

**TOWN OF TOLLAND,  
CONNECTICUT**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2009**

**TOWN OF TOLLAND, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL**  
**REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Prepared by:  
The Finance Department

Christine K. Hutton  
Director of Finance and Records

**TOWN OF TOLLAND, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**TABLE OF CONTENTS**

<b>Exhibit</b>	<b>Introductory Section</b>	<b>Page</b>
	Letter of Transmittal	i-v
	GFOA Certificate of Achievement	vi
	Organizational Chart	vii
	List of Principal Officials	viii
<b>Financial Section</b>		
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-12
<u>Basic Financial Statements</u>		
<u>Government-Wide Financial Statements</u>		
I	Statement of Net Assets	13
II	Statement of Activities	14
<u>Fund Financial Statements</u>		
III	Balance Sheet - Governmental Funds	15-16
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17-18
V	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	19
VI	Statement of Net Assets - Proprietary Funds	20
VII	Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	21
VIII	Statement of Cash Flows - Proprietary Funds	22
IX	Statement of Fiduciary Net Assets - Fiduciary Funds	23
X	Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	24
	Notes to the Financial Statements	25-49

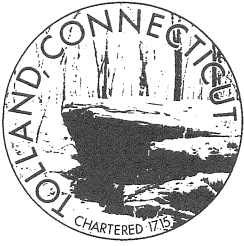
Supplemental, Combining and Individual Fund  
Statements and Schedules

<u>General Fund</u>		
A-1	Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund	50-51
A-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund	52-53
A-3	Report of Tax Collector	54
<u>Nonmajor Governmental Funds</u>		
B-1	Combining Balance Sheet - Nonmajor Governmental Funds	55-57
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	58-60
<u>Fiduciary Funds</u>		
C	Combining Statement of Changes in Assets and Liabilities - Agency Funds	61

**Table****Statistical Section**

1	Net Assets by Component	62
2	Changes in Net Assets	63
3	Fund Balances of Governmental Funds	64
4	Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	65
5	Assessed and Estimated Actual Value of Taxable Property	66
6	Principal Taxpayers	67
7	Property Tax Levies and Collections	68
8	Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita	69
9	Schedule of Debt Limitation	70
10	Legal Debt Margin Information	71
11	Demographic and Economic Statistics	72
12	Principal Employers	73
13	Town Government Employees by Function	74
14	Operating Indicators by Function	75
15	Capital Asset Statistics by Function	76

## **Introductory Section**



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

November 25, 2009

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, 2009.

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, 2009 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Tolland's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

### **Profile of the Town of Tolland**

Tolland is a residential community of 40.4 square miles and a population of 14,705 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 27<sup>th</sup> 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 18<sup>th</sup> and 19<sup>th</sup> century homes. Municipal offices and the Town Library anchor one end of the Green. A few miles from the Green, the Town's oldest home, the 1733 Daniel Benton Homestead Museum, is being restored by the local Historical Society with grant funding, symbolizing the value the community places on preserving its heritage.

The Town is an outer-ring suburb of the Hartford metropolitan area. Over 97% of its dwellings are owner-occupied, single-family homes. Based on land subdivision activity and projected housing starts, the Town's population is expected to increase 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 and Parks and Facilities.
- Finance and Records: This division includes Town Clerk, Town Assessment Services, Revenue Collection and Financial Services.

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 495 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, and have recently been expanded down Old Post Road to the schools and through the Gateway Zone to the new high school.

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

The annual budget serves as the foundation for the Town's financial planning and control. The Town recently received the Distinguished Budget Presentation award from GFOA for the 2009-2010 Annual Budget. 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. The Business Park's most recent expansion provided space for both NESTEEL and Wilson Woodworking to finish construction of new buildings which have recently opened. The Town recently completed the expansion of the road network within the Park to allow for three additional lots to be available. An athletic complex housing indoor fields and an aquatic facility is occupying one of the lots and will open 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 Planning and Zoning Commission has recently completed 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 lend to revised zoning regulations for the green.

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 \$98,505. 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 5.2% as the State of Connecticut increased to 7.0%.

### **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 ten 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 2009 amounted to \$292,959 compared to \$419,106 in 2008. 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 received approval from its regional planning agency (the Capitol Region Council of Governments) for the \$225,000 grant which is underway and will prepare a Route 195 corridor study for the segment of that key road that traverses the Gateway area and beyond. The study has commenced and will hopefully be completed over the next 6-12 months. 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 Town is also using 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, 2008. This was the sixteenth consecutive year that the Town of Tolland has received this prestigious award and its sixth 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.

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, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

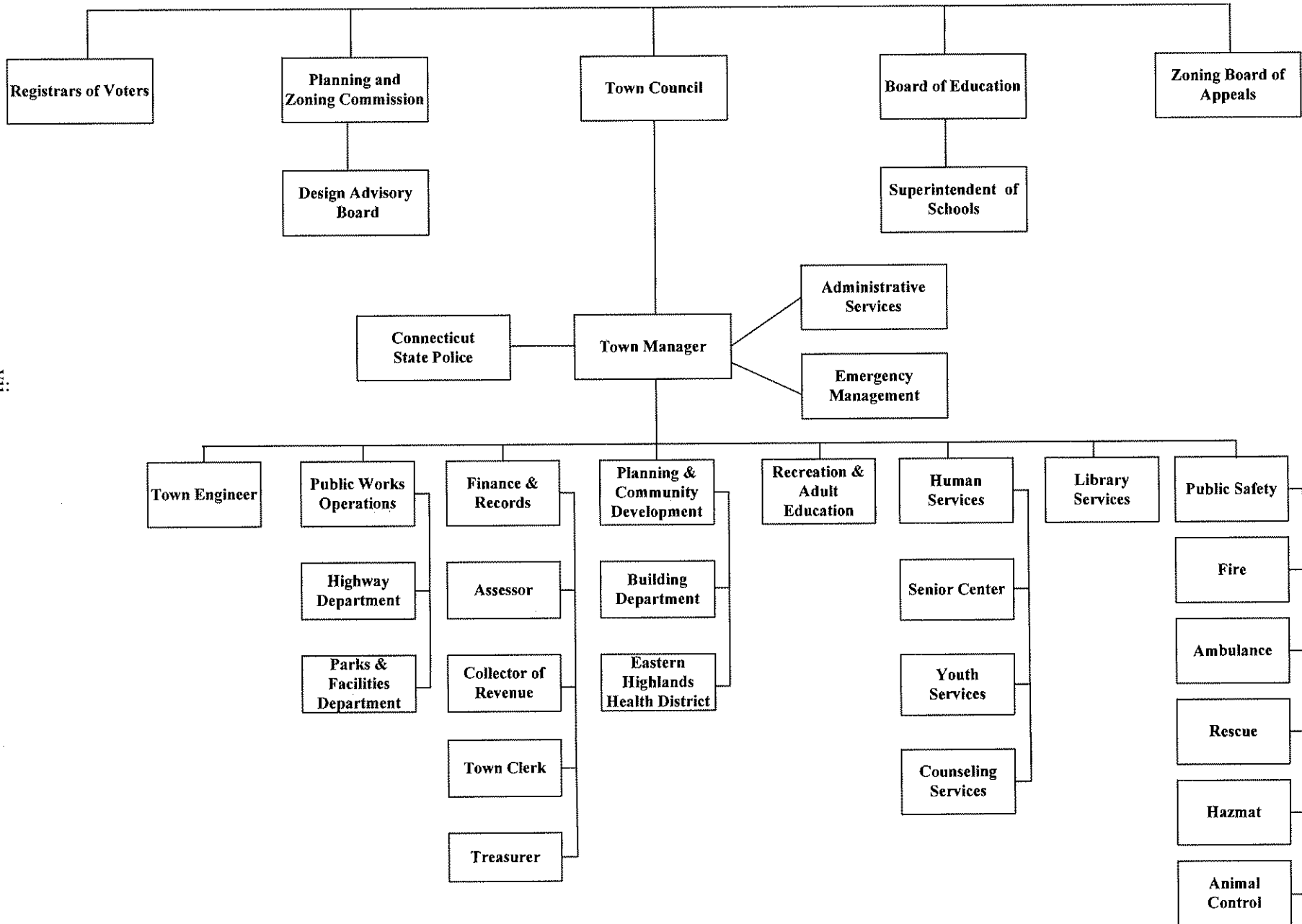
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# Town of Tolland

## Organization Chart

The Tolland Citizenry



**TOWN OF TOLLAND, CONNECTICUT**

**LIST OF PRINCIPAL OFFICIALS**

**JUNE 30, 2009**

**Town Council**

Frederick M. Daniels, Chairperson  
MaryAnn Delaney Tuttle, Vice Chairperson  
Dale M. Clayton  
Harvey R. Gilbert  
Francis T. Kennedy  
Michael P. McGee  
April C. Teveris

**Board of Education**

Robert P. Pagoni, Chairperson  
Gayle A. Block, Vice Chairperson  
Daniel P. Carmody  
Diane B. Clokey  
Judith C. Grabowicz  
Thomas J. Frattaroli  
E. Steve Clark  
Craig R. Nussbaum  
Robert A. Powell

## **Financial Section**

# BlumShapiro

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, 2009, 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 basic financial statements, assessing the accounting principles used and 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, 2009 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.

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.

Blum, Shapiro & Company, P.C.

WEST HARTFORD • SHELTON  
Westport • Waterbury • New York

An Independent Member of Baker Tilly International

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.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 25, 2009 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 the 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 conjunction with this report in considering the results of our audit.

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

November 25, 2009

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009**

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, 2009. 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 \$107,010,987 (net assets). Of this amount, \$16,575,599 (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 increased by \$786,975. This increase is attributable to an increase in current assets due to the timing of expenses and revenues.
- The total cost of all Town services for the fiscal year 2009 was \$58,839,989, of which \$58,161,691 was for governmental services and \$678,298 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 \$12,003,730. The combined fund balances increased by \$1,970,209 over the fund balance for 2007/2008. The increase in the fund balance of \$280,848 in the General Fund was attributable to greater than anticipated revenues and lower expenses. CDBG Small Cities re-emerged as a major fund due to a capital project at the Senior Center which boosted revenues and expenditures over \$600,000. The change in fund balance in the Sewer Reserve Fund resulted from a full-year of debt service in the current year compared to partial payments in the prior year. In the Bonded Capital Projects Funds, financing still lags expenditures primarily due to the funding for the new high school. A decision is pending on the balance of the School Construction Grant and won't be settled until the 2010 session. Capital Nonrecurring Funds had an increase in fund balance from an influx of proceeds for pavement management projects completed in the prior year. Nonmajor funds were stable except for the Recreation Fund whose revenues decreased due to lower program participation and the Hicks Fund which had lower earnings due to the interest rate decline.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$5,755,314, or 10.9% of General Fund expenditures and transfers out. The State of Connecticut's contribution to the teacher's retirement fund in 2008/2009 was \$2,526,422 and is included in both revenues and expenditures.
- Long-term debt was issued on September 1, 2008 in the amount of \$2,010,000 to finance various capital expenditures including pavement management. Short-term debt in the amount of \$1,400,000 was rolled over until the Tolland high school project could be closed out and school construction funds obtained.
- In September 2009, \$1,350,000 of the maturing BANS was re-issued awaiting the decision from the State on the remaining School Construction Funds. If the State determines Tolland is not eligible for the remainder of the grant then the Town will permanently finance the balance in 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 28 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, CDBG Small Cities, Sewer Reserve, Bonded Capital Projects and Capital Nonrecurring funds, which are considered to be major funds. Data from the other 23 governmental funds are combined into a single, aggregated presentation under the caption "nonmajor governmental funds." Nonmajor governmental funds include the Dog, 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, 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 last fiscal year.

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 \$107,010,987 at the close of the most recent fiscal year.

By far the largest portion of the Town of Tolland's net assets (\$90,122,325) (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, 2009 AND 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current assets	\$ 17,815,217	\$ 16,672,263	\$ 349,296	\$ 615,605	\$ 18,164,513	\$ 17,287,868
Capital assets	125,685,181	127,469,947	9,245,889	9,215,586	134,931,070	136,685,533
Noncurrent assets	<u>2,792,323</u>	<u>3,204,555</u>			<u>2,792,323</u>	<u>3,204,555</u>
Total assets	<u>146,292,721</u>	<u>147,346,765</u>	<u>9,595,185</u>	<u>9,831,191</u>	<u>155,887,906</u>	<u>157,177,956</u>
Current liabilities	7,160,918	8,166,803	57,558	62,227	7,218,476	8,229,030
Noncurrent liabilities	<u>41,658,443</u>	<u>42,724,914</u>			<u>41,658,443</u>	<u>42,724,914</u>
Total liabilities	<u>48,819,361</u>	<u>50,891,717</u>	<u>57,558</u>	<u>62,227</u>	<u>48,876,919</u>	<u>50,953,944</u>
Invested in capital assets, net of related debt	80,876,436	80,889,930	9,245,889	9,215,586	90,122,325	90,105,516
Restricted	313,063	313,063		16,100	313,063	329,163
Unrestricted	<u>16,283,861</u>	<u>15,252,055</u>	<u>291,738</u>	<u>537,278</u>	<u>16,575,599</u>	<u>15,789,333</u>
Total Net Assets	<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>

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 \$16,575,599 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.

There was a decrease of \$16,100 in restricted net assets reported in connection with the Town of Tolland's business-type activities. The removal of this restriction corresponded with the completion of a capital project.

The Town's total net assets increased \$786,975 during the current fiscal year due to the activity of the governmental funds with revenues outpacing expenses.

**Governmental activities.** Governmental activities increased the Town of Tolland's net assets by \$1,018,312 which was greater than the total growth for the Town as a whole.

