

**TOWN OF TOLLAND,
CONNECTICUT**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2010

TOWN OF TOLLAND, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL
REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared by:
The Finance Department

Christine K. Hutton
Director of Finance and Records

TOWN OF TOLLAND, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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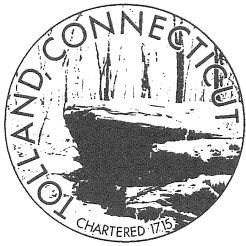
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Introductory Section



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

November 23, 2010

To the Members of the Town Council and Citizens of the Town of Tolland:

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Town of Tolland for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the Town of Tolland. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Tolland has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Tolland's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the Town of Tolland's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Tolland's financial statements have been audited by Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Tolland for the fiscal year ended June 30, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Tolland's financial statements for the fiscal year ended June 30, 2010 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Town of Tolland

Tolland is a residential community of 40.4 square miles and a population of 14,853 that retains impressive remnants of its rural past and substantial areas of protected open space. Expanding commercial and industrial resources are notably bolstering the economic base of the Town but in a way consistent with planning designed

to preserve the community's character. Tolland was ranked 27th on Money Magazine's 2009 "100 best Places to Live" in the United States.

Tolland is located 20 miles northeast of Hartford and approximately 90 miles southwest of Boston, Massachusetts. Interstate 84, a major east-west transportation corridor, bisects the Town. Bradley International Airport - approximately 25 minutes driving time away - provides convenient air connections to the rest of the country and the world. A majority of the Town's labor force is employed in the central Connecticut area, primarily in the financial services, industrial, governmental and higher education sectors. Significant to the Town in several ways, the main campus of the University of Connecticut is within 10 miles to virtually any point within the Town.

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

The Town is an outer-ring suburb of the Hartford metropolitan area. Over 97% of its dwellings are owner-occupied, single-family homes. Land subdivision activity and housing starts have stalled and the Town's population is expected to increase only slightly through the next decade.

Our form of government is a Council/Manager Government, which was approved in 1972. The legislative function is performed by a Town Council consisting of seven members elected at large. The Council formulates public policy, which the Town administration is entrusted to implement. The Board of Education, which is the governing body of the school district, appoints the superintendent of schools to implement its policies. The Chief Executive Officer of the community is the Town Manager, who is appointed for an indefinite term by the Town Council. The Manager has appointive and removal authority over department heads and other employees of the Town.

The Town of Tolland provides its residents with a complete level of municipal services. The Town Administration is organized around five primary divisions:

- Planning and Community Development: This comprehensive development office houses the departments of Planning and Zoning, Inland Wetlands Enforcement, Building Inspection and Health code inspections.
- Community Services: This division includes Human Services, Elderly, Youth, Library and Recreation Services.
- Public Safety: This division includes Police (under contract with the Connecticut State Police), a combination volunteer/paid Fire and Ambulance Department and Animal Control Services.
- Public Works: This division includes the departments of Highway Maintenance, Parks and Facilities and Solid Waste and Recycling.
- Finance and Records: This division includes Accounting, Town Clerk, Town Assessment Services and Revenue Collection.

The above divisions are supervised by a professional Town Manager. The Office of the Town Manager includes a Director of Administrative Services who handles the human resources function for all the Town employees.

The Town has successfully privatized and contracted out several municipal services. Examples include the construction/reconstruction of roads, snow plowing of selected routes, refuse and recyclable collection, sewer capacity and certain social service functions such as health services through the Eastern Highland Health District.

The Town of Tolland provides water and sewer services to a small sector of the community. Approximately 506 residences and 19 businesses are serviced by the Tolland water system, while the Connecticut Water Company services other designated sections throughout the Town. Public sewers are available in the west central portion of the Town, which includes the expanded Business Park, from there down Old Post Road and up Route 195 to the schools and through the Gateway Zone to the new high school. An extension to the system is scheduled for completion by the Fall of 2010.

The Tolland Nonprofit Housing Corporation, which was previously a discretely presented component unit, is now incorporated in the non-major funds due to minimal activity over the last several years. In addition, the Library Foundation, which once was audited independently, has been included in these funds.

The annual budget serves as the foundation for the Town's financial planning and control. A five year Capital Improvement Plan is presented, with the annual budget, but only the first year is adopted. The programs, as presented, are generally followed over the course of the five year planning period. The Town maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the budget referendum. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. All anticipated expenditures are approved first through a purchase order signed by the Town Manager and the Director of Finance and Records. Encumbrances are reserved against appropriations made through contracts or commitments to vendors. Purchase orders that would result in an over expenditure of an appropriation are not issued until transfers or additional appropriations are made. Council approval is required for transfers between departments. Management approval is required for transfers within departments. As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, NOTE 2 (A) in the Notes to Basic Financial Statements describes the budget process used by the Town.

Local Economy

Although Tolland continues to be a town with a strong emphasis on land preservation, it has taken great steps to expand and encourage commercial growth both in the Industrial Park and the Gateway Zone.

The award of state grants has enabled roads to be extended in the Industrial Park allowing Dari Farms to relocate and expand their business. That expansion also provided space for both NESTEEL and Wilson Woodworking to finish construction of their new buildings which have recently opened. The most recent expansion of the road network within the Park allowed for three additional lots to be available. An athletic complex housing indoor fields and an aquatic facility is occupying one of the lots and opened in late November 2009, leaving two additional lots available for sale.

The Gateway applies to the area in the vicinity of exit 68 off Interstate 84 which serves as the main gateway to Tolland and also as the primary vehicular connection to the University of Connecticut's main campus which is approximately seven miles southeast along Route 195. The Town is currently completing a sewer extension

project on Route 195 in the area identified as a future technology zone. The Planning and Zoning Commission is continuing to work on a visioning exercise for the approximately 100 acres of land on both sides of Route 195 leading into the Tolland Green. More detailed planning in the area is ongoing which will ultimately lead to revised zoning regulations for the area.

The southwest quadrant of the Gateway has been developed into a 120,000 square-foot commercial site currently housing a 60,000 square-foot Big Y supermarket, a branch of a local bank, medical offices occupied by affiliates of ECHN and several retail stores.

Tolland's attractiveness to new business and general population, as evidenced by its growth, has been the topic of publication as of late. Government statistics show a well-educated citizenry with a median household income of \$98,918. Unemployment rates have historically averaged below 3.5%, well below the state average, as most of Tolland's labor force travels to employment within the Hartford region; however, recently with the economic downturn, the unemployment rate in Tolland increased to 6.4% as the State of Connecticut increased to 8.9%.

Long-Term Financial Planning

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

Financial Policies and Practices

The Town of Tolland invested some of its available cash, throughout the year, in short-term certificates of deposit and in municipal money market accounts. A minimum of three financial institutions were polled to determine the best rates. Several alternative investment vehicles were employed including the Connecticut State Treasury Short Term Investment Fund (STIF) and MBIA Class Plus fund. STIF is an investment pool managed by the State of Connecticut Office of the State Treasurer. All of these options offer safety of principal, liquidity of investments and competitive yields which is compliant with guidelines set forth in the Investment Policy adopted by the Tolland Town Council.

Interest income for the General Fund in 2010 amounted to \$118,672 compared to \$292,959 in 2009. The decrease resulted from the steady decline in interest rates throughout the fiscal year.

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

Major Initiatives

The Town is currently in the process of completing Phase II of its State mandated Sewer Facility Plan. The sewer extensions have greatly enhanced the prospects of the Gateway business area beginning with a

commercial campus in the southwest quadrant of the Gateway. This 130,000 square-foot development includes a Big Y supermarket of 60,000 square-feet and three smaller business buildings housing a new branch for a bank, among other tenants.

The Town has completed a study of traffic improvements on the Tolland Green by using funds obtained through the Capital Region Council of Governments. The Town has also received a \$200,000 STEAP Grant to combine with sewer assessments for the extension of sewers on Route 195 in the area identified as the Technology Corridor Zone. The Planning and Zoning Commission is in the process of preparing a conceptual design for the Tolland Village Center, an area of land located in close proximity the Interstate. Meetings are ongoing with stakeholders and public officials and planning should be complete within the next year.

The Town is in the design phase for the replacement of the HVAC system in its Town Hall. The 40,000 square foot building has an outdated system that is prepared to be replaced with a geothermal system. If approved, the project would commence in the next year.

The Town has also used grant funds to extend walking trails through parks, purchase land for elderly housing and to extend the water line to the Tolland Middle School.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Tolland for its Comprehensive Annual Financial Report for the year ended June 30, 2009. This was the seventeenth consecutive year that the Town of Tolland has received this prestigious award and its seventh year in compliance with GASB Statement 34 requirements. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Additionally, the Town received the Distinguished Budget Presentation Award for 2010-2011 budget from GFOA. This is the highest form of recognition in governmental budgeting.

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

Respectfully submitted,



Christine K. Hutton
Director of Finance and Records



Steven R. Werbner
Town Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Tolland Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION


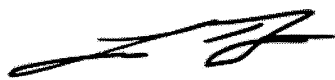
*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Tolland
Connecticut**

For the Fiscal Year Beginning

July 1, 2010



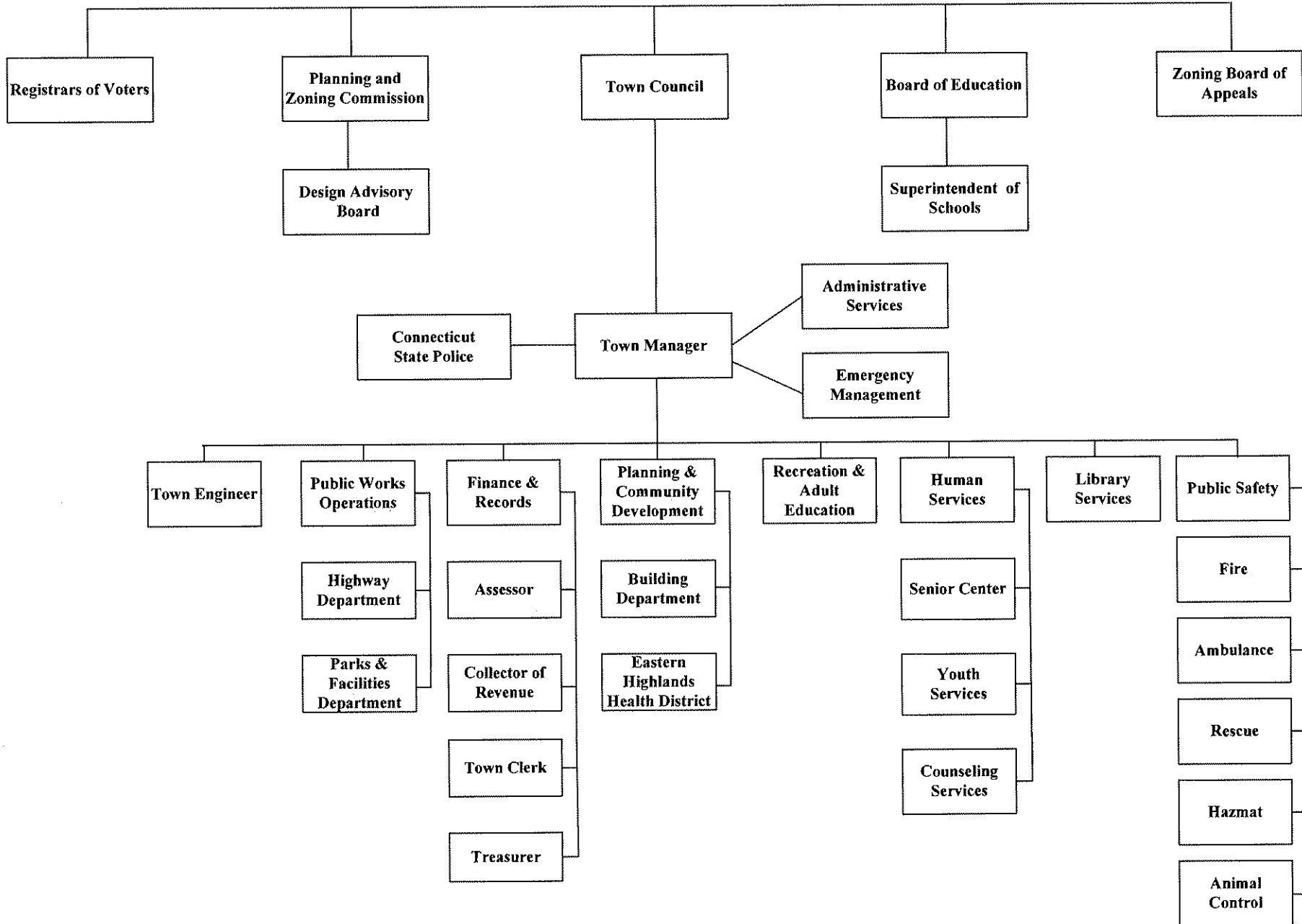
President

Executive Director

Town of Tolland

Organization Chart

The Tolland Citizenry



TOWN OF TOLLAND, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2010

Town Council

Frederick M. Daniels, Chairperson
MaryAnn Delaney Tuttle, Vice Chairperson
April C. Teveris
Dale M. Clayton
Craig R. Nussbaum
Jack M. Flynn
Harvey R. Gilbert

Board of Education

Robert P. Pagoni, Chairperson
Gayle A. Block, Vice Chairperson
Robert A. Powell
E. Steve Clark
Karen L. Bresciano
Judith C. Grabowicz
Diane B. Clokey
Thomas J. Frattaroli
Christine R. Howard

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Town Council
Town of Tolland, Connecticut

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, 2010, which collectively comprise the Town of Tolland, Connecticut's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2010 on our consideration of the Town of Tolland, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Blum, Shapiro & Company, P.C.

November 23, 2010

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

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, 2010. 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 \$106,636,837 (net assets). Of this amount, \$15,668,833 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- On a government-wide basis, the government's total net assets decreased by \$374,150. This decrease is attributable to a decrease in capital assets.
- The total cost of all Town services for the fiscal year 2010 was \$58,359,850, of which \$57,674,137 was for governmental services and \$685,713 for business-type activities.
- At the close of the current fiscal year, the Town of Tolland's governmental funds reported combined ending fund balances of \$11,493,577. The combined fund balances decreased by \$510,153 over the fund balance for 2008/2009. Increases in the fund balances of General Fund and Nonmajor government funds of \$355,910 and \$110,662, respectively, was attributable to greater than anticipated revenues and lower expenditures. This increase was offset by decreases in CDBG Small Cities, Bonded Capital project and Capital Nonrecurring funds. CDBG Small Cities and Capital Nonrecurring deficits resulted from grant revenue lagging behind expenditures. Bonded Capital projects fund is still in a negative position due to the delay in funding for the High School project. Having finally received a resolve from the State that no additional school construction monies were forthcoming, the Town issued bonds in August, 2010 to provide the needed financing.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$5,884,616, or 11.6% of General Fund expenditures and transfers out. The State of Connecticut's contribution to the teacher's retirement fund in 2009/2010 was \$2,626,935 and is included in both revenues and expenditures.
- No long-term debt was issued during 2009/2010 but the maturing bond anticipation notes were rolled over. After a \$50,000 paydown, the notes were issued for \$1,350,000 on September 10th for two months awaiting the decision from the State on the remaining School Construction Funds. In November, with no news from the State, the bond anticipation notes were re-issued until August, 2010.

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 assets* presents information on all of the Town of Tolland's assets and liabilities, with the difference reported as *net assets*. One can think of the Town's net assets, 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 assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 include only the Town of Tolland (known as the primary government), but no longer include a legally separate component unit, the Tolland Nonprofit Housing Corporation, for which the Town of Tolland is financially responsible. Due to a change in status, the component unit has been blended into the nonmajor governmental funds.

