiannual compounding method. The portion of such premium amortizing over the period the OIP Bond is held by the owner does not reduce taxable income for purposes of either the federal income tax or the Connecticut income tax on individuals, trusts and estates and does not reduce 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, but it does reduce the owner’s adjusted basis in the OIP Bond for purposes of determining gain or loss on its disposition. 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 B-2**

### **Form of Legal Opinion of Bond Counsel and Tax Matters for Series B Bonds**

September 17, 2020

Town of Tolland  
21 Tolland Green  
Tolland, CT 06084

RE: Town of Tolland, Connecticut  
\$2,250,000\* General Obligation Refunding Bonds, Issue of 2020, Series B, dated  
September 17, 2020

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Tolland, Connecticut (the “Town”) of its \$2,250,000\* General Obligation Refunding Bonds, Issue of 2020, Series B, dated September 17, 2020 (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.

\*Preliminary, subject to change

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. Pursuant to the Connecticut General Statutes, classified property includes certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts.

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.

The opinions set forth in the preceding paragraphs are 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.

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***

With respect to any of the Bonds where the initial public offering price of such Bonds is less than the amount payable on those Bonds at maturity (the “OID Bonds”), the difference between the initial public offering price to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds of any maturity are sold and the amount payable on such OID Bonds at maturity constitutes original issue discount. Accrued original issue discount is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excluded therefrom. Accrued original issue discount on an OID Bond is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable 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.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any bond during each day it is owned is added to the adjusted basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bonds by such owner. Original issue discount on any bond is treated as accruing on the basis of economic accrual, computed by a constant semiannual compounding method using the yield to maturity on such bond, and the adjusted basis of such OID Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. Owners of the OID Bonds are advised to consult with their tax advisors with respect to the federal, state and local tax consequences of owning the OID Bonds.

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***

With respect to any of the Bonds where the initial public offering price of such Bonds is greater than the amount payable on those Bonds at maturity (the “OIP Bonds”), the excess of the price paid by the first owner of a OIP Bond over the principal amount payable at the maturity or the earlier call date, if any, of such OIP Bond constitutes original issue premium. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer’s yield to maturity using the taxpayer’s adjusted basis and a constant semiannual compounding method. The portion of such premium amortizing over the period the OIP Bond is held by the owner does not reduce taxable income for purposes of either the federal income tax or the Connecticut income tax on individuals, trusts and estates and does not reduce 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, but it does reduce the owner’s adjusted basis in the OIP Bond for purposes of determining gain or loss on its disposition. 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 B-3

### Form of Legal Opinion of Bond Counsel and Tax Matters for Notes

September 17, 2020

Town of Tolland  
21 Tolland Green  
Tolland, CT 06084

RE: Town of Tolland, Connecticut  
\$4,505,000 General Obligation Bond Anticipation Notes, dated September 17, 2020

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Tolland, Connecticut (the "Town") of its \$4,505,000 General Obligation Bond Anticipation Notes, dated September 17, 2020 (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. Pursuant to the Connecticut General Statutes, classified property includes certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts.

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.

The opinions set forth in the preceding paragraphs are 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.

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***

With respect to any of the Notes where the initial public offering price of such Notes is less than the amount payable on those Notes at maturity (the “OID Notes”), the difference between the initial public offering price to the public (excluding bond houses and brokers) at which a substantial amount of the OID Notes of any maturity are sold and the amount payable on such OID Notes at maturity constitutes original issue discount. Accrued original issue discount is excludable from gross income for federal income tax purposes if interest on the OID Notes is excluded therefrom. Accrued original issue discount on an OID Note is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable 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.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any note during each day it is owned is added to the adjusted basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such notes by such owner. Original issue discount on any note is treated as accruing on the basis of economic accrual, computed by a constant semiannual compounding method using the yield to maturity on such note, and the adjusted basis of such OID Note acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. Owners of the OID Notes are advised to consult with their tax advisors with respect to the federal, state and local tax consequences of owning the OID Notes.

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***

With respect to any of the Notes where the initial public offering price of such Notes is greater than the amount payable on those Notes at maturity (the “OIP Notes”), the excess of the price paid by the first owner of a OIP Note over the principal amount payable at the maturity of such OIP Note constitutes original issue premium. Original issue premium on any note is treated as amortizing on the basis of the taxpayer’s yield to maturity using the taxpayer’s adjusted basis and a constant semiannual compounding method. The portion of such premium amortizing over the period the OIP Note is held by the owner does not reduce taxable income for purposes of either the federal income tax or the Connecticut income tax on individuals, trusts and estates and does not reduce 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, but it does reduce the owner’s adjusted basis in the OIP Note for purposes of determining gain or loss on its disposition. 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 Notes may affect the tax status of interest on the Notes. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Notes will not have an adverse effect on the tax-exempt status or market price of the Notes or will not change the effect of other federal tax law consequences discussed above of owning and disposing of the Notes. 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 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. 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.