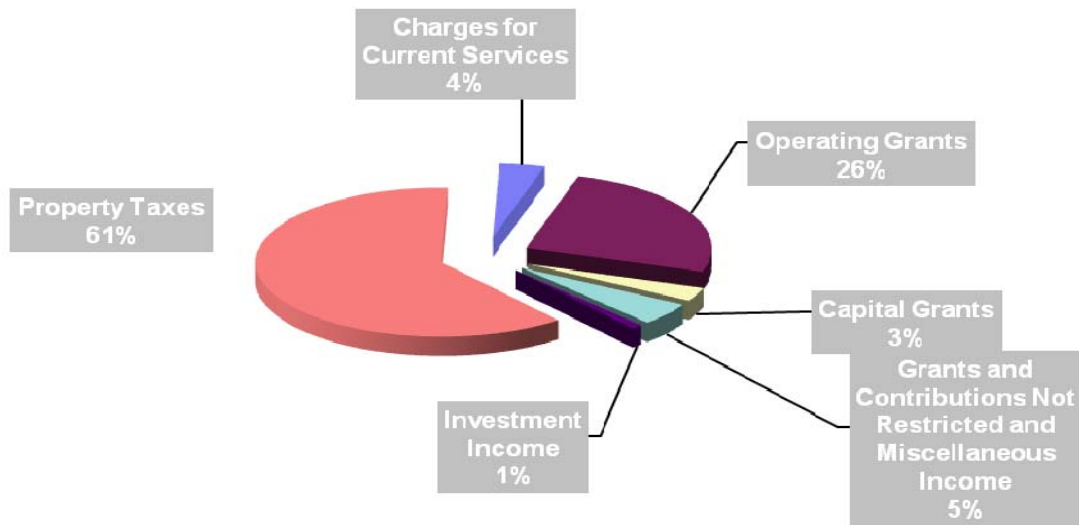
**TOWN OF TOLLAND CHANGES IN NET ASSETS  
JUNE 30, 2009 AND 2008**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,596,824	\$ 2,618,906	\$ 408,687	\$ 384,358	\$ 3,005,511	\$ 3,003,264
Operating grants and contributions	15,560,242	24,146,095			15,560,242	24,146,095
Capital grants and contributions	1,914,205	1,082,007	10,066	114,345	1,924,271	1,196,352
General revenues:						
Property taxes	36,444,090	34,457,677			36,444,090	34,457,677
Grants and contributions not restricted to specific programs	1,273,901	1,442,362			1,273,901	1,442,362
Investment income	358,911	588,117	8,208	21,111	367,119	609,228
Miscellaneous	496,238	576,945			496,238	576,945
Donated assets	555,592	2,198,752			555,592	2,198,752
Total revenues	<u>59,200,003</u>	<u>67,110,861</u>	<u>426,961</u>	<u>519,814</u>	<u>59,626,964</u>	<u>67,630,675</u>
Expenses:						
Administration	1,161,198	1,179,140			1,161,198	1,179,140
Planning and community development	494,459	535,217			494,459	535,217
Community services	2,436,453	2,039,569			2,436,453	2,039,569
Public works	7,627,881	6,691,773			7,627,881	6,691,773
Public safety services	2,018,465	1,875,910			2,018,465	1,875,910
Records and financial services	1,224,626	1,098,650			1,224,626	1,098,650
Board of education	41,413,090	48,761,510			41,413,090	48,761,510
Interest expense	1,785,519	1,856,342			1,785,519	1,856,342
Water Fund			361,474	378,020	361,474	378,020
Sewer Fund			316,824	352,643	316,824	352,643
Total expenses	<u>58,161,691</u>	<u>64,038,111</u>	<u>678,298</u>	<u>730,663</u>	<u>58,839,989</u>	<u>64,768,774</u>
Excess (deficiency) before transfers						
	1,038,312	3,072,750	(251,337)	(210,849)	786,975	2,861,901
Transfers	<u>(20,000)</u>	<u>(20,000)</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Change in net assets	1,018,312	3,052,750	(231,337)	(190,849)	786,975	2,861,901
Net Assets - July 1	<u>96,455,048</u>	<u>93,402,298</u>	<u>9,768,964</u>	<u>9,959,813</u>	<u>106,224,012</u>	<u>103,362,111</u>
Net Assets - June 30	<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>

Major revenue factors included:

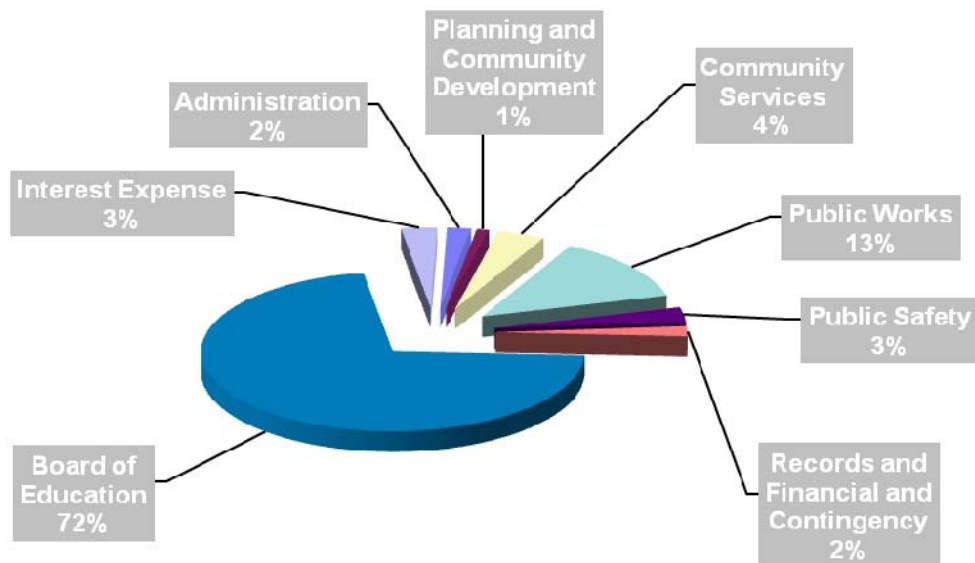
- Property tax revenues for 2009 increased \$1,986,413 or 5.8% which resulted from a combination of three factors: a mill rate increase of 3.95%, growth in the grand list of 1.64% and aggressive tax collection procedures which produced revenues at 101% of budget.
- Intergovernmental revenue overall decreased \$7,922,116 from 2008. The change in the Teacher's Retirement funding from the State was solely responsible for this large deviation.
- Investment earnings declined from \$558,117 in 2008 to \$358,911 in 2009 due to the steady decline in interest rates.
- The decrease in donated assets of \$1,643,160 was primarily due to the decline in new road acceptances in town. This is a cyclical process and as such doesn't occur every year.

## REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



The largest component of revenue, which is derived from property taxes, rose from 51.3% to 61.5% of total revenue in the current year. The shift in revenue was due to the drop in program income, from 36% to 27%, resulting from the \$8,585,853 decrease in operating grants, specifically the State Teacher's Retirement Fund.

## EXPENDITURES BY SOURCE - GOVERNMENTAL ACTIVITIES



For governmental activities, 71.2% of the Town's expenditures relate to education, 13.1% to public works, 4.2% to community services, 3.5% to public safety, 2.1% to records & financial services and contingency, 2% to administration, 3% to interest payments on long-term debt and 0.9% to planning and community development. The Board of Education expenditures decreased to a more normal level after State Teacher's Retirement Fund returned to a normal funding level.

Increases in expenses ranged from a low of 7.6% for public safety to a high of 19% for community services while Board of Education decreased 15%. Increases in service expenditures resulted from growth in population and thus growth in demand by the taxpayers.

**Business-type activities.** Business-types activities decreased the Town of Tolland's net assets by \$231,337. Key elements of this year's activities are as follows:

- There were no additions to capital assets in the Sewer Fund, so depreciation expense of \$176,483 accounted for the 2008/2009 decreased value in noncurrent assets.
- Water Fund and Sewer Fund both experienced operating losses for a combined \$269,611. The non-operating revenues of both funds partially offset the losses resulting in a change in net assets of \$231,337 at year end.
- Water Fund is currently undergoing an expansion of its distribution lines which accounts for the increase in the Capital Improvements Program.

#### **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, an increase of \$1,970,209 from the previous year. This increase resulted primarily from a change in the fund balance of the bonded capital projects and capital nonrecurring projects of \$1,529,125, due to a timing difference between expenditures and permanent financing. Funds were expended in 2007/2008 and revenue was not recognized until 2008/2009 when the bonds were issued. The balance was a combination of general fund and sewer reserve excess of revenue over expenditures.

The total fund balance of the governmental funds is reserved in the amount of \$1,879,561 for encumbrances and commitments to contractors which is lower than the previous year due to the decrease of \$399,301 in year end encumbrances.

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 \$5,755,314, while total fund balance was \$6,940,517. 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% of total general fund expenditures including transfers out. The expenditure amount has not been reduced this year for the offsetting expenditures to the State contribution to the Teacher's Retirement Fund. Total fund balance represents 13.1% of that same amount. The unreserved, undesignated portion of fund balance for the General Fund increased by \$580,149 during the current fiscal year while the total fund balance increased \$280,848. This increase resulted primarily from unanticipated revenue and careful scrutiny of expenditures.

Key factors contributing to the surplus in General Fund were:

- The only revenue to increase was taxes in the amount of \$2,073,505. It was originally anticipated that tax revenue would increase in this magnitude, due to the increase in the mill rate of 3.95% and growth in the Grand List of 1.64%, but revenues during the collection period were very slow which dampened expectations. 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 showed a deficit, with the largest shortfall in charges for current services. The state of the economy, primarily the building market, was directly responsible for this outcome.
- Anticipation of a large shortfall in revenue prompted a spending freeze in early January as well as actual cutbacks. These stringent measures produced savings in expenditures which more than offset the deficit.

The Sewer Reserve Fund had an increase in revenue as well as expenditures and increased its fund balance by \$165,280. Additional assessment revenues more than offset the decline in interest income and covered the increase in expenditures due to a full year of debt service.

The CDBG Small Cities Fund qualified as a major fund again this year due to an elevator project at the Senior Center that increased expenditures to \$827,737, up from \$329,949 in 2007/2008, and a state grant of \$750,000 that boosted revenues up to \$940,467. The impact on fund balance was an increase of \$112,730.

Bonded capital projects showed increased revenues and decreased expenditures, which when combined with bond proceeds created a surplus of \$771,648. The most significant change was in state grant revenue, which this year funded open space purchases. Expenditures for the high school project finally concluded therefore reducing overall expenditures.

Capital nonrecurring funds were spent primarily for road pavement projects. Bond proceeds exceeded expenditures and when combined with other revenues created an increase in fund balance of \$757,477. This year's revenues caught up with prior year expenditures therefore reversing deficits in two funds and creating positive fund balances.

**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 \$3,111,660 and \$6,425,967 for the Sewer Fund at year-end. This represented a decrease of \$72,731 for water and a decrease of \$158,606 for sewer. Both funds reported operating losses, although this year it was smaller. 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 budget and the final amended budget reveals an overall increase of \$470,689. A summary of some of the significant changes follows:

- Debt Service: An increase in Debt Service of \$250,000 was the largest change and was attributable to the appropriation of interest earnings on bond proceeds to partially pay interest expenditures in general fund.
- Board of Education: An increase of \$122,710 resulted from the additional appropriations of \$38,700 for books from designated fund balance and \$22,925 for Medicare reimbursements. An additional \$61,085 was appropriated from state grant revenues for two school projects. One was for heating assistance in the amount of \$37,369, the other for security systems in the amount of \$23,716.

- Public Safety: An increase of \$51,614 overall was made up of \$1,739 in Law Enforcement and the balance in Fire Suppression and Ambulance. The Law Enforcement increase was to support overtime for speed enforcement which was financed by a grant. The additional increase in Public Safety was to fund payroll after the union contract negotiations were finally settled.
- Community Services: The increase of \$65,233 in Community Services is comprised of \$26,471 appropriated to HVCC for a state grant to support the services, \$8,450 in grant funds to the Senior Center for computers and the difference in payroll adjustments to support contract negotiations for Youth, Elderly, Human Services, Library and Recreation employees.
- Planning and Zoning Services: Not all divisions had increases in their budget. Planning and Zoning's budget decreased due to change in personnel. For most of the year the Town did not have a Building Inspector and relied on the shared services for Deputy Inspector and periodic consultation from a certified inspector in a nearby town. In addition, one secretary position was not filled for part of the year.

### Capital Asset and Debt Administration

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 12,699,754	\$ 11,719,597	\$ 50,858	\$ 50,858	\$ 12,750,612	\$ 11,770,455
Construction in progress	286,117	395,632	271,972	80,796	558,089	476,428
Buildings	82,106,224	84,183,665			82,106,224	84,183,665
Vehicles, furniture and equipment	5,238,902	5,353,485			5,238,902	5,353,485
Plant and pumping station			1,687,189	1,762,023	1,687,189	1,762,023
Water distribution system			7,235,870	7,321,909	7,235,870	7,321,909
Infrastructure	25,354,184	25,817,568			25,354,184	25,817,568
Total	<u>\$ 125,685,181</u>	<u>\$ 127,469,947</u>	<u>\$ 9,245,889</u>	<u>\$ 9,215,586</u>	<u>\$ 134,931,070</u>	<u>\$ 136,685,533</u>

**Capital assets.** The Town of Tolland's investment in capital assets for its combined governmental and business-type assets includes land, buildings and improvements, vehicles and equipment, roads, rights of way, water systems, dams, bridges and sewer lines. The total increase in the Town of Tolland's investment in capital assets for the current fiscal year was \$389,014, or .4%, with an increase of \$277,916 for governmental activities and an increase of \$30,302 for business-type activities after restatement.

