

**TOWN OF TOLLAND,  
CONNECTICUT**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2011**

**TOWN OF TOLLAND, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL**  
**REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Prepared by:  
The Finance Department

Agata Herasimowicz  
Acting Director of Finance and Records

**TOWN OF TOLLAND, CONNECTICUT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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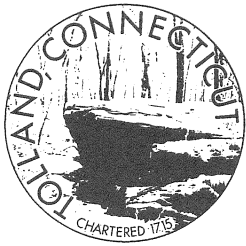
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## **Introductory Section**



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

December 1, 2011

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 principals (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, 2011.

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 and Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Tolland for the fiscal year ended June 30, 2011 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, 2011 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 14,853 that retains impressive remnants of its rural past and substantial areas of protected open space. Expanding commercial and industrial resources are notably bolstering the economic base of the Town but in a way consistent with planning designed to preserve the community's character. Tolland was ranked 30<sup>th</sup> on Money Magazine's 2011 "100 best Places to Live" in the United States.

Tolland is located 20 miles northeast of Hartford and approximately 90 miles southwest of Boston, Massachusetts. Interstate 84, a major east-west transportation corridor, bisects the Town. Bradley International Airport - approximately 25 minutes driving time away - provides convenient air connections to the rest of the country and the world. A majority of the Town's labor force is employed in the central Connecticut area, primarily in the financial services, industrial, governmental and higher education sectors. Significant to the Town in several ways, the main campus of the University of Connecticut 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 is the Town's oldest home, the 1733 Daniel Benton Homestead Museum, which was recently restored by the Historical Society with grant funding thus symbolizing the value the community places on preserving its heritage.

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

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

The Town of Tolland provides its residents with a complete level of municipal services. The Town Administration is organized around six 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, Library and Recreation Services.
- Public Safety: This division includes Police (under contract with the Connecticut State Police), a combination volunteer/paid Fire and Ambulance Department and Animal Control Services.
- Public Works: This division includes the departments of Highway Maintenance, Parks and Facilities and Solid Waste and Recycling.
- Engineering Services: This division includes the Engineer and a proposed Engineering/Utility Assistant position.
- Finance and Records: This division includes Accounting, Town Clerk, Town Assessment Services and Revenue Collection.

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

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

The Town of Tolland provides water and sewer services to a small sector of the community. Approximately 497 residences, 27 businesses and 3 municipal buildings are serviced by the Tolland water system, while the Connecticut Water Company services other designated sections throughout the Town. Public sewers are available in the west central portion of the Town, which includes the expanded Business Park, from there down Old Post Road and up Route 195 to the schools and through the Gateway Zone to the new high school. An extension to the system was completed by the end of 2011.

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

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

### **Local Economy**

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

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

The Gateway applies to the area in the vicinity of exit 68 off Interstate 84 which serves as the main gateway to Tolland and also as the primary vehicular connection to the University of Connecticut's main campus which is approximately seven miles southeast along Route 195. The Town has currently completed a sewer extension project on Route 195 in the area identified as a future technology zone. The Planning and Zoning Commission has completed a visioning exercise for the approximately 100 acres of land on both sides of Route 195 leading into the Tolland Green. Most recently revised regulations for the area have been adapted.



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

Tolland's attractiveness to new business and general population, as evidenced by its growth, has been the topic of publication as of late. Government statistics show a well-educated citizenry with a median household income of \$98,918. Unemployment rates have historically averaged below 3.5%, well below the state average, as most of Tolland's labor force travels to employment within the Hartford region, however, recently with the economic downturn, the unemployment rate in Tolland increased to 6.5% as the State of Connecticut increased to 9%.

### **Long-Term Financial Planning**

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

### **Financial Policies and Practices**

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

Interest income for the General Fund in 2011 amounted to \$79,863 compared to \$292,959 in 2009. The decrease resulted from the steady decline in interest rates in the last two years.

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 has completed Phase II of its State mandated Sewer Facility Plan. The sewer extensions have greatly enhanced the prospects of the Gateway business area beginning with a commercial campus in the southwest quadrant of the Gateway. This 130,000 square-foot development includes a Big Y supermarket of 60,000 square-feet and three smaller business buildings housing a new branch for a bank, among other tenants.

The Town has completed a study of traffic improvements in the Tolland Green using funds obtained through the Capital Region Council of Governments. Applications have been submitted to the Regional Planning Agency for design and construction funds to implement recommendations. The Town has also received a \$200,000

STEAP Grant to combine with sewer assessments for the extension of sewers on Route 195 in the area identified as the Technology Corridor Zone. The Planning and Zoning Commission has prepared a conceptual design for the Tolland Village Center, an area of land located in close proximity the Interstate. Revised zoning regulations have recently been updated.

The Town has embarked on the construction phase for the replacement of the HVAC system in its Town Hall. The 40,000 square foot building has an outdated system that is being replaced with a geothermal system.

The Town has also used grant funds to extend walking trails through parks and to extend the water line to the Tolland Middle School.

### **Awards and Acknowledgements**

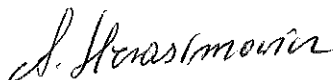
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Tolland for its Comprehensive Annual Financial Report for the year ended June 30, 2010. This was the eighteenth consecutive year that the Town of Tolland has received this prestigious award and its seventh year in compliance with GASB Statement 34 requirements. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

The preparation of this report on a timely basis would not have been possible without the assistance and support of many people. We would like to express our appreciation to all those who contributed to its preparation, including Chris Hutton, 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,



Agata Herasimowicz  
Acting 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, 2010

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.