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## ***Appendix C***

### ***Forms of Continuing Disclosure Agreements***

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## **Appendix C-1 – Form of Continuing Disclosure Agreement for Series A Bonds**

### **CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of the 17<sup>th</sup> day of September, 2020 by the Town of Tolland, Connecticut (the “Town”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$10,570,000 General Obligation Bonds Issue of 2020, Series A (the “Bonds”), dated September 17, 2020, 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 September 9, 2020, 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 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, 2020) as follows:

(i) Audited financial statements of the Town’s general fund, governmental funds, proprietary funds, fiduciary funds internal service and agency funds and other 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 bonded debt as of the close of the fiscal year,
- (F) net general bonded debt of the Town per capita,
- (G) ratios of the net general 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 and OPEB 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](http://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) Note 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;
- (n) appointment of a successor or additional trustee or the change of name of trustee, if material;
- (o) the incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect securities holders, if material; and
- (p) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

Note to clauses (o) and (p): For the purposes of the events identified in clauses (o) and (p) above, the term “financial obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii) but shall not include municipal securities as to which a final official statement has been provided to MSRB consistent with the Rule.

#### **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 the undertakings set forth in Section 2 of this Agreement or five (5) business days with respect to the 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, CONNECTICUT

By: \_\_\_\_\_  
MICHAEL ROSEN  
Town Manager

By: \_\_\_\_\_  
LISA A. HANCOCK  
Director of Finance and Records/Treasurer

## **Appendix C-2 – Form of Continuing Disclosure Agreement for Series B Bonds**

### **CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of the 17<sup>th</sup> day of September, 2020 by the Town of Tolland, Connecticut (the “Town”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$2,250,000\* General Obligation Refunding Bonds, Issue of 2020, Series B (the “Bonds”), dated September 17, 2020, 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 September 9, 2020, 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 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, 2020) as follows:

(i) Audited financial statements of the Town’s general fund, governmental funds, proprietary funds, fiduciary funds internal service and agency funds and other 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 bonded debt as of the close of the fiscal year,
- (F) net general bonded debt of the Town per capita,
- (G) ratios of the net general 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 and OPEB 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](http://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) Note 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;
- (n) appointment of a successor or additional trustee or the change of name of trustee, if material;
- (o) the incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect securities holders, if material; and
- (p) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

Note to clauses (o) and (p): For the purposes of the events identified in clauses (o) and (p) above, the term “financial obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii) but shall not include municipal securities as to which a final official statement has been provided to MSRB consistent with the Rule.

#### **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 the undertakings set forth in Section 2 of this Agreement or five (5) business days with respect to the 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, CONNECTICUT

By: \_\_\_\_\_  
MICHAEL ROSEN  
Town Manager

By: \_\_\_\_\_  
LISA A. HANCOCK  
Director of Finance and Records/Treasurer

## **Appendix C-3 – Form of Continuing Disclosure Agreement for Notes**

### **CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of the 17<sup>th</sup> day of September, 2020 by the Town of Tolland, Connecticut (the “Town”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$4,505,000 General Obligation Bond Anticipation Notes, dated September 17, 2020 (the “Notes”), for the benefit of the beneficial owners from time to time of 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 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;
- (n) appointment of a successor or additional trustee or the change of name of trustee, if material;
- (o) the incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a

financial obligation of the Town, any of which affect securities holders, if material; and

- (p) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

Note to clauses (o) and (p): For the purposes of the events identified in clauses (o) and (p) above, the term “financial obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii) but shall not include municipal securities as to which a final official statement has been provided to MSRB consistent with the Rule.

### **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 Town Manager 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, CONNECTICUT

By: \_\_\_\_\_  
MICHAEL ROSEN  
Town Manager

By: \_\_\_\_\_  
LISA A. HANCOCK  
Director of Finance and Records/Treasurer



***Appendix D***

***Notices of Sale***

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## Appendix D-1 – Notice of Sale for Series A Bonds

### NOTICE OF SALE

#### TOWN OF TOLLAND, CONNECTICUT

#### **\$10,570,000 GENERAL OBLIGATION BONDS, ISSUE OF 2020, SERIES A**

NOTICE IS GIVEN that ELECTRONIC BIDS solely via **PARITY**® will be received by the TOWN OF TOLLAND, CONNECTICUT (the “Town”), at the offices of the Town’s Municipal Advisor, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, until 11:30 A.M. (Eastern Time) on WEDNESDAY,

SEPTEMBER 9, 2020

(the “Sale Date”) for the purchase, when issued, of all (but not less than all) of the Town’s \$10,570,000 General Obligation Bonds, Issue of 2020, Series A, dated September 17, 2020 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on September 15 in the principal amounts and in each of the years as follows:

<u>Maturity</u>	<u>Amount</u>	<u>Maturity</u>	<u>Amount</u>
2021	\$530,000	2031	\$530,000
2022	\$530,000	2032	\$530,000
2023	\$530,000	2033	\$530,000
2024	\$530,000	2034	\$530,000
2025	\$530,000	2035	\$525,000
2026	\$530,000	2036	\$525,000
2027	\$530,000	2037	\$525,000
2028	\$530,000	2038	\$525,000
2029	\$530,000	2039	\$525,000
2030	\$530,000	2040	\$525,000

The Bonds will bear interest commencing March 15, 2021 and semiannually thereafter on March 15 and September 15 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

#### **Optional Redemption**

The Bonds maturing on or before September 15, 2027 are not subject to redemption prior to maturity. The Bonds maturing on September 15, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after September 15, 2027, either in whole or in part at any time, in such amounts and in such order of maturity 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>
September 15, 2027 and thereafter	100.0%

### **Nature of Obligation**

The Bonds will constitute 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 when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied against all taxable property in the Town. All property taxation is without limit as to rate or amount, except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income and of qualified disabled persons taxable at limited amounts.