No major capital asset projects occurred during the current fiscal year. The commitment to purchase open space continued with land purchases totaling \$965,565.

Additional information on the Town of Tolland's capital assets can be found in Note 3C 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 \$42,035,000, all of which is backed by the full faith and credit of the Town.

Of this debt, \$31,208,401 is school related and \$10,826,599 is general obligation. In addition, the Town has an outstanding obligation of \$885,641 to the Town of Vernon to participate proportionately in the repayment of bonds for the wastewater treatment plant upgrade and the East Main Street sewer project. Tolland is hooked into Vernon's treatment plant and is allotted a certain capacity each month in exchange for user fees.

The Town of Tolland's total debt decreased by a net amount of \$830,000, which resulted from the combination of the issue of \$2,010,000 in general obligation bonds in September 2008, less \$2,840,000 which was retired during the fiscal year. Bond anticipation notes were issued and still outstanding at June 30, 2009, in the amount of \$1,400,000 for the balance of the retainage for the new high school unreleased by the State. The \$1,350,000 of the BAN rolled into another note in September 2009, while the status of the State School Construction fund is still unknown.

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  $2\frac{1}{4}$  to  $4\frac{1}{2}$  times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town of Tolland is \$253,980,272, 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 over the last several years. Current trends, however, show a significant slow down in the construction of residential homes due to declining market conditions and change in zoning regulations. The Town has also experienced an increase in commercial and industrial growth over the last few years in part because of Town initiatives to bring public sewer infrastructure to the Town's commercial zones. This is already evidenced by the construction of a 120,000 square-foot commercial development, including a Big Y supermarket, a branch of a local bank, medical offices and several retail stores. Commercial development over the next several years will be greatly influenced by the economic downturn; however, the Town is involved in several planning exercises to properly position itself when market areas improve. In addition, a large sports complex is under construction at the Town's business park which will provide additional tax revenue as well as much needed amenities for the community.

To address the growth in the schools, a referendum was passed in June 2003 to approve the construction of a new high school. The school opened for use in 2006 with the senior high school building being transitioned to a middle school which reopened in September 2008.

A combination of increased costs for fixed items such as utilities, salaries, health benefits and other commodities along with a significant reduction in the percentage increase in State aid, particularly the Education Cost Sharing grant, had the biggest impact on the fiscal year 2009/2010 budget. The budget represents a decrease of .02 mills or a .87% decrease in expenditures over the prior year.

The Water Fund, one of Tolland's business-type activities, showed moderate budget increases in its operating revenues and expenses for the 2009/2010 fiscal year. The Sewer Fund increased its rates for 2009/2010 users to recapture the costs associated with the expanded services.

### **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, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 12,312,071	\$ 201,764	\$ 12,513,835
Investments	1,381,045		1,381,045
Property taxes receivable	411,160		411,160
Intergovernmental receivable	1,435,072		1,435,072
Accounts and other receivables	2,058,509	147,532	2,206,041
Other assets	27,990		27,990
Deferred charges	189,370		189,370
Total current assets	<u>17,815,217</u>	<u>349,296</u>	<u>18,164,513</u>
Noncurrent assets:			
Property taxes receivable	100,397		100,397
Intergovernmental receivable	2,321,863		2,321,863
Restricted investments	313,063		313,063
Other post employment benefit asset	57,000		57,000
Capital assets, nondepreciable	12,985,871	322,830	13,308,701
Capital assets, net of accumulated depreciation	112,699,310	8,923,059	121,622,369
Total noncurrent assets	<u>128,477,504</u>	<u>9,245,889</u>	<u>137,723,393</u>
Total assets	<u>146,292,721</u>	<u>9,595,185</u>	<u>155,887,906</u>
Liabilities:			
Current liabilities:			
Accounts payable	746,007	57,558	803,565
Accrued liabilities	885,917		885,917
Accrued interest payable	431,539		431,539
Unearned revenue	369,769		369,769
Bond anticipation notes payable	1,400,000		1,400,000
Noncurrent liabilities, due within one year	3,327,686		3,327,686
Total current liabilities	<u>7,160,918</u>	<u>57,558</u>	<u>7,218,476</u>
Noncurrent liabilities:			
Due in more than one year	41,658,443		41,658,443
Total noncurrent liabilities	<u>41,658,443</u>	<u>-</u>	<u>41,658,443</u>
Total liabilities	<u>48,819,361</u>	<u>57,558</u>	<u>48,876,919</u>
Net Assets:			
Invested in capital assets, net of related debt	80,876,436	9,245,889	90,122,325
Restricted for:			
Endowments - nonexpendable	20,800		20,800
Perpetual care - nonexpendable	292,263		292,263
Unrestricted	16,283,861	291,738	16,575,599
Total Net Assets	<u>\$ 97,473,360</u>	<u>\$ 9,537,627</u>	<u>\$ 107,010,987</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF TOLLAND, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

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	\$ 1,161,198	\$	\$	\$	\$ (1,161,198)	\$	\$ (1,161,198)
Planning and community development	494,459	226,064		212,265	(56,130)		(56,130)
Community services	2,436,453	449,231		1,178,000	(809,222)		(809,222)
Public works	7,627,881	247,389			(7,380,492)		(7,380,492)
Public safety services	2,018,465	373,317			(1,645,148)		(1,645,148)
Record and financial services	1,224,626	94,691			(1,129,935)		(1,129,935)
Board of education	41,413,090	1,206,132	15,560,242	421,147	(24,225,569)		(24,225,569)
Interest expense	1,785,519			102,793	(1,682,726)		(1,682,726)
Total governmental activities	<u>58,161,691</u>	<u>2,596,824</u>	<u>15,560,242</u>	<u>1,914,205</u>	<u>(38,090,420)</u>	<u>-</u>	<u>(38,090,420)</u>
Business-Type Activities:							
Sewer Fund	361,474	181,663				(179,811)	(179,811)
Water Fund	316,824	227,024		10,066		(79,734)	(79,734)
Total business-type activities	<u>678,298</u>	<u>408,687</u>	<u>-</u>	<u>10,066</u>	<u>-</u>	<u>(259,545)</u>	<u>(259,545)</u>
Total Primary Government	<u>\$ 58,839,989</u>	<u>\$ 3,005,511</u>	<u>\$ 15,560,242</u>	<u>\$ 1,924,271</u>	<u>(38,090,420)</u>	<u>(259,545)</u>	<u>(38,349,965)</u>
General revenues:							
Property taxes					36,444,090		36,444,090
Grants and contributions not restricted to specific programs					1,273,901		1,273,901
Investment income					358,911	8,208	367,119
Miscellaneous					496,238		496,238
Donated assets					555,592		555,592
Transfers					(20,000)	20,000	-
Total general revenues and transfers					<u>39,108,732</u>	<u>28,208</u>	<u>39,136,940</u>
Change in net assets					1,018,312	(231,337)	786,975
Net Assets at Beginning of Year					<u>96,455,048</u>	<u>9,768,964</u>	<u>106,224,012</u>
Net Assets at End of Year					<u>\$ 97,473,360</u>	<u>\$ 9,537,627</u>	<u>\$ 107,010,987</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

	<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>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 8,297,052	\$ 775,553	\$ 276,278	\$ 122,078	\$ 699,787	\$ 2,454,386	\$ 12,625,134
Investments					918,455	462,590	1,381,045
Receivables	754,509	1,048,478	673,183	845,413	218,574	96,061	3,636,218
Due from other funds	193,779			169,749	291,527	266	655,321
Other						27,990	27,990
<b>Total Assets</b>	<b><u>\$ 9,245,340</u></b>	<b><u>\$ 1,824,031</u></b>	<b><u>\$ 949,461</u></b>	<b><u>\$ 1,137,240</u></b>	<b><u>\$ 2,128,343</u></b>	<b><u>\$ 3,041,293</u></b>	<b><u>\$ 18,325,708</u></b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables	\$ 650,095	\$	\$ 370	\$	\$ 6,071	\$ 89,467	\$ 746,003
Accrued liabilities	875,469				10,445		885,914
Due to other funds	169,765			291,527		194,029	655,321
Deferred revenue	609,494	1,098,478	673,183	57,001	125,234	71,350	2,634,740
Bond anticipation notes payable				1,400,000			1,400,000
<b>Total liabilities</b>	<b><u>2,304,823</u></b>	<b><u>1,098,478</u></b>	<b><u>673,553</u></b>	<b><u>1,748,528</u></b>	<b><u>141,750</u></b>	<b><u>354,846</u></b>	<b><u>6,321,978</u></b>
Fund balances:							
Reserved for:							
Encumbrances	1,085,203						1,085,203
Commitments				98,198	383,097		481,295
Endowments - nonexpendable						20,800	20,800
Perpetual care - nonexpendable						292,263	292,263
Unreserved, reported in:							
General Fund	5,755,314						5,755,314
Designated for Board of Education	100,000						100,000
Special Revenue Funds		725,553	275,908			1,931,129	2,932,590
Capital Projects Funds				(709,486)	1,603,496		894,010
Permanent Funds						442,255	442,255
<b>Total fund balances</b>	<b><u>6,940,517</u></b>	<b><u>725,553</u></b>	<b><u>275,908</u></b>	<b><u>(611,288)</u></b>	<b><u>1,986,593</u></b>	<b><u>2,686,447</u></b>	<b><u>12,003,730</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 9,245,340</u></b>	<b><u>\$ 1,824,031</u></b>	<b><u>\$ 949,461</u></b>	<b><u>\$ 1,137,240</u></b>	<b><u>\$ 2,128,343</u></b>	<b><u>\$ 3,041,293</u></b>	<b><u>\$ 18,325,708</u></b>

(Continued on next page)

## TOWN OF TOLLAND, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2009

## 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)	\$ 12,003,730
-----------------------------------	---------------

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

Governmental capital assets	\$ 190,518,298	
Less accumulated depreciation	<u>(64,833,117)</u>	125,685,181

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	74,758
Property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	2,264,972
Other post employment benefit asset	57,000
School building grant receivable	2,626,412
Allowance for doubtful accounts on interest and liens	(10,391)
Bond issue costs	189,370

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	(42,920,641)
Compensated absences	(1,577,384)
Accrued interest payable	(431,543)
Capital lease	(196,693)
Bond premium	<u>(291,411)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 97,473,360</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, 2009**

	<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	\$ 36,412,114	\$	\$	\$	\$	\$	\$ 36,412,114
Intergovernmental	15,758,147		750,000	1,285,986	44,482	1,108,759	18,947,374
Charges for services	504,245	244,606	183,009			1,641,243	2,573,103
Investment income (loss)	292,959	70,336	3,658	995	17,749	(26,785)	358,912
Other revenues	63,290	763	3,800	169,749	341,329	13,455	592,386
Total revenues	<u>53,030,755</u>	<u>315,705</u>	<u>940,467</u>	<u>1,456,730</u>	<u>403,560</u>	<u>2,736,672</u>	<u>58,883,889</u>
Expenditures:							
Current:							
Administration	2,317,706						2,317,706
Planning and community development	370,967						370,967
Community services	877,199		827,737			464,592	2,169,528
Public works	4,766,504						4,766,504
Public safety services	1,426,047	975				33,147	1,460,169
Record and financial services	1,016,583						1,016,583
Contingency and other	41,734						41,734
Board of Education	36,943,631					2,178,707	39,122,338
Capital outlay				1,790,890	1,094,536		2,885,426
Debt service	4,635,710	149,450					4,785,160
Total expenditures	<u>52,396,081</u>	<u>150,425</u>	<u>827,737</u>	<u>1,790,890</u>	<u>1,094,536</u>	<u>2,676,446</u>	<u>58,936,115</u>
Excess (Deficiency) of Revenues over Expenditures	<u>634,674</u>	<u>165,280</u>	<u>112,730</u>	<u>(334,160)</u>	<u>(690,976)</u>	<u>60,226</u>	<u>(52,226)</u>
Other Financing Sources (Uses):							
Bond issuance				803,000	1,207,000		2,010,000
Bond premiums					32,435		32,435
Transfers in	250,000		222,878	593,768	558,018	12,734	1,637,398
Transfers out	(603,826)		(222,878)	(290,960)	(349,000)	(190,734)	(1,657,398)
Net other financing sources (uses)	<u>(353,826)</u>	<u>-</u>	<u>-</u>	<u>1,105,808</u>	<u>1,448,453</u>	<u>(178,000)</u>	<u>2,022,435</u>
Net Change in Fund Balances	280,848	165,280	112,730	771,648	757,477	(117,774)	1,970,209
Fund Balances at Beginning of Year	<u>6,659,669</u>	<u>560,273</u>	<u>163,178</u>	<u>(1,382,936)</u>	<u>1,229,116</u>	<u>2,804,221</u>	<u>10,033,521</u>
Fund Balances at End 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>

(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, 2009

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different due to:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 1,970,209
---------------------------------------------------------------------	--------------

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

Capital outlay	2,293,765
Depreciation expense	(3,789,951)
Loss on disposal of capital assets	(288,580)

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	(199,026)
Increase in other post employment benefit asset	57,000
Increase in property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	22,050
Increase in property tax interest and lien revenue	20,562
Increase in property tax, sewer use and community development block grant allowance for doubtful accounts	(1,851)

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:

Issuance of bond	(2,010,000)
Bond payments	2,840,000
Bond premium	(32,435)
Change in accrued interest	3,523
Amortization of bond premium and deferred bond issue costs	5,870
Note principal payments	121,839
Capital lease payments	60,844

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>(55,507)</u>
----------------------	-----------------

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 1,018,312</u>
--------------------------------------------------------------	---------------------