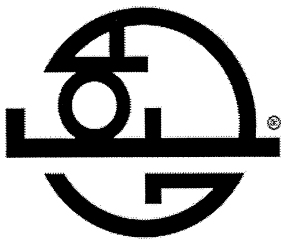


*Linda C. Davidson*

President

*Jeffrey R. Emer*

Executive Director



**The Government Finance Officers Association  
of the United States and Canada**

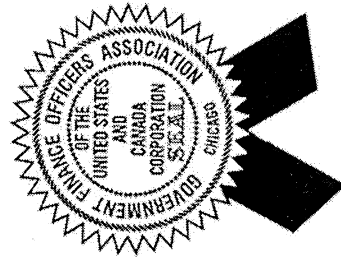
*presents this*

## **AWARD OF FINANCIAL REPORTING ACHIEVEMENT**

*to*

**Christine K. Hutton**  
Director of Finance & Records  
Town of Tolland, Connecticut

*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

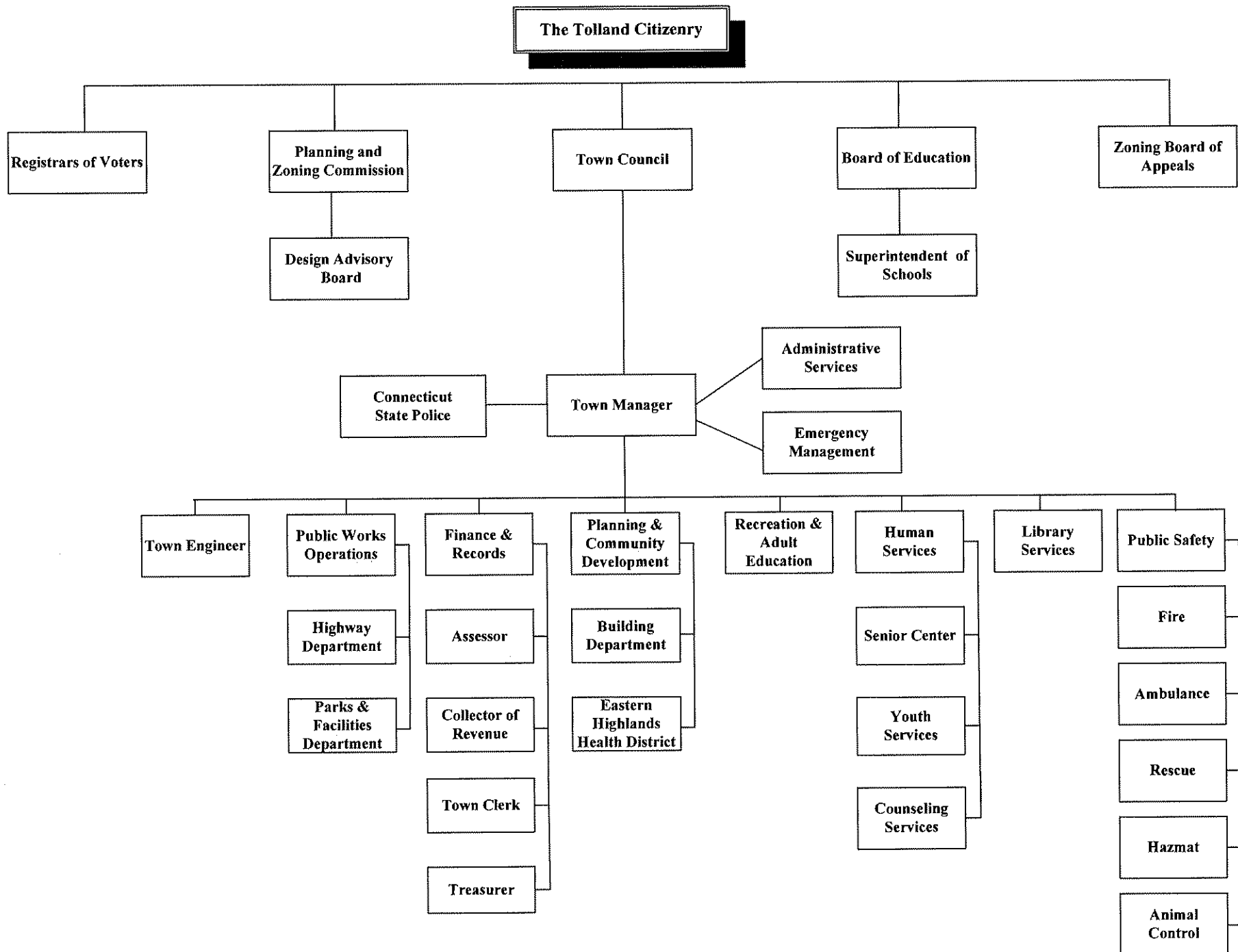


Executive Director

Date June 15, 2011

# Town of Tolland

## Organization Chart



**TOWN OF TOLLAND, CONNECTICUT**

**LIST OF PRINCIPAL OFFICIALS**

**JUNE 30, 2011**

**Town Council**

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

**Board of Education**

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

## **Financial Section**



Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Town Council  
Town of Tolland, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tolland, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town of Tolland, Connecticut's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tolland, Connecticut, as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011 on our consideration of the Town of Tolland, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tolland, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

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

December 1, 2011

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011. 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 \$108,039,817 (net assets). Of this amount, \$17,191,550 (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 \$1,402,980. 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 2011 was \$58,706,215; of which \$57,870,181 was for governmental services and \$836,034 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 \$16,847,893. The combined fund balances increased by \$5,354,316 over the fund balance for 2009/2010. The increase in fund balance of \$514,840 in the general fund was attributable to greater than anticipated revenues, specifically property taxes and lower expenses. CDBG Small Cities remained a major fund due to a new housing rehabilitation grant which kept revenues and expenditures around \$200,000. The Sewer Reserve's fund balance decreased \$561,793 due to the difference in timing of the expenses associated with the Route 195 Sewer Line Extension project and the bonding which did not take place until the following year. The bonded capital projects fund balance increased \$2,276,411 as a result of the \$2,525,000 bond issue which provided the final funding for the new high school and for open space purchases, which had been expended in prior years. Capital non-recurring funds had an increase in fund balance from the proceeds of a 15-year capital lease in the amount of \$3,600,000, which preceded the expenditures for the project. Non-major funds were stable except for the Library Foundation, which benefitted from gains on investments and interest earnings of over \$100,000 thus increasing the fund balance in that amount and the Hicks Memorial School fund whose earnings were \$83,000 from similar gains and interest earnings. The Dog Fund finally had revenues in excess of expenditures to increase the fund balance from a negative to a positive \$1,867. The Lodge Fund had a capital expenditure of \$35,000 with no offsetting revenue, which reduced its fund balance by \$27,731.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,209,332 or 13% of general fund expenditures and transfers out. The State of Connecticut's contribution to the teacher's retirement fund in 2010/2011 was \$2,713,864 and is included in both revenues and expenditures.
- Long-term debt was issued on July 28, 2010 in the amount of \$2,525,000 to replace maturing bond anticipation notes of \$1,350,000 and to add \$350,000 for the high school expenditures and \$825,000 for open space expenditures. The Town also entered into a \$3,600,000 15-year QECB lease in June 2011 to finance the installation of a Geothermal heating system at the Town Hall.

## 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 non-major governmental funds.

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

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of

spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of Tolland maintains 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Sewer Reserve, CDBG Small Cities, Bonded Capital Projects and Capital Nonrecurring funds, which are considered to be major funds. Data from the other 27 governmental funds are combined into a single, aggregated presentation under the caption "other governmental funds." Nonmajor governmental funds include the Dog, Open Space Maintenance, Stone Pond Sewer Escrow, Tolland Townhouse Sewer Escrow, Lodge Activity, Open Space, Tolland Business Park, Town Aid Road, Recreation, Water Assessment, School Lunch, State and Federal Education Grants, Before/After School Program, Rent Escrow, Eviction Fund, Cemetery Operations, Minnie Hicks, Training Center, Conservation Green Grant, Traffic Grant, Justice Assistance Grant, DWSRF Water, Tolland Library Foundation, Nonprofit Housing Unit, Field Maintenance, Cemetery Perpetual Care and Ratcliff Hicks Memorial School funds. Individual fund data for each of these nonmajor governmental funds is provided in the *form of combining statements* elsewhere in this report.