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

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

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

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

The Town of Tolland maintains 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Sewer Reserve, CDBG Small Cities, Bonded Capital Projects and Capital Nonrecurring funds, which are considered to be major funds. Data from the other 27 governmental funds are combined into a single, aggregated presentation under the caption "nonmajor governmental funds." Nonmajor governmental funds include the Dog Fund, 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, Rent Escrow, Eviction Fund, Cemetery Operations, Minnie Hicks, Training Center, Conservation Green Grant, Traffic Fund, Justice Assistance Grant, DWSRF Water Line, Tolland Library Foundation, Non-Profit Housing Unit, Field Maintenance, Cemetery Perpetual Care and Ratcliff Hicks Memorial School funds. Individual fund data for each of these nonmajor governmental funds is provided in the *form of combining statements* elsewhere in this report.

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

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

Proprietary funds. The Town of Tolland maintains two proprietary funds. The *enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Tolland uses enterprise funds to account for its Water and Sewer operations. The Sewer Fund was converted from a Special Revenue Fund to recognize the expansion of the Town's sewer operations in the 2007/2008 CAFR.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 25 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 50 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets 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 \$106,636,837 at the close of the most recent fiscal year.

By far the largest portion of the Town of Tolland's net assets (\$90,654,941) (85%) reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, water systems and infrastructure) less related debt used to acquire those assets that are still outstanding. 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 ASSETS JUNE 30, 2010 AND 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current assets	\$ 16,832,396	\$ 17,915,614	\$ 322,598	\$ 349,296	\$ 17,154,994	\$ 18,264,910
Capital assets	122,917,824	125,685,181	9,294,194	9,245,889	132,212,018	134,931,070
Noncurrent assets	2,450,614	2,691,926			2,450,614	2,691,926
Total assets	<u>142,200,834</u>	<u>146,292,721</u>	<u>9,616,792</u>	<u>9,595,185</u>	<u>151,817,626</u>	<u>155,887,906</u>
Current liabilities	6,871,243	7,160,918	67,644	57,558	6,938,887	7,218,476
Noncurrent liabilities	38,241,902	41,658,443			38,241,902	41,658,443
Total liabilities	<u>45,113,145</u>	<u>48,819,361</u>	<u>67,644</u>	<u>57,558</u>	<u>45,180,789</u>	<u>48,876,919</u>
Invested in capital assets, net of related debt	81,360,747	80,876,436	9,294,194	9,245,889	90,654,941	90,122,325
Restricted	313,063	313,063			313,063	313,063
Unrestricted	<u>15,413,879</u>	<u>16,283,861</u>	<u>254,954</u>	<u>291,738</u>	<u>15,668,833</u>	<u>16,575,599</u>
Total Net Assets	<u>\$ 97,087,689</u>	<u>\$ 97,473,360</u>	<u>\$ 9,549,148</u>	<u>\$ 9,537,627</u>	<u>\$ 106,636,837</u>	<u>\$ 107,010,987</u>

An additional portion of the Town of Tolland's total net assets, .29% or \$313,063, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15,668,833 is unrestricted net assets 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 assets, both for the Town as a whole, as well as for its separate governmental and business-type activities.

The Town's total net assets declined \$374,150 during the current fiscal year due to the decrease in capital assets that was greater than the decrease in liability. Current year expense was greater than the addition of new assets.

Governmental activities:

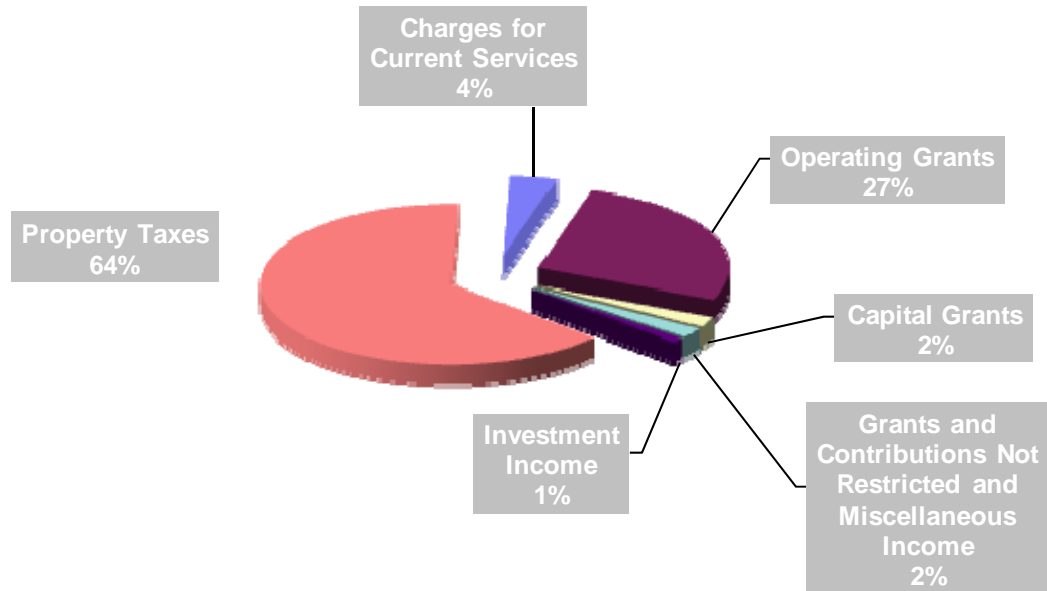
**TOWN OF TOLLAND CHANGES IN NET ASSETS
JUNE 30, 2010 AND 2009**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 2,349,228	\$ 2,596,824	\$ 426,737	\$ 408,687	\$ 2,775,965	\$ 3,005,511
Operating grants and contributions	15,676,752	15,560,242			15,676,752	15,560,242
Capital grants and contributions	1,182,048	2,469,797	159,047	10,066	1,341,095	2,479,863
General revenues:						
Property taxes	36,569,603	36,444,090			36,569,603	36,444,090
Grants and contributions not restricted to specific programs	574,468	1,273,901			574,468	1,273,901
Investment income	398,723	358,911	3,064	8,208	401,787	367,119
Miscellaneous	641,127	496,238	4,903		646,030	496,238
Total revenues	<u>57,391,949</u>	<u>59,200,003</u>	<u>593,751</u>	<u>426,961</u>	<u>57,985,700</u>	<u>59,626,964</u>
Expenses:						
Administration	1,197,703	1,161,198			1,197,703	1,161,198
Planning and community development	437,811	494,459			437,811	494,459
Community services	2,241,062	2,436,453			2,241,062	2,436,453
Public works	7,327,481	7,627,881			7,327,481	7,627,881
Public safety services	1,476,762	2,018,465			1,476,762	2,018,465
Records and financial services	1,163,683	1,224,626			1,163,683	1,224,626
Board of education	42,227,879	41,413,090			42,227,879	41,413,090
Interest expense	1,601,756	1,785,519			1,601,756	1,785,519
Sewer Fund			376,151	361,474	376,151	361,474
Water Fund			309,562	316,824	309,562	316,824
Total expenses	<u>57,674,137</u>	<u>58,161,691</u>	<u>685,713</u>	<u>678,298</u>	<u>58,359,850</u>	<u>58,839,989</u>
Excess (deficiency) before transfers	(282,188)	1,038,312	(91,962)	(251,337)	(374,150)	786,975
Transfers	<u>(103,483)</u>	<u>(20,000)</u>	<u>103,483</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(385,671)</u>	<u>1,018,312</u>	<u>11,521</u>	<u>(231,337)</u>	<u>(374,150)</u>	<u>786,975</u>
Net Assets - July 1	<u>97,473,360</u>	<u>96,455,048</u>	<u>9,537,627</u>	<u>9,768,964</u>	<u>107,010,987</u>	<u>106,224,012</u>
Net Assets - June 30	<u>\$ 97,087,689</u>	<u>\$ 97,473,360</u>	<u>\$ 9,549,148</u>	<u>\$ 9,537,627</u>	<u>\$ 106,636,837</u>	<u>\$ 107,010,987</u>

Major revenue factors included:

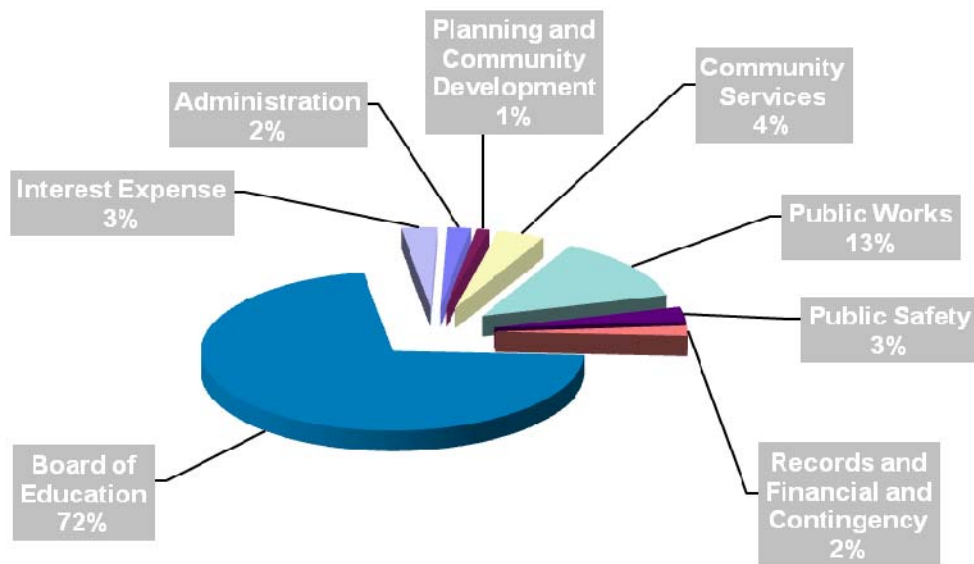
- Property tax revenues increased \$125,513 over 2009 which resulted from the combination of growth in the grand list of .81% and aggressive tax collection procedures which produced revenues at 101% of budget.
- Intergovernmental revenue overall decreased \$1,315,080 from 2009. This decline was primarily responsible for the decrease in total revenue of \$1,808,054.
- Investment earnings increased slightly over 2009 by \$39,812 in spite of depressed markets and declining interest rates due to a large endowment which produced additional interest income.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



The largest component of revenue, which is derived from property taxes, rose slightly from 61.5% to 63.1% of total revenue in the current year. Overall, revenues maintained similar proportions to total revenues as in 2009.

EXPENDITURES BY SOURCE - GOVERNMENTAL ACTIVITIES



For governmental activities, 73.2% of the Town's expenditures relate to education, 12.7% to public works, 3.9% to community services, 2.6% to public safety, 2% to records & financial services, 2% to administration, 2.8% to interest payments on long-term debt and 0.8% to planning and community development.

The Board of Education expenditures captured a slightly larger percentage of a lower expenditure total. Within the Town, all service areas decreased, except administration, due to conservative spending. Administration expenditures grew due to an increase in employee benefits.

Business-type activities. Business-type activities increased the Town of Tolland's net assets by \$11,521 after a decrease in 2009. Key elements of this year's activities are as follows:

- Water Fund and Sewer Fund both experienced operating losses for a combined \$91,962. The non-operating revenues as well as the donation and capital contributions of both funds helped to offset the losses but sewer fund still had a decrease in net assets. Overall, the change in net assets for the two funds was a positive \$11,521.
- Water fund expanded its distribution lines with the help of grants and capital contributions from other funds amounting to \$159,047.
- Water fund closed the year with a positive change of \$75,985 while sewer fund continued to experience a loss which this year amounted to \$64,464. The sewer fund has a relatively small user base and is currently not able to keep up with necessary expenses.

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, *unreserved 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 \$12,003,730, a decrease of \$510,153 from the previous year. This decrease resulted primarily from a change in the fund balance of the bonded capital projects due to a timing difference between expenditures and permanent financing. Funds were expended in 2008/2009 and 2009/2010 and revenue was not recognized until 2010/2011 when the bonds were issued. The balance was a combination of CDBG Small Cities and Capital Nonrecurring funds which also experienced a timing difference. General fund, Sewer Reserve and Nonmajor funds helped to offset the deficit with their surplus.

The total fund balance of the governmental funds is reserved in the amount of \$1,997,873 for encumbrances, a reserve for the subsequent budget, and commitments to contractors which is higher than the previous year by \$118,312. The increase resulted from higher encumbrances and the reserve for 2010/2011 budget of \$200,000.

The General Fund is the chief operating fund of the Town of Tolland. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$5,884,616, while total fund balance was \$7,296,427. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11.7% of total general fund expenditures including transfers out. Total fund balance represents 14.4% of that same amount. The unreserved, undesignated portion of fund balance for the General Fund increased by \$129,302 during the current fiscal year while the total fund balance increased \$355,910. This increase resulted primarily from unanticipated revenue and careful scrutiny of expenditures.

Key factors contributing to the surplus in General Fund were:

- In total, property tax revenue increased \$117,753. It was not anticipated that tax revenue would increase due to sluggish receipts in the first half of the fiscal year but aggressive collection techniques by the tax office reversed this trend, so year-end tax revenues finished at 101% of what was expected.
- All other revenues, except charges for current services, decreased with the largest shortfall of \$2,026,197 in intergovernmental. This decline was primarily related to a shifting of \$1,534,973 of ECS funding from town revenue directly to the Board of Education. A portion of the Transportation Grant was also shifted to the Board of Education leaving another hole in grant revenues of \$108,233. In addition, the Transportation Grant revenue declined from the prior year by \$87,922. The balance was made up by small decreases in the many of the general government grants.
- Investment income decreased again for the 3rd year by \$174,287. Declining interest rates were the cause of this deficit.

The Sewer Reserve Fund had an increase in expenditures but a revenue stream large enough to cover that increase and still produce a surplus of \$48,840. Additional expenditures resulted from the onset of the sewer line extension project on Route 195.

The CDBG Small Cities Fund qualified as a major fund again this year due to expenditures that were generated that boosted revenues. Total fund balance declined as expenditures caught up to revenues that had been received in the prior year. Proceeds from the sale of the Incubator building were used to extend the water line to the Senior Housing project and an ADA pathway was constructed to connect the schools to Crandall Park.

Bonded capital projects continued to have a negative fund balance due to timing of expenditure and revenues. This year's activity increased that deficit. Permanent financing was done in August 2010. Capital Nonrecurring funds are also waiting for funding to offset expenditures and as such experienced another deficit 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 assets of the Water Fund amounted to \$3,187,645 and \$6,361,503 for the Sewer Fund at year-end. This represents an increase of \$75,985 for water and a decrease of \$64,464 for sewer. Both funds reported operating losses, although smaller than last year. Factors concerning the finances of this fund have already been addressed in the discussion of the Town of Tolland's business-type activities.

General Fund Budgetary Highlights

Comparing the difference between the original expenditure budget and the final amended budget reveals an overall decrease of \$1,339,964. A summary of the significant changes are as follows:

- Debt Service: The increase in Debt Service of \$178,790 was the largest change and was attributable to an appropriation of bond premium and interest earnings on bond proceeds of \$114,053, an appropriation from designated fund balance to cover a \$50,000 pay down of a bond anticipation note and a fiscal appropriation of \$14,737 to cover issuance costs of an unscheduled BAN.
- Board of Education: The decrease of \$1,534,973 reflected the direct payment to the Board of Education from the State for ECS offset by a decrease in general fund grant revenues and an increase of \$16,218 for Medicaid payments totaling a negative \$1,518,754.
- Other appropriations between departments had no effect on the bottom line.

Capital Asset and Debt Administration

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 13,094,620	\$ 12,699,754	\$ 50,858	\$ 50,858	\$ 13,145,478	\$ 12,750,612
Construction in progress	109,456	286,117	95,241	271,972	204,697	558,089
Buildings	79,886,737	82,106,224			79,886,737	82,106,224
Vehicles, furniture and equipment	5,086,675	5,238,902			5,086,675	5,238,902
Plant and pumping station			1,612,355	1,687,189	1,612,355	1,687,189
Water distribution system			7,535,740	7,235,870	7,535,740	7,235,870
Infrastructure	24,740,336	25,354,184			24,740,336	25,354,184
Total	\$ 122,917,824	\$ 125,685,181	\$ 9,294,194	\$ 9,245,889	\$ 132,212,018	\$ 134,931,070

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 \$2,719,052, or 2%, with a decrease of \$2,767,357 for governmental activities and an increase of \$48,305 for business-type activities.