The accompanying notes are an integral part of the financial statements

## TOWN OF TOLLAND, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 36,054,215	\$ 36,054,215	\$ 36,412,114	\$ 357,899
Intergovernmental	12,006,847	12,138,528	12,029,411	(109,117)
Charges for services	857,987	857,987	504,245	(353,742)
Investment income	350,000	350,000	292,959	(57,041)
Other revenues	10,917	10,917	63,290	52,373
Total revenues	<u>49,279,966</u>	<u>49,411,647</u>	<u>49,302,019</u>	<u>(109,628)</u>
Expenditures:				
Current:				
Administrative	2,442,870	2,454,778	2,328,594	126,184
Planning and community development	420,825	359,266	351,447	7,819
Community services	828,542	893,775	880,255	13,520
Public works	4,700,519	4,729,356	4,588,514	140,842
Public safety services	1,393,280	1,444,894	1,420,310	24,584
Record and financial services	930,955	947,915	929,697	18,218
Contingency and other	171,950	84,628	43,393	41,235
Board of Education	33,473,797	33,596,507	33,342,304	254,203
Debt service	4,411,191	4,635,710	4,635,710	-
Total expenditures	<u>48,773,929</u>	<u>49,146,829</u>	<u>48,520,224</u>	<u>626,605</u>
Excess of Revenues over Expenditures	<u>506,037</u>	<u>264,818</u>	<u>781,795</u>	<u>516,977</u>
Other Financing Sources (Uses):				
Cancellation of prior year encumbrances			74,696	74,696
Appropriation of fund balance		89,008		(89,008)
Transfers in		250,000	250,000	-
Transfers out	(506,037)	(603,826)	(603,826)	-
Net other financing uses	<u>(506,037)</u>	<u>(264,818)</u>	<u>(279,130)</u>	<u>(14,312)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	502,665	<u>\$ 502,665</u>
Fund Balance at Beginning of Year			<u>5,352,649</u>	
Fund Balance at End of Year			<u>\$ 5,855,314</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF TOLLAND, CONNECTICUT

## STATEMENT OF NET ASSETS

## PROPRIETARY FUNDS

JUNE 30, 2009

	<b>Business-Type Activities Enterprise Funds</b>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 201,086	\$ 678	\$ 201,764
Accounts receivable	69,372	78,160	147,532
Total current assets	<u>270,458</u>	<u>78,838</u>	<u>349,296</u>
Noncurrent assets:			
Capital assets, nondepreciable:			
Land	50,858		50,858
Construction in progress	271,972		271,972
Capital assets, net of accumulated depreciation:			
Plant and pumping station	517,189	1,170,000	1,687,189
Distribution system	2,028,971	5,206,899	7,235,870
Total noncurrent assets	<u>2,868,990</u>	<u>6,376,899</u>	<u>9,245,889</u>
Total assets	<u>3,139,448</u>	<u>6,455,737</u>	<u>9,595,185</u>
Liabilities:			
Current liabilities:			
Accounts payable	27,788	29,770	57,558
Net Assets:			
Invested in capital assets	2,868,990	6,376,899	9,245,889
Unrestricted	242,670	49,068	291,738
Total Net Assets	<u>\$ 3,111,660</u>	<u>\$ 6,425,967</u>	<u>\$ 9,537,627</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, 2009

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 227,024	\$ 181,663	\$ 408,687
Operating Expenses:			
Professional services	122,837	32,068	154,905
Repairs and maintenance	21,621		21,621
Service fees		120,424	120,424
Materials and supplies	24,668	4,274	28,942
Utilities	68,300	28,225	96,525
Depreciation	79,398	176,483	255,881
Total operating expenses	<u>316,824</u>	<u>361,474</u>	<u>678,298</u>
Operating Loss	(89,800)	(179,811)	(269,611)
Nonoperating Revenue:			
Donation and capital contribution	9,997		9,997
Investment income	7,003	1,205	8,208
Other revenue	69		69
Loss Before Transfers	(72,731)	(178,606)	(251,337)
Transfers In		20,000	20,000
Change in Net Assets	(72,731)	(158,606)	(231,337)
Net Assets at Beginning of Year	<u>3,184,391</u>	<u>6,584,573</u>	<u>9,768,964</u>
Net Assets at End of Year	<u>\$ 3,111,660</u>	<u>\$ 6,425,967</u>	<u>\$ 9,537,627</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, 2009

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 238,610	\$ 156,617	\$ 395,227
Payments to suppliers	(531,936)	(181,592)	(713,528)
Net cash used in operating activities	<u>(293,326)</u>	<u>(24,975)</u>	<u>(318,301)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers in		20,000	20,000
Cash Flows from Investing Activities:			
Investment income	<u>17,070</u>	<u>1,205</u>	<u>18,275</u>
Net Decrease in Cash	(276,256)	(3,770)	(280,026)
Cash at Beginning of Year	<u>477,342</u>	<u>4,448</u>	<u>481,790</u>
Cash at End of Year	<u>\$ 201,086</u>	<u>\$ 678</u>	<u>\$ 201,764</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:			
Operating loss	\$ (89,800)	\$ (179,811)	\$ (269,611)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Capital expenses	(286,184)		(286,184)
Depreciation expense	79,398	176,483	255,881
Decrease (increase) in accounts receivable	11,586	(25,304)	(13,718)
Increase (decrease) in accounts payable	<u>(8,326)</u>	<u>3,657</u>	<u>(4,669)</u>
Net Cash Used in Operating Activities	<u>\$ (293,326)</u>	<u>\$ (24,975)</u>	<u>\$ (318,301)</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET ASSETS**

**FIDUCIARY FUNDS**

**JUNE 30, 2009**

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Fund Stevenson Scholarship</u>	<u>Agency Funds</u>
Assets:			
Cash	\$	\$ 25,230	\$ 441,937
Investments	<u>118,289</u>		
Total additions	118,289	25,230	441,937
Liabilities:			
Accounts payable			<u>441,937</u>
Net Assets:			
Held in Trust for Other Purposes	\$ <u><u>118,289</u></u>	\$ <u><u>25,230</u></u>	\$ <u><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, 2009

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Fund Stevenson Scholarship</u>
Additions:		
Interest and dividends	\$	\$ 764
Contributions	301,038	
Total additions	<u>301,038</u>	<u>764</u>
Deductions:		
Scholarships awarded		550
Benefits paid out	181,604	
Net decrease in the fair value of the investment	1,145	
Total deductions	<u>182,749</u>	<u>550</u>
Change in Net Assets	118,289	214
Net Assets at Beginning of Year	<u>-</u>	<u>25,016</u>
Net Assets at End of Year	<u>\$ 118,289</u>	<u>\$ 25,230</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 additional appropriations of \$470,689, from which \$381,681 was from additional grant revenue and \$89,008 from designated fund balance for Board of Education expenditures.
- Management is authorized to make budgetary transfers within departments but cannot approve additional appropriations.
- Formal budgetary integration is employed as a management control device during the year.

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

- 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, 2009 is as follows:

	<b>Revenues and Other Financing Sources</b>	<b>Expenditures and Other Financing Uses</b>	<b>Fund Balance</b>
Balance, budgetary basis	\$ 49,626,715	\$ 49,124,050	\$ 5,855,314
Encumbrances outstanding at June 30, 2008, liquidated during the year ended June 30, 2009		1,291,774	
Encumbrances outstanding at June 30, 2008, canceled during the year ended June 30, 2009	(74,696)		
Encumbrances outstanding at June 30, 2009, charged to budgetary expenditures during the year ended June 30, 2009		(967,169)	967,169
Encumbrances outstanding at June 30, 2008, still outstanding at June 30, 2009			118,034
State of Connecticut grants for Special Education excess costs, netted for budgetary purposes	1,202,314	1,202,314	
Accrual for GAAP purposes		(177,484)	
State Teachers' Retirement on-behalf payment	2,526,422	2,526,422	
Balance, GAAP basis	\$ 53,280,755	\$ 52,999,907	\$ 6,940,517

## TOWN OF TOLLAND, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

---

#### **B. Deficit Fund Equity**

At June 30, 2009, the Bonded Capital Projects Fund and the Dog Fund had deficit fund balances of \$611,288 and \$5,830, respectively. The deficits will be reduced by future revenues and General Fund appropriations.

### **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 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

**TOWN OF TOLLAND, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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*, \$2,813,338 of the Town's bank balance of \$11,369,170 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,413,497
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>399,841</u>
<b>Total Amount Subject to Custodial Credit Risk</b>	<b>\$ <u>2,813,338</u></b>

**Cash Equivalents**

At June 30, 2009, the Town's cash equivalents amounted to \$2,976,847. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm	
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)		AAA

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Investments**

As of June 30, 2009, 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:					
Fixed Income Funds	N/A	\$ 589,444	\$ 589,444		\$
US Government Obligations	N/A	3,492	3,492		
Corporate Bonds	AA3	51,140		51,140	
Corporate Bonds	A1	30,233		30,233	
Corporate Bonds	A2	77,861		77,861	
Corporate Bonds	A3	48,343	25,138		23,205
Corporate Bonds	BAA1	10,167	10,167		
Corporate Bonds	BAA3	38,446		38,446	
Total		849,126	\$ 628,241	\$ 197,680	\$ 23,205
Other investments:					
Mutual Funds		317,613			
Equities		332,595			
Total Investments		\$ 1,499,334			

**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

**TOWN OF TOLLAND, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

Treasurer’s Cash Management Board. Regulatory oversight for MBIA Class Plus Investment is provided by an investment advisory council consisting of members appointed by the municipalities. Other authorized investments include pooled and joint investments meeting the requirements of the policy, excluding those pools investing in “derivative” securities; certificates of deposit; repurchase agreements; and obligations of the United States and agencies of the federal government.

**B. Endowments Received**

	<b>Cemetery Perpetual Care Fund</b>	<b>Ratcliff Hicks Memorial School Fund</b>	<b>Total</b>
Original principal received	\$ 292,263	\$ 20,800	\$ 313,063
Net appreciation on investments	465	441,790	442,255
Total Value	\$ 292,728	\$ 462,590	\$ 755,318

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:

	<b>General</b>	<b>Sewer Reserve</b>	<b>Bonded Capital Projects</b>	<b>Capital Non- recurring</b>	<b>CDBG Small Cities</b>	<b>Nonmajor and Other Funds</b>	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
Receivables:									
Taxes	\$ 451,703	\$	\$	\$	\$	\$	\$	\$	\$ 451,703
Accounts and other	292,080	1,048,478		3,100	673,183	48,143	69,372	78,160	2,212,516
Intergovernmental	15,243		845,413	215,474		47,918			1,124,048
Gross receivables	759,026	1,048,478	845,413	218,574	673,183	96,061	69,372	78,160	3,788,267
Less: Allowance for collection losses	4,517								4,517
Net Total Receivables	\$ 754,509	\$ 1,048,478	\$ 845,413	\$ 218,574	\$ 673,183	\$ 96,061	\$ 69,372	\$ 78,160	\$ 3,783,750

**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:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 337,929	\$
Property taxes collected in advance		271,565
Bonded Capital Projects:		
LOCIP funds	42,413	
Other		14,588
Capital Nonrecurring:		
LOCIP funds	123,182	
Other		2,052
Sewer Reserve:		
Assessment receivable	1,048,478	
Sewer reserve advance collections		50,000
CDBG Small Cities		
Loan receivable	673,183	
Nonmajor Governmental Funds:		
Loan receivable	15,817	
Program fees	3,894	31,564
Cemetery operations	13,600	
Permanent Funds:		
Cemetery Perpetual Care	<u>6,475</u>	
Total Deferred Revenue for Governmental Funds	\$ <u>2,264,971</u>	\$ <u>369,769</u>

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**E. Capital Assets**

Capital asset activity for the year ended June 30, 2009 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	\$ 11,363,664	\$ 965,565	\$	\$ 12,329,229
Rights of way	355,933	14,592		370,525
Construction in progress	<u>395,632</u>	<u>112,965</u>	<u>222,480</u>	<u>286,117</u>
Total capital assets not being depreciated	<u>12,115,229</u>	<u>1,093,122</u>	<u>222,480</u>	<u>12,985,871</u>
Capital assets being depreciated:				
Buildings and improvements	120,476,094	271,851	132,277	120,615,668
Vehicles, furniture and equipment	9,330,448	610,272	331,242	9,609,478
Infrastructure	<u>46,766,281</u>	<u>541,000</u>		<u>47,307,281</u>
Total capital assets being depreciated	<u>176,572,823</u>	<u>1,423,123</u>	<u>463,519</u>	<u>177,532,427</u>
Less accumulated depreciation for:				
Buildings and improvements	36,292,429	2,237,441	20,426	38,509,444
Vehicles, furniture and equipment	3,976,963	548,126	154,513	4,370,576
Infrastructure	<u>20,948,713</u>	<u>1,004,384</u>		<u>21,953,097</u>
Total accumulated depreciation	<u>61,218,105</u>	<u>3,789,951</u>	<u>174,939</u>	<u>64,833,117</u>
Total capital assets being depreciated, net	<u>115,354,718</u>	<u>(2,366,828)</u>	<u>288,580</u>	<u>112,699,310</u>
Governmental Activities Capital Assets, Net	<u>\$ 127,469,947</u>	<u>\$ (1,273,706)</u>	<u>\$ 511,060</u>	<u>\$ 125,685,181</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 50,858	\$	\$	\$ 50,858
Construction in progress	<u>80,796</u>	<u>241,576</u>	<u>50,400</u>	<u>271,972</u>
Total capital assets not being depreciated	<u>131,654</u>	<u>241,576</u>	<u>50,400</u>	<u>322,830</u>
Capital assets being depreciated:				
Plant and pumping stations	2,440,113			2,440,113
Water distribution system	<u>8,945,254</u>	<u>95,008</u>		<u>9,040,262</u>
Total capital assets being depreciated	<u>11,385,367</u>	<u>95,008</u>	<u>-</u>	<u>11,480,375</u>
Less accumulated depreciation for:				
Plant and pumping stations	678,090	74,834		752,924
Water distribution system	<u>1,623,345</u>	<u>181,047</u>		<u>1,804,392</u>
Total accumulated depreciation	<u>2,301,435</u>	<u>255,881</u>	<u>-</u>	<u>2,557,316</u>
Total capital assets being depreciated, net	<u>9,083,932</u>	<u>(160,873)</u>	<u>-</u>	<u>8,923,059</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,215,586</u>	<u>\$ 80,703</u>	<u>\$ 50,400</u>	<u>\$ 9,245,889</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	\$ 30,740
Planning and community development	27,803
Community services	56,166
Public works	1,179,426
Public safety services	228,850
Record and financial services	19,550
Board of education	<u>2,247,416</u>
Total Depreciation Expense - Governmental Activities	\$ <u>3,789,951</u>
Business-type activities:	
Water	\$ 79,398
Sewer	<u>176,483</u>
Total Depreciation Expense - Business Type Activities	\$ <u>255,881</u>