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

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

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

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

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 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 \$108,039,817 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Tolland's net assets (\$90,535,204) (84%) reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, water systems and infrastructure) less related outstanding debt used to acquire those assets. The Town of Tolland uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Tolland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### TOWN OF TOLLAND NET ASSETS JUNE 30, 2011 AND 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	\$ 24,177,421	\$ 16,832,396	\$ 317,378	\$ 322,598	\$ 24,494,799	\$ 17,154,994
Capital assets	120,637,221	122,917,824	10,069,400	9,294,194	130,706,621	132,212,018
Noncurrent assets	504,797	2,450,614			504,797	2,450,614
Total assets	<u>145,319,439</u>	<u>142,200,834</u>	<u>10,386,778</u>	<u>9,616,792</u>	<u>155,706,217</u>	<u>151,817,626</u>
Current liabilities	6,482,443	6,871,243	69,700	67,644	6,552,143	6,938,887
Noncurrent liabilities	41,114,257	38,241,902			41,114,257	38,241,902
Total liabilities	<u>47,596,700</u>	<u>45,113,145</u>	<u>69,700</u>	<u>67,644</u>	<u>47,666,400</u>	<u>45,180,789</u>
Invested in capital assets, net of related debt	80,465,804	81,360,747	10,069,400	9,294,194	90,535,204	90,654,941
Restricted	313,063	313,063			313,063	313,063
Unrestricted	<u>16,943,872</u>	<u>15,413,879</u>	<u>247,678</u>	<u>254,954</u>	<u>17,191,550</u>	<u>15,668,833</u>
Total Net Assets	<u>\$ 97,722,739</u>	<u>\$ 97,087,689</u>	<u>\$ 10,317,078</u>	<u>\$ 9,549,148</u>	<u>\$ 108,039,817</u>	<u>\$ 106,636,837</u>

An additional portion of the Town of Tolland's total net assets, .03% or \$313,063, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$17,191,550 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 no change in restricted net assets from the previous year.

The Town's total net assets increased \$1,402,980 during the current fiscal year due to the activity of the governmental funds with revenues outpacing expenses primarily due to bond proceeds of \$2,525,000. Governmental activities increased the Town of Tolland's net assets by \$635,050 and business-type activities added \$767,930.

**TOWN OF TOLLAND CHANGES IN NET ASSETS  
JUNE 30, 2011 AND 2010**

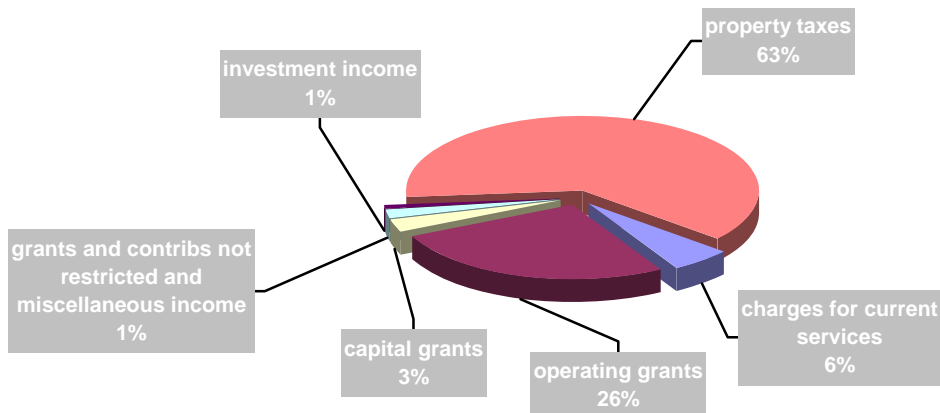
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Revenues:						
Program revenues:						
Charges for services	\$ 3,357,372	\$ 2,349,228	\$ 493,871	\$ 426,737	\$ 3,851,243	\$ 2,775,965
Operating grants and contributions	15,742,394	15,676,752			15,742,394	15,676,752
Capital grants and contributions	1,589,041	1,182,048		159,047	1,589,041	1,341,095
General revenues:						
Property taxes	37,290,129	36,569,603			37,290,129	36,569,603
Grants and contributions not restricted to specific programs	771,764	574,468			771,764	574,468
Investment income	448,225	398,723	819	3,064	449,044	401,787
Miscellaneous	405,717	641,127	9,863	4,903	415,580	646,030
Total revenues	<u>59,604,642</u>	<u>57,391,949</u>	<u>504,553</u>	<u>593,751</u>	<u>60,109,195</u>	<u>57,985,700</u>
Expenses:						
Administration	1,152,320	1,197,703			1,152,320	1,197,703
Planning and community development	459,598	437,811			459,598	437,811
Community services	1,756,255	2,241,062			1,756,255	2,241,062
Public works	7,843,996	7,327,481			7,843,996	7,327,481
Public safety services	1,967,888	1,476,762			1,967,888	1,476,762
Records and financial services	1,038,972	1,163,683			1,038,972	1,163,683
Board of education	42,181,314	42,227,879			42,181,314	42,227,879
Interest expense	1,469,838	1,601,756			1,469,838	1,601,756
Sewer Fund			447,724	376,151	447,724	376,151
Water Fund			388,310	309,562	388,310	309,562
Total expenses	<u>57,870,181</u>	<u>57,674,137</u>	<u>836,034</u>	<u>685,713</u>	<u>58,706,215</u>	<u>58,359,850</u>
Excess (deficiency) before transfers	1,734,461	(282,188)	(331,481)	(91,962)	1,402,980	(374,150)
Transfers	<u>(1,099,411)</u>	<u>(103,483)</u>	<u>1,099,411</u>	<u>103,483</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>635,050</u>	<u>(385,671)</u>	<u>767,930</u>	<u>11,521</u>	<u>1,402,980</u>	<u>(374,150)</u>
Net Assets - July 1	<u>97,087,689</u>	<u>97,473,360</u>	<u>9,549,148</u>	<u>9,537,627</u>	<u>106,636,837</u>	<u>107,010,987</u>
Net Assets - June 30	<u>\$ 97,722,739</u>	<u>\$ 97,087,689</u>	<u>\$ 10,317,078</u>	<u>\$ 9,549,148</u>	<u>\$ 108,039,817</u>	<u>\$ 106,636,837</u>

Major revenues contributing to the increase are:

- Property tax revenues for 2011 increased \$759,526 or 2.0% which resulted from a combination of several factors: Overall Grand List growth of 2.99%, with .75% attributable to new growth and 2.24% resulting from the revaluation, offset by a mill rate reduction of .34. Aggressive tax collection techniques contributed to revenues being received at 101.4% of budget.
- Intergovernmental revenue increased \$699,931 from 2010. Although both operating grants and capital grants increased, the change was attributable to the increase in donated roads, capital grants pertaining to the Route 195 sewer line project, geothermal project and underground tank project.