No major capital asset projects occurred during the current fiscal year. The commitment to purchase open space continued with land purchases totaling \$394,866.

Additional information on the Town of Tolland’s capital assets can be found in Note 3E on pages 39-40 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Tolland had total bonded debt outstanding of \$39,040,000, all of which is backed by the full faith and credit of the Town.

Of this debt, \$28,916,570 is school related and \$10,123,430 is general obligation. In addition, the Town has an outstanding obligation of \$761,994 to the Town of Vernon to participate proportionately in the repayment of bonds for the wastewater treatment plant upgrade and the East Main Street sewer project. Tolland is hooked into Vernon’s treatment plant and is allotted a certain capacity each month in exchange for user fees.

The Town of Tolland’s total debt decreased by \$2,995,000. No new general obligation bonds were issued during the fiscal year. Bond anticipation notes were issued and still outstanding at June 30, 2010, in the amount of \$1,350,000 for the balance of the retainage for the new high school unreleased by the State. The balance of the BAN was permanently financed in August 2010, when it was designated that no additional State School Construction grant funds would be received.

The Town of Tolland maintains an “AA” rating from Fitch and an “AA” rating from Standard and Poor’s for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2¼ to 4½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town of Tolland is \$255,521,434, 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 3H on pages 42-45 of this report.

Economic Factors and Next Year's Budget and Rates

Rapid residential growth and escalating real estate values accounted for a precipitous increase in the Town's tax base in prior years but the current trend has slowed significantly to less than 1% growth in 2009/2010. This is in keeping with the national decline in market conditions. Tolland continues to encourage commercial and industrial growth in its Business Park and the Gateway Zone. This growth has been spurred on by the extension of the sewer line through the Gateway Zone and most recently with the additional extension up Route 195. In the Business Park, a sports complex opened its doors with an indoor soccer/track complex and recently completed phase II which brought a pool and workout facility to the community. A continuation of the visioning process for future growth is underway with a Village concept being considered for the Gateway Zone directly off Interstate 84.

In preparation of the 2010/2011 budget, many obstacles had to be faced including the implementation of the State mandated revaluation, high unemployment rates and uncertainty in State revenues. The Town's overall grand list growth was 2.99%, with only .75% attributable to new growth and the balance from the revaluation. In an effort to be sensitive to residents' tightening budgets, the budget was designed to keep steady or reduce the current mill rate. To that end, the mill rate actually decreased by .34 mills to a rate of 29.15 mills. Cuts in expenditures were made wherever possible to balance the budget while trying to avoid severe service disruptions.

Requests for Information

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

Basic Financial Statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 9,703,421	\$ 148,405	\$ 9,851,826
Investments	2,998,515		2,998,515
Property taxes receivable	522,440		522,440
Intergovernmental receivable	3,520,603		3,520,603
Accounts and other receivables	1,893,785	177,715	2,071,500
Internal balances	3,522	(3,522)	-
Other assets	34,182		34,182
Deferred charges	175,844		175,844
Restricted cash and investments	313,063		313,063
Other post employment benefit asset	117,635		117,635
Capital assets, nondepreciable	13,204,076	146,099	13,350,175
Capital assets, net of accumulated depreciation	109,713,748	9,148,095	118,861,843
Total assets	142,200,834	9,616,792	151,817,626
Liabilities:			
Accounts payable	249,504	67,644	317,148
Accrued liabilities	1,009,911		1,009,911
Accrued interest payable	402,785		402,785
Unearned revenue	314,547		314,547
Bond anticipation notes payable	1,350,000		1,350,000
Noncurrent liabilities, due within one year	3,544,496		3,544,496
Noncurrent liabilities, due in more than one year	38,241,902		38,241,902
Total liabilities	45,113,145	67,644	45,180,789
Net Assets:			
Invested in capital assets, net of related debt	81,360,747	9,294,194	90,654,941
Restricted for:			
Endowments - nonexpendable	20,800		20,800
Perpetual care - nonexpendable	292,263		292,263
Unrestricted	15,413,879	254,954	15,668,833
Total Net Assets	\$ 97,087,689	\$ 9,549,148	\$ 106,636,837

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Administration	\$ 1,197,703	\$	\$	\$	\$ (1,197,703)	\$	\$ (1,197,703)
Planning and community development	437,811	272,661		749,762	584,612		584,612
Community services	2,241,062	489,934			(1,751,128)		(1,751,128)
Public works	7,327,481	34,725			(7,292,756)		(7,292,756)
Public safety services	1,476,762	154,448			(1,322,314)		(1,322,314)
Record and financial services	1,163,683	97,487			(1,066,196)		(1,066,196)
Board of education	42,227,879	1,299,973	15,676,752	364,361	(24,886,793)		(24,886,793)
Interest expense	1,601,756			67,925	(1,533,831)		(1,533,831)
Total governmental activities	<u>57,674,137</u>	<u>2,349,228</u>	<u>15,676,752</u>	<u>1,182,048</u>	<u>(38,466,109)</u>	<u>-</u>	<u>(38,466,109)</u>
Business-Type Activities:							
Sewer Fund	376,151	199,308				(176,843)	(176,843)
Water Fund	309,562	227,429		159,047		76,914	76,914
Total business-type activities	<u>685,713</u>	<u>426,737</u>	<u>-</u>	<u>159,047</u>	<u>-</u>	<u>(99,929)</u>	<u>(99,929)</u>
Total Primary Government	<u>\$ 58,359,850</u>	<u>\$ 2,775,965</u>	<u>\$ 15,676,752</u>	<u>\$ 1,341,095</u>	<u>(38,466,109)</u>	<u>(99,929)</u>	<u>(38,566,038)</u>
General revenues:							
Property taxes					36,569,603		36,569,603
Grants and contributions not restricted to specific programs					574,468		574,468
Investment income					398,723	3,064	401,787
Miscellaneous					641,127	4,903	646,030
Transfers					(103,483)	103,483	-
Total general revenues and transfers					<u>38,080,438</u>	<u>111,450</u>	<u>38,191,888</u>
Change in net assets					(385,671)	11,521	(374,150)
Net Assets at Beginning of Year					<u>97,473,360</u>	<u>9,537,627</u>	<u>107,010,987</u>
Net Assets at End of Year					<u>\$ 97,087,689</u>	<u>\$ 9,549,148</u>	<u>\$ 106,636,837</u>

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The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Sewer Reserve</u>	<u>CDBG Small Cities</u>	<u>Bonded Capital Projects</u>	<u>Capital Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 6,855,623	\$ 862,733	\$ 80,770	\$	\$ 197,996	\$ 1,729,362	\$ 9,726,484
Investments	1,000,000				961,644	1,326,871	3,288,515
Receivables	832,145	852,707	626,304	806,767	337,056	91,324	3,546,303
Due from other funds	593,138			237,098	413,817		1,244,053
Other						34,182	34,182
Total Assets	<u>\$ 9,280,906</u>	<u>\$ 1,715,440</u>	<u>\$ 707,074</u>	<u>\$ 1,043,865</u>	<u>\$ 1,910,513</u>	<u>\$ 3,181,739</u>	<u>\$ 17,839,537</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$ 193,660	\$ 693	\$ 568	\$ 4,750	\$ 762	\$ 49,070	\$ 249,503
Accrued liabilities	1,001,716				8,195		1,009,911
Due to other funds	239,080		12,910	588,648	178,496	221,397	1,240,531
Deferred revenue	550,023	940,354	626,304	18,355	246,816	114,163	2,496,015
Bond anticipation notes payable				1,350,000			1,350,000
Total liabilities	<u>1,984,479</u>	<u>941,047</u>	<u>639,782</u>	<u>1,961,753</u>	<u>434,269</u>	<u>384,630</u>	<u>6,345,960</u>
Fund balances:							
Reserved for:							
Encumbrances	1,176,551						1,176,551
Commitments				211,675	96,584		308,259
Endowments - nonexpendable						20,800	20,800
Perpetual care - nonexpendable						292,263	292,263
Unreserved, reported in:							
General Fund, Undesignated	5,884,616						5,884,616
General Fund, Designated	235,260						235,260
Special Revenue Funds		774,393	67,292			1,994,487	2,836,172
Capital Projects Funds				(1,129,563)	1,379,660		250,097
Permanent Funds						489,559	489,559
Total fund balances	<u>7,296,427</u>	<u>774,393</u>	<u>67,292</u>	<u>(917,888)</u>	<u>1,476,244</u>	<u>2,797,109</u>	<u>11,493,577</u>
Total Liabilities and Fund Balances	<u>\$ 9,280,906</u>	<u>\$ 1,715,440</u>	<u>\$ 707,074</u>	<u>\$ 1,043,865</u>	<u>\$ 1,910,513</u>	<u>\$ 3,181,739</u>	<u>\$ 17,839,537</u>

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

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

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

Total fund balances (Exhibit III)		\$ 11,493,577
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$ 191,482,786	
Less accumulated depreciation	<u>(68,564,962)</u>	122,917,824
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		79,477
Property tax, sewer use, water assessment and community development block grant receivable - accrual basis change		2,181,468
Other post employment benefit asset		117,635
School building grant receivable		2,321,862
Allowance for doubtful accounts on interest and liens		(10,815)
Bond issue costs		175,844
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and sewer notes payable		(39,801,994)
Compensated absences		(1,579,321)
Accrued interest payable		(402,785)
Capital lease		(133,548)
Bond premium		<u>(271,535)</u>
Net Assets of Governmental Activities (Exhibit I)		<u>\$ 97,087,689</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, 2010

	<u>General</u>	<u>Sewer Reserve</u>	<u>CDBG Small Cities</u>	<u>Bonded Capital Projects</u>	<u>Capital Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Property taxes	\$ 36,529,867	\$	\$	\$	\$	\$	\$ 36,529,867
Intergovernmental	13,731,950		88,965	99,812	62,117	3,227,215	17,210,059
Charges for services	532,384	277,548	49,601			1,715,925	2,575,458
Investment income	118,672	2,658	1,121	485	118,383	157,404	398,723
Other revenues	37,852	9,725		237,098		476,730	761,405
Total revenues	<u>50,950,725</u>	<u>289,931</u>	<u>139,687</u>	<u>337,395</u>	<u>180,500</u>	<u>5,577,274</u>	<u>57,475,512</u>
Expenditures:							
Current:							
Administration	2,406,461						2,406,461
Planning and community development	353,395						353,395
Community services	858,544		348,303			769,936	1,976,783
Public works	4,485,343	95,241				178,035	4,758,619
Public safety services	905,257					37,518	942,775
Record and financial services	958,041						958,041
Contingency and other	48,783						48,783
Board of Education	35,747,088					4,158,106	39,905,194
Capital outlay				902,391	906,325		1,808,716
Debt service	4,672,806	145,850					4,818,656
Total expenditures	<u>50,435,718</u>	<u>241,091</u>	<u>348,303</u>	<u>902,391</u>	<u>906,325</u>	<u>5,143,595</u>	<u>57,977,423</u>
Excess (Deficiency) of Revenues over Expenditures	<u>515,007</u>	<u>48,840</u>	<u>(208,616)</u>	<u>(564,996)</u>	<u>(725,825)</u>	<u>433,679</u>	<u>(501,911)</u>
Other Financing Sources (Uses):							
Transfers in	114,053			372,449	331,750	16,692	834,944
Transfers out	(273,150)			(114,053)	(116,274)	(339,709)	(843,186)
Net other financing sources (uses)	<u>(159,097)</u>	<u>-</u>	<u>-</u>	<u>258,396</u>	<u>215,476</u>	<u>(323,017)</u>	<u>(8,242)</u>
Net Change in Fund Balances	355,910	48,840	(208,616)	(306,600)	(510,349)	110,662	(510,153)
Fund Balances at Beginning of Year	<u>6,940,517</u>	<u>725,553</u>	<u>275,908</u>	<u>(611,288)</u>	<u>1,986,593</u>	<u>2,686,447</u>	<u>12,003,730</u>
Fund Balances at End of Year	<u>\$ 7,296,427</u>	<u>\$ 774,393</u>	<u>\$ 67,292</u>	<u>\$ (917,888)</u>	<u>\$ 1,476,244</u>	<u>\$ 2,797,109</u>	<u>\$ 11,493,577</u>

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

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)	\$ (510,153)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	1,270,295
Depreciation expense	(3,880,561)
Loss on disposal of capital assets	(157,091)

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

School building grant receipts	(304,549)
Increase in other post employment benefit asset	60,635
Decrease in property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	(83,505)
Increase in property tax interest and lien revenue	4,719
Decrease in property tax, sewer use and community development block grant allowance for doubtful accounts	(424)

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond payments	2,995,000
Change in accrued interest	28,758
Amortization of bond premium and deferred bond issue costs	6,350
Note principal payments	123,647
Capital lease payments	63,145

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	<u>(1,937)</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ (385,671)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 36,177,129	\$ 36,177,129	\$ 36,529,867	\$ 352,738
Intergovernmental	11,842,401	10,323,647	10,138,583	(185,064)
Charges for services	467,336	467,336	532,384	65,048
Investment income	200,000	200,000	118,672	(81,328)
Other revenues	13,200	13,200	37,852	24,652
Total revenues	<u>48,700,066</u>	<u>47,181,312</u>	<u>47,357,358</u>	<u>176,046</u>
Expenditures:				
Current:				
Administrative	2,514,822	2,501,119	2,433,660	67,459
Planning and community development	356,395	344,992	343,456	1,536
Community services	851,422	854,282	848,979	5,303
Public works	4,536,463	4,493,025	4,464,264	28,761
Public safety services	1,399,763	1,403,625	1,391,618	12,007
Record and financial services	892,132	893,147	876,641	16,506
Contingency and other	76,605	118,912	118,783	129
Board of Education	33,473,797	31,955,043	31,832,883	122,160
Debt service	4,544,017	4,672,807	4,672,806	1
Total expenditures	<u>48,645,416</u>	<u>47,236,952</u>	<u>46,983,090</u>	<u>253,862</u>
Excess (Deficiency) of Revenues over Expenditures	<u>54,650</u>	<u>(55,640)</u>	<u>374,268</u>	<u>429,908</u>
Other Financing Sources (Uses):				
Cancellation of prior year encumbrances			49,392	49,392
Appropriation of fund balance	150,000	214,737		(214,737)
Transfers in		114,053	114,053	-
Transfers out	(204,650)	(273,150)	(273,150)	-
Net other financing uses	<u>(54,650)</u>	<u>55,640</u>	<u>(109,705)</u>	<u>(165,345)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	264,563	<u>\$ 264,563</u>
Fund Balance at Beginning of Year			<u>5,855,313</u>	
Fund Balance at End of Year			<u>\$ 6,119,876</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2010

	Business-Type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 145,238	\$ 3,167	\$ 148,405
Accounts receivable	78,513	99,202	177,715
Total current assets	<u>223,751</u>	<u>102,369</u>	<u>326,120</u>
Noncurrent assets:			
Capital assets, nondepreciable:			
Land	50,858		50,858
Construction in progress		95,241	95,241
Capital assets, net of accumulated depreciation:			
Plant and pumping station	517,189	1,095,166	1,612,355
Distribution system	2,430,401	5,105,339	7,535,740
Total noncurrent assets	<u>2,998,448</u>	<u>6,295,746</u>	<u>9,294,194</u>
Total assets	<u>3,222,199</u>	<u>6,398,115</u>	<u>9,620,314</u>
Liabilities:			
Current liabilities:			
Accounts payable	34,554	33,090	67,644
Due to other funds		3,522	3,522
Total current liabilities	<u>34,554</u>	<u>36,612</u>	<u>71,166</u>
Net Assets:			
Invested in capital assets	2,998,448	6,295,746	9,294,194
Unrestricted	<u>189,197</u>	<u>65,757</u>	<u>254,954</u>
Total Net Assets	<u>\$ 3,187,645</u>	<u>\$ 6,361,503</u>	<u>\$ 9,549,148</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities		
	Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 227,429	\$ 199,308	\$ 426,737
Operating Expenses:			
Professional services	105,492	38,280	143,772
Repairs and maintenance	20,092	995	21,087
Service fees	195	122,277	122,472
Materials and supplies	28,645	8,663	37,308
Utilities	65,732	29,542	95,274
Depreciation	89,406	176,394	265,800
Total operating expenses	<u>309,562</u>	<u>376,151</u>	<u>685,713</u>
Operating Loss	<u>(82,133)</u>	<u>(176,843)</u>	<u>(258,976)</u>
Nonoperating Revenue:			
Investment income	926	2,138	3,064
Other revenue	4,903		4,903
Total nonoperating revenue	<u>5,829</u>	<u>2,138</u>	<u>7,967</u>
Donation and Capital Contribution	<u>159,047</u>	<u>95,241</u>	<u>254,288</u>
Income (Loss) Before Transfers	82,743	(79,464)	3,279
Transfers In (Out)	<u>(6,758)</u>	<u>15,000</u>	<u>8,242</u>
Change in Net Assets	75,985	(64,464)	11,521
Net Assets at Beginning of Year	<u>3,111,660</u>	<u>6,425,967</u>	<u>9,537,627</u>
Net Assets at End of Year	\$ <u>3,187,645</u>	\$ <u>6,361,503</u>	\$ <u>9,549,148</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, 2010