**Construction Commitments**

The Town has active construction projects as of June 30, 2009. 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>
Birch Grove Elementary School		
Commissioning	\$ 56,903	\$ 23,636
Pavement Management	857,022	383,097
Board of Education Accounting Software	<u>32,876</u>	<u>9,301</u>
	\$ <u>946,801</u>	\$ <u>416,034</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, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 193,779
Capital Nonrecurring	Bonded Capital Projects	291,527
Bonded Capital Projects	General Fund	169,749
Nonmajor Governmental Funds	General Fund	16
	Nonmajor Governmental Funds	<u>250</u>
Total		\$ <u><u>655,321</u></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>CDBG Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Transfers In</u>
Transfers:						
General Fund	\$	\$ 250,000	\$	\$	\$	\$ 250,000
Bonded Capital Projects	359,768		204,000		30,000	593,768
Capital Nonrecurring	222,058	40,960	145,000		150,000	558,018
CDBG Small Cities				222,878		222,878
Nonmajor governmental funds	2,000				10,734	12,734
Sewer Fund	<u>20,000</u>					<u>20,000</u>
Total Transfers Out	<u>\$ 603,826</u>	<u>\$ 290,960</u>	<u>\$ 349,000</u>	<u>\$ 222,878</u>	<u>\$ 190,734</u>	<u>\$ 1,657,398</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.

Bond anticipation note transactions for the year ended June 30, 2009 were as follows:

Outstanding, June 30, 2008	\$ 2,450,000
New borrowings	1,400,000
Repayments	<u>(2,450,000)</u>
Outstanding, June 30, 2009	\$ <u><u>1,400,000</u></u>

**TOWN OF TOLLAND, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

The bond anticipation notes bearing a net interest cost of 1.9522% were issued on September 12, 2008 and mature on September 10, 2009.

**H. Long-Term Debt**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2009 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	\$ 42,865,000	\$ 2,010,000	\$ 2,840,000	\$ 42,035,000	\$ 2,995,000
Plus deferred amounts:					
Issuance premium	<u>278,372</u>	<u>32,435</u>	<u>19,396</u>	<u>291,411</u>	
Total bonds payable	43,143,372	2,042,435	2,859,396	42,326,411	2,995,000
Sewer notes	1,007,480		121,839	885,641	123,647
Capital lease	257,537		60,844	196,693	63,145
Compensated absences	<u>1,521,877</u>	<u>95,754</u>	<u>40,247</u>	<u>1,577,384</u>	<u>145,894</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 45,930,266</u>	<u>\$ 2,138,189</u>	<u>\$ 3,082,326</u>	<u>\$ 44,986,129</u>	<u>\$ 3,327,686</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, general obligation bonds totaling \$2,010,000 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. School building grants of \$2,626,412 will be used to repay respective debt; however, the Town is liable for all outstanding bonds.

**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%.

**TOWN OF TOLLAND, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

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

Description	Date of Issue	Maturity	Interest Rate (%)	Amount of Original Issue	Annual Principal	Balance Outstanding June 30, 2009
General purpose:						
General obligation	6/01/02	6/01/12	3.25-5	\$ 2,151,000	Various	\$ 645,200
General obligation	12/01/03	12/01/24	2.375-4.375	3,660,000	Various	1,407,968
General obligation	12/01/04	12/01/24	3.5-4.25	3,260,000	Various	2,648,000
General obligation	9/01/05	9/01/25	4-4.25	445,000	Various	393,600
General obligation	9/15/06	6/30/26	4-4.25	1,965,000	Various	1,849,631
General obligation	9/01/07	9/01/21	3.9-5	1,872,200	Various	1,872,200
General obligation	9/01/08	9/01/18	3.0-4.0	2,010,000	Various	2,010,000
Total general purpose				<u>15,363,200</u>		<u>10,826,599</u>
School:						
School improvement	6/01/02	6/01/12	3.25-5	1,849,000	Various	554,800
School improvement	12/01/03	12/01/24	2.375-4.375	3,685,000	Various	1,487,032
School improvement	12/01/04	12/01/24	3.5-4.25	6,740,000	Various	5,627,000
School improvement	9/01/05	9/01/25	4-4.25	11,000,000	Various	9,446,400
School improvement - refunding	9/01/05	9/01/17	4-4.25	6,215,000	Various	5,045,000
School improvement	9/15/06	8/15/26	4-4.25	7,050,000	Various	6,665,369
School improvement	9/01/07	9/01/27	3.9-5	2,382,800	Various	2,382,800
Total school				<u>38,921,800</u>		<u>31,208,401</u>
Sewer notes:						
Vernon sewer	9/15/96	9/15/13	5-6.75	555,000	Various	153,900
Vernon wastewater	12/31/97	12/31/16	2	1,748,330	Various	731,741
				<u>2,303,330</u>		<u>885,641</u>
Total Outstanding				<u>\$ 56,588,330</u>		<u>\$ 42,920,641</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:

	<b>Bonds</b>		<b>Sewer Notes</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2010	\$ 2,995,000	\$ 1,620,784	\$ 123,647	\$ 22,721
2011	3,175,000	1,502,134	125,490	19,037
2012	3,180,000	1,380,705	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
2015-2019	13,360,000	4,161,151	256,195	6,672
2020-2024	9,870,000	1,826,674		
2025-2028	3,860,000	216,439		
Total	\$ 42,035,000	\$ 13,121,380	\$ 885,641	\$ 82,300

**Authorized But Unissued Bonds**

The total of authorized but unissued bonds at June 30, 2009 is \$29,645,120. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

**Statutory Debt Limitation**

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

<b>Category</b>	<b>Debt Limit</b>	<b>Indebtedness</b>	<b>Balance</b>
General Purpose	\$ 81,636,516	\$ 10,631,719	\$ 71,004,797
Schools	163,273,032	56,921,989	106,351,043
Sewers	136,060,860	1,500,000	134,560,860
Urban Renewal	117,919,412		117,919,412
Pension Deficit	108,848,688		108,848,688

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$253,980,272. 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 \$2,626,412 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:

		<b><u>Governmental Activities</u></b>
Asset:		
Vehicle	\$	424,486
Less accumulated depreciation		<u>83,897</u>
 Total	 \$	 <u><u>340,589</u></u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2009 were as follows:

<b><u>Year Ending June 30:</u></b>		<b><u>Governmental Activities</u></b>
2010	\$	69,606
2011		69,606
2012		<u>69,606</u>
Total minimum lease payments		208,818
Less amount representing interest		<u>12,125</u>
 Present Value of Minimum Lease Payments	 \$	 <u><u>196,693</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, 2009 was \$236,484 and represented 6% of covered payroll. The employees' required contributions were \$98,538 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, 2009, teachers of the Town contributed \$1,186,106 to the plan, and covered payroll for the year was \$16,360,083. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2009 was \$2,526,422 and is recognized in the governmental funds GAAP-basis income statement. This amount is significantly lower than the prior year because of a one-time prior year increase in contribution by the State of Connecticut.

**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):

		<b>Retiree Medical Program</b>
Annual required contribution (ARC)	\$	437,000
Interest on net pension obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		<u>437,000</u>
Contributions made		<u>494,000</u>
Decrease in net pension obligation		<u>(57,000)</u>
Net pension obligation (asset), beginning of year		<u>-</u>
Net Pension Obligation (Asset), End of Year	\$	<u><u>(57,000)</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 year ending June 30, 2009 is presented below.

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
6/30/09	\$ 437,000	\$ 494,000	113.04	\$ (57,000)

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 contributions of the employer are subject to continual revision as accrual results are

## TOWN OF TOLLAND, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

---

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, 2009 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, 2009. 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 Event**

On September 10, 2009, the Town issued bond anticipation notes of \$1,350,000 bearing interest at 1.35%, maturing on November 10, 2009.

**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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Property Taxes:				
Current year levy	\$ 35,320,898	\$ 35,320,898	\$ 35,505,965	\$ 185,067
Prior year levy	165,000	165,000	323,553	158,553
Interest and lien fees	97,977	97,977	173,477	75,500
Motor vehicle supplement	402,812	402,812	354,969	(47,843)
Suspense	1,500	1,500	1,860	360
Telecommunications access line	66,028	66,028	52,290	(13,738)
Total property taxes	<u>36,054,215</u>	<u>36,054,215</u>	<u>36,412,114</u>	<u>357,899</u>
Intergovernmental:				
Education:				
Transportation	377,426	377,426	334,914	(42,512)
Adult education	10,939	10,939	11,688	749
Education equalization	10,759,283	10,759,283	10,740,557	(18,726)
Aid to the blind	37,870	37,870	2,797	(35,073)
Other grants	13,874	36,799	22,925	(13,874)
Total education	<u>11,199,392</u>	<u>11,222,317</u>	<u>11,112,881</u>	<u>(109,436)</u>
General government:				
Elderly tax freeze	2,000	2,000	2,000	-
Elderly circuit breaker	65,135	65,135	61,946	(3,189)
State property reimbursement	65,342	65,342	65,563	221
Interest subsidy	136,426	136,426	102,793	(33,633)
Bond subsidy	288,751	288,751	313,161	24,410
Library grant	1,900	1,900	1,798	(102)
SDE/MH and AS/DEEP grants	24,207	24,207	24,206	(1)
Manufacturers' equipment	103,600	103,600	110,132	6,532
Boat tax reimbursement	13,052	13,052	13,052	-
Civil defense grant	4,000	4,000	4,000	-
Mashantucket Pequot	81,933	81,933	84,054	2,121
Miscellaneous grants	5,667	114,423	117,795	3,372
Veterans	6,942	6,942	7,318	376
Town Clerk Preservation	7,000	7,000	7,000	-
Disability grant	1,500	1,500	1,712	212
Total general government	<u>807,455</u>	<u>916,211</u>	<u>916,530</u>	<u>319</u>
Total intergovernmental	<u>12,006,847</u>	<u>12,138,528</u>	<u>12,029,411</u>	<u>(109,117)</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Original Budget</u>
Charges for Services:				
Building permit fees	\$ 220,000	\$ 220,000	\$ 86,500	\$ (133,500)
Fines, fees and penalties	1,500	1,500	955	(545)
Pistol permits	1,000	1,000	3,930	2,930
Zoning permit fees	12,000	12,000	4,450	(7,550)
Town clerk	8,000	8,000	12,439	4,439
Library fees	17,000	17,000	16,742	(258)
Counseling fees	2,000	2,000	2,434	434
Planning and zoning and IWWC	13,000	13,000	3,894	(9,106)
Rents/PILOT	9,782	9,782	9,997	215
Property conveyance tax	215,000	215,000	109,912	(105,088)
Document recording fees	100,000	100,000	71,203	(28,797)
Map and copy sales	12,000	12,000	11,049	(951)
Zoning board of appeals	3,000	3,000	2,394	(606)
Public safety services	2,000	2,000	2,096	96
Solid waste fees/sewer fees	75,000	75,000	68,583	(6,417)
Tuition	65,000	65,000		(65,000)
Town preservation	12,000	12,000	7,962	(4,038)
Ambulance	89,705	89,705	89,705	-
Total charges for services	<u>857,987</u>	<u>857,987</u>	<u>504,245</u>	<u>(353,742)</u>
Investment Income:				
General Fund	<u>350,000</u>	<u>350,000</u>	<u>292,959</u>	<u>(57,041)</u>
Other Revenues	<u>10,917</u>	<u>10,917</u>	<u>63,290</u>	<u>52,373</u>
Total Revenues	<u>49,279,966</u>	<u>49,411,647</u>	<u>49,302,019</u>	<u>(109,628)</u>
Other Financing Sources:				
Cancellation of prior year encumbrances			74,696	74,696
Appropriation of fund balance		89,008		(89,008)
Transfers in		250,000	250,000	-
Total other financing sources	<u>-</u>	<u>339,008</u>	<u>324,696</u>	<u>(14,312)</u>
Total Revenues and Other Financing Sources	<u>\$ 49,279,966</u>	<u>\$ 49,750,655</u>	<u>\$ 49,626,715</u>	<u>\$ (123,940)</u>