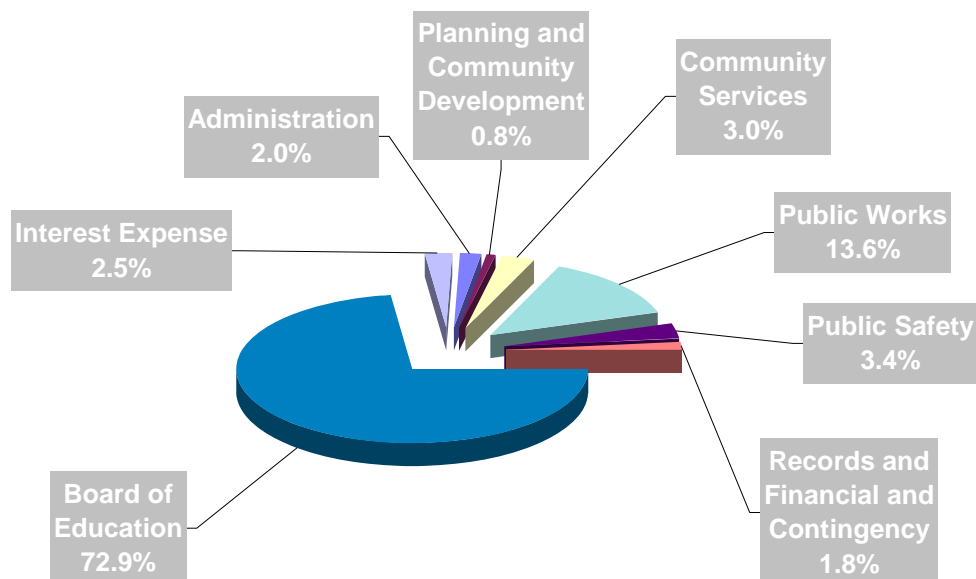
- Investment earnings increased from \$398,723 in 2010 to \$448,225 in 2011, in spite of depressed markets and declining interest rates, due to an increase in the endowment and, therefore, additional investment income.

#### REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



The largest component of revenue which is from property taxes, had declined from 63.7% to 62.6% of total revenue in the current year. The shift in revenue was due to the large change in grants and contributions of \$669,931.

#### EXPENDITURES BY SOURCE - GOVERNMENTAL ACTIVITIES



For governmental activities, 72.9% of the Town's expenditures relate to education, 13.6% to public works, 3.4% to public safety, 3% to community services, 2.5% to interest payments on long-term debt, 2% to administration, 1.8% to records & financial services and contingency and 0.08% to planning and community development. The Board of Education expenditures decreased slightly due to a more normal level of State Teacher's Retirement funding.

Increases in expenses ranged from a low of 5% for Planning and Community Development to a high of 33% for Public Safety services. Increases in service expenditures resulted from growth in population and thus growth in demand by the taxpayers.

**Business-type activities.** Business-type activities increased the Town of Tolland's net assets by \$775,206. Key elements of this year's activities are as follows:

- The completion of the Route 195 sewer line extension which added \$860,759 to capital assets net of depreciation.
- Water Fund and Sewer Fund both experienced operating losses for a combined \$335,003. The non-operating revenues of Sewer Fund more than offset the losses in both funds resulting in a positive change in net assets of \$767,930 at year end.

#### **Financial Analysis of the Government's Funds:**

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

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

As of the end of the current fiscal year, the Town of Tolland's governmental funds reported combined ending fund balances of \$16,847,893, an increase of \$5,354,316 from the previous year. This increase resulted from a change in the fund balance of the bonded capital projects of \$2,276,411, and in the capital nonrecurring projects of \$2,976,162. In the bonded capital funds, the increase was due to the issuance of bonds of \$2,525,000 in the current fiscal year for expenditures that occurred in the prior year. The nonrecurring fund balance increased as a result of the proceeds from the \$3,600,000 capital lease where the revenues preceded the expenditures.

The general fund balance rose proportionally to the amount that revenues outpaced expenditures. The sewer reserve fund declined due to the expenditures associated with the Route 195 sewer line extension and the lack of related assessment revenues in the same fiscal year.

The overall amount of the **governmental fund** balances totals up to \$16,847,893, which consists of the assigned fund balance in the amount of \$1,601,935 for encumbrances and a reserve for the subsequent budget and restricted and committed fund balances in the amount of \$8,685,730. An additional amount of \$350,896 represents the nonspendable portion of fund balance and the unassigned portion of fund balance is \$6,209,332 or 37% of total fund balance.

**The general fund** is the chief operating fund of the Town of Tolland. At the end of the current fiscal year, unassigned, which was previously unreserved and undesignated, fund balance of the general fund was \$6,209,332, while total fund balance was \$7,811,267. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned, previously unreserved, fund balance represents 12% of total general fund expenditures including transfers out. Total fund balance represents 15.2% of that same amount. The unassigned portion of fund balance, when



compared with unreserved, undesignated portion for the general fund increased by \$324,716 during the current fiscal year while the total fund balance increased \$514,840. This increase resulted primarily from unanticipated revenue and careful scrutiny of expenditures.

Key factors contributing to the surplus in General Fund were:

- All revenues, except interest income, increased over the prior year and exceeded expenditures therefore creating a surplus. Tax revenue grew over the prior year by \$703,623 due to new growth in the Grand List of .75% coupled with growth associated with the revaluation of 2.24% offset slightly by a decrease in the mill rate of .34 mills. The outcome was augmented by a potential tax sale of select properties and property owners paying off much of the outstanding taxes as well as the associated interest and liens. Prior year taxes received were double the amount that was anticipated.
- Interest income continued to decline due to falling interest rates.
- Anticipation of possible revenue shortfalls prompted a cautious spending early on, thus producing a surplus as revenues exceeded expectations.

Although the Sewer Reserve Fund had an increase in its operating revenue, its operating expenditures increased more due to difference in timing of the expenses associated with the Route 195 Sewer Line Extension project and timing of the bonding, thereby creating a decrease in fund balance by \$561,793.

The CDBG Small Cities Fund qualified as a major fund again this year due to a new rehabilitation grant that produced expenditures of \$199,911 and grant revenues of \$190,195. There was a small increase in fund balance of \$17,559.