### **Bank Qualification**

The Bonds SHALL NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

### **DTC Book Entry**

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. 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. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Town, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each

interest payment date. The record dates for the Bonds will be the last business day of February and August in each year.

## **Proposals**

Each bid must be for the entire \$10,570,000 of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent (1/20 of 1%) or one-eighth of one percent (1/8 of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than three (3) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on **PARITY**® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost ("TIC") to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

## **Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms**

Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the responsible bidder whose bid proposes the lowest TIC to the Town. If there is more than one responsible bidder making said offer at the same lowest TIC, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of TIC computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

## CUSIP Numbers

The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Town's Municipal Advisor will apply for CUSIP numbers for the Bonds prior to delivery. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

## Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY®** by 11:30 A.M. (Eastern Time) on Wednesday, September 9, 2020. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: [parity@i-deal.com](mailto:parity@i-deal.com)). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY®** is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via **PARITY®**, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each of **PARITY®** prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Town nor **PARITY®** shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town or **PARITY®** shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY®**. The Town is using **PARITY®** as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY®** to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY®** are the sole responsibility of the bidders; and the

Town is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY®** at (212) 849-5021. If any provision of this Notice shall conflict with information provided by **PARITY®**, this Notice shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY®** shall constitute the official time.

### **Certifying Agent, Registrar, Paying Agent and Transfer Agent**

The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will also act as Registrar, Paying Agent and Transfer Agent.

### **Delivery, Payment and Closing Requirements**

At or prior to the delivery of the Bonds the winning bidder shall be furnished, without cost, with (a) the approving opinion of Updike, Kelly & Spellacy, P.C. of Hartford, Connecticut (“Bond Counsel”) (see “Bond Counsel Opinion” below); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) an executed copy of the Continuing Disclosure Agreement (as defined below); and (f) a receipt of payment for the Bonds.

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer (“FAST”) on or about September 17, 2020.

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town’s costs of issuance except to the extent specifically stated in this Notice of Sale. The purchaser will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or “Blue Sky” laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

### **Bond Counsel Opinion**

The legality of the issue will be passed upon by Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut, Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B-1 to the Official Statement. The opinion will appear on each Bond certificate and will state that the Bonds are valid and binding obligations of the Town. Bond Counsel will require as a precondition to release of its opinion printed on the Bonds that the purchaser of such Bonds deliver to it a completed “issue price” certificate, or similar certificate, regarding expectations or public offering prices, as applicable,

with respect to the Bonds awarded to such bidder, as described below under “Establishment of Issue Price”.

### **Establishment of Issue Price**

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Michael P. Botelho, Esq., Updike, Kelly & Spellacy, P.C., 100 Pearl Street, 17th floor, Hartford, CT 06103, Telephone: (860) 548-2637, E-mail: [mbotelho@uks.com](mailto:mbotelho@uks.com) and (2) the Municipal Advisor at Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, Telephone: (203) 283-1110, E-mail: [bbernabe@muniadvisors.com](mailto:bbernabe@muniadvisors.com) (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town and the Municipal Advisor may act on behalf of the Town.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

By submitting a bid, a bidder represents to the Town that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Bonds, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Bonds, and understands that upon award by the Town that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Town.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

***Notification of Contact Information of Winning Bidder.*** Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name,



telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

***Competitive Sale Rule.*** The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Rule”) because:

- (1) the Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost (“TIC”), as set forth in this Notice of Sale.

***Competitive Sale Rule Met.*** The Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed “ISSUE PRICE CERTIFICATE” in the form attached hereto as Attachment A.