## TOWN OF TOLLAND, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
Administrative:				
Town council	\$ 37,090	\$ 37,090	\$ 34,868	\$ 2,222
Town manager	211,788	219,010	213,719	5,291
Economic development commission	6,230	6,230	4,451	1,779
Human resources and administrative services	1,924,669	1,929,355	1,837,804	91,551
Insurance	174,058	174,058	169,824	4,234
Legal services	83,615	83,615	62,965	20,650
Probate court	5,420	5,420	4,963	457
Total administrative	<u>2,442,870</u>	<u>2,454,778</u>	<u>2,328,594</u>	<u>126,184</u>
Planning and Community Development:				
Building inspection services	117,839	76,120	75,448	672
Zoning board of appeals	4,685	4,685	2,665	2,020
Environmental health services	66,443	66,443	66,442	1
Planning and zoning services	214,693	194,783	192,754	2,029
Inland wetlands commission	5,586	5,586	2,928	2,658
Conservation commission	1,090	1,160	1,028	132
Planning and zoning commission	10,489	10,489	10,182	307
Total planning and community development	<u>420,825</u>	<u>359,266</u>	<u>351,447</u>	<u>7,819</u>
Community Services:				
Youth services	56,397	57,596	53,251	4,345
Elderly services	79,701	90,563	89,796	767
Human services	191,030	224,747	224,298	449
Library	380,874	396,857	388,899	7,958
Recreation and adult education	120,540	124,012	124,011	1
Total community services	<u>828,542</u>	<u>893,775</u>	<u>880,255</u>	<u>13,520</u>
Public Works:				
Public works administration	202,635	205,238	198,748	6,490
Parks and facilities	1,184,240	1,223,384	1,197,829	25,555
Refuse and recycling services	1,370,344	1,370,344	1,292,371	77,973
Sewage disposal	20,000			-
Streets and roads	1,923,300	1,930,390	1,899,566	30,824
Total public works	<u>4,700,519</u>	<u>4,729,356</u>	<u>4,588,514</u>	<u>140,842</u>
Public Safety Services:				
Water supply	69,661	69,661	68,846	815
Ambulance	242,542	251,944	248,258	3,686
Canine control	28,744	28,697	28,696	1
Civil preparedness	10,000	10,000	9,400	600
Fire prevention	26,435	27,148	25,373	1,775
Fire suppression	465,944	495,751	490,169	5,582
Law enforcement	549,954	561,693	549,568	12,125
Total public safety services	<u>1,393,280</u>	<u>1,444,894</u>	<u>1,420,310</u>	<u>24,584</u>
Record and Financial Services:				
Accounting services	277,701	286,041	285,141	900
Assessment services	271,712	276,898	275,370	1,528
Board of assessment appeals	525	525	423	102
Independent audit	19,600	19,600	19,600	-
Registrar of voters	39,742	40,287	32,931	7,356
Revenue services	168,144	171,574	168,765	2,809
Town clerk	153,531	152,990	147,467	5,523
Total record and financial services	<u>930,955</u>	<u>947,915</u>	<u>929,697</u>	<u>18,218</u>
Contingency and Other	<u>171,950</u>	<u>84,628</u>	<u>43,393</u>	<u>41,235</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, 2009

	Original Budget	Final Budget	Actual	Variance With Original Budget
Board of Education:				
Language arts	\$ 73,162	\$ 101,196	\$ 116,098	\$ (14,902)
Math	3,840	49,324	65,474	(16,150)
Social studies	22,246	38,242	63,205	(24,963)
Science	79,009	122,622	125,812	(3,190)
Art	33,869	32,394	32,400	(6)
Music	24,615	19,194	18,887	307
Physical education	14,173	8,720	8,456	264
World language	18,555	34,779	37,258	(2,479)
Family and consumer science	17,093	13,928	14,214	(286)
Technology education	22,688	24,226	26,108	(1,882)
Business education	10,177	10,688	10,050	638
Computer education	21,252	19,626	18,681	945
Skills for adolescence	2,408	126	126	-
Talc	665	514	514	-
Special services	1,168,377	1,110,176	990,031	120,145
Special education	95,169	81,650	77,291	4,359
Interdistrict programs	101,186	121,787	122,943	(1,156)
Student athletics	114,052	114,052	52,262	61,790
Student activities	17,805	17,805	12,713	5,092
Guidance and counseling	8,966	8,332	5,942	2,390
Nursing	14,759	11,370	11,493	(123)
Library	27,363	27,504	27,355	149
Audiovisual	10,441	6,433	6,433	-
Principals' office	104,312	103,446	191,660	(88,214)
Transportation	2,338,682	2,179,336	2,181,968	(2,632)
Superintendent's office	15,515	16,724	14,974	1,750
Business office	179,655	217,084	225,506	(8,422)
Technology services	77,260	184,937	176,536	8,401
Plant operation - system wide	380,124	459,340	495,736	(36,396)
Plant operation - utilities / fuel	1,871,681	1,513,765	1,382,292	131,473
Plant operation - energy management	500	500		500
Plant maintenance	442,952	529,236	496,881	32,355
Program / professional development	63,318	49,318	47,167	2,151
Adult education	28,533	28,810	28,810	-
Board of Education - program	61,470	97,047	97,590	(543)
Staff services - other	943,906	1,039,281	1,162,105	(122,824)
Staff services - health insurance	4,464,305	4,618,961	4,550,478	68,483
Certified regular education payroll	12,803,513	12,780,513	12,584,219	196,294
Certified special education payroll	2,435,226	2,460,236	2,468,524	(8,288)
Noncertified payroll	1,063,681	1,121,331	1,146,024	(24,693)
Building operations	918,318	912,940	877,935	35,005
Board of Education - personnel	2,303	1,449	1,449	-
Building maintenance	175,241	176,241	175,908	333
Business services	273,680	283,680	283,193	487
Superintendent services	250,824	250,922	249,045	1,877
Principals' services	1,335,363	1,298,302	1,306,840	(8,538)
System-wide substitutes	399,110	365,587	406,273	(40,686)
System-wide services	942,455	932,833	947,445	(14,612)
Total Board of Education	<u>33,473,797</u>	<u>33,596,507</u>	<u>33,342,304</u>	<u>254,203</u>
Debt Service	<u>4,411,191</u>	<u>4,635,710</u>	<u>4,635,710</u>	<u>-</u>
Total Expenditures	<u>48,773,929</u>	<u>49,146,829</u>	<u>48,520,224</u>	<u>626,605</u>
Other Financing Uses:				
Transfers out:				
Sewer Fund		20,000	20,000	-
Capital nonrecurring	506,037	556,345	556,345	-
CNRE		25,481	25,481	-
Dog		2,000	2,000	-
Total other financing uses	<u>506,037</u>	<u>603,826</u>	<u>603,826</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 49,279,966</u>	<u>\$ 49,750,655</u>	<u>\$ 49,124,050</u>	<u>\$ 626,605</u>

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2009

Grand List Year	Uncollected Taxes July 1, 2008	Current Year Levy	Lawful Corrections			Transfers to Suspense	Adjusted Amount Collectible	Collections				Uncollected Taxes June 30, 2009	
			Pro-Rates	Additions	Deductions			Taxes	Over-payments	Net Taxes Collected	Interest and Lien Fees		Total
1993	\$	\$	\$	\$ 178	\$ 139	\$	\$ 39	\$ 39	\$	\$ 39	\$ 98	\$ 137	\$ -
1994				912	912		-			-			-
1995				912	912		-			-			-
1996				1,025	947		78	78		78	98	176	-
1997				1,059	964		95	95		95	614	709	-
1998				1,048	982		66	66		66	115	181	-
1999				1,113	1,045		68	68		68	106	174	-
2000				1,312	1,253		59	59		59	81	140	-
2001	472			1,824	1,367		929	472		472	539	1,011	457
2002	2,591			1,878	1,436		3,033	918		918	534	1,452	2,115
2003	3,754			1,188	916		4,026	472		472	637	1,109	3,554
2004	15,319			254	348	563	14,662	8,637		8,637	1,092	9,729	6,025
2005	79,418			7,595	962	1,970	84,081	69,408	777	68,631	18,726	87,357	15,450
2006	264,645			14,061	3,984	1,582	273,140	175,528	3,268	172,260	44,816	217,076	100,880
Total Prior Years	366,199	-	-	34,359	16,167	4,115	380,276	255,840	4,045	251,795	67,456	319,251	128,481
2007	35,786,265	374,204		103,015	84,369	269	36,178,846	35,889,347	33,723	35,855,624	106,021	35,961,645	323,222
Total	\$ 36,152,464	\$ 374,204	\$ -	\$ 137,374	\$ 100,536	\$ 4,384	\$ 36,559,122	\$ 36,145,187	\$ 37,768	\$ 36,107,419	\$ 173,477	\$ 36,280,896	\$ 451,703

FS

# 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.

**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.

**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, 2009**

	Special Revenue Funds							
	Dog Fund	Stone Pond Sewer Escrow	Tolland Townhouse Sewer Escrow	Lodge Activity Fund	Open Space Fund	Tolland Business Park Fund	Town Aid Road	Recreation
<b>ASSETS</b>								
Cash	\$ 5,764	\$ 14,349	\$ 10,128	\$ 89,500	\$ 433,791	\$ 14,586	\$ 380,811	\$ 238,176
Investments								
Receivables								
Due from other funds	16							
Other								
Total Assets	<u>\$ 5,780</u>	<u>\$ 14,349</u>	<u>\$ 10,128</u>	<u>\$ 89,500</u>	<u>\$ 433,791</u>	<u>\$ 14,586</u>	<u>\$ 380,811</u>	<u>\$ 238,176</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts and other payables/due to State	\$ 11,610			\$ 8,210	\$ 948	\$ 265		\$ 15,604
Due to other funds								
Deferred revenue				1,765				
Total liabilities	<u>11,610</u>	<u>-</u>	<u>-</u>	<u>9,975</u>	<u>948</u>	<u>265</u>	<u>-</u>	<u>15,604</u>
Fund Balances:								
Reserved for endowments								
Reserved for perpetual care								
Unreserved and undesignated	(5,830)	14,349	10,128	79,525	432,843	14,321	380,811	222,572
Total fund balances	<u>(5,830)</u>	<u>14,349</u>	<u>10,128</u>	<u>79,525</u>	<u>432,843</u>	<u>14,321</u>	<u>380,811</u>	<u>222,572</u>
Total Liabilities and Fund Balances	<u>\$ 5,780</u>	<u>\$ 14,349</u>	<u>\$ 10,128</u>	<u>\$ 89,500</u>	<u>\$ 433,791</u>	<u>\$ 14,586</u>	<u>\$ 380,811</u>	<u>\$ 238,176</u>

(Continued on next page)

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

**JUNE 30, 2009**

	Special Revenue Funds							
	Water Assessment	School Lunch	State and Federal Education Grants	Before/After School Programs	Rent Escrow	Eviction Fund	Cemetery Operations Fund	
<b>ASSETS</b>								
Cash	\$ 129,648	\$ 345,737	\$	\$ 248,870	\$ 2,968	\$ 707	\$ 121,727	\$ 5,172
Investments								
Receivables	3,894	20,945	28,268				13,600	
Due from other funds								
Other		27,990						
Total Assets	<u>\$ 133,542</u>	<u>\$ 394,672</u>	<u>\$ 28,268</u>	<u>\$ 248,870</u>	<u>\$ 2,968</u>	<u>\$ 707</u>	<u>\$ 135,327</u>	<u>\$ 5,172</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts and other payables/due to State	\$	\$ 16,542	\$ 28,268	\$ 1,974	\$ 2,968	\$	\$ 1,166	\$
Due to other funds		58,655		135,124			250	
Deferred revenue	3,894	29,799					13,600	
Total liabilities	<u>3,894</u>	<u>104,996</u>	<u>28,268</u>	<u>137,098</u>	<u>2,968</u>	<u>-</u>	<u>15,016</u>	<u>-</u>
Fund Balances:								
Reserved for endowments								
Reserved for perpetual care								
Unreserved and undesignated	129,648	289,676		111,772		707	120,311	5,172
Total fund balances	<u>129,648</u>	<u>289,676</u>	<u>-</u>	<u>111,772</u>	<u>-</u>	<u>707</u>	<u>120,311</u>	<u>5,172</u>
Total Liabilities and Fund Balances	<u>\$ 133,542</u>	<u>\$ 394,672</u>	<u>\$ 28,268</u>	<u>\$ 248,870</u>	<u>\$ 2,968</u>	<u>\$ 707</u>	<u>\$ 135,327</u>	<u>\$ 5,172</u>

(Continued on next page)

**TOWN OF TOLLAND, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**JUNE 30, 2009**

	<u>Special Revenue Funds</u>					<u>Permanent Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Training Center Fund</u>	<u>Conservation Green Grant</u>	<u>Tolland Library Foundation</u>	<u>Nonprofit Housing Unit Fund</u>	<u>Field Maintenance</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Ratcliff Hicks Memorial School Fund</u>	
<b>ASSETS</b>								
Cash	\$ 8,104		\$ 25,819	\$ 85,049	\$ 1,002	\$ 292,478		\$ 2,454,386
Investments							462,590	462,590
Receivables		1,000		21,879		6,475		96,061
Due from other funds						250		266
Other								27,990
Total Assets	<u>\$ 8,104</u>	<u>\$ 1,000</u>	<u>\$ 25,819</u>	<u>\$ 106,928</u>	<u>\$ 1,002</u>	<u>\$ 299,203</u>	<u>\$ 462,590</u>	<u>\$ 3,041,293</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts and other payables/due to State	\$	\$	\$	\$ 1,912	\$	\$	\$	\$ 89,467
Due to other funds								194,029
Deferred revenue				15,817		6,475		71,350
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,729</u>	<u>-</u>	<u>6,475</u>	<u>-</u>	<u>354,846</u>
Fund Balances:								
Reserved for endowments							20,800	20,800
Reserved for perpetual care						292,263		292,263
Unreserved and undesignated	8,104	1,000	25,819	89,199	1,002	465	441,790	2,373,384
Total fund balances	<u>8,104</u>	<u>1,000</u>	<u>25,819</u>	<u>89,199</u>	<u>1,002</u>	<u>292,728</u>	<u>462,590</u>	<u>2,686,447</u>
Total Liabilities and Fund Balances	<u>\$ 8,104</u>	<u>\$ 1,000</u>	<u>\$ 25,819</u>	<u>\$ 106,928</u>	<u>\$ 1,002</u>	<u>\$ 299,203</u>	<u>\$ 462,590</u>	<u>\$ 3,041,293</u>