In the bonded capital project funds, revenues far exceeded expenditures, primarily due to proceeds from the July 28th bond issue for the high school project and open space land purchases. Fund balances increased by \$2,276,411. Expenditures for both projects had taken place in prior years.

Capital nonrecurring funds were most affected by the influx of \$3,600,000 from a capital lease to be used for the installation of a geothermal heating and cooling system in the Town Hall. Funding preceded expenditures which will not occur until the next fiscal year.

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

Net assets of the water fund amounted to \$3,099,677 and \$7,217,401 for the sewer fund at year-end. This represented a decrease of \$87,968 for water and an increase of \$855,898 for sewer. The decrease in water was representative of the depreciation for the year while the increase in sewer resulted from new assets being added to the system by a sewer line extension. Both funds experienced operating losses but the donations and capital contribution in sewer more than offset those losses.

### **General Fund Budgetary Highlights**

Comparing the difference between the original budget and the final amended budget reveals an overall decrease of \$1,298,362. A summary of some of the significant changes follows:

- Debt Services: An increase in Debt Service of \$107,700 was attributable to the appropriation of interest earnings on bond proceeds and a bond premium as well as designation of fund balance to pay the 2009 High School BANS which reduced general fund debt service.
- Board of Education: A net decrease of \$1,516,545 resulted from a reduction of \$1,535,349 in Education Cost Sharing funds which represented the funds received directly by the Board of

Education from the State offset by a \$16,622 appropriated for Medicare reimbursements and \$2,182 in FEMA monies for snow clean up.

- **Public Works:** An increase of \$67,663 overall was primarily attributable to an appropriation from FEMA for excessive snow removal costs.
- **Community Services:** The increase of \$30,275 in Community Services was the appropriation of a grant in the library for the purchase of computer equipment.
- **Administration:** An increase to Probate for \$2,482 for additional supplies associated with a change in the court judge and another small increase in Town Council for cameras in the council chambers made up the appropriation.

## Capital Asset and Debt Administration

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 13,670,299	\$ 13,094,620	\$ 50,858	\$ 50,858	\$ 13,721,157	\$ 13,145,478
Construction in progress	215,199	109,456		95,241	215,199	204,697
Buildings	77,680,820	79,886,737			77,680,820	79,886,737
Vehicles, furniture and equipment	4,871,413	5,086,675			4,871,413	5,086,675
Plant and pumping station			1,549,775	1,612,355	1,549,775	1,612,355
Water distribution system			8,468,767	7,535,740	8,468,767	7,535,740
Infrastructure	24,199,490	24,740,336			24,199,490	24,740,336
Total	\$ <u>120,637,221</u>	\$ <u>122,917,824</u>	\$ <u>10,069,400</u>	\$ <u>9,294,194</u>	\$ <u>130,706,621</u>	\$ <u>132,212,018</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 decrease in the Town of Tolland's investment in capital assets for the current fiscal year was \$1,505,579, or 1.1%, with a decrease of \$2,280,604 for governmental activities and an increase of \$775,206 for business-type activities.

No new major capital asset projects commenced during the current fiscal year for governmental activities. The commitment to purchase open space continued with land purchases totaling \$561,000. Business-type activities increased reflecting the extension of the sewer line on Route 195.

Additional information on the Town of Tolland's capital assets can be found in Note 3E on pages 38-39 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town of Tolland had total bonded debt outstanding of \$38,390,000, all of which is backed by the full faith and credit of the Town.

Of this debt, \$28,330,340 is school related and \$10,059,660 is general obligation. In addition, the Town has an outstanding obligation of \$636,504 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 \$650,000, which was the result of the new issue of \$2,525,000 in general obligation bonds on July 28, 2010, less \$3,175,000 which was retired during the fiscal year. Bond anticipation notes were issued and still outstanding at June 30, 2011, in the amount of \$825,000 for the sewer reserve fund and will be repaid from assessment revenues.

The Town of Tolland was upgraded to an "AA+" rating from Fitch and an "AA positive" 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 \$260,405,124, 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 41-44 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 of Tolland's tax base in prior 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 has taken steps to properly position itself when market areas improve. In addition, a large sports complex is fully built at the Town's business park which is providing additional tax revenue as well as much needed amenities for the community.

A combination of increased costs for fixed items such as utilities, salaries, health benefits and other commodities along with no change in the percentage increase in State aid, particularly the Education Cost Sharing grant, had the biggest impact on the fiscal year 2011/2012 budget. The budget represents an increase of .58 mills or a 1.99% increase over the prior year. In order to achieve this budget level, cost cutting measures were employed such as changes to the town's employee health insurance plan and elimination of a vacant position to allow for the creation of a new position and several other new initiatives.

### **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, 2011

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Assets:			
Cash and cash equivalents	\$ 16,616,067	\$ 125,924	\$ 16,741,991
Investments	2,188,408		2,188,408
Property taxes receivable	541,545		541,545
Intergovernmental receivable	2,273,195		2,273,195
Accounts and other receivables	2,360,507	189,002	2,549,509
Internal balances	(2,452)	2,452	-
Other assets	37,833		37,833
Deferred charges	162,318		162,318
Restricted cash and investments	313,063		313,063
Other post employment benefit asset	191,734		191,734
Capital assets, nondepreciable	13,885,498	50,858	13,936,356
Capital assets, net of accumulated depreciation	106,751,723	10,018,542	116,770,265
Total assets	145,319,439	10,386,778	155,706,217
Liabilities:			
Accounts payable	198,625	69,700	268,325
Accrued liabilities	528,669		528,669
Accrued interest payable	371,887		371,887
Unearned revenue	1,071,776		1,071,776
Bond anticipation notes payable	825,000		825,000
Noncurrent liabilities, due within one year	3,486,486		3,486,486
Noncurrent liabilities, due in more than one year	41,114,257		41,114,257
Total liabilities	47,596,700	69,700	47,666,400
Net Assets:			
Invested in capital assets, net of related debt	80,465,804	10,069,400	90,535,204
Restricted for:			
Endowments - nonexpendable	20,800		20,800
Perpetual care - nonexpendable	292,263		292,263
Unrestricted	16,943,872	247,678	17,191,550
Total Net Assets	\$ 97,722,739	\$ 10,317,078	\$ 108,039,817