***Competitive Sale Rule Not Met.*** In the event that the Competitive Sale Rule is not satisfied, the Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder. The Town may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Bonds (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Bonds as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 3:30 p.m. (E.D.T.) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity of Bonds has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities of the Bonds that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Town, or Bond Counsel on behalf of the Town, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Bonds shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Bonds subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Bonds (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Bonds to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell unsold Bonds of any Maturity to which the Hold-

the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

***Definitions.*** For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

### **Official Statement**

For more information regarding the Bonds or the Town, reference is made to the Preliminary Official Statement dated September 2, 2020 (the “Official Statement”) describing the Bonds and the financial condition of the Town. The Official Statement is available in electronic format at [www.i-dealprospectus.com](http://www.i-dealprospectus.com), and such electronic access is being provided as a matter of convenience only. Copies of the Official Statement may be obtained from Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, Telephone: (203) 283-1110, E-mail: [bbernabe@muniadvisors.com](mailto:bbernabe@muniadvisors.com). The Town deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Town will make available to the purchaser twenty-five (25) copies of the final Official Statement at the Town’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Bonds or by the seventh (7th) business day after the day bids on the Bonds are received. If the Town’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Bonds, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

### **Continuing Disclosure Agreement**

As required by the Rule, the Town will undertake, pursuant to a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), to provide annual financial information and operating data including audited financial statements, notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of the occurrence of such events, and timely notice of any failure by the Town to provide annual financial information on or before the date specified in the Continuing Disclosure Agreement. A form of the Continuing Disclosure Agreement is attached to the Official Statement as Appendix C-1. The purchaser’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to delivery of the Bonds, an executed Continuing Disclosure Agreement.

TOWN OF TOLLAND, CONNECTICUT

MICHAEL ROSEN  
Town Manager

LISA A. HANCOCK  
Treasurer

September 2, 2020

**ATTACHMENT A**

**ISSUE PRICE CERTIFICATE**

***(Competitive Sale Requirements Satisfied)***

TOWN OF TOLLAND, CONNECTICUT  
\$10,570,000 GENERAL OBLIGATION BONDS, ISSUE OF 2020, SERIES A  
Dated September 17, 2020

The undersigned, on behalf of [UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Due Authorization.*** The undersigned is a duly authorized representative of [SHORT NAME OF UNDERWRITER], the purchaser of the Bonds.

2. ***Purchase Price.*** The TOWN OF TOLLAND, CONNECTICUT (the “Issuer”) sold to [SHORT NAME OF UNDERWRITER], for delivery on or about September 17, 2020, the Bonds at a price of par (\$10,570,000), plus an aggregate net premium of \$\_\_\_\_\_ and less an underwriter’s discount of \$\_\_\_\_\_, resulting in an aggregate net purchase price of \$\_\_\_\_\_.

3. ***Reasonably Expected Initial Offering Price.***

(a) As of September 9, 2020 (the “Sale Date”), the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as **Schedule B** is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

4. ***Defined Terms.***

(a) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

5. ***Representations and Information.*** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Bonds under the Code and with respect to compliance with the federal income tax rules affecting the Bonds. Updike, Kelly & Spellacy, P.C., bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Bonds. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of September 17, 2020.

[UNDERWRITER]

By: \_\_\_\_\_  
Name:  
Title:

**Schedule A to Issue Price Certificate**

<u>Maturity, September 15</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Price (\$, not Yield)</u>
2021	\$530,000		
2022	\$530,000		
2023	\$530,000		
2024	\$530,000		
2025	\$530,000		
2026	\$530,000		
2027	\$530,000		
2028	\$530,000		
2029	\$530,000		
2030	\$530,000		
2031	\$530,000		
2032	\$530,000		
2033	\$530,000		
2034	\$530,000		
2035	\$525,000		
2036	\$525,000		
2037	\$525,000		
2038	\$525,000		
2039	\$525,000		
2040	\$525,000		

**Schedule B to Issue Price Certificate**



## Appendix D-2 – Notice of Sale for Series B Bonds

### NOTICE OF SALE

#### TOWN OF TOLLAND, CONNECTICUT

#### **\$2,250,000\* GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2020, SERIES B**

NOTICE IS GIVEN that ELECTRONIC BIDS solely via **PARITY**® will be received by the TOWN OF TOLLAND, CONNECTICUT (the “Town”), at the offices of the Town’s Municipal Advisor, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, until 12:00 Noon (Eastern Time) on WEDNESDAY,

SEPTEMBER 9, 2020

(the “Sale Date”) for the purchase, when issued, of all (but not less than all) of the Town’s \$2,250,000\* General Obligation Bonds, Issue of 2020, Series B, dated September 17, 2020 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on August 1 in the principal amounts and in each of the years as follows:

<u>Maturity*</u>	<u>Amount*</u>
2021	\$540,000
2022	\$340,000
2023	\$340,000
2024	\$155,000
2025	\$180,000
2026	\$180,000
2027	\$130,000
2028	\$130,000
2029	\$130,000
2030	\$125,000

The Bonds will bear interest commencing February 1, 2021 and semiannually thereafter on February 1 and August 1 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

The Bonds are NOT subject to redemption prior to maturity.

#### **Nature of Obligation**

The Bonds will constitute 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 when due. Unless paid from

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\* Preliminary, subject to change.

other sources, the Bonds are payable from ad valorem taxes which may be levied against all taxable property in the Town. All property taxation is without limit as to rate or amount, except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income and of qualified disabled persons taxable at limited amounts.

### **Bank Qualification**

The Bonds SHALL NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

### **DTC Book Entry**

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. 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. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Town, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates for the Bonds will be the fifteenth day of January and July, or preceding day if such fifteenth day is not a business day, in each year.