## TOWN OF TOLLAND, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds							
	<u>Dog Fund</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>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$ 167,783	\$
Charges for services	21,873			36,505	3,660	13,330		322,947
Investment income (loss)		249	176	1,201	7,622	306	6,277	3,433
Other								5,866
Total revenues	<u>21,873</u>	<u>249</u>	<u>176</u>	<u>37,706</u>	<u>11,282</u>	<u>13,636</u>	<u>174,060</u>	<u>332,246</u>
Expenditures:								
Current:								
Community services				35,684	14,215	5,959		374,954
Public safety services	22,738							
Education								
Total expenditures	<u>22,738</u>	<u>-</u>	<u>-</u>	<u>35,684</u>	<u>14,215</u>	<u>5,959</u>	<u>-</u>	<u>374,954</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(865)</u>	<u>249</u>	<u>176</u>	<u>2,022</u>	<u>(2,933)</u>	<u>7,677</u>	<u>174,060</u>	<u>(42,708)</u>
Other Financing Sources (Uses):								
Transfers in	2,000							
Transfers out							(150,000)	(30,000)
Net other financing sources (uses)	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>(30,000)</u>
Net Change in Fund Balances	1,135	249	176	2,022	(2,933)	7,677	24,060	(72,708)
Fund Balances at Beginning of Year	<u>(6,965)</u>	<u>14,100</u>	<u>9,952</u>	<u>77,503</u>	<u>435,776</u>	<u>6,644</u>	<u>356,751</u>	<u>295,280</u>
Fund Balances at End of Year	<u>\$ (5,830)</u>	<u>\$ 14,349</u>	<u>\$ 10,128</u>	<u>\$ 79,525</u>	<u>\$ 432,843</u>	<u>\$ 14,321</u>	<u>\$ 380,811</u>	<u>\$ 222,572</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, 2009

	Special Revenue Funds						
	Water Assessment	School Lunch	State and Federal Education Grants	Before/After School Programs	Eviction Fund	Cemetery Operations Fund	Minnie Hicks Fund
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$
Charges for services	324	181,377	759,199	377,015	700	400	
Investment income (loss)	2,887	829,117			7	26,545	
Other		9,386				1,765	242
Total revenues	<u>3,211</u>	<u>1,019,880</u>	<u>759,199</u>	<u>377,015</u>	<u>707</u>	<u>28,710</u>	<u>242</u>
Expenditures:							
Current:							
Community services	10,350					14,114	
Public safety services							
Education		1,059,515	759,199	359,449			544
Total expenditures	<u>10,350</u>	<u>1,059,515</u>	<u>759,199</u>	<u>359,449</u>	<u>-</u>	<u>14,114</u>	<u>544</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(7,139)</u>	<u>(39,635)</u>	<u>-</u>	<u>17,566</u>	<u>707</u>	<u>14,596</u>	<u>(302)</u>
Other Financing Sources (Uses):							
Transfers in						10,734	
Transfers out							
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,734</u>	<u>-</u>
Net Change in Fund Balances	(7,139)	(39,635)	-	17,566	707	25,330	(302)
Fund Balances at Beginning of Year	<u>136,787</u>	<u>329,311</u>		<u>94,206</u>		<u>94,981</u>	<u>5,474</u>
Fund Balances at End of Year	<u>\$ 129,648</u>	<u>\$ 289,676</u>	<u>\$ -</u>	<u>\$ 111,772</u>	<u>\$ 707</u>	<u>\$ 120,311</u>	<u>\$ 5,172</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, 2009

09

	Special Revenue Funds					Permanent Funds		Total Nonmajor Governmental Funds
	Training Center Fund	Conservation Green Grant	Tolland Library Foundation	Nonprofit Housing Unit Fund	Field Maintenance	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$ 1,108,759
Charges for services	2,065			6,912		250		1,641,243
Investment income (loss)	123		190	3,220	2	10,735	(74,606)	(26,785)
Other		1,000	4,886	703	1,000			13,455
Total revenues	<u>2,188</u>	<u>1,000</u>	<u>5,076</u>	<u>10,835</u>	<u>1,002</u>	<u>10,985</u>	<u>(74,606)</u>	<u>2,736,672</u>
Expenditures:								
Current:								
Community services			2,211				7,105	464,592
Public safety services	1,858			8,551				33,147
Education								2,178,707
Total expenditures	<u>1,858</u>	<u>-</u>	<u>2,211</u>	<u>8,551</u>	<u>-</u>	<u>-</u>	<u>7,105</u>	<u>2,676,446</u>
Excess (Deficiency) of Revenues over Expenditures	<u>330</u>	<u>1,000</u>	<u>2,865</u>	<u>2,284</u>	<u>1,002</u>	<u>10,985</u>	<u>(81,711)</u>	<u>60,226</u>
Other Financing Sources (Uses):								
Transfers in								12,734
Transfers out						(10,734)		(190,734)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,734)</u>	<u>-</u>	<u>(178,000)</u>
Net Change in Fund Balances	330	1,000	2,865	2,284	1,002	251	(81,711)	(117,774)
Fund Balances at Beginning of Year	<u>7,774</u>	<u>-</u>	<u>22,954</u>	<u>86,915</u>	<u>-</u>	<u>292,477</u>	<u>544,301</u>	<u>2,804,221</u>
Fund Balances at End of Year	<u>\$ 8,104</u>	<u>\$ 1,000</u>	<u>\$ 25,819</u>	<u>\$ 89,199</u>	<u>\$ 1,002</u>	<u>\$ 292,728</u>	<u>\$ 462,590</u>	<u>\$ 2,686,447</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 Human Services** - 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.

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

## TOWN OF TOLLAND, CONNECTICUT

## AGENCY FUNDS

## FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance, July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2009</u>
Cash:				
Youth Center Reserve	\$ 33,459	\$ 25,341	\$ 14,750	\$ 44,050
Student Activity Fund	224,944	787,766	750,516	262,194
Senior Citizens Center	13,724	29,123	36,798	6,049
Tolland Public Library	59,671	19,352	13,374	65,649
Tolland Human Services	10,038	10,172	4,360	15,850
D.A.R.E.	1,516	532		2,048
Land Preservation Fund	68			68
Permanent Celebration Fund	45			45
Education Fund	32,160	389,362	387,546	33,976
Board of Education - Section 125	1,629	42,774	36,035	8,368
Teen Center	3,578	62		3,640
	<u>380,832</u>	<u>1,304,484</u>	<u>1,243,379</u>	<u>441,937</u>
Total Cash	\$ <u>380,832</u>	\$ <u>1,304,484</u>	\$ <u>1,243,379</u>	\$ <u>441,937</u>
Accounts Payable:				
Youth Center Reserve	\$ 33,459	\$ 25,341	\$ 14,750	\$ 44,050
Student Activity Fund	224,944	787,766	750,516	262,194
Senior Citizens Center	13,724	29,123	36,798	6,049
Tolland Public Library	59,671	19,352	13,374	65,649
Tolland Human Services	10,038	10,172	4,360	15,850
D.A.R.E.	1,516	532		2,048
Land Preservation Fund	68			68
Permanent Celebration Fund	45			45
Education Fund	32,160	389,362	387,546	33,976
Board of Education - Section 125	1,629	42,774	36,035	8,368
Teen Center	3,578	62		3,640
	<u>380,832</u>	<u>1,304,484</u>	<u>1,243,379</u>	<u>441,937</u>
Total Liabilities	\$ <u>380,832</u>	\$ <u>1,304,484</u>	\$ <u>1,243,379</u>	\$ <u>441,937</u>

# Statistical Section

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

<b>Contents</b>	<b>Page</b>
Financial Trends	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 SEVEN FISCAL YEARS

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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
Restricted	1,857,705	4,781,940	745,459	313,063	313,138	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
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>
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
Restricted						16,100	
Unrestricted	249,568	320,187	389,496	521,909	590,528	618,074	291,738
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>
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
Restricted	1,857,705	4,781,940	745,459	313,063	313,138	329,163	313,063
Unrestricted	11,913,724	7,702,326	15,026,927	7,837,893	12,402,763	15,870,129	16,575,599
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>

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 SEVEN FISCAL YEARS**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Expenses:</b>							
<b>Governmental activities:</b>							
Administration	\$ 1,163,697	\$ 1,410,701	\$ 1,003,916	\$ 918,022	\$ 868,729	\$ 1,179,140	\$ 1,161,198
Planning and community development	452,727	827,146	505,293	492,192	510,916	535,217	494,459
Community services	2,172,167	1,953,817	1,773,869	1,771,273	1,917,465	2,039,569	2,436,453
Public works	5,319,581	5,351,486	5,712,790	5,849,385	6,533,106	6,691,773	7,627,881
Public safety services	1,269,536	1,324,320	1,438,062	1,531,744	1,689,193	1,875,910	2,018,465
Records and financial services	926,590	1,054,614	1,174,516	981,271	1,019,719	1,098,650	1,224,626
Board of education	29,148,911	30,575,507	32,289,056	34,120,009	40,523,002	48,761,510	41,413,090
Interest expense	680,525	698,863	808,455	1,690,346	1,756,875	1,856,342	1,785,519
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
<b>Business-type activities:</b>							
Water	183,633	161,757	171,093	244,777	315,437	378,020	361,474
Sewer				246,901	262,121	352,643	316,824
Total business-type activities expenses	183,633	161,757	171,093	491,678	577,558	730,663	678,298
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
<b>Program Revenues:</b>							
<b>Governmental activities:</b>							
<b>Charges for services:</b>							
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
Community services	387,537	441,468	466,098	542,351	649,450	632,107	449,231
Public works	131,098	125,967	355,727	2,025,275	114,177	103,175	247,389
Public safety services	65,070	72,955	73,825	72,866	275,718	102,882	373,317
Records and financial services	335,924	428,913	382,248	362,998	121,514	108,141	94,691
Board of education	629,423	678,576	683,133	740,835	1,136,808	1,245,530	1,206,132
<b>Operating grants and contributions:</b>							
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
<b>Capital grants and contributions:</b>							
Administration		325,680	550,012	159,320	571,630		
Planning and community development	3,432,280	2,766,367				631,245	212,265
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
Interest expense							102,793
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
<b>Business-type activities:</b>							
<b>Charges for services:</b>							
Water	171,465	180,036	185,481	221,176	231,115	222,541	227,024
Sewer				96,069	104,868	161,817	181,663
<b>Capital grants and contributions:</b>							
Water			500,000	77,000	107,440	114,345	10,066
Sewer					139,169		
Total business-type activities program revenues	171,465	180,036	685,481	394,245	582,592	498,703	418,753
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
<b>Net revenue (expense):</b>							
Governmental activities	(22,093,265)	(24,431,487)	(22,328,537)	(13,744,583)	(38,556,179)	(36,191,103)	(38,090,420)
Business-type activities	(12,168)	18,279	514,388	(97,433)	5,034	(231,960)	(259,545)
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)
<b>General Revenues and Other Changes in Net Assets:</b>							
<b>Governmental activities:</b>							
Property taxes	25,651,187	27,905,489	29,742,683	31,445,290	33,851,289	34,457,677	36,444,090
Unrestricted grants and contributions	354,609	332,527	372,418	347,899	1,355,620	1,442,362	1,273,901
Investment income	226,951	201,037	522,920	686,252	1,020,661	588,117	358,911
Donated asset					884,165	2,198,752	555,592
Miscellaneous	207,382	153,421	973,150	307,857	802,499	576,945	496,238
Transfers		(2,800)		(2,219,170)	(30,000)	(20,000)	(20,000)
Total governmental activities	26,440,129	28,589,674	31,611,171	30,568,128	37,884,234	39,243,853	39,108,732
<b>Business-type activities:</b>							
Investment income	6,573	2,884	7,843	17,987	26,960	21,111	8,208
Transfers		2,800		2,219,170	30,000	20,000	20,000
Total business-type activities	6,573	5,684	7,843	2,237,157	56,960	41,111	28,208
Total primary government	26,446,702	28,595,358	31,619,014	32,805,285	37,941,194	39,284,964	39,136,940
<b>Change in Net Assets:</b>							
Governmental activities	4,346,864	4,158,187	9,282,634	16,823,545	(671,945)	3,052,750	1,018,312
Business-type activities	(5,595)	23,963	522,231	2,139,724	61,994	(190,849)	(231,337)
Total Primary Government	\$ 4,341,269	\$ 4,182,150	\$ 9,804,865	\$ 18,963,269	\$ (609,951)	\$ 2,861,901	\$ 786,975

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund:										
Reserved	\$ 1,000,251	\$ 1,080,611	\$ 981,261	\$ 675,669	\$ 997,935	\$ 921,534	\$ 1,083,083	\$ 1,117,199	\$ 1,484,504	\$ 1,085,203
Unreserved	2,264,666	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
<b>Total General Fund</b>	<b>\$ 3,264,917</b>	<b>\$ 3,337,759</b>	<b>\$ 3,772,691</b>	<b>\$ 3,758,414</b>	<b>\$ 5,032,993</b>	<b>\$ 5,128,286</b>	<b>\$ 5,436,664</b>	<b>\$ 6,011,869</b>	<b>\$ 6,659,669</b>	<b>\$ 6,940,517</b>
All other governmental funds:										
Reserved	\$ 12,692	\$ 1,115,344	\$ 186,760	\$ 1,182,036	\$ 3,784,005	\$ 1,353,978	\$ 6,886,690	\$ 235,642	\$ 642,654	\$ 794,358
Unreserved, reported in:										
Special Revenue Funds	330,411	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
Capital Projects Funds	1,922,499	(665,001)	2,778,107	2,127,518	(4,303,486)	2,861,492	(9,734,439)	(3,706,449)	(483,411)	894,010
Permanent Funds	84,458			114,813	163,648	107,148	503,184	574,396	523,715	442,255
<b>Total All Other Governmental Funds</b>	<b>\$ 2,350,060</b>	<b>\$ 1,182,917</b>	<b>\$ 4,368,633</b>	<b>\$ 4,672,580</b>	<b>\$ 828,681</b>	<b>\$ 5,860,564</b>	<b>\$ (15,531)</b>	<b>\$ (546,977)</b>	<b>\$ 3,373,852</b>	<b>\$ 5,063,213</b>