	Business-Type Activities		
	Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 218,284	\$ 178,266	\$ 396,550
Payments to suppliers	(268,300)	(192,915)	(461,215)
Net cash used in operating activities	<u>(50,016)</u>	<u>(14,649)</u>	<u>(64,665)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers in (out)	(6,758)	15,000	8,242
Cash Flows from Investing Activities:			
Investment income	926	2,138	3,064
Net Increase (Decrease) in Cash	(55,848)	2,489	(53,359)
Cash at Beginning of Year	<u>201,086</u>	<u>678</u>	<u>201,764</u>
Cash at End of Year	<u>\$ 145,238</u>	<u>\$ 3,167</u>	<u>\$ 148,405</u>
Reconciliation of Operating Loss to Net Cash			
Used in Operating Activities:			
Operating loss	\$ (82,133)	\$ (176,843)	\$ (258,976)
Adjustments to reconcile operating loss to net cash			
used in operating activities:			
Capital expenses	(54,910)		(54,910)
Depreciation expense	89,406	176,394	265,800
Decrease (increase) in accounts receivable	(9,145)	(21,042)	(30,187)
Increase in due to other funds		3,522	3,522
Increase (decrease) in accounts payable	6,766	3,320	10,086
Net Cash Used in Operating Activities	<u>\$ (50,016)</u>	<u>\$ (14,649)</u>	<u>\$ (64,665)</u>
Noncash Financing and Investing Transactions:			
Donations and capital contributions	159,047	95,241	254,288

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2010

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Fund Stevenson Scholarship</u>	<u>Agency Funds</u>
Assets:			
Cash	\$	\$ 25,073	\$ 406,029
Investments:			
Mutual funds	<u>229,388</u>		
Total assets	<u>229,388</u>	<u>25,073</u>	<u>406,029</u>
Liabilities:			
Accounts payable			<u>406,029</u>
Net Assets:			
Held in Trust for Other Purposes	<u>\$ 229,388</u>	<u>\$ 25,073</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Fund Stevenson Scholarship</u>
Additions:		
Interest and dividends	\$	\$ 693
Contributions	521,000	
Net increase in the fair value of the investment	13,099	
Total additions	<u>534,099</u>	<u>693</u>
Deductions:		
Scholarships awarded		850
Benefits	423,000	
Total deductions	<u>423,000</u>	<u>850</u>
Change in Net Assets	111,099	(157)
Net Assets at Beginning of Year	<u>118,289</u>	<u>25,230</u>
Net Assets at End of Year	<u>\$ 229,388</u>	<u>\$ 25,073</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Blended Component Units

The Tolland Nonprofit Housing Corporation (the Corporation) provides affordable housing in Tolland. The Corporation's Board of Directors is appointed by the Town Council. The Town Council also has the right to accept or reject, after approval by the Board of Directors, the annual budget of the Corporation. The governing body of the Corporation is substantially the same as the governing body of the Town. The Corporation is reported as a nonmajor special revenue fund, the Nonprofit Housing Unit Fund.

Financial statements for the component unit may be obtained at the Corporation's administrative office: Tolland Nonprofit Housing Corporation, 21 Tolland Green, Tolland, CT 06084.

The Tolland Public Library Foundation (the Foundation) works to develop specific programs funded by donated money. These programs advocate literacy, literature appreciation and various other endeavors. The Foundation is managed by a Board of Directors chosen by the Town Council and answerable to its approval. The Foundation is reported as a nonmajor special revenue fund, the Tolland Library Foundation Fund.

Financial statements for the component unit may be obtained at the Foundation's administrative office: Tolland Public Library Foundation, 21 Tolland Green, Tolland, CT 06084.

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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 Reserve Fund* accounts for the capital provided for sewer extensions, pumping stations, interceptors and other capital improvements. Revenue is derived from assessment fees.

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

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

The *CDBG Small Cities Fund* accounts for funds for rehabilitation loans to property owners.

The Town reports the following major proprietary funds:

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

The *Sewer Fund* accounts for the maintenance needs of the sewer system, as well as to receive and remit sewer usage fees to the Town of Vernon.

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Additionally, the Town reports the following fund types:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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 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.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Blended Component Units

The Tolland Nonprofit Housing Corporation's financial statements and the Tolland Public Library Foundation Corporation's financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Expenditures are generally recognized when the related fund liability is incurred.

C. Cash and Cash Equivalents

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

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

D. Investments

Investments are reported at fair value.

E. Receivables and Payables

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

F. Restricted Assets

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

G. Capital Assets

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

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

H. Compensated Absences

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

I. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

J. Equity

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

Invested in Capital Assets, Net of Related Debt - This component of net assets 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 Assets - Net asset restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

Reserved Fund Balance - A portion of fund balance that is not available for appropriation or is legally restricted by outside parties for use for a specific purpose.

Designated Fund Balance - Represents tentative management plans that are subject to change.

Unreserved Fund Balance - Serves as a measure of current available financial resources.

K. Property Taxes

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

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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 30 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

L. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

- The Town Council is authorized to transfer any budgeted amounts between departments and to approve additional appropriations up to \$40,000 in the aggregate in any one year. All additional appropriations in excess of \$40,000 in the aggregate must be subject to a public hearing. During the year, the Town Council approved \$195,009 in additional appropriations of which \$130,272 was from additional grant revenue and \$64,737 from designated fund balance for Board of Education expenditures. A negative appropriation of \$1,534,973 was also made to offset the grant revenue that went directly to the Board of Education. The net result was a budget reduction of \$1,339,964.
- Management is authorized to make budgetary transfers within departments but cannot approve additional appropriations.

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

A reconciliation of the accounting treatment required by GAAP and budgetary requirements at June 30, 2010 is as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Fund Balance
Balance, budgetary basis	\$ 47,520,803	\$ 47,256,240	\$ 6,119,876
Encumbrances outstanding at June 30, 2009, liquidated during the year ended June 30, 2010		1,007,385	
Encumbrances outstanding at June 30, 2009, canceled during the year ended June 30, 2010	(49,392)		
Encumbrances outstanding at June 30, 2010, charged to budgetary expenditures during the year ended June 30, 2010		(1,148,124)	1,148,124
Encumbrances outstanding at June 30, 2009, still outstanding at June 30, 2010			28,427
State of Connecticut grants for Special Education excess costs, netted for budgetary purposes	966,432	966,432	
State Teachers' Retirement on-behalf payment	2,626,935	2,626,935	
Balance, GAAP basis	\$ 51,064,778	\$ 50,708,868	\$ 7,296,427

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

B. Deficit Fund Equity

At June 30, 2010, the Bonded Capital Projects Fund and the Dog Fund had deficit fund balances of \$917,888 and \$906 respectively. The deficits will be reduced by future revenues that will offset current expenditures.

C. Fund Balance Designation

The General fund has the following designations of fund balance at June 30, 2010:

Subsequent year's budget	\$ 200,000
Board of Education	<u>35,260</u>
Total	\$ <u><u>235,260</u></u>

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents, and Investments

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). 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

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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*, \$379,761 of the Town's bank balance of \$9,821,486 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 266,785
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>112,976</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 379,761</u>

Cash Equivalents

At June 30, 2010, the Town's cash equivalents amounted to \$1,516,413. 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.

	Standard and Poor's	Fitch Ratings
State Short-Term Investment Fund (STIF)	AAAm	
Cutwater Asset Management Connecticut CLASS		AAA

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Investments

As of June 30, 2010, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of Deposit	N/A	\$ 1,290,000	\$ 1,000,000	\$ 290,000	\$
Fixed Income Funds	N/A	644,050	644,050		
US Gvt Oblig., Nat'l Mtge Pool	N/A	3,169	3,169		
Corporate Bonds	AA3	50,590		50,590	
Corporate Bonds	A1	31,422		20,881	10,541
Corporate Bonds	A2	60,715		60,715	
Corporate Bonds	A3	24,964			24,964
Corporate Bonds	B1	<u>18,800</u>		<u>18,800</u>	
Total		2,123,710	<u>\$ 1,647,219</u>	<u>\$ 440,986</u>	<u>\$ 35,505</u>
Other investments:					
Mutual Funds		1,017,484			
Equities		<u>376,711</u>			
Total Investments		<u>\$ 3,517,905</u>			

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.

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

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

by the municipalities. Other authorized investments include pooled and joint investments meeting the requirements of the policy, excluding those pools investing in “derivative” securities; certificates of deposit; repurchase agreements; and obligations of the United States and agencies of the federal government.

B. Endowments Received

	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	Total
Original principal received	\$ 292,263	\$ 20,800	\$ 313,063
Net appreciation on investments	1,215	488,344	489,559
Total Value	\$ 293,478	\$ 509,144	\$ 802,622

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

C. Receivables

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

	General	Sewer Reserve	Bonded Capital Projects	Capital Non- recurring	CDBG Small Cities	Nonmajor and Other Funds	Water	Sewer	Total
Receivables:									
Taxes	\$ 458,294								\$ 458,294
Accounts and other	365,722	852,707			626,304	61,212	78,513	99,202	2,083,660
Intergovernmental	12,646		806,767	337,056		30,112			1,186,581
Gross receivables	836,662	852,707	806,767	337,056	626,304	91,324	78,513	99,202	3,728,535
Less: Allowance for collection losses	4,517								4,517
Net Total Receivables	\$ 832,145	\$ 852,707	\$ 806,767	\$ 337,056	\$ 626,304	\$ 91,324	\$ 78,513	\$ 99,202	\$ 3,724,018

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

D. Deferred and Unearned Revenue

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

	Unavailable	Unearned
General Fund:		
Delinquent property taxes receivable	\$ 372,946	\$
Property taxes collected in advance		172,162
Bond premium		4,915
Bonded Capital Projects:		
LOCIP funds	2,413	
ARRA funds	1,354	
BAN premium		14,588
Capital Nonrecurring:		
LOCIP funds	246,816	
Sewer Reserve:		
Assessment receivable	852,707	
Sewer reserve advance collections		87,647
CDBG Small Cities:		
Loan receivable	626,304	
Nonmajor Governmental Funds:		
Loan receivable	26,981	
Program fees	33,922	35,235
Cemetery operations	12,300	
Permanent Funds:		
Cemetery Perpetual Care	5,725	
Total Deferred Revenue for Governmental Funds	\$ 2,181,468	\$ 314,547

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

E. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,329,229	\$ 383,124	\$	\$ 12,712,353
Rights of way	370,525	11,742		382,267
Construction in progress	286,117	77,452	254,113	109,456
Total capital assets not being depreciated	<u>12,985,871</u>	<u>472,318</u>	<u>254,113</u>	<u>13,204,076</u>
Capital assets being depreciated:				
Buildings and improvements	120,615,668	24,906		120,640,574
Vehicles, furniture and equipment	9,609,478	626,509	305,807	9,930,180
Infrastructure	47,307,281	400,675		47,707,956
Total capital assets being depreciated	<u>177,532,427</u>	<u>1,052,090</u>	<u>305,807</u>	<u>178,278,710</u>
Less accumulated depreciation for:				
Buildings and improvements	38,509,444	2,244,393		40,753,837
Vehicles, furniture and equipment	4,370,576	621,645	148,716	4,843,505
Infrastructure	21,953,097	1,014,523		22,967,620
Total accumulated depreciation	<u>64,833,117</u>	<u>3,880,561</u>	<u>148,716</u>	<u>68,564,962</u>
Total capital assets being depreciated, net	<u>112,699,310</u>	<u>(2,828,471)</u>	<u>157,091</u>	<u>109,713,748</u>
Governmental Activities Capital Assets, Net	<u>\$ 125,685,181</u>	<u>\$ (2,356,153)</u>	<u>\$ 411,204</u>	<u>\$ 122,917,824</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 50,858	\$	\$	\$ 50,858
Construction in progress	271,972	95,241	271,972	95,241
Total capital assets not being depreciated	<u>322,830</u>	<u>95,241</u>	<u>271,972</u>	<u>146,099</u>
Capital assets being depreciated:				
Plant and pumping stations	2,440,113			2,440,113
Water distribution system	9,040,262	495,521	9,591	9,526,192
Total capital assets being depreciated	<u>11,480,375</u>	<u>495,521</u>	<u>9,591</u>	<u>11,966,305</u>
Less accumulated depreciation for:				
Plant and pumping stations	752,924	74,834		827,758
Water distribution system	1,804,392	190,966	4,906	1,990,452
Total accumulated depreciation	<u>2,557,316</u>	<u>265,800</u>	<u>4,906</u>	<u>2,818,210</u>
Total capital assets being depreciated, net	<u>8,923,059</u>	<u>229,721</u>	<u>4,685</u>	<u>9,148,095</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,245,889</u>	<u>\$ 324,962</u>	<u>\$ 276,657</u>	<u>\$ 9,294,194</u>

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Governmental activities:	
Administration	\$ 29,709
Planning and community development	26,964
Community services	56,316
Public works	1,197,045
Public safety services	286,303
Record and financial services	18,281
Board of education	<u>2,265,943</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>3,880,561</u></u>
 Business-type activities:	
Water	\$ 89,406
Sewer	<u>176,394</u>
 Total Depreciation Expense - Business Type Activities	 \$ <u><u>265,800</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2010. 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>
Heating System at Hicks Municipal Building	\$ 95,705	\$ 96,584
Refurbish 1990 Pierce ladder truck		202,150
School Accounting software	3,526	5,775
Elevator replacement at T.I.S.	<u>6,000</u>	<u>3,750</u>
	\$ <u><u>105,231</u></u>	\$ <u><u>308,259</u></u>

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

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

F. Interfund Receivables, Payables and Transfers

Interfund loans were generally used to transfer monies as a result of issuing bonds. The composition of interfund balances as of June 30, 2010 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 221,397
	Capital Nonrecurring	178,496
	CDBG Small Cities	12,910
	Bonded Capital Projects	176,813
	Sewer Fund	3,522
		<u>593,138</u>
Capital Nonrecurring	Bonded Capital Projects	411,835
	General Fund	1,982
		<u>413,817</u>
Bonded Capital Projects	General Fund	<u>237,098</u>
Total		<u>\$ 1,244,053</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>General Fund</u>	<u>Bonded Capital Projects</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Fund</u>	<u>Total Transfers In</u>
Transfers:						
General Fund	\$	\$ 114,053	\$	\$	\$	\$ 114,053
Bonded Capital Projects	242,650		77,524	52,275		372,449
Capital Nonrecurring	12,000		38,750	281,000		331,750
Nonmajor governmental funds	3,500			6,434	6,758	16,692
Sewer Fund	15,000					15,000
Total Transfers Out	<u>\$ 273,150</u>	<u>\$ 114,053</u>	<u>\$ 116,274</u>	<u>\$ 339,709</u>	<u>\$ 6,758</u>	<u>\$ 849,944</u>

G. Short-Term Obligations - Bond Anticipation Notes

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Bond anticipation note transactions for the year ended June 30, 2010 were as follows:

Outstanding, July 1, 2009	\$	1,400,000
New borrowings		1,350,000
Repayments		<u>(1,400,000)</u>
Outstanding, June 30, 2010	\$	<u><u>1,350,000</u></u>

The bond anticipation notes bearing a net interest cost of 1.9522% were issued on September 10, 2009 and mature on July 27, 2010.

H. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 42,035,000	\$	\$ 2,995,000	\$ 39,040,000	\$ 3,175,000
Plus deferred amounts:					
Issuance premium	<u>291,411</u>		<u>19,876</u>	<u>271,535</u>	
Total bonds payable	42,326,411		3,014,876	39,311,535	3,175,000
Sewer notes	885,641		123,647	761,994	125,490
Capital lease	196,693		63,145	133,548	65,534
Compensated absences	<u>1,577,384</u>	<u>209,685</u>	<u>207,748</u>	<u>1,579,321</u>	<u>178,472</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 44,986,129</u>	<u>\$ 209,685</u>	<u>\$ 3,409,416</u>	<u>\$ 41,786,398</u>	<u>\$ 3,544,496</u>

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

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. During the year, no general obligation bonds were issued.

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.

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Sewer Notes

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

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

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

<u>Description</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Annual Principal</u>	<u>Balance Outstanding June 30, 2010</u>
General purpose:						
General obligation	6/1/02	6/1/12	3.25-5	\$ 2,151,000	Various	\$ 430,080
General obligation	12/1/03	12/1/24	2.375-4.375	3,660,000	Various	1,310,688
General obligation	12/1/04	12/1/24	3.5-4.25	3,260,000	Various	2,464,000
General obligation	9/1/05	9/1/25	4-4.25	445,000	Various	370,400
General obligation	9/15/06	6/30/26	4-4.25	1,965,000	Various	1,734,262
General obligation	9/1/07	9/1/21	3.9-5	1,872,200	Various	1,804,000
General obligation	9/1/08	9/1/18	3.0-4.0	2,010,000	Various	2,010,000
Total general purpose				<u>15,363,200</u>		<u>10,123,430</u>
School:						
School improvement	6/1/02	6/1/12	3.25-5	1,849,000	Various	369,920
School improvement	12/1/03	12/1/24	2.375-4.375	3,685,000	Various	1,384,312
School improvement	12/1/04	12/1/24	3.5-4.25	6,740,000	Various	5,236,000
School improvement	9/1/05	9/1/25	4-4.25	11,000,000	Various	8,889,600
School improvement - refunding	9/1/05	9/1/17	4-4.25	6,215,000	Various	4,460,000
School improvement	9/15/06	8/15/26	4-4.25	7,050,000	Various	6,280,738
School improvement	9/1/07	9/1/27	3.9-5	2,382,800	Various	2,296,000
Total school				<u>38,921,800</u>		<u>28,916,570</u>
Sewer notes:						
Vernon sewer	9/15/96	9/15/13	5-6.75	555,000	Various	121,600
Vernon wastewater	12/31/97	12/31/16	2	1,748,330	Various	640,394
Total sewer notes				<u>2,303,330</u>		<u>761,994</u>
Total Outstanding				<u>\$ 56,588,330</u>		<u>\$ 39,801,994</u>

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

	<u>Bonds</u>		<u>Sewer Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 3,175,000	\$ 1,502,134	\$ 125,490	\$ 19,037
2012	3,180,000	1,380,000	127,371	15,298
2013	2,790,000	1,259,673	124,590	11,506
2014	2,805,000	1,153,820	128,348	7,066
2015	2,815,000	1,048,442	100,945	4,202
2016-2020	12,555,000	3,643,151	155,250	2,470
2021-2025	9,600,000	1,420,284		
2026-2028	2,120,000	92,386		
Total	<u>\$ 39,040,000</u>	<u>\$ 11,499,890</u>	<u>\$ 761,994</u>	<u>\$ 59,579</u>

Authorized But Unissued Bonds

The total of authorized but unissued bonds at June 30, 2010 is \$6,202,001. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Statutory Debt Limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General Purpose	\$ 82,131,890	\$ 9,968,768	\$ 72,163,122
Schools	164,263,779	31,451,371	132,812,408
Sewers	136,886,483	2,850,000	134,036,483
Urban Renewal	118,634,952		118,634,952
Pension Deficit	109,509,186		109,509,186

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$255,521,434. All long-term debt obligations are retired through General Fund appropriations. The indebtedness reflected above includes bonds and notes outstanding in addition to the amounts of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$2,321,862 is reflected as deductions in the computation of net indebtedness.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Capital Lease

The Town is a lessee in a lease agreement for a fire truck. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

		Governmental Activities
Asset:		
Vehicle	\$	424,486
Less accumulated depreciation		<u>104,871</u>
 Total	 \$	 <u><u>319,615</u></u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2010 were as follows:

<u>Year Ending June 30:</u>		Governmental Activities
2011	\$	69,606
2012		<u>69,606</u>
Total minimum lease payments		139,212
Less amount representing interest		<u>5,664</u>
 Present Value of Minimum Lease Payments	 \$	 <u><u>133,548</u></u>

4. 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.

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Summary Plan Description

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

Contribution Requirements/Contributions Made

The employer contribution for Town and Board of Education employees for the Plan year is 6% of earnings. The total Town contribution during the year ended June 30, 2010 was \$228,242 and represented 6% of covered payroll. The employees' required contributions were \$95,100 and represented 2.5% of covered payroll.

Employer and Employee Obligations

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

B. Teachers' Retirement

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

All certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings. The Board of Education does not contribute to the plan. Prior to July 1, 1989, teachers were vested in their contributions up to 5% of their earnings prior to five years of service. After five years of service, teachers were fully vested in their own contributions. After ten years of service, teachers are fully vested and entitled to a monthly pension benefit that is payable at the age of 60. The State of Connecticut contributes amounts based on the actuarial reserve basis described in C.G.S. Sections 10-183b(7). For the year ended June 30, 2010, teachers of the Town contributed \$1,231,154 to the plan, and covered payroll for the year was \$16,981,434. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2010 was \$2,626,935 and is recognized in the governmental funds GAAP-basis income statement.

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

C. Annual OPEB Cost and Net OPEB Obligations

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

		Retiree Medical Program
Annual required contribution (ARC)	\$	461,000
Interest on net OPEB obligation		(4,275)
Adjustment to annual required contribution		3,640
Annual OPEB cost (expense)		<u>460,365</u>
Contributions made		<u>521,000</u>
Increase in net OPEB asset		(60,635)
Net OPEB asset, beginning of year		<u>(57,000)</u>
Net OPEB Asset, End of Year	\$	<u><u>(117,635)</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal years ended June 30, 2010 and 2009, are presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>OPEB Obligation (Asset)</u>
6/30/2009	\$ 437,000	\$ 494,000	113.04	\$ (57,000)
6/30/2010	460,365	521,000	113.17	(117,635)

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$4,954,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,954,000. The covered payroll (annual payroll of active employees covered by the plan) was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 7.2% initially, reduced by decrements to an ultimate rate of 4.5% after 52 years. Projected salary increases were 4%. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was 25 years.

5. 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, 2010. There have been no significant reductions in insurance coverage during the year.

B. Contingent Liabilities

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

TOWN OF TOLLAND, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

C. Subsequent Events

On July 28, 2010, the Town issued General Obligation Bonds in the amount of \$2,525,000 in part to replace maturing bond anticipation notes of \$1,350,000, \$350,000 additional for the high school project as well as \$825,000 for land acquisition. These bonds bear interest ranging from 2 to 4% and mature on August 1, 2030.

On July 28 2010, the Town also issued bond anticipation notes of \$825,000 for the Route 195 sewer line extension. These bond anticipation notes bear interest of 1.50% and will mature on August 9, 2011.

**Supplemental, Combining
and Individual Fund**

Statements

and

Schedules

General Fund

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

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Property Taxes:				
Current year levy	\$ 35,565,029	\$ 35,565,029	\$ 35,745,558	\$ 180,529
Prior year levy	145,000	145,000	270,833	125,833
Interest and lien fees	64,353	64,353	178,861	114,508
Motor vehicle supplement	344,247	344,247	300,131	(44,116)
Suspense	1,500	1,500	508	(992)
Telecommunications access line	57,000	57,000	33,976	(23,024)
Total property taxes	<u>36,177,129</u>	<u>36,177,129</u>	<u>36,529,867</u>	<u>352,738</u>
Intergovernmental:				
Education:				
Transportation	289,504	289,504	181,271	(108,233)
Adult education	10,041	10,041	10,526	485
Education equalization	10,759,283	9,224,310	9,214,130	(10,180)
Aid to the blind	37,870	37,870		(37,870)
Other grants		16,219	16,219	-
Total education	<u>11,096,698</u>	<u>9,577,944</u>	<u>9,422,146</u>	<u>(155,798)</u>
General government:				
Elderly tax freeze	2,000	2,000	2,000	-
Elderly circuit breaker	64,946	64,946	66,729	1,783
State property reimbursement	56,553	56,553	56,649	96
Interest subsidy	67,925	67,925	67,925	-
Bond subsidy	304,012	304,012	304,549	537
Library grant	1,800	1,800		(1,800)
SDE/MH and AS/DEEP grants	24,105	24,105	24,214	109
Manufacturers' equipment	99,600	99,600	95,275	(4,325)
Boat tax reimbursement	13,052	13,052	6,687	(6,365)
Civil defense grant	4,000	4,000	4,000	-
Mashantucket Pequot	59,539	59,539	41,245	(18,294)
Miscellaneous grants	34,671	34,671	37,630	2,959
Veterans	7,000	7,000	7,844	844
Town Clerk Preservation	5,000	5,000		(5,000)
Disability grant	1,500	1,500	1,690	190
Total general government	<u>745,703</u>	<u>745,703</u>	<u>716,437</u>	<u>(29,266)</u>
Total intergovernmental	<u>11,842,401</u>	<u>10,323,647</u>	<u>10,138,583</u>	<u>(185,064)</u>

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Charges for Services:				
Building permit fees	\$ 125,000	\$ 125,000	\$ 128,084	\$ 3,084
Fines, fees and penalties	1,500	1,500	1,621	121
Pistol permits	1,225	1,225	4,435	3,210
Zoning permit fees	5,500	5,500	8,300	2,800
Town clerk	8,000	8,000	16,559	8,559
Library fees	15,000	15,000	16,619	1,619
Counseling fees	1,500	1,500	2,721	1,221
Planning and zoning and IWWC	2,500	2,500	5,193	2,693
Rents/PILOT	10,106	10,106	10,316	210
Property conveyance tax	125,000	125,000	108,960	(16,040)
Document recording fees	50,000	50,000	70,392	20,392
Map and copy sales	7,000	7,000	10,536	3,536
Zoning board of appeals	2,500	2,500	2,222	(278)
Public safety services	1,800	1,800	2,193	393
Solid waste fees/sewer fees	13,500	13,500	21,330	7,830
Tuition			25,233	25,233
Town preservation	7,500	7,500	7,965	465
Ambulance	89,705	89,705	89,705	-
Total charges for services	<u>467,336</u>	<u>467,336</u>	<u>532,384</u>	<u>65,048</u>
Investment Income:				
General Fund	<u>200,000</u>	<u>200,000</u>	<u>118,672</u>	<u>(81,328)</u>
Other Revenues	<u>13,200</u>	<u>13,200</u>	<u>37,852</u>	<u>24,652</u>
Total Revenues	<u>48,700,066</u>	<u>47,181,312</u>	<u>47,357,358</u>	<u>176,046</u>
Other Financing Sources:				
Cancellation of prior year encumbrances			49,392	49,392
Appropriation of fund balance	150,000	214,737		(214,737)
Transfers in		114,053	114,053	-
Total other financing sources	<u>150,000</u>	<u>328,790</u>	<u>163,445</u>	<u>(165,345)</u>
Total Revenues and Other Financing Sources	<u>\$ 48,850,066</u>	<u>\$ 47,510,102</u>	<u>\$ 47,520,803</u>	<u>\$ 10,701</u>

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Administrative:				
Town council	\$ 36,395	\$ 36,395	\$ 35,347	\$ 1,048
Town manager	211,340	211,536	209,915	1,621
Economic development commission	5,292	5,132	4,264	868
Human resources and administrative services	1,992,305	1,989,906	1,933,976	55,930
Insurance	178,631	178,631	174,256	4,375
Legal services	86,000	74,660	71,093	3,567
Probate court	4,859	4,859	4,809	50
Total administrative	<u>2,514,822</u>	<u>2,501,119</u>	<u>2,433,660</u>	<u>67,459</u>
Planning and Community Development:				
Building inspection services	97,434	84,967	84,617	350
Zoning board of appeals	4,279	4,369	4,357	12
Environmental health services	66,136	66,136	66,136	-
Planning and zoning services	172,653	174,117	173,052	1,065
Inland wetlands commission	4,708	4,708	4,612	96
Conservation commission	1,090	1,090	1,090	-
Planning and zoning commission	10,095	9,605	9,592	13
Total planning and community development	<u>356,395</u>	<u>344,992</u>	<u>343,456</u>	<u>1,536</u>
Community Services:				
Elderly services	44,548	44,698	44,273	425
Human services	306,774	308,024	303,418	4,606
Library	381,432	382,082	381,811	271
Recreation and adult education	118,668	119,478	119,477	1
Total community services	<u>851,422</u>	<u>854,282</u>	<u>848,979</u>	<u>5,303</u>
Public Works:				
Public works administration	97,590	93,115	93,073	42
Parks and facilities	1,128,715	1,143,023	1,141,756	1,267
Refuse and recycling services	1,333,995	1,330,005	1,304,724	25,281
Sewage disposal	15,000	-	-	-
Streets and roads	1,961,163	1,926,882	1,924,711	2,171
Total public works	<u>4,536,463</u>	<u>4,493,025</u>	<u>4,464,264</u>	<u>28,761</u>
Public Safety Services:				
Water supply	68,374	70,589	70,585	4
Ambulance	238,542	238,105	237,267	838
Canine control	30,691	29,588	29,588	-
Civil preparedness	10,000	10,000	10,000	-
Fire prevention	26,656	27,206	27,037	169
Fire suppression	465,073	467,635	467,128	507
Law enforcement	560,427	560,502	550,013	10,489
Total public safety services	<u>1,399,763</u>	<u>1,403,625</u>	<u>1,391,618</u>	<u>12,007</u>
Record and Financial Services:				
Accounting services	281,299	280,389	279,620	769
Assessment services	257,896	258,531	255,710	2,821
Board of assessment appeals	2,975	2,975	428	2,547
Independent audit	19,600	19,600	19,600	-
Registrar of voters	31,961	32,001	29,922	2,079
Revenue services	165,879	166,729	165,642	1,087
Town clerk	132,522	132,922	125,719	7,203
Total record and financial services	<u>892,132</u>	<u>893,147</u>	<u>876,641</u>	<u>16,506</u>
Contingency and Other	<u>76,605</u>	<u>118,912</u>	<u>118,783</u>	<u>129</u>