## **Proposals**

Each bid must be for the entire \$2,250,000\* of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent (1/20 of 1%) or one-eighth of one percent (1/8 of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than three (3) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost ("TIC") to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

## **Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms**

Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the responsible bidder whose bid proposes the lowest TIC to the Town. If there is more than one responsible bidder making said offer at the same lowest TIC, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of TIC computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

## **Adjustment of Principal Amount and Maturity Schedule of the Bonds**

Notwithstanding anything to the contrary contained herein, after the receipt of all bids, the Town reserves the right to adjust the aggregate principal amount of the Bonds and to increase or decrease the principal amount of individual maturities of the Bonds and the final purchase price of the Bonds, even if the aggregate principal amount of the Bonds is unchanged. Prior to award, the successful bidder will be required to provide the coupon, yield and reoffering price information to be included in the issue price certificate, if requested, for purposes of determining

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\* Preliminary, subject to change.

the adjustment. The Town will make every effort to maintain the underwriting discount percentage based on the bid and reoffering price information.

The adjustments are at the sole discretion of the Town. A bidder may not withdraw its bid for the Bonds or change interest rates or reoffering prices of its bid, as a result of any changes made, and agrees to purchase the Bonds based on the adjustments, if any, described herein.

## **CUSIP Numbers**

The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Town's Municipal Advisor will apply for CUSIP numbers for the Bonds prior to delivery. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

## **Electronic Proposals Bidding Procedure**

Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY®** by 12:00 Noon (Eastern Time) on Wednesday, September 9, 2020. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: [parity@i-deal.com](mailto:parity@i-deal.com)). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY®** is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via **PARITY®**, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each of **PARITY®** prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Town nor **PARITY®** shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the

Town or **PARITY®** shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY®**. The Town is using **PARITY®** as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY®** to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY®** are the sole responsibility of the bidders; and the Town is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY®** at (212) 849-5021. If any provision of this Notice shall conflict with information provided by **PARITY®**, this Notice shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY®** shall constitute the official time.

### **Certifying Agent, Registrar, Paying Agent and Transfer Agent**

The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will also act as Registrar, Paying Agent and Transfer Agent.

### **Delivery, Payment and Closing Requirements**

At or prior to the delivery of the Bonds the winning bidder shall be furnished, without cost, with (a) the approving opinion of Updike, Kelly & Spellacy, P.C. of Hartford, Connecticut ("Bond Counsel") (see "Bond Counsel Opinion" below); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) an executed copy of the Continuing Disclosure Agreement (as defined below); and (f) a receipt of payment for the Bonds.

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer ("FAST") on or about September 17, 2020.

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town's costs of issuance except to the extent specifically stated in this Notice of Sale. The purchaser will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

## **Bond Counsel Opinion**

The legality of the issue will be passed upon by Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut, Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B-2 to the Official Statement. The opinion will appear on each Bond certificate and will state that the Bonds are valid and binding obligations of the Town. Bond Counsel will require as a precondition to release of its opinion printed on the Bonds that the purchaser of such Bonds deliver to it a completed “issue price” certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Bonds awarded to such bidder, as described below under “Establishment of Issue Price”.

## **Establishment of Issue Price**

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Michael P. Botelho, Esq., Updike, Kelly & Spellacy, P.C., 100 Pearl Street, 17th floor, Hartford, CT 06103, Telephone: (860) 548-2637, E-mail: [mbotelho@uks.com](mailto:mbotelho@uks.com) and (2) the Municipal Advisor at Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, Telephone: (203) 283-1110, E-mail: [bbernabe@muniadvisors.com](mailto:bbernabe@muniadvisors.com) (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town and the Municipal Advisor may act on behalf of the Town.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

By submitting a bid, a bidder represents to the Town that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Bonds, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Bonds, and understands that upon award by the Town that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Town.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

***Notification of Contact Information of Winning Bidder.*** Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

***Competitive Sale Rule.*** The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Rule”) because:

- (1) the Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost (“TIC”), as set forth in this Notice of Sale.

***Competitive Sale Rule Met.*** The Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed “ISSUE PRICE CERTIFICATE” in the form attached hereto as Attachment A.

***Competitive Sale Rule Not Met.*** In the event that the Competitive Sale Rule is not satisfied, the Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder. The Town may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Bonds (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Bonds as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 3:30 p.m. (E.D.T.) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity of Bonds has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities of the Bonds that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Town, or Bond Counsel on behalf of the Town, shall promptly confirm

with the winning bidder, via e-mail, which Maturities of the Bonds shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Bonds subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Bonds (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Bonds to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell unsold Bonds of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.