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:										
Property taxes	\$ 18,024,146	\$ 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
Intergovernmental	10,538,223	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
Charges for services	1,676,463	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
Investment income	665,747	545,757	260,899	247,557	163,596	509,167	682,401	1,020,661	588,117	358,912
Net increase (decrease) in fair value of investment		(7,186)	(25,006)	(20,606)	37,441	13,753	3,851	7,277		
Program income	62,010									
Contributions				635,997						
Other revenues	55,145	88,962	1,011,865	358,007	157,421	973,149	336,334	810,222	576,945	592,386
Total revenues	<u>31,021,734</u>	<u>33,627,245</u>	<u>37,124,926</u>	<u>44,258,929</u>	<u>45,004,066</u>	<u>55,681,098</u>	<u>65,364,826</u>	<u>53,561,191</u>	<u>65,097,481</u>	<u>58,883,889</u>
Expenditures:										
Administration	339,403	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
Planning and community development	780,716	554,243	336,464	354,598	356,573	362,361	385,289	390,443	430,956	370,967
Community services	988,996	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
Public works	2,744,716	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
Public safety services	849,382	861,926	932,080	971,892	1,022,943	1,101,353	1,261,595	1,353,132	1,406,752	1,460,169
Records and financial services	1,576,400	691,245	656,540	751,796	854,717	919,225	806,604	831,021	907,091	1,016,583
Contingency and other	162,355	86,359	68,445	38,791	74,993	46,713	43,979	41,193	42,154	41,734
Board of education	20,670,693	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
Capital outlay	2,429,898	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
Debt service:										
Principal	1,267,801	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
Interest	614,180	624,801	495,162	648,521	736,300	752,026	1,497,019	1,670,476	1,845,519	1,823,321
Total expenditures	<u>32,424,540</u>	<u>34,735,291</u>	<u>37,471,193</u>	<u>50,591,689</u>	<u>49,308,123</u>	<u>60,553,922</u>	<u>82,478,947</u>	<u>62,704,477</u>	<u>64,785,958</u>	<u>58,936,115</u>
Excess of revenues over (under) expenditures	<u>(1,402,806)</u>	<u>(1,108,046)</u>	<u>(346,267)</u>	<u>(6,332,760)</u>	<u>(4,304,057)</u>	<u>(4,872,824)</u>	<u>(17,114,121)</u>	<u>(9,143,286)</u>	<u>311,523</u>	<u>(52,226)</u>
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	1,186,938	1,289,073	1,716,428	1,442,368	799,108	406,942	593,091	1,658,825	980,003	1,637,398
Transfers out	(1,176,460)	(1,275,328)	(1,707,683)	(1,442,368)	(801,908)	(406,942)	(650,438)	(1,658,825)	(1,000,003)	(1,657,398)
Total other financing sources (uses)	<u>10,478</u>	<u>13,745</u>	<u>4,008,745</u>	<u>5,825,000</u>	<u>1,734,737</u>	<u>10,000,000</u>	<u>11,563,140</u>	<u>9,083,882</u>	<u>4,235,000</u>	<u>2,022,435</u>
Net change in fund balances	(1,392,328)	(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
Fund balance at beginning of year	7,007,305	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
Fund Balance at End of Year	<u>\$ 5,614,977</u>	<u>\$ 4,520,676</u>	<u>\$ 8,141,324</u>	<u>\$ 8,430,994</u>	<u>\$ 5,861,674</u>	<u>\$ 10,988,850</u>	<u>\$ 5,554,296</u>	<u>\$ 5,494,892</u>	<u>\$ 10,033,521</u>	<u>\$ 12,003,730</u>
Debt Service as a Percentage of Noncapital Expenditures	6.3%	5.8%	4.9%	5.4%	4.9%	8.5%	9.3%	8.0%	7.7%	9.2%

\* Fund balance restated

TOWN OF TOLLAND, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

<b>Fiscal Year Ended June 30</b>	<b>Real Estate Assessed Value</b>	<b>Motor Vehicle Assessed Value</b>	<b>Personal Property Assessed Value</b>	<b>Total Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Value</b>	<b>Percentage of Total Assessed Value to Total Estimated Value</b>
2000	\$ 526,342,217	\$ 79,718,871	\$ 21,424,914	\$ 627,486,002	28.54	\$ 979,954,451	64.03%
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%

66

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	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Capitol Ventures	\$ 11,872,300	1	0.96%			
Connecticut Light and Power	7,204,770	2	0.58%	\$ 4,647,130	2	0.71%
Gerber Scientific, Inc.	5,387,700	3	0.44%	6,876,007	1	1.05%
Summers and Summers Realty	4,446,500	4	0.36%			
NERAC	4,158,110	5	0.34%			
Ivy Woods LLC	3,821,400	6	0.31%			
Norwegian Woods, Inc.	3,749,300	7	0.30%	2,325,420	8	0.36%
Dari Farms	3,683,180	8	0.30%	4,010,100	3	0.61%
Interet Properties, Inc.	3,319,100	9	0.27%	3,365,880	5	0.51%
Carriage Crossing LLC	2,949,100	10	0.24%			
Connecticut Water Company				2,626,270	7	0.40%
Gerber Garment Technology				3,865,128	4	0.59%
SD Williams/Williams Construction				2,877,995	9	0.44%
Stamford Computer Group				1,753,400	6	0.27%
Wilde, Daniel and Helen				1,668,340	10	0.26%
Total	\$ <u>50,591,460</u>		<u>4.10%</u>	\$ <u>34,015,670</u>		<u>5.20%</u>

Note: Based on net taxable grand list, October 1, 2007 and October 1, 1998.

**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
2000	28.54	\$ 17,959,082	\$ 17,775,750	98.98%	\$ 150,703	\$ 17,926,453	99.82%
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%	-	35,855,624	99.11%

## 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						
2000	\$ 11,385,000	n/a	1.8%	\$ 1,922,077	\$	\$ 13,307,077	3.42%	\$ 1,027
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	3.5%	1,007,480	257,537	44,130,017	10.08%	3,012
2009	42,035,000	n/a	3.4%	885,641	196,693	43,117,334	9.81%	2,932

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, 2009

Total Tax Collections (Including Interest and Lien Fees) for the Year Ended June 30, 2009	\$ 36,280,896
Reimbursement for Revenue Loss: Tax relief for elderly freeze	<u>2,000</u>
Base for Debt Limitation Computation	<u>\$ 36,282,896</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	\$ 81,636,516	\$	\$	\$	\$
4 1/2 times base		163,273,032			
3 3/4 times base			136,060,860		
3 1/4 times base				117,919,412	
3 times base					<u>108,848,688</u>
Total debt limitation	<u>81,636,516</u>	<u>163,273,032</u>	<u>136,060,860</u>	<u>117,919,412</u>	<u>108,848,688</u>
Indebtedness:					
Bonds payable	9,326,599	31,208,401	1,500,000		
Bond anticipation notes		1,400,000			
Bond authorized but unissued	1,305,120	26,940,000			
Less: School building grants receivable		<u>(2,626,412)</u>			
Net Indebtedness (1) (2)	<u>10,631,719</u>	<u>56,921,989</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 71,004,797</u>	<u>\$ 106,351,043</u>	<u>\$ 134,560,860</u>	<u>\$ 117,919,412</u>	<u>\$ 108,848,688</u>

(1) The total of the above net indebtedness amounts to: \$ 69,053,708

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 253,980,272

(2) There is no overlapping debt.

## TOWN OF TOLLAND, CONNECTICUT

## LEGAL DEBT MARGIN INFORMATION

## LAST TEN FISCAL YEARS

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 126,495,390	\$ 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
Total net debt applicable to limit	<u>12,500,000</u>	<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>
Legal Debt Margin	<u>\$ 113,995,390</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	9.9%	5.2%	5.6%	7.8%	9.0%	39.4%	36.7%	22.8%	29.8%	27.2%

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**

<b>Fiscal Year</b>	<b>Population (3)</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (4)</b>	<b>School Enrollment</b>	<b>Unemployment Rate (2)</b>
2000	13,000	\$ 388,596,000	\$ 29,892	37.4	2,719	1.3%
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	5.2%

## 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**

<b>Employer</b>	<b>2009</b>			<b>2000</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Town of Tolland (1)	516	1	6.0%	N/A	N/A	N/A
Gerber Garment Technologies	500	2	5.8%	400	1	5.8%
Woodlake at Tolland	227	3	2.6%	180	3	2.6%
Big Y	224	4	2.6%	N/A	N/A	N/A
Dari Farms	133	5	1.5%	175	4	N/A
CNC Software	110	6	1.3%	N/A	N/A	N/A
Standard Register	102	7	1.2%	200	2	2.9%
NERAC, Inc.	50	8	0.6%	170	5	2.5%
Soldream, Inc.	48	9	0.6%	N/A	N/A	N/A
Northeast Utilities	42	10	0.5%	N/A	N/A	N/A
	<u>1,952</u>					

Notes:  
 (1): Full-time equivalents

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

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Administration	4	4	4	4	5	4	4	4	4	4
Planning and community development	9	8	8	8	7	7	7	7	7	7
Community services	19	19	20	20	20	20	20	20	20	17
Public works	29	31	33	33	34	34	34	34	34	35
Public safety services	9	8	9	10	9	9	9	9	10	11
Records and financial services	13	13	16	16	16	16	16	16	15	14
<b>Total</b>	<b>83</b>	<b>83</b>	<b>90</b>	<b>91</b>	<b>91</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>88</b>

\*\*Based on head count

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

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Planning and community development:										
Residential permit inspections	124	100	102	84	98	65	66	40	50	9
Commercial permit inspections	1	16	12	8	3	12	24	23	20	23
Subdivision lots approved (P&Z Comm)	20	24	18	13	21	11	12	2	5	1
COs issued (P&Z Services)	250	N/A	329	303	250	268	283	277	350	492
Elderly services:										
Senior center attendance	5,500	6,250	6,000	7,872	8,000	9,000	9,750	9,500	7,239	10,512
Library:										
Total circulation	134,969	131,132	139,966	150,271	145,939	144,698	148,380	177,798	138,265	148,891
Attendance at library	87,000	78,418	89,203	80,642	93,950	109,588	108,872	87,477	83,698	94,723
Recreation:										
Youth programs and sports participation	3,420	3,257	3,200	3,025	3,525	3,311	3,009	2,991	3,108	2,994
Adult programs and sports participation	1,500	1,451	1,980	1,889	1,801	1,667	1,216	1,213	1,281	1,299
Refuse and recycling:										
Tons of refuse co-generated	4,130	5,833	6,035	6,223	6,295	6,427	6,554	6,864	6,864	5,970
Tons of single stream recycling	116	259	272	1,502	1,702	1,925	2,062	2,082	2,187	1,530
Public safety:										
Ambulance medical calls	560	499	900	732	775	807	815	823	868	868
Ambulance non-emergency calls	365	410	60	1,878	2,019	2,100	2,121	2,142	2,324	2,324
Fire calls	304	278	300	376	397	406	410	414	432	432
Fire medical calls	820	695	900	732	775	807	815	823	868	868
Fire non-emergency calls	390	400	60	1,878	2,019	2,100	2,121	2,142	2,234	2,234
Hazardous materials			120	93	48	63	64	65	66	66
Law enforcement:										
Criminal investigations	228	342	289	282	280	469	502	450	357	318
Motor vehicle accident investigations	205	363	282	348	330	347	350	340	279	178
Registrar of voters:										
Total registered voters	7,540	8,620	8,546	8,502	8,709	9,421	9,400	9,400	9,278	9,809
Revenue services:										
Total taxes collected	\$ 17,921,075	\$ 20,288,751	\$ 22,523,038	\$ 25,462,636	\$ 27,692,598	\$ 29,587,919	\$ 31,237,503	\$ 33,615,744	\$ 34,153,809	\$ 36,184,487

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

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Fire stations	5	5	5	5	5	5	5	5	5	5
Municipal buildings	19	20	20	21	21	21	21	21	21	21
Schools	3	4	4	4	4	4	4	5	4	4
Parks and recreation:										
Fields - Municipal	10	10	10	13	16	16	16	16	16	16
Fields - Schools	10	10	10	10	10	10	10	16	16	16
Water:										
Water mains (Municipal) (miles)	56,791	56,791	56,791	56,791	56,791	59,191	66,591	67,560	66,591	66,991
Water mains (Private) (miles)	65,072	65,072	65,072	65,072	66,272	66,272	69,772	69,772	69,772	69,772
Fire hydrants (Municipal)	67	67	67	67	67	70	79	84	85	87
Fire hydrants (Private)	32	33	33	36	36	37	37	37	37	39
Wastewater:										
Sewer line (feet)	8,022	8,022	8,022	8,022	27,191	41,532	41,532	41,532	41,532	41,532
Highway:										
Paved miles	110.75	111.82	113.56	116.94	119.81	119.81	119.81	120.25	122.79	122.82
Unimproved miles	9.36	9.36	9.07	8.85	8.85	8.85	8.85	8.85	8.85	8.85