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget
Board of Education:				
Language arts	\$ 58,270	\$ 58,469	\$ 93,982	\$ (35,513)
Math	15,675	7,004	38,606	(31,602)
Social studies	24,580	23,230	30,755	(7,525)
Science	58,242	56,817	58,153	(1,336)
Art	35,818	36,191	34,020	2,171
Music	25,714	25,397	22,680	2,717
Physical education	13,752	12,667	8,900	3,767
World language	14,086	17,741	17,255	486
Family and consumer science	14,657	16,709	16,661	48
Technology education	28,406	27,931	26,294	1,637
Business education	9,219	8,744	22,218	(13,474)
Computer education	18,521	18,204	15,941	2,263
Skills for adolescence	2,345	2,345	2,281	64
Talc	1,186	1,186	514	672
Special services	1,149,341	1,225,980	1,177,745	48,235
Special education	80,324	79,689	81,165	(1,476)
Interdistrict programs	145,030	127,391	127,390	1
Student athletics	148,652	149,703	138,164	11,539
Student activities	21,043	18,617	11,015	7,602
Guidance and counseling	11,606	10,371	3,346	7,025
Nursing	16,648	17,638	16,084	1,554
Library	30,844	30,689	27,608	3,081
Audiovisual	7,381	7,246	5,396	1,850
Principals' office	86,027	92,882	89,243	3,639
Transportation	2,042,582	1,886,512	1,753,572	132,940
Superintendent's office	19,083	15,583	14,882	701
Business office	183,169	180,458	199,586	(19,128)
Technology services	98,365	101,821	140,110	(38,289)
Plant operation - system wide	403,553	407,870	389,962	17,908
Plant operation - utilities / fuel	1,189,249	1,155,727	1,138,058	17,669
Plant operation - energy management	600	600	595	5
Plant maintenance	398,900	523,665	492,019	31,646
Program / professional development	48,333	43,908	38,327	5,581
Adult education	29,674	28,810	28,810	-
Board of Education - program	60,296	56,296	57,077	(781)
Staff services - other	1,159,861	1,166,405	1,352,474	(186,069)
Staff services - health insurance	4,740,232	4,779,001	4,839,967	(60,966)
Certified regular education payroll	13,234,548	11,650,373	11,408,765	241,608
Certified special education payroll	2,454,212	2,453,006	2,460,887	(7,881)
Noncertified payroll	1,064,568	1,064,568	1,161,184	(96,616)
Building operations	902,256	881,110	869,521	11,589
Board of Education - personnel	2,383	2,383	1,034	1,349
Building maintenance	165,021	165,021	165,348	(327)
Business services	282,091	287,091	285,832	1,259
Superintendent services	249,599	249,599	249,599	-
Principals' services	1,367,228	1,380,952	1,381,584	(632)
System-wide substitutes	390,142	430,958	359,135	71,823
System-wide services	970,485	970,485	979,139	(8,654)
Total Board of Education	<u>33,473,797</u>	<u>31,955,043</u>	<u>31,832,883</u>	<u>122,160</u>
Debt Service	<u>4,544,017</u>	<u>4,672,807</u>	<u>4,672,806</u>	<u>1</u>
Total Expenditures	<u>48,645,416</u>	<u>47,236,952</u>	<u>46,983,090</u>	<u>253,862</u>
Other Financing Uses:				
Transfers out:				
Sewer Fund		15,000	15,000	-
Capital Nonrecurring	204,650	204,650	204,650	-
Dog		3,500	3,500	-
Debt Service		50,000	50,000	-
Total other financing uses	<u>204,650</u>	<u>273,150</u>	<u>273,150</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 48,850,066</u>	<u>\$ 47,510,102</u>	<u>\$ 47,256,240</u>	<u>\$ 253,862</u>

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2010

Grand List Year	Uncollected Taxes July 1, 2009	Supplement	Lawful Corrections			Transfers to Suspense	Adjusted Amount Collectible	Collections				Uncollected Taxes June 30, 2010			
			Pro-Rates	Additions	Deductions			Taxes	Over-payments	Net Taxes Collected	Interest and Lien Fees		Total		
1997	\$	\$	\$	223	\$	\$	223	\$	223	\$	4	\$	227	\$	-
1998							-								-
1999							-								-
2000							-								-
2001	456			54		456	54	54		54	75		129		-
2002	2,115						2,115	2,115		2,115	2,023		4,138		-
2003	3,555						3,555	3,104		3,104	2,540		5,644		451
2004	6,026			143	204	71	5,894	3,828		3,828	3,082		6,910		2,066
2005	15,449			89	213	3,109	12,216	6,908		6,908	2,593		9,501		5,308
2006	100,880			793	2,178	3,680	95,815	59,665	1,576	58,089	15,954		74,043		37,726
2007	323,222			15,086	7,987	1,504	328,816	223,869	6,038	217,831	47,197		265,028		110,985
Total Prior Years	451,703	-	-	16,388	10,582	8,820	448,688	299,766	7,614	292,152	73,468		365,620		156,536
2008	36,063,109	311,586		38,389	81,146	132	36,331,806	36,079,116	49,068	36,030,048	105,394		36,135,442		301,758
Total	\$ 36,514,812	\$ 311,586	\$ -	\$ 54,777	\$ 91,728	\$ 8,952	\$ 36,780,494	\$ 36,378,882	\$ 56,682	\$ 36,322,200	\$ 178,862	\$	\$ 36,501,062	\$	\$ 458,294

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Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

Recreation - To account for Town recreation programs.

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

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

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

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

Rent Escrow - To account for accumulation of monies to defray the cost of any damages incurred to leased property.

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

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

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

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

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

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

Justice Assistance Grant - To account for the Connecticut Local Pass-Through JAG Grant.

DWSRF Water Line - To account for the ARRA fund utilized for the water line extension on Old Cathole Road

Tolland Library Foundation - To utilize donations for the benefit of the Tolland Public Library.

Nonprofit Housing Unit Fund - To account for the maintenance of property.

Field Maintenance - To utilize donations for field maintenance.

PERMANANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery Perpetual Care Fund - To account for donations and proceeds from the sale of plots. The interest on the investment of funds is used for the perpetual care of those plots accounted for in a Special Revenue Fund.

Ratcliffe Hicks Memorial School Fund - To account for maintenance of the Hicks Memorial School Building, which now houses the Town offices. Interest earnings are available to defray costs of improvements and/or maintenance expenses.

TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2010

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	Special Revenue Funds									
	<u>Dog Fund</u>	<u>Open Space Maintenance</u>	<u>Stone Pond Sewer Escrow</u>	<u>Tolland Townhouse Sewer Escrow</u>	<u>Lodge Activity Fund</u>	<u>Open Space Fund</u>	<u>Tolland Business Park Fund</u>	<u>Town Aid Road</u>	<u>Recreation</u>	<u>Water Assessment</u>
ASSETS										
Cash	\$ 9,985	\$ 1,471	14,397	\$ 10,161	\$ 73,648	\$ 95,563	\$ 22,666	\$ 219,518	\$ 171,189	\$ 136,656
Investments										
Receivables										3,569
Due from other funds										
Other										
Total Assets	<u>\$ 9,985</u>	<u>\$ 1,471</u>	<u>\$ 14,397</u>	<u>\$ 10,161</u>	<u>\$ 73,648</u>	<u>\$ 95,563</u>	<u>\$ 22,666</u>	<u>\$ 219,518</u>	<u>\$ 171,189</u>	<u>\$ 140,225</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts and other payables/due to State	\$ 10,891	\$	\$	\$	\$ 11,406	\$ 1,364	\$	\$	\$ 11,951	\$
Due to other funds										
Deferred revenue					2,945					3,569
Total liabilities	<u>10,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,351</u>	<u>1,364</u>	<u>-</u>	<u>-</u>	<u>11,951</u>	<u>3,569</u>
Fund Balances:										
Reserved for endowments										
Reserved for perpetual care										
Unreserved and undesignated	(906)	1,471	14,397	10,161	59,297	94,199	22,666	219,518	159,238	136,656
Total fund balances	<u>(906)</u>	<u>1,471</u>	<u>14,397</u>	<u>10,161</u>	<u>59,297</u>	<u>94,199</u>	<u>22,666</u>	<u>219,518</u>	<u>159,238</u>	<u>136,656</u>
Total Liabilities and Fund Balances	<u>\$ 9,985</u>	<u>\$ 1,471</u>	<u>\$ 14,397</u>	<u>\$ 10,161</u>	<u>\$ 73,648</u>	<u>\$ 95,563</u>	<u>\$ 22,666</u>	<u>\$ 219,518</u>	<u>\$ 171,189</u>	<u>\$ 140,225</u>

(Continued on next page)

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

JUNE 30, 2010

	Special Revenue Funds									
	School Lunch	State and Federal Education Grants	Before/After School Programs	Rent Escrow	Eviction Fund	Cemetery Operations Fund	Minnie Hicks Fund	Training Center Fund	Conservation Green Grant	Traffic Fund
ASSETS										
Cash	\$ 362,549	\$ 29,578	\$ 311,642	\$ 607	\$ 707	\$ 142,298	\$ 4,824	\$ 9,238	\$ 772	\$ 3
Investments										
Receivables	20,173	775				12,300				
Due from other funds						6,634				
Other	34,182									
Total Assets	<u>\$ 416,904</u>	<u>\$ 30,353</u>	<u>\$ 311,642</u>	<u>\$ 607</u>	<u>\$ 707</u>	<u>\$ 161,232</u>	<u>\$ 4,824</u>	<u>\$ 9,238</u>	<u>\$ 772</u>	<u>\$ 3</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts and other payables/due to State	\$ 8,697	\$	\$ 3,493	\$ 596	\$	\$ 672	\$	\$	\$	\$
Due to other funds	58,013		152,426			750				
Deferred revenue	32,290	30,353				12,300				
Total liabilities	<u>99,000</u>	<u>30,353</u>	<u>155,919</u>	<u>596</u>	<u>-</u>	<u>13,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Reserved for endowments										
Reserved for perpetual care										
Unreserved and undesignated	317,904		155,723	11	707	147,510	4,824	9,238	772	3
Total fund balances	<u>317,904</u>	<u>-</u>	<u>155,723</u>	<u>11</u>	<u>707</u>	<u>147,510</u>	<u>4,824</u>	<u>9,238</u>	<u>772</u>	<u>3</u>
Total Liabilities and Fund Balances	<u>\$ 416,904</u>	<u>\$ 30,353</u>	<u>\$ 311,642</u>	<u>\$ 607</u>	<u>\$ 707</u>	<u>\$ 161,232</u>	<u>\$ 4,824</u>	<u>\$ 9,238</u>	<u>\$ 772</u>	<u>\$ 3</u>

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

JUNE 30, 2010

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	Special Revenue Funds					Permanent Funds			Total Nonmajor Governmental Funds
	Justice Assistance Grant	DWSRF Water Line	Tolland Library Foundation	Nonprofit Housing Unit Fund	Field Maintenance	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	Eliminations	
ASSETS									
Cash	\$ 5		\$ 21,315	\$ 80,145	\$ 7,497	\$ 2,928			\$ 1,729,362
Investments			527,727			290,000	509,144		1,326,871
Receivables		11,204		31,144		12,159			91,324
Due from other funds						750		(7,384)	-
Other									34,182
Total Assets	\$ 5	\$ 11,204	\$ 549,042	\$ 111,289	\$ 7,497	\$ 305,837	\$ 509,144	\$ (7,384)	\$ 3,181,739
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables/due to State									\$ 49,070
Due to other funds		10,958				6,634		(7,384)	221,397
Deferred revenue				26,981		5,725			114,163
Total liabilities	-	10,958	-	26,981	-	12,359	-	(7,384)	384,630
Fund Balances:									
Reserved for endowments							20,800		20,800
Reserved for perpetual care						292,263			292,263
Unreserved and undesignated	5	246	549,042	84,308	7,497	1,215	488,344		2,484,046
Total fund balances	5	246	549,042	84,308	7,497	293,478	509,144	-	2,797,109
Total Liabilities and Fund Balances	\$ 5	\$ 11,204	\$ 549,042	\$ 111,289	\$ 7,497	\$ 305,837	\$ 509,144	\$ (7,384)	\$ 3,181,739

TOWN OF TOLLAND, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2010

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	Special Revenue Funds									
	Dog Fund	Open Space Maintenance	Stone Pond Sewer Escrow	Tolland Townhouse Sewer Escrow	Lodge Activity Fund	Open Space Fund	Tolland Business Park Fund	Town Aid Road	Recreation	Water Assessment
Revenues:										
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$ 168,425	\$	\$
Charges for services	21,317				39,359		14,540		313,018	6,089
Investment income	4		48	33	174	1,194	60	1,206	411	919
Other	201	1,500							4,695	
Total revenues	<u>21,522</u>	<u>1,500</u>	<u>48</u>	<u>33</u>	<u>39,533</u>	<u>1,194</u>	<u>14,600</u>	<u>169,631</u>	<u>318,124</u>	<u>7,008</u>
Expenditures:										
Current:										
Community services					59,761	339,838	6,255		329,183	
Public works		29						49,924		
Public safety services	20,098									
Education										
Total expenditures	<u>20,098</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>59,761</u>	<u>339,838</u>	<u>6,255</u>	<u>49,924</u>	<u>329,183</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,424</u>	<u>1,471</u>	<u>48</u>	<u>33</u>	<u>(20,228)</u>	<u>(338,644)</u>	<u>8,345</u>	<u>119,707</u>	<u>(11,059)</u>	<u>7,008</u>
Other Financing Sources (Uses):										
Transfers in	3,500									
Transfers out								(281,000)	(52,275)	
Net other financing sources (uses)	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(281,000)</u>	<u>(52,275)</u>	<u>-</u>
Net Change in Fund Balances	4,924	1,471	48	33	(20,228)	(338,644)	8,345	(161,293)	(63,334)	7,008
Fund Balances at Beginning of Year	(5,830)	-	14,349	10,128	79,525	432,843	14,321	380,811	222,572	129,648
Fund Balances at End of Year	<u>\$ (906)</u>	<u>\$ 1,471</u>	<u>\$ 14,397</u>	<u>\$ 10,161</u>	<u>\$ 59,297</u>	<u>\$ 94,199</u>	<u>\$ 22,666</u>	<u>\$ 219,518</u>	<u>\$ 159,238</u>	<u>\$ 136,656</u>

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

59

	Special Revenue Funds									
	School Lunch	State and Federal Education Grants	Before/After School Programs	Rent Escrow	Eviction Fund	Cemetery Operations Fund	Minnie Hicks Fund	Training Center Fund	Conservation Green Grant	Traffic Fund
Revenues:										
Intergovernmental	\$ 172,374	\$ 2,779,280	\$ 445,708	\$	\$	\$ 600	\$	\$	\$	\$ 4,061
Charges for services	829,032					37,300		1,900		
Investment income	3,195			11		621	348	29	5	3
Other										
Total revenues	<u>1,004,601</u>	<u>2,779,280</u>	<u>445,708</u>	<u>11</u>	<u>-</u>	<u>38,521</u>	<u>348</u>	<u>1,929</u>	<u>5</u>	<u>4,064</u>
Expenditures:										
Current:										
Community services						17,756				
Public works										4,061
Public safety services								795	233	
Education	<u>976,373</u>	<u>2,779,280</u>	<u>401,757</u>				<u>696</u>			
Total expenditures	<u>976,373</u>	<u>2,779,280</u>	<u>401,757</u>	<u>-</u>	<u>-</u>	<u>17,756</u>	<u>696</u>	<u>795</u>	<u>233</u>	<u>4,061</u>
Excess (Deficiency) of Revenues over Expenditures	<u>28,228</u>	<u>-</u>	<u>43,951</u>	<u>11</u>	<u>-</u>	<u>20,765</u>	<u>(348)</u>	<u>1,134</u>	<u>(228)</u>	<u>3</u>
Other Financing Sources (Uses):										
Transfers in						6,434				
Transfers out										
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	28,228	-	43,951	11	-	27,199	(348)	1,134	(228)	3
Fund Balances at Beginning of Year	<u>289,676</u>	<u>-</u>	<u>111,772</u>	<u>-</u>	<u>707</u>	<u>120,311</u>	<u>5,172</u>	<u>8,104</u>	<u>1,000</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 317,904</u>	<u>\$ -</u>	<u>\$ 155,723</u>	<u>\$ 11</u>	<u>\$ 707</u>	<u>\$ 147,510</u>	<u>\$ 4,824</u>	<u>\$ 9,238</u>	<u>\$ 772</u>	<u>\$ 3</u>

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

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	Special Revenue Funds					Permanent Funds		Total Nonmajor Governmental Funds
	Justice Assistance Grant	DWSRF Water Line	Tolland Library Foundation	Nonprofit Housing Unit Fund	Field Maintenance	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	
Revenues:								
Intergovernmental	\$ 9,075	\$ 93,400	\$	\$	\$	\$	\$	\$ 3,227,215
Charges for services				6,912		750		1,715,925
Investment income	5		86,157	3,611	29	6,434	52,907	157,404
Other			447,856	978	21,500			476,730
Total revenues	<u>9,080</u>	<u>93,400</u>	<u>534,013</u>	<u>11,501</u>	<u>21,529</u>	<u>7,184</u>	<u>52,907</u>	<u>5,577,274</u>
Expenditures:								
Current:								
Community services			10,790				6,353	769,936
Public works	9,075	99,912			15,034			178,035
Public safety services				16,392				37,518
Education								4,158,106
Total expenditures	<u>9,075</u>	<u>99,912</u>	<u>10,790</u>	<u>16,392</u>	<u>15,034</u>	<u>-</u>	<u>6,353</u>	<u>5,143,595</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5</u>	<u>(6,512)</u>	<u>523,223</u>	<u>(4,891)</u>	<u>6,495</u>	<u>7,184</u>	<u>46,554</u>	<u>433,679</u>
Other Financing Sources (Uses):								
Transfers in		6,758						16,692
Transfers out						(6,434)		(339,709)
Net other financing sources (uses)	<u>-</u>	<u>6,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,434)</u>	<u>-</u>	<u>(323,017)</u>
Net Change in Fund Balances	5	246	523,223	(4,891)	6,495	750	46,554	110,662
Fund Balances at Beginning of Year	-	-	25,819	89,199	1,002	292,728	462,590	2,686,447
Fund Balances at End of Year	<u>\$ 5</u>	<u>\$ 246</u>	<u>\$ 549,042</u>	<u>\$ 84,308</u>	<u>\$ 7,497</u>	<u>\$ 293,478</u>	<u>\$ 509,144</u>	<u>\$ 2,797,109</u>

Fiduciary Funds

PRIVATE-PURPOSE TRUST FUNDS

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

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

AGENCY FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

Teen Center - To collect activity proceeds and pay activity costs.