**Definitions.** For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

### **Official Statement**

For more information regarding the Bonds or the Town, reference is made to the Preliminary Official Statement dated September 2, 2020 (the “Official Statement”) describing the Bonds and the financial condition of the Town. The Official Statement is available in electronic format at [www.i-dealprospectus.com](http://www.i-dealprospectus.com), and such electronic access is being provided as a matter of convenience only. Copies of the Official Statement may be obtained from Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, Telephone: (203) 283-1110, E-mail: [bbernabe@muniadvisors.com](mailto:bbernabe@muniadvisors.com). The Town deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Town will make available to the purchaser twenty-five (25) copies of the final Official Statement at the Town’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Bonds or by the seventh (7th) business day after the day bids on the Bonds are received. If the Town’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Bonds, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

## **Continuing Disclosure Agreement**

As required by the Rule, the Town will undertake, pursuant to a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), to provide annual financial information and operating data including audited financial statements, notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of the occurrence of such events, and timely notice of any failure by the Town to provide annual financial information on or before the date specified in the Continuing Disclosure Agreement. A form of the Continuing Disclosure Agreement is attached to the Official Statement as Appendix C-2. The purchaser’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to delivery of the Bonds, an executed Continuing Disclosure Agreement.

TOWN OF TOLLAND, CONNECTICUT

MICHAEL ROSEN  
Town Manager

LISA A. HANCOCK  
Treasurer

September 2, 2020

## ATTACHMENT A

### ISSUE PRICE CERTIFICATE

#### *(Competitive Sale Requirements Satisfied)*

TOWN OF TOLLAND, CONNECTICUT  
\$2,250,000\* GENERAL OBLIGATION BONDS, ISSUE OF 2020, SERIES B  
Dated September 17, 2020

The undersigned, on behalf of [UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Due Authorization.*** The undersigned is a duly authorized representative of [SHORT NAME OF UNDERWRITER], the purchaser of the Bonds.

2. ***Purchase Price.*** The TOWN OF TOLLAND, CONNECTICUT (the “Issuer”) sold to [SHORT NAME OF UNDERWRITER], for delivery on or about September 17, 2020, the Bonds at a price of par (\$2,250,000\*), plus an aggregate net premium of \$\_\_\_\_\_ and less an underwriter’s discount of \$\_\_\_\_\_, resulting in an aggregate net purchase price of \$\_\_\_\_\_.

3. ***Reasonably Expected Initial Offering Price.***

(a) As of September 9, 2020 (the “Sale Date”), the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as **Schedule B** is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

4. ***Defined Terms.***

(a) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or

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\* Preliminary, subject to change.

more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

5. ***Representations and Information.*** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Bonds under the Code and with respect to compliance with the federal income tax rules affecting the Bonds. Updike, Kelly & Spellacy, P.C., bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Bonds. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of September 17, 2020.

[UNDERWRITER]

By: \_\_\_\_\_  
Name:  
Title:

**Schedule A to Issue Price Certificate**

<u>Maturity, August 1*</u>	<u>Principal Amount (\$)*</u>	<u>Interest Rate (%)</u>	<u>Price (\$, not Yield)</u>
2021	\$540,000		
2022	\$340,000		
2023	\$340,000		
2024	\$155,000		
2025	\$180,000		
2026	\$180,000		
2027	\$130,000		
2028	\$130,000		
2029	\$130,000		
2030	\$125,000		

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\* Preliminary, subject to change.

**Schedule B to Issue Price Certificate**

## **Appendix D-3 – Notice of Sale for Notes**

### **NOTICE OF SALE**

#### **TOWN OF TOLLAND, CONNECTICUT**

#### **\$4,505,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

PROPOSALS will be received by the TOWN OF TOLLAND, CONNECTICUT (the “Town”), by TELEPHONE BID by an authorized agent of Phoenix Advisors, LLC, the Town’s Municipal Advisor, at (203) 283-1110 and by ELECTRONIC BID via PARITY® at the offices of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, until 11:00 A.M. (Eastern Time) on WEDNESDAY,

SEPTEMBER 9, 2020

for the purchase, when issued, of all, or any part of, the Town’s \$4,505,000 General Obligation Bond Anticipation Notes, dated September 17, 2020 and due September 16, 2021 (the “Notes”).

The Notes are due and payable as to both principal and interest at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are **not** subject to redemption prior to maturity.

**Nature of Obligation.** The Notes will constitute general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due. Unless paid from other sources, the Notes are payable from ad valorem taxes levied against all taxable property subject to taxation by the Town. All property taxation is without limit as to rate or amount, except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income and of qualified disabled persons taxable at limited amounts.

**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 interest expense allocable to the Notes.

**Delivery Date and Payment.** The Notes will be delivered against payment in immediately available federal funds through the facilities of The Depository Trust Company, New York, New York on September 17, 2020.

**Book-Entry.** The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede &

Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000, or any integral multiples thereof, with transfers of ownership affected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. Upon receipt from the Town, the Paying Agent will pay principal of and interest on the Notes directly to DTC so long as DTC or its nominee, Cede & Co, is the noteholder.