The accompanying notes are an integral part of the financial statements

## TOWN OF TOLLAND, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 1,152,320	\$	\$	\$	\$ (1,152,320)	\$	\$ (1,152,320)
Planning and community development	459,598	296,752		1,227,483	1,064,637		1,064,637
Community services	1,756,255	721,398			(1,034,857)		(1,034,857)
Public works	7,843,996	495,316			(7,348,680)		(7,348,680)
Public safety services	1,967,888	490,783			(1,477,105)		(1,477,105)
Record and financial services	1,038,972	117,532			(921,440)		(921,440)
Board of education	42,181,314	1,235,591	15,742,394	301,946	(24,901,383)		(24,901,383)
Interest expense	1,469,838			59,612	(1,410,226)		(1,410,226)
Total governmental activities	<u>57,870,181</u>	<u>3,357,372</u>	<u>15,742,394</u>	<u>1,589,041</u>	<u>(37,181,374)</u>	<u>-</u>	<u>(37,181,374)</u>
Business-Type Activities:							
Sewer Fund	447,724	225,340				(222,384)	(222,384)
Water Fund	388,310	268,531				(119,779)	(119,779)
Total business-type activities	<u>836,034</u>	<u>493,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(342,163)</u>	<u>(342,163)</u>
Total Primary Government	<u>\$ 58,706,215</u>	<u>\$ 3,851,243</u>	<u>\$ 15,742,394</u>	<u>\$ 1,589,041</u>	<u>(37,181,374)</u>	<u>(342,163)</u>	<u>(37,523,537)</u>
General revenues:							
Property taxes					37,290,129		37,290,129
Grants and contributions not restricted to specific programs					771,764		771,764
Investment income					448,225	819	449,044
Miscellaneous					405,717	9,863	415,580
Transfers					(1,099,411)	1,099,411	-
Total general revenues and transfers					<u>37,816,424</u>	<u>1,110,093</u>	<u>38,926,517</u>
Change in net assets					635,050	767,930	1,402,980
Net Assets at Beginning of Year					<u>97,087,689</u>	<u>9,549,148</u>	<u>106,636,837</u>
Net Assets at End of Year					<u>\$ 97,722,739</u>	<u>\$ 10,317,078</u>	<u>\$ 108,039,817</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF TOLLAND, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2011**

	<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	\$ 9,364,728	\$ 1,088,459	\$ 90,258	\$ 527,171	\$ 3,851,309	\$ 1,986,398	\$ 16,908,323
Investments					1,004,612	1,204,596	2,209,208
Receivables	512,866	1,304,243	947,831	24,182	197,681	93,203	3,080,006
Due from other funds	234,401			814,794			1,049,195
Other						37,833	37,833
Total Assets	<u>\$ 10,111,995</u>	<u>\$ 2,392,702</u>	<u>\$ 1,038,089</u>	<u>\$ 1,366,147</u>	<u>\$ 5,053,602</u>	<u>\$ 3,322,030</u>	<u>\$ 23,284,565</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables	\$ 115,093	\$ 2,946	\$ 5,407	\$ 6,659	\$ 7,500	\$ 61,011	\$ 198,616
Accrued liabilities	525,407			965	1,345	952	528,669
Due to other funds	242,731				572,814	236,102	1,051,647
Deferred revenue	1,417,497	1,352,156	947,831		19,537	95,719	3,832,740
Bond anticipation notes payable		825,000					825,000
Total liabilities	<u>2,300,728</u>	<u>2,180,102</u>	<u>953,238</u>	<u>7,624</u>	<u>601,196</u>	<u>393,784</u>	<u>6,436,672</u>
Fund balances:							
Nonspendable						350,896	350,896
Restricted			84,851			264,177	349,028
Committed		212,600		1,358,523	4,452,406	2,313,173	8,336,702
Assigned	1,601,935						1,601,935
Unassigned	6,209,332						6,209,332
Total fund balances	<u>7,811,267</u>	<u>212,600</u>	<u>84,851</u>	<u>1,358,523</u>	<u>4,452,406</u>	<u>2,928,246</u>	<u>16,847,893</u>
Total Liabilities and Fund Balances	<u>\$ 10,111,995</u>	<u>\$ 2,392,702</u>	<u>\$ 1,038,089</u>	<u>\$ 1,366,147</u>	<u>\$ 5,053,602</u>	<u>\$ 3,322,030</u>	<u>\$ 23,284,565</u>

(Continued on next page)

## TOWN OF TOLLAND, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011

## 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)	\$ 16,847,893
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 192,962,408	
Less accumulated depreciation	<u>(72,325,187)</u>	
		120,637,221

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	82,774
Property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	2,760,964
Other post employment benefit asset	191,734
School building grant receivable	2,019,915
Allowance for doubtful accounts on interest and liens	(7,450)
Bond issue costs	162,318

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

Bonds and sewer notes payable	(39,026,504)
Compensated absences	(1,654,326)
Accrued interest payable	(371,887)
Capital lease	(3,668,014)
Bond premium	<u>(251,899)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 97,722,739</u>
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The accompanying notes are an integral part of the financial statements



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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<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	\$ 37,233,490	\$	\$	\$	\$	\$	\$ 37,233,490
Intergovernmental	13,912,509	200,000	190,195	1,804	520,241	3,088,156	17,912,905
Charges for services	570,830	369,579	27,016			1,600,967	2,568,392
Investment income	79,860	69,602	259	251	86,473	211,780	448,225
Other revenues	55,588	4,055		307,166	12,061	26,847	405,717
Total revenues	<u>51,852,277</u>	<u>643,236</u>	<u>217,470</u>	<u>309,221</u>	<u>618,775</u>	<u>4,927,750</u>	<u>58,568,729</u>
Expenditures:							
Current:							
Administration	2,388,643						2,388,643
Planning and community development	357,485						357,485
Community services	887,316		199,911			395,214	1,482,441
Public works	4,565,955					22,217	4,588,172
Public safety services	1,374,673					27,488	1,402,161
Record and financial services	836,717						836,717
Contingency and other	106,293						106,293
Board of Education	35,744,919					4,149,305	39,894,224
Capital outlay		1,047,779		923,466	1,387,530		3,358,775
Debt service	4,730,620	142,250					4,872,870
Total expenditures	<u>50,992,621</u>	<u>1,190,029</u>	<u>199,911</u>	<u>923,466</u>	<u>1,387,530</u>	<u>4,594,224</u>	<u>59,287,781</u>
Excess (Deficiency) of Revenues over Expenditures	<u>859,656</u>	<u>(546,793)</u>	<u>17,559</u>	<u>(614,245)</u>	<u>(768,755)</u>	<u>333,526</u>	<u>(719,052)</u>
Other Financing Sources (Uses):							
Capital lease					3,600,000		3,600,000
Bond issuance				2,525,000			2,525,000
Transfers in	43,003			428,044	406,177	7,696	884,920
Transfers out	(387,819)	(15,000)		(62,388)	(261,260)	(210,085)	(936,552)
Net other financing sources (uses)	<u>(344,816)</u>	<u>(15,000)</u>	<u>-</u>	<u>2,890,656</u>	<u>3,744,917</u>	<u>(202,389)</u>	<u>6,073,368</u>
Net Change in Fund Balances	514,840	(561,793)	17,559	2,276,411	2,976,162	131,137	5,354,316
Fund Balances at Beginning of Year	<u>7,296,427</u>	<u>774,393</u>	<u>67,292</u>	<u>(917,888)</u>	<u>1,476,244</u>	<u>2,797,109</u>	<u>11,493,577</u>
Fund Balances at End of Year	<u>\$ 7,811,267</u>	<u>\$ 212,600</u>	<u>\$ 84,851</u>	<u>\$ 1,358,523</u>	<u>\$ 4,452,406</u>	<u>\$ 2,928,246</u>	<u>\$ 16,847,893</u>