TOWN OF TOLLAND, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance, July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2010</u>
Cash:				
Youth Center Reserve	\$ 44,050	\$ 30,137	\$ 18,903	\$ 55,284
Student Activity Fund	262,194	759,649	798,696	223,147
Senior Citizens Center	6,049	28,765	27,350	7,464
Tolland Public Library	65,649	21,189	15,705	71,133
Tolland Emergency Fund	15,850	12,377	4,664	23,563
D.A.R.E.	2,048	6		2,054
Land Preservation Fund	68			68
Permanent Celebration Fund	45			45
Education Fund	33,976	391,393	414,494	10,875
Board of Education - Section 125	8,368	46,812	46,988	8,192
Barn Restoration	-	1,622	1,070	552
Teen Center	3,640	12		3,652
	<u>441,937</u>	<u>1,291,962</u>	<u>1,327,870</u>	<u>406,029</u>
Total Cash	\$ <u>441,937</u>	\$ <u>1,291,962</u>	\$ <u>1,327,870</u>	\$ <u>406,029</u>
Accounts Payable:				
Youth Center Reserve	\$ 44,050	\$ 30,137	\$ 18,903	\$ 55,284
Student Activity Fund	262,194	759,649	798,696	223,147
Senior Citizens Center	6,049	28,765	27,350	7,464
Tolland Public Library	65,649	21,189	15,705	71,133
Tolland Emergency Fund	15,850	12,377	4,664	23,563
D.A.R.E.	2,048	6		2,054
Land Preservation Fund	68			68
Permanent Celebration Fund	45			45
Education Fund	33,976	391,393	414,494	10,875
Board of Education - Section 125	8,368	46,812	46,988	8,192
Barn Restoration	-	1,622	1,070	552
Teen Center	3,640	12		3,652
	<u>441,937</u>	<u>1,291,962</u>	<u>1,327,870</u>	<u>406,029</u>
Total Liabilities	\$ <u>441,937</u>	\$ <u>1,291,962</u>	\$ <u>1,327,870</u>	\$ <u>406,029</u>

Statistical Section

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

Contents	Page
Financial Trends	62-65
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	66-68
These schedules contain information to help the reader assess the Town's most significant local revenue source, property taxes.	
Debt Capacity	69-71
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	
Demographic and Economic Information	72-73
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	
Operating Information	74-76
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

TOWN OF TOLLAND, CONNECTICUT

NET ASSETS BY COMPONENT

LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities:								
Invested in capital assets, net of related debt	\$ 52,421,259	57,937,228	\$ 64,001,051	\$ 85,563,227	\$ 81,254,819	\$ 80,889,930	\$ 80,876,436	\$ 81,360,747
Restricted	1,857,705	4,781,940	745,459	313,063	313,138	313,063	313,063	313,063
Unrestricted	11,664,156	7,382,139	14,637,431	7,315,984	11,812,235	15,252,055	16,283,861	15,413,879
Total governmental activities net assets	<u>65,943,120</u>	<u>70,101,307</u>	<u>79,383,941</u>	<u>93,192,274</u>	<u>93,380,192</u>	<u>96,455,048</u>	<u>97,473,360</u>	<u>97,087,689</u>
Business-Type Activities:								
Invested in capital assets, net of related debt	2,199,721	2,153,065	2,605,987	8,248,910	9,369,285	9,134,790	9,245,889	9,294,194
Restricted						16,100		
Unrestricted	<u>249,568</u>	<u>320,187</u>	<u>389,496</u>	<u>521,909</u>	<u>590,528</u>	<u>618,074</u>	<u>291,738</u>	<u>254,954</u>
Total business-type activities net assets	<u>2,449,289</u>	<u>2,473,252</u>	<u>2,995,483</u>	<u>8,770,819</u>	<u>9,959,813</u>	<u>9,768,964</u>	<u>9,537,627</u>	<u>9,549,148</u>
Primary Government:								
Invested in capital assets, net of related debt	54,620,980	60,090,293	66,607,038	93,812,137	90,624,104	90,024,720	90,122,325	90,654,941
Restricted	1,857,705	4,781,940	745,459	313,063	313,138	329,163	313,063	313,063
Unrestricted	<u>11,913,724</u>	<u>7,702,326</u>	<u>15,026,927</u>	<u>7,837,893</u>	<u>12,402,763</u>	<u>15,870,129</u>	<u>16,575,599</u>	<u>15,668,833</u>
Total Primary Government Net Assets	<u>\$ 68,392,409</u>	<u>72,574,559</u>	<u>\$ 82,379,424</u>	<u>\$ 101,963,093</u>	<u>\$ 103,340,005</u>	<u>\$ 106,224,012</u>	<u>\$ 107,010,987</u>	<u>\$ 106,636,837</u>

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

**TOWN OF TOLLAND, CONNECTICUT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses:								
Governmental activities:								
Administration	\$ 1,163,697	1,410,701	\$ 1,003,916	\$ 918,022	\$ 868,729	\$ 1,179,140	\$ 1,161,198	\$ 1,197,703
Planning and community development	452,727	827,146	505,293	492,192	510,916	535,217	494,459	437,811
Community services	2,172,167	1,953,817	1,773,869	1,771,273	1,917,465	2,039,569	2,436,453	2,241,062
Public works	5,319,581	5,351,486	5,712,790	5,849,385	6,533,106	6,691,773	7,627,881	7,327,481
Public safety services	1,269,536	1,324,320	1,438,062	1,531,744	1,689,193	1,875,910	2,018,465	1,476,762
Records and financial services	926,590	1,054,614	1,174,516	981,271	1,019,719	1,098,650	1,224,626	1,163,683
Board of education	29,148,911	30,575,507	32,289,056	34,120,009	40,523,002	48,761,510	41,413,090	42,227,879
Interest expense	680,525	698,863	808,455	1,690,346	1,756,875	1,856,342	1,785,519	1,601,756
Total governmental activities expenses	41,133,734	43,196,454	44,705,957	47,354,242	54,819,005	64,038,111	58,161,691	57,674,137
Business-type activities:								
Water	183,633	161,757	171,093	244,777	315,437	378,020	361,474	376,151
Sewer				246,901	262,121	352,643	316,824	309,562
Total business-type activities expenses	183,633	161,757	171,093	491,678	577,558	730,663	678,298	685,713
Total primary government expenses	41,317,367	43,358,211	44,877,050	47,845,920	55,396,563	64,768,774	58,839,989	58,359,850
Program Revenues:								
Governmental activities:								
Charges for services:								
Administration	40,552	39,835	24,426	33,468				
Planning and community development	233,254	347,298	358,608	308,758	294,081	427,071	226,064	272,661
Community services	387,537	441,468	466,098	542,351	649,450	632,107	449,231	489,934
Public works	131,098	125,967	355,727	2,025,275	114,177	103,175	247,389	34,725
Public safety services	65,070	72,955	73,825	72,866	275,718	102,882	373,317	154,448
Records and financial services	335,924	428,913	382,248	362,998	121,541	108,141	94,691	97,487
Board of education	629,423	678,576	683,133	740,835	1,136,808	1,245,530	1,206,132	1,299,973
Operating grants and contributions:								
Community services	152,889	469,742	258,205	108,972				
Public works	83,482	186,212	306,498	150,197				
Public safety services	2,000	2,000	2,000	2,000				
Board of education	10,733,596	11,133,782	9,973,203	12,364,381	12,142,535	24,146,095	15,560,242	15,676,752
Capital grants and contributions:								
Administration		325,680	550,012	159,320	571,630			
Planning and community development	3,432,280	2,766,367				631,245	212,265	749,762
Community services		52,250	170,657	482,162			1,178,000	
Public works	287,141		9,144	469,897				
Public safety services				216,825				
Board of education	2,526,223	1,693,922	8,763,636	15,569,354	956,886	450,762	421,147	364,361
Interest expense							102,793	67,925
Total governmental activities program revenues	19,040,469	18,764,967	22,377,420	33,609,659	16,262,826	27,847,008	20,071,271	19,208,028
Business-type activities:								
Charges for services:								
Water	171,465	180,036	185,481	221,176	231,115	222,541	227,024	199,308
Sewer				96,069	104,868	161,817	181,663	227,429
Capital grants and contributions:								
Water			500,000	77,000	107,440	114,345	10,066	159,047
Sewer					139,169			
Total business-type activities program revenues	171,465	180,036	685,481	394,245	582,592	498,703	418,753	585,784
Total primary government program revenues	19,211,934	18,945,003	23,062,901	34,003,904	16,845,418	28,345,711	20,490,024	19,793,812
Net revenue (expense):								
Governmental activities	(22,093,265)	(24,431,487)	(22,328,537)	(13,744,583)	(38,556,179)	(36,191,103)	(38,090,420)	(38,466,109)
Business-type activities	(12,168)	18,279	514,388	(97,433)	5,034	(231,960)	(259,545)	(99,929)
Total primary government net expense	(22,105,433)	(24,413,208)	(21,814,149)	(13,842,016)	(38,551,145)	(36,423,063)	(38,349,965)	(38,566,038)
General Revenues and Other Changes in Net Assets:								
Governmental activities:								
Property taxes	25,651,187	27,905,489	29,742,683	31,445,290	33,851,289	34,457,677	36,444,090	36,569,603
Unrestricted grants and contributions	354,609	332,527	372,418	347,899	1,355,620	1,442,362	1,273,901	574,468
Investment income	226,951	201,037	522,920	686,252	1,020,661	588,117	358,911	398,723
Donated asset					884,165	2,198,752	555,592	
Miscellaneous	207,382	153,421	973,150	307,857	802,499	576,945	496,238	641,127
Transfers		(2,800)		(2,219,170)	(30,000)	(20,000)	(20,000)	(103,483)
Total governmental activities	26,440,129	28,589,674	31,611,171	30,568,128	37,884,234	39,243,853	39,108,732	38,080,438
Business-type activities:								
Investment income	6,573	2,884	7,843	17,987	26,960	21,111	8,208	3,064
Miscellaneous								4,903
Transfers		2,800		2,219,170	30,000	20,000	20,000	103,483
Total business-type activities	6,573	5,684	7,843	2,237,157	56,960	41,111	28,208	111,450
Total primary government	26,446,702	28,595,358	31,619,014	32,805,285	37,941,194	39,284,964	39,136,940	38,191,888
Change in Net Assets:								
Governmental activities	4,346,864	4,158,187	9,282,634	16,823,545	(671,945)	3,052,750	1,018,312	(385,671)
Business-type activities	(5,595)	23,963	522,231	2,139,724	61,994	(190,849)	(231,337)	11,521
Total Primary Government	\$ 4,341,269	4,182,150	\$ 9,804,865	\$ 18,963,269	\$ (609,951)	\$ 2,861,901	\$ 786,975	(374,150)

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:										
Reserved	\$ 1,080,611	\$ 981,261	\$ 675,669	\$ 997,935	\$ 921,534	\$ 1,083,083	\$ 1,117,199	\$ 1,484,504	\$ 1,085,203	1,176,551
Unreserved	2,257,148	2,791,430	3,082,745	4,035,058	4,206,752	4,353,581	4,894,670	5,175,165	5,855,314	6,119,876
Total General Fund	\$ 3,337,759	\$ 3,772,691	\$ 3,758,414	\$ 5,032,993	\$ 5,128,286	\$ 5,436,664	\$ 6,011,869	\$ 6,659,669	\$ 6,940,517	7,296,427
All other governmental funds:										
Reserved	\$ 1,115,344	\$ 186,760	\$ 1,182,036	\$ 3,784,005	\$ 1,353,978	\$ 6,886,690	\$ 235,642	\$ 642,654	\$ 794,358	329,059
Unreserved, reported in:										
Special Revenue Funds	732,574	1,403,766	1,248,213	1,184,514	1,537,946	2,329,034	2,349,434	2,690,894	2,932,590	2,836,172
Capital Projects Funds	(665,001)	2,778,107	2,127,518	(4,303,486)	2,861,492	(9,734,439)	(3,706,449)	(483,411)	894,010	250,097
Permanent Funds			114,813	163,648	107,148	503,184	574,396	523,715	442,255	781,822
Total All Other Governmental Funds	\$ 1,182,917	\$ 4,368,633	\$ 4,672,580	\$ 828,681	\$ 5,860,564	\$ (15,531)	\$ (546,977)	\$ 3,373,852	\$ 5,063,213	4,197,150