**Bid Terms and Basis of Award.** Except as otherwise provided herein, bidders may submit proposals for all or any part of the Notes, but any proposal for a part must be for a minimum of \$100,000 of principal amount or integral multiples of \$5,000 in excess thereof. A separate proposal is required for each part of the Notes for which a separate stated interested rate is bid. Bidders are to name one rate of interest in a multiple of one hundredths (1/100ths) of one per cent for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest cost to the Town, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest cost, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified. No bid for less than par and accrued interest, if any, will be considered. The Town reserves the right to award to any bidder all or any part of the Notes bid in its proposal. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to four places. The right is reserved to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

**Telephone Proposals Bidding Procedure.** Telephone bids for the purchase of the Notes will be received until 11:00 A.M. (Eastern Time) on behalf of the Town by telephone call to Phoenix Advisors, LLC, the Town's Municipal Advisor, at (203) 283-1110. All telephone bids must be completed by 11:00 A.M. (Eastern Time) on Wednesday, September 9, 2020, and shall be submitted in the form of the Bid Form attached hereto as Attachment A. All telephone bids shall be deemed to incorporate the provisions of this Notice of Sale.



For the purpose of the bidding process, the time maintained by the Town's Municipal Advisor shall constitute the official time.

**Electronic Proposals Bidding Procedure.** Electronic bids for the purchase of the Notes must be submitted through the facilities of **PARITY®** by 11:00 A.M. (Eastern Time) on Wednesday, September 9, 2020. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: [parity@i-deal.com](mailto:parity@i-deal.com)). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe. All bids shall be deemed to incorporate the provisions of this Notice.

Once an electronic bid made through the facilities of **PARITY®** is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Town. By submitting a bid for the Notes via **PARITY®**, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each of **PARITY®** prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Town nor **PARITY®** shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town or **PARITY®** shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY®**. The Town is using **PARITY®** as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Notes. The Town is not bound by any advice and determination of **PARITY®** to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY®** are the sole responsibility of the bidders; and the Town is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY®** at (212) 849-5021. If any provision of this Notice shall conflict with information provided by **PARITY®**, this Notice shall control.

For the purpose of the sealed proposals bidding procedure and the electronic proposals bidding procedure, the time maintained on **PARITY®** shall constitute the official time.

**Certifying Agent, Registrar, Paying Agent and Transfer Agent.** The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will also act as Registrar, Paying Agent and Transfer Agent.

**Bond Counsel Opinion.** The legality of the issue will be passed upon by Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form attached as Appendix B-3 to the Official Statement. The opinion will appear on each Note certificate and will state that the Notes are valid and binding obligations of the Town. Absent special circumstances preventing compliance, Bond Counsel will require as a precondition to release of its opinion printed on the Notes that the purchaser of such Notes deliver to it a completed “issue price” certificate regarding public offering prices with respect to the Notes awarded to such bidder, as described below under “Establishment of Issue Price”.

**Establishment of Issue Price.** In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Notes an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Michael Botelho, Esq., Updike, Kelly & Spellacy, P.C., 100 Pearl Street, 17th floor, Hartford, CT 06103, Telephone: (860) 548-2637, E-mail: [mbotelho@uks.com](mailto:mbotelho@uks.com) and (2) the Municipal Advisor at Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, Telephone: (203) 283-1110, E-mail: [bbernabe@muniadvisors.com](mailto:bbernabe@muniadvisors.com) (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town and the Municipal Advisor may act on behalf of the Town.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

By submitting a bid, a bidder represents to the Town that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Notes, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the

Notes, and understands that upon award by the Town that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Town.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

***Notification of Contact Information of Winning Bidder.*** Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

***Competitive Sale Rule.*** The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Rule”) because:

- (1) the Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest true interest cost (“TIC”), as set forth in this Notice of Sale.

***Competitive Sale Rule Met.*** The Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed “ISSUE PRICE CERTIFICATE” in the form attached hereto as Attachment B.

***Competitive Sale Rule Not Met.*** In the event that the Competitive Sale Rule is not satisfied, the Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder. The Town may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Notes (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Notes as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 3:30 p.m. (Eastern Time) on the Sale Date, shall

notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (A)(I) of the first price at which ten percent (10%) of each Maturity of Notes has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities of the Notes that satisfy the Actual Sales Rule as of the Sale Date, and (B) those Maturities of the Notes that the winning bidder is purchasing for its own account and not with a view to distribution or resale of such Maturity to the Public. After such receipt, the Town, or Bond Counsel on behalf of the Town, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Notes shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Notes subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Notes (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Notes to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Notes, that each Underwriter will neither offer nor sell unsold Notes of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Notes of

each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

**Definitions.** For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

**Official Statement.** For more information regarding the Notes or the Town, reference is made to the Preliminary Official Statement dated September 2, 2020 (the “Official Statement”) describing the Notes and the financial condition of the Town. The Official Statement is available in electronic format at [www.i-dealprospectus.com](http://www.i-dealprospectus.com), and such electronic access is being provided as a matter of convenience only. Copies of the Official Statement may be obtained from the Municipal Advisor. The Town deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Town will make available to the purchaser five (5) copies of the final Official Statement at the Town’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Notes or by the seventh (7th) business day after the day bids on the Notes are received. If the Town’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing

underwriter of the Notes, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

**Continuing Disclosure.** As required by the Rule, the Town will undertake, pursuant to a Continuing Disclosure Agreement, to provide notice of the occurrence of certain events with respect to the Notes within ten (10) business days of the occurrence of such events. The Continuing Disclosure Agreement will be substantially in the form attached as Appendix C-3 to the Official Statement. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to delivery of the Notes, an executed copy of the Continuing Disclosure Agreement.