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## TOWN OF TOLLAND, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

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)	\$ 5,354,316
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	1,636,835
Depreciation expense	(3,875,030)
Loss on disposal of capital assets	(42,408)

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	(301,946)
Increase in other post employment benefit asset	74,099
Decrease in property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	579,496
Increase in property tax interest and lien revenue	3,296
Decrease in property tax, sewer use and community development block grant allowance for doubtful accounts	3,365

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	(2,525,000)
Bond payments	3,175,000
Change in accrued interest	30,898
Amortization of bond premium and deferred bond issue costs	6,110
Note principal payments	125,490
Capital lease	(3,600,000)
Capital lease payments	65,534

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>(75,005)</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 635,050</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF TOLLAND, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 36,707,810	\$ 36,707,810	\$ 37,233,490	\$ 525,680
Intergovernmental	11,740,182	10,295,102	10,191,196	(103,906)
Charges for services	531,994	531,994	570,830	38,836
Investment income	130,000	144,588	79,860	(64,728)
Other revenues	10,200	52,075	55,588	3,513
Total revenues	<u>49,120,186</u>	<u>47,731,569</u>	<u>48,130,964</u>	<u>399,395</u>
Expenditures:				
Current:				
Administrative	2,529,545	2,427,209	2,415,718	11,491
Planning and community development	348,156	356,582	354,347	2,235
Community services	845,794	890,240	888,505	1,735
Public works	4,484,230	4,561,426	4,539,175	22,251
Public safety services	1,421,085	1,404,631	1,401,467	3,164
Record and financial services	865,877	888,714	883,346	5,368
Contingency and other	127,344	77,593	77,358	235
Board of Education	33,808,535	32,291,990	32,197,318	94,672
Debt service	<u>4,622,920</u>	<u>4,730,620</u>	<u>4,730,620</u>	<u>-</u>
Total expenditures	<u>49,053,486</u>	<u>47,629,005</u>	<u>47,487,854</u>	<u>141,151</u>
Excess of Revenues over Expenditures	<u>66,700</u>	<u>102,564</u>	<u>643,110</u>	<u>540,546</u>
Other Financing Sources (Uses):				
Cancellation of prior year encumbrances			21,163	21,163
Appropriation of fund balance	200,000	247,867		(247,867)
Transfers in		42,388	43,003	615
Transfers out	<u>(266,700)</u>	<u>(392,819)</u>	<u>(392,819)</u>	<u>-</u>
Net other financing uses	<u>(66,700)</u>	<u>(102,564)</u>	<u>(328,653)</u>	<u>(226,089)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	314,457	<u>\$ 314,457</u>
Fund Balance at Beginning of Year			<u>6,119,875</u>	
Fund Balance at End of Year			<u>\$ 6,434,332</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF TOLLAND, CONNECTICUT

## STATEMENT OF NET ASSETS

## PROPRIETARY FUNDS

JUNE 30, 2011

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 125,247	\$ 677	\$ 125,924
Accounts receivable	72,944	116,058	189,002
Due from other funds	21,386		21,386
Total current assets	<u>219,577</u>	<u>116,735</u>	<u>336,312</u>
Noncurrent assets:			
Capital assets, nondepreciable:			
Land	50,858		50,858
Capital assets, net of accumulated depreciation:			
Plant and pumping station	483,521	1,066,254	1,549,775
Distribution system	2,378,516	6,090,251	8,468,767
Total noncurrent assets	<u>2,912,895</u>	<u>7,156,505</u>	<u>10,069,400</u>
Total assets	<u>3,132,472</u>	<u>7,273,240</u>	<u>10,405,712</u>
Liabilities:			
Current liabilities:			
Accounts payable	32,795	36,905	69,700
Due to other funds		18,934	18,934
Total current liabilities	<u>32,795</u>	<u>55,839</u>	<u>88,634</u>
Net Assets:			
Invested in capital assets	2,912,895	7,156,505	10,069,400
Unrestricted	<u>186,782</u>	<u>60,896</u>	<u>247,678</u>
Total Net Assets	<u>\$ 3,099,677</u>	<u>\$ 7,217,401</u>	<u>\$ 10,317,078</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, 2011

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for services	\$ 268,531	\$ 225,340	\$ 493,871
Operating Expenses:			
Professional services	100,435	52,421	152,856
Repairs and maintenance	85,694	12,376	98,070
Service fees	3,908	142,557	146,465
Materials and supplies	24,408	14,506	38,914
Utilities	72,143	26,254	98,397
Depreciation	94,562	199,610	294,172
Total operating expenses	381,150	447,724	828,874
Operating Loss	(112,619)	(222,384)	(335,003)
Nonoperating Revenue (Expense):			
Investment income	316	503	819
Loss on disposal	(7,160)		(7,160)
Net nonoperating revenue (expense)	(6,844)	503	(6,341)
Capital Contribution	9,863	1,047,779	1,057,642
Income (Loss) Before Transfers	(109,600)	825,898	716,298
Transfers In	21,632	30,000	51,632
Change in Net Assets	(87,968)	855,898	767,930
Net Assets at Beginning of Year	3,187,645	6,361,503	9,549,148
Net Assets at End of Year	\$ 3,099,677	\$ 7,217,401	\$ 10,317,078

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, 2011

**Business-Type Activities**  
**Enterprise Funds**

	<u><b>Water Fund</b></u>	<u><b>Sewer Fund</b></u>	<u><b>Total</b></u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 274,954	\$ 208,484	\$ 483,438
Payments to suppliers	(309,733)	(241,477)	(551,210)
Net cash used in operating activities	<u>(34,779)</u>	<u>(32,993)</u>	<u>(67,772)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers in	21,632	30,000	51,632
Cash Flows from Investing Activities:			
Loss on disposal	(7,160)		(7,160)
Investment income	<u>316</u>	<u>503</u>	<u>819</u>
Net Decrease in Cash	(19,991)	(2,490)	(22,481)
Cash at Beginning of Year	<u>145,238</u>	<u>3,167</u>	<u>148,405</u>
Cash at End of Year	<u><u>\$ 125,247</u></u>	<u><u>\$ 677</u></u>	<u><u>\$ 125,924</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:			
Operating loss	\$ (112,619)	\$ (222,384)	\$ (335,003)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	94,562	199,610	294,172
Decrease (increase) in accounts receivable	5,565	(16,856)	(11,291)
Increase (decrease) in due to/from other funds	(21,386)	(15,412)	(36,798)
Increase (decrease) in accounts payable	<u>(901)</u>	<u>22,049</u>	<u>21,148</u>
Net Cash Used in Operating Activities	<u><u>\$ (34,779)</u></u>	<u><u>\$ (32,993)</u></u>	<u><u>\$ (67,772)</u></u>
Noncash Financing and Investing Transactions:			
Donations and capital contributions	9,863	1,047,779	1,057,642