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Property taxes	\$ 20,403,106	\$ 22,621,830	\$ 25,694,514	\$ 27,890,790	\$ 29,784,967	\$ 31,414,813	\$ 33,785,185	\$ 34,338,609	\$ 36,412,114	36,529,867
Intergovernmental	10,923,483	11,329,990	15,457,261	14,590,998	22,124,010	30,159,758	15,315,428	26,828,386	18,947,374	17,210,059
Charges for services	1,673,123	1,925,348	1,886,199	2,163,820	2,276,052	2,767,669	2,622,418	2,765,424	2,573,103	2,575,458
Investment income	545,757	260,899	247,557	163,596	509,167	682,401	1,020,661	588,117	358,912	398,723
Net increase (decrease) in fair value of investment	(7,186)	(25,006)	(20,606)	37,441	13,753	3,851	7,277			
Program income										
Contributions			635,997							
Other revenues	88,962	1,011,865	358,007	157,421	973,149	336,334	810,222	576,945	592,386	761,405
Total revenues	33,627,245	37,124,926	44,258,929	45,004,066	55,681,098	65,364,826	53,561,191	65,097,481	58,883,889	57,475,512
Expenditures:										
Administration	1,423,914	1,647,989	1,913,724	2,005,355	1,984,834	1,997,846	2,092,235	2,182,068	2,317,706	2,406,461
Planning and community development	554,243	336,464	354,598	356,573	362,361	385,289	390,443	430,956	370,967	353,395
Community services	972,454	1,386,168	1,477,058	1,648,754	1,550,788	1,528,215	1,647,115	1,688,501	2,169,528	1,976,783
Public works	3,329,905	3,082,665	3,249,081	3,652,614	4,095,039	3,633,670	4,188,154	4,413,376	4,766,504	4,758,619
Public safety services	861,926	932,080	971,892	1,022,943	1,101,353	1,261,595	1,353,132	1,406,752	1,460,169	942,775
Records and financial services	691,245	656,540	751,796	854,717	919,225	806,604	831,021	907,091	1,016,583	958,041
Contingency and other	86,359	68,445	38,791	74,993	46,713	43,979	41,193	42,154	41,734	48,783
Board of education	22,412,034	24,746,806	27,754,018	29,275,253	30,670,813	32,882,552	34,667,352	46,345,151	39,122,338	39,905,194
Capital outlay	2,529,500	2,904,148	11,986,913	8,392,297	16,056,016	35,575,549	13,550,025	3,064,323	2,885,426	1,808,716
Debt service:										
Principal	1,248,910	1,214,726	1,445,297	1,288,324	3,014,754	2,866,629	2,273,331	2,460,067	2,961,839	3,118,640
Interest	624,801	495,162	648,521	736,300	752,026	1,497,019	1,670,476	1,845,519	1,823,321	1,700,016
Total expenditures	34,735,291	37,471,193	50,591,689	49,308,123	60,553,922	82,478,947	62,704,477	64,785,958	58,936,115	57,977,423
Excess of revenues over (under) expenditures	(1,108,046)	(346,267)	(6,332,760)	(4,304,057)	(4,872,824)	(17,114,121)	(9,143,286)	311,523	(52,226)	(501,911)
Other financing sources (uses):										
Proceeds from capital lease						424,486				
Bond issue proceeds		4,000,000		1,700,000	10,000,000	17,215,000	9,015,000	4,255,000	2,010,000	
Bond anticipation notes proceeds			5,825,000							
Payments to escrow agents						(6,240,441)				
Bond premium				37,537		221,442	68,882		32,435	
Transfers in	1,289,073	1,716,428	1,442,368	799,108	406,942	593,091	1,658,825	980,003	1,637,398	834,944
Transfers out	(1,275,328)	(1,707,683)	(1,442,368)	(801,908)	(406,942)	(650,438)	(1,658,825)	(1,000,003)	(1,657,398)	(843,186)
Total other financing sources (uses)	13,745	4,008,745	5,825,000	1,734,737	10,000,000	11,563,140	9,083,882	4,235,000	2,022,435	(8,242)
Net change in fund balances	(1,094,301)	3,662,478	(507,760)	(2,569,320)	5,127,176	(5,550,981)	(59,404)	4,546,523	1,970,209	(510,153)
Fund balance at beginning of year	5,614,977	4,478,846 *	8,938,754 *	8,430,994	5,861,674	11,105,277 *	5,554,296	5,486,998 *	10,033,521	12,003,730
Fund Balance at End of Year	\$ 4,520,676	\$ 8,141,324	\$ 8,430,994	\$ 5,861,674	\$ 10,988,850	\$ 5,554,296	\$ 5,494,892	\$ 10,033,521	\$ 12,003,730	11,493,577
Debt Service as a Percentage of Noncapital Expenditures			5.3%	5.0%	9.1%	9.6%	8.1%	7.7%	9.2%	8.5%

* Fund balance restated

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

TOWN OF TOLLAND, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Estate Assessed Value	Motor Vehicle Assessed Value	Personal Property Assessed Value	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Percentage of Total Assessed Value to Total Estimated Value
2001	552,842,240	89,151,012	23,462,993	665,456,245	30.37	1,024,693,715	64.94%
2002	639,749,940	94,553,094	24,923,918	759,226,952	29.68	1,084,609,932	70.00%
2003	664,865,914	98,489,320	25,229,698	788,584,932	32.35	1,249,105,832	63.13%
2004	689,411,826	104,284,994	24,553,466	818,250,286	33.97	1,437,530,943	56.92%
2005	709,106,132	102,703,295	27,500,441	839,309,868	35.40	1,549,671,337	54.16%
2006	1,012,933,746	113,292,659	29,903,330	1,156,129,735	27.22	1,651,613,908	70.00%
2007	1,040,370,770	121,269,537	32,969,806	1,194,610,113	28.39	1,743,956,369	68.50%
2008	1,060,000,490	122,059,235	33,597,853	1,215,657,578	28.39	1,826,351,172	66.56%
2009	1,063,038,650	123,761,918	32,363,826	1,219,164,394	29.51	1,884,035,661	64.71%
2010	1,091,730,550	116,941,268	33,435,456	1,242,107,274	29.49	1,884,272,473	65.92%

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

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

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

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

Tax-exempt property not broken out by category.

TOWN OF TOLLAND

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Capitol Ventures	\$ 12,335,300	1	0.97%			
Connecticut Light and Power	7,641,640	2	0.60%	\$ 4,771,480	2	0.64%
Carriage Crossing LLC	4,200,900	3	0.33%			
Summers and Summers Realty	4,128,000	4	0.33%	2,800,790	7	0.37%
Ivy Woods LLC	3,964,000	5	0.31%			
Gerber Scientific, Inc.	3,953,800	6	0.31%	5,745,890	1	0.77%
Norwegian Woods, Inc.	3,597,000	7	0.28%	3,369,650	5	0.45%
NERAC	3,152,400	8	0.25%			
Dari Farms	2,786,200	9	0.22%	3,863,840	4	0.52%
Tomlen	2,758,200	10	0.22%			
Interet Properties, Inc.				3,365,880	6	0.45%
Connecticut Water Company				2,657,755	8	0.36%
Gerber Garment Technologies				3,908,070	3	0.52%
SD Williams/Williams Construction				2,370,310	10	0.32%
Wilde, Daniel and Helen				2,552,110	9	0.34%
Total	\$ 48,517,440		3.82%	\$ 35,405,775		4.74%

Note: Based on net taxable grand list, October 1, 2009 and October 1, 2000.

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

Fiscal Year Ended June 30	Mill Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2001	30.37	\$ 20,244,959	\$ 20,061,750	99.10%	\$ 135,874	\$ 20,197,624	99.77%
2002	29.68	22,536,108	22,341,290	99.14%	128,944	22,470,234	99.71%
2003	32.35	25,447,564	25,285,340	99.36%	138,749	25,424,089	99.91%
2004	33.97	27,690,981	27,533,765	99.43%	102,506	27,636,271	99.80%
2005	35.40	29,567,650	29,424,763	99.52%	112,274	29,537,037	99.90%
2006	27.22	31,275,379	31,100,571	99.44%	128,635	31,229,206	99.85%
2007	28.39	33,675,313	33,433,237	99.28%	232,708	33,665,945	99.97%
2008	28.39	34,273,077	34,008,432	99.23%	175,528	34,183,960	99.74%
2009	29.51	36,178,846	35,855,624	99.11%	223,869	36,079,493	99.73%
2010	29.49	36,374,695	36,045,688	99.10%	-	36,045,688	99.10%

TOWN OF TOLLAND, CONNECTICUT

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

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt		Percentage of Actual Taxable Value of Property (a)	Sewer Notes	Capital Lease	Total Primary Government	Percentage of Personal Income (b)	Per Capita
	General Obligation Bonds	Other Bonds						
2001	\$ 10,315,000	n/a	1.6%	\$ 1,812,667	\$	\$ 12,127,667	2.94%	\$ 880
2002	13,350,000	n/a	1.8%	1,702,516		15,052,516	3.61%	1,079
2003	12,175,000	n/a	1.5%	1,590,794		13,765,794	3.27%	977
2004	18,525,000	n/a	2.3%	1,477,469		20,002,469	4.63%	1,385
2005	25,625,000	n/a	3.1%	1,362,508		26,987,508	6.25%	1,868
2006	34,090,000	n/a	2.9%	1,245,879	372,655	35,708,534	8.24%	2,463
2007	40,950,000	n/a	3.4%	1,127,548	316,165	42,393,713	9.68%	2,894
2008	42,865,000	n/a	3.6%	1,007,480	257,537	44,130,017	10.08%	3,012
2009	42,035,000	n/a	3.5%	885,641	196,693	43,117,334	9.81%	2,932
2010	39,040,000	n/a	3.2%	761,994	127,087	39,929,081	9.08%	2,688

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

a: See Table 5 for taxable property value data.

b: See Table 11 for personal income and population data.

These ratios are calculated using personal income and population for the prior calendar year.

TOWN OF TOLLAND, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2010

Total Tax Collections (Including Interest and Lien Fees) for the Year Ended June 30, 2010	\$ 36,501,062
Reimbursement for Revenue Loss: Tax relief for elderly freeze	<u>2,000</u>
Base for Debt Limitation Computation	<u>\$ 36,503,062</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 82,131,890	\$	\$	\$	\$
4 1/2 times base		164,263,779			
3 3/4 times base			136,886,483		
3 1/4 times base				118,634,952	
3 times base					<u>109,509,186</u>
Total debt limitation	<u>82,131,890</u>	<u>164,263,779</u>	<u>136,886,483</u>	<u>118,634,952</u>	<u>109,509,186</u>
Indebtedness:					
Bonds payable	8,623,430	28,916,570	1,500,000		
Bond anticipation notes		1,350,000			
Bond authorized but unissued	1,345,338	3,506,663	1,350,000		
Less: School building grants receivable		<u>(2,321,862)</u>			
Net Indebtedness (1) (2)	<u>9,968,768</u>	<u>31,451,371</u>	<u>2,850,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 72,163,122</u>	<u>\$ 132,812,408</u>	<u>\$ 134,036,483</u>	<u>\$ 118,634,952</u>	<u>\$ 109,509,186</u>

(1) The total of the above net indebtedness amounts to: \$ 44,270,139

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 255,521,434

(2) There is no overlapping debt.

TOWN OF TOLLAND, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 142,690,016	\$ 158,259,913	\$ 179,071,781	\$ 194,940,326	\$ 206,909,829	\$ 219,545,501	\$ 235,696,293	\$ 240,090,690	\$ 253,980,272	\$ 255,521,231
Total net debt applicable to limit	<u>7,361,599</u>	<u>8,855,894</u>	<u>14,014,805</u>	<u>17,459,784</u>	<u>81,512,403</u>	<u>80,627,288</u>	<u>53,637,510</u>	<u>71,644,562</u>	<u>69,053,708</u>	<u>44,220,139</u>
Legal Debt Margin	<u>\$ 135,328,417</u>	<u>\$ 149,404,019</u>	<u>\$ 165,056,976</u>	<u>\$ 177,480,542</u>	<u>\$ 125,397,426</u>	<u>\$ 138,918,213</u>	<u>\$ 182,058,783</u>	<u>\$ 168,446,128</u>	<u>\$ 184,926,564</u>	<u>\$ 211,301,092</u>
Total net debt applicable to the limit as a percentage of debt limit	5.2%	5.6%	7.8%	9.0%	39.4%	36.7%	22.8%	29.8%	27.2%	17.3%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 2008 debt limit can be found in the notes to the financial statements.

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

Fiscal Year	Population (3)	Personal Income	Per Capita Personal Income (1)	Median Age (4)	School Enrollment	Unemployment Rate (2)
2001	13,788	\$ 412,150,896	\$ 29,892	37.4	2,759	1.9%
2002	13,945	416,843,940	29,892	37.4	2,900	3.0%
2003	14,084	420,998,928	29,892	37.4	2,963	3.8%
2004	14,446	431,819,832	29,892	37.4	3,053	3.6%
2005	14,446	431,819,832	29,892	37.4	3,103	3.4%
2006	14,500	433,434,000	29,892	37.4	3,181	3.3%
2007	14,650	437,917,800	29,892	37.4	3,142	3.1%
2008	14,699	439,382,508	29,892	40.0	3,131	4.2%
2009	14,705	439,561,860	29,892	40.0	3,149	6.2%
2010	14,853	443,985,876	29,892	40.0	3,149	6.3%

Sources:

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

TOWN OF TOLLAND

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Town of Tolland (1)	507	1	6.3%	454	1	6.1%
Gerber Garment Technologies	500	2	6.2%	400	2	5.4%
Big Y	211	3	2.6%	N/A	N/A	N/A
Woodlake at Tolland	200	4	2.5%	150	5	2.0%
Dari Farms	190	5	2.3%	175	4	2.3%
CNC Software	120	6	1.5%	N/A	N/A	N/A
Standard Register	105	7	1.3%	110	6	1.5%
NERAC, Inc.	90	8	1.1%	182	3	2.4%
Soldream, Inc.	55	9	0.7%	N/A	N/A	N/A
Northeast Utilities	42	10	0.5%	N/A	N/A	N/A
	<u>2,020</u>					

Notes:

(1): Full-time equivalents

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

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administration	4	4	4	5	4	4	4	4	4	4
Planning and community development	8	8	8	7	7	7	7	7	7	5
Community services	19	20	20	20	20	20	20	20	17	18
Public works	31	33	33	34	34	34	34	34	35	34
Public safety services	8	9	10	9	9	9	9	10	11	12
Records and financial services	13	16	16	16	16	16	16	15	14	14
Total	83	90	91	91	90	90	90	90	88	87

**Based on head count

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

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Planning and community development:										
Residential permit inspections	100	102	84	98	65	66	40	50	20	9
Commercial permit inspections	16	12	8	3	12	24	23	20	25	12
Subdivision lots approved (P&Z Comm)	24	18	13	21	11	12	2	5	2	8
COs issued (P&Z Services)	N/A	329	303	250	268	283	277	350	700	131
Elderly services:										
Senior center attendance	6,250	6,000	7,872	8,000	9,000	9,750	9,500	7,239	8,000	8,568
Library:										
Total circulation	131,132	139,966	150,271	145,939	144,698	148,380	177,798	138,265	148,891	144,512
Attendance at library	78,418	89,203	80,642	93,950	109,588	108,872	87,477	83,698	94,723	97,219
Recreation:										
Youth programs and sports participation	3,257	3,200	3,025	3,525	3,311	3,009	2,991	3,108	3,221	2,553
Adult programs and sports participation	1,451	1,980	1,889	1,801	1,667	1,216	1,213	1,281	1,333	1,576
Refuse and recycling:										
Tons of refuse co-generated	5,833	6,035	6,223	6,295	6,427	6,554	6,864	6,864	5,970	4,595
Tons of single stream recycling	259	272	1,502	1,702	1,925	2,062	2,082	2,187	1,530	1,824
Public safety:										
Ambulance medical calls	499	900	732	775	807	815	823	868	954	1,031
Ambulance non-emergency calls	410	60	1,878	2,019	2,100	2,121	2,142	2,324	2,221	2,253
Fire calls	278	300	376	397	406	410	414	432	427	476
Fire medical calls	695	900	732	775	807	815	823	868	954	1,031
Fire non-emergency calls	400	60	1,878	2,019	2,100	2,121	2,142	2,234	2,221	2,253
Hazardous materials		120	93	48	63	64	65	66	43	43
Law enforcement:										
Criminal investigations	342	289	282	280	469	502	450	357	450	375
Motor vehicle accident investigations	363	282	348	330	347	350	340	279	350	286
Registrar of voters:										
Total registered voters	8,620	8,546	8,502	8,709	9,421	9,400	9,400	9,278	10,000	9,661
Revenue services:										
Total taxes collected	\$ 20,197,624	\$ 22,470,234	\$ 25,424,089	\$ 27,636,271	\$ 29,537,037	\$ 31,229,206	\$ 33,665,945	\$ 34,183,960	\$ 36,079,493	\$ 36,045,688

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

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Fire stations	5	5	5	5	5	5	5	5	5	5
Municipal buildings	20	20	21	21	21	21	21	21	21	21
Schools	4	4	4	4	4	4	5	4	4	4
Parks and recreation:										
Fields - Municipal	10	10	13	16	16	16	16	16	16	16
Fields - Schools	10	10	10	10	10	10	16	16	16	16
Water:										
Water mains (Municipal) (miles)	56,791	56,791	56,791	56,791	59,191	66,591	67,560	66,591	66,991	66,991
Water mains (Private) (miles)	65,072	65,072	65,072	66,272	66,272	69,772	69,772	69,772	69,772	69,772
Fire hydrants (Public)	67	67	67	67	70	79	84	85	86	86
Fire hydrants (Private)	8	8	11	11	12	12	12	12	14	15
Wastewater:										
Sewer line (feet)	8,022	8,022	8,022	27,191	41,532	41,532	41,532	41,532	41,532	41,532
Highway:										
Paved miles	111.82	113.56	116.94	119.81	119.81	119.81	120.25	122.79	122.82	122.86
Unimproved miles	9.36	9.07	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85