**Delivery, Payment and Closing Requirements.** The Notes will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer ("FAST") on or about September 17, 2020. At or prior to the delivery of the Notes, the winning bidder shall be furnished, without cost, with (a) the approving opinion of Updike, Kelly & Spellacy, P.C. of Hartford, Connecticut (see "Bond Counsel Opinion" above); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this note issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement, (e) an executed copy of the Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes.

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town's costs of issuance except to the extent specifically stated in this Notice of Sale. The purchaser will be responsible for the clearance or exemption with respect to the status of the Notes for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

**CUSIP Numbers.** The deposit of the Notes with DTC under book-entry system requires the assignment of CUSIP numbers prior to delivery. The Town's Municipal Advisor will apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid by the Town provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

TOWN OF TOLLAND, CONNECTICUT

By: MICHAEL ROSEN  
Town Manager

By: LISA A. HANCOCK  
Director of Finance and Records/Treasurer

September 2, 2020

(See attached form of Proposal for Notes)

**ATTACHMENT A**

**BID FORM – PROPOSAL FOR NOTES**

Michael Rosen, Town Manager  
Lisa A. Hancock, Director of Finance and Records/Treasurer  
Town of Tolland  
21 Tolland Green  
Tolland, CT 06084

Tolland Town Officials:

Subject to the provisions of the Notice of Sale dated September 2, 2020, which Notice is made part of this proposal, we offer to purchase the indicated principal amount of the \$4,505,000 General Obligation Bond Anticipation Notes of the Town of Tolland (the "Issuer") and to pay therefor par and pay the premium specified below, if any, as follows:

For \$\_\_\_\_\_ of \$4,505,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Issuer, dated September 17, 2020 and maturing on September 16, 2021, bearing an interest rate of \_\_\_\_\_% per annum, we bid par plus a premium of \$\_\_\_\_\_. The net interest cost to the Issuer is \_\_\_\_\_% (four decimals).

For \$\_\_\_\_\_ of \$4,505,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Issuer, dated September 17, 2020 and maturing on September 16, 2021, bearing an interest rate of \_\_\_\_\_% per annum, we bid par plus a premium of \$\_\_\_\_\_. The net interest cost to the Issuer is \_\_\_\_\_% (four decimals).

For \$\_\_\_\_\_ of \$4,505,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, of the Issuer, dated September 17, 2020 and maturing on September 16, 2021, bearing an interest rate of \_\_\_\_\_% per annum, we bid par plus a premium of \$\_\_\_\_\_. The net interest cost to the Issuer is \_\_\_\_\_% (four decimals).

This undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of Notes in immediately available federal funds on the date of the Notes.

Dated: September 9, 2020

\_\_\_\_\_  
(Name of Bidder)

\_\_\_\_\_  
(Mailing Address)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Facsimile Number)

\_\_\_\_\_  
(E-mail Address)



## **ATTACHMENT B**

### **ISSUE PRICE CERTIFICATE**

Town of Tolland, Connecticut  
\$[Par] General Obligation Bond Anticipation Notes  
Dated and Issued September 17, 2020

The undersigned, on behalf of [Underwriter] (“[Short Name of Underwriter]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Notes”).

1. ***Due Authorization.*** The undersigned is a duly authorized representative of [Short Name of Underwriter], the purchaser of the Notes.

2. ***Purchase Price.*** The Town of Tolland, Connecticut (the “Issuer”) sold to [Short Name of Underwriter], for delivery on or about September 17, 2020 (the “Issue Date”), the Notes at a price of par (\$[Par]), plus an aggregate net premium of \$\_\_\_\_\_ and less an underwriter’s discount of \$\_\_\_\_\_, resulting in an aggregate net purchase price of \$\_\_\_\_\_.

3. ***Reasonably Expected Initial Offering Price.***

(a) As of September 9, 2020 (the “Sale Date”), the reasonably expected initial offering price(s) of the Notes to the Public by [Short Name of Underwriter] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Notes used by [Short Name of Underwriter] in formulating its bid to purchase the Notes. Attached as **Schedule B** is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the Notes.

(b) [Short Name of Underwriter] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the Notes.

4. ***Defined Terms.***

(a) “Maturity” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the

initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

5. ***Representations and Information.*** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (collectively, the "Code"). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Notes under the Code and with respect to compliance with the federal income tax rules affecting the Notes. Updike, Kelly & Spellacy, P.C., bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Notes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Notes. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of September 17, 2020.

[UNDERWRITER]

By: \_\_\_\_\_  
Name:  
Title:

**Schedule A to Issue Price Certificate**

Maturity <u>Date</u>	<u>Principal Amount (\$)</u>	Interest <u>Rate (%)</u>	Price <u>(\$, not Yield)</u>
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**Schedule B to Issue Price Certificate**

[Copy of Bid]