The accompanying notes are an integral part of the financial statements

## TOWN OF TOLLAND, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

JUNE 30, 2011

	<b>OPEB Trust Fund</b>	<b>Private Purpose Trust Fund Stevenson Scholarship</b>	<b>Agency Funds</b>
Assets:			
Cash and cash equivalents	\$	\$ 25,064	\$ 472,901
Investments:			
Mutual funds	363,879		
Total assets	<u>363,879</u>	<u>25,064</u>	<u>472,901</u>
Liabilities:			
Accounts payable			<u>472,901</u>
Net Assets:			
Held in Trust for Other Purposes	\$ <u>363,879</u>	\$ <u>25,064</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, 2011

	<b>OPEB Trust Fund</b>	<b>Private Purpose Trust Fund Stevenson Scholarship</b>
Additions:		
Interest and dividends	\$	\$ 691
Contributions	559,000	
Net increase in the fair value of the investment	36,491	
Total additions	<u>595,491</u>	<u>691</u>
Deductions:		
Scholarships awarded		700
Benefits	461,000	
Total deductions	<u>461,000</u>	<u>700</u>
Change in Net Assets	134,491	(9)
Net Assets at Beginning of Year	<u>229,388</u>	<u>25,073</u>
Net Assets at End of Year	<u>\$ 363,879</u>	<u>\$ 25,064</u>

The accompanying notes are an integral part of the financial statements



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

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**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; therefore the Corporation is included in the financial reporting entity as a blended component unit and 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 included in the financial reporting entity as a blended component unit and 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.

## **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 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. The Major source of revenue is derived from assessment fees and use charges.

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

The *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 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.

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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

## **Blended Component Units Basis of Accounting**

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 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.

<b>Assets</b>	<b>Years</b>
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.

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:

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Tolland Town Council).

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by Town Council or other individual which has been delegated authority to assign amounts by the Town Charter.

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

The Town does not have a minimum fund balance policy.

## **K. Property Taxes**

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

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

## **L. Accounting Estimates**

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

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

- The Town Council is authorized to transfer any budgeted amounts between departments and to approve additional appropriations up to \$40,000 in the aggregate in any one year. All additional appropriations in excess of \$40,000 in the aggregate must be subject to a public hearing. During the year, the Town Council approved \$236,987 in additional appropriations. Of these appropriations, \$189,120 was from revised revenue estimates and \$47,867 was additional appropriations from fund balance. A reduction in appropriation of \$1,535,349 was also made to offset the grant revenue that went directly to the Board of Education. The net result was a budget reduction of \$1,298,362.
- Management is authorized to make budgetary transfers within departments but cannot approve additional appropriations.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level within a function.



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

A reconciliation of the accounting treatment required by GAAP and budgetary requirements at June 30, 2011 is as follows:

	<b>Revenues and Other Financing Sources</b>	<b>Expenditures and Other Financing Uses</b>	<b>Fund Balance</b>
Balance, budgetary basis	\$ 48,195,130	\$ 47,880,673	\$ 6,434,332
Encumbrances outstanding at June 30, 2010, liquidated during the year ended June 30, 2011		1,040,597	
Encumbrances outstanding at June 30, 2010, canceled during the year ended June 30, 2011	(21,163)		
Encumbrances outstanding at June 30, 2011, charged to budgetary expenditures during the year ended June 30, 2011		(1,257,143)	1,257,143
Encumbrances outstanding at June 30, 2010, still outstanding at June 30, 2011			114,792
State of Connecticut grants for Special Education excess costs, netted for budgetary purposes	1,007,449	1,007,449	
GASB 54 Reclassification-300 Celebration Fund		(5,000)	5,000
State Teachers' Retirement on-behalf payment	<u>2,713,864</u>	<u>2,713,864</u>	
Balance, GAAP basis	<u>\$ 51,895,280</u>	<u>\$ 51,380,440</u>	<u>\$ 7,811,267</u>

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Cash, Cash Equivalents, and Investments

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

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

## Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$7,781,363 of the Town's bank balance of \$17,235,620 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,803,227
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>978,136</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 7,781,363</u>

## Cash Equivalents

At June 30, 2011, the Town's cash equivalents amounted to \$931,188. 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	
Cutwater Asset Management Connecticut CLASS		AAAm

## Investments

As of June 30, 2011, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
Fixed Income Funds	N/A	\$ 684,753	\$ 684,753	\$	\$
US Gvt Oblig., Nat'l Mtge Pool	N/A	2,104	2,104		
Corporate Bonds	A1	31,842		31,842	
Corporate Bonds	A2	76,890		76,890	
Corporate Bonds	A3	24,976			24,976
Corporate Bonds	B1	20,300		20,300	
Total		840,865	\$ 686,857	\$ 129,032	\$ 24,976
Other investments:					
Mutual Funds		1,276,469			
Equities		455,753			
Total Investments		\$ 2,573,087			

**Investment Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value if its investment or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk. The Town does not hold any uninsured or unregistered securities at June 30, 2011.

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

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

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

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

## B. Endowments Received

	<b>Cemetery Perpetual Care Fund</b>	<b>Ratcliff Hicks Memorial School Fund</b>	<b>Total</b>
Original principal received	\$ 292,263	\$ 20,800	\$ 313,063
Net appreciation on investments	1,365	564,408	565,773
Total Value	<u>\$ 293,628</u>	<u>\$ 585,208</u>	<u>\$ 878,836</u>

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

## C. Receivables

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

	<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	\$ 470,736		\$	\$	\$	\$	\$	\$	\$ 470,736
Accounts and other	36,623	1,304,243	14,436	12,061	947,831	25,084	72,944	116,058	2,529,280
Intergovernmental	10,024		9,746	185,620		68,119			273,509
Gross receivables	517,383	1,304,243	24,182	197,681	947,831	93,203	72,944	116,058	3,273,525
Less: Allowance for collection losses	4,517								4,517
Net Total Receivables	<u>\$ 512,866</u>	<u>\$ 1,304,243</u>	<u>\$ 24,182</u>	<u>\$ 197,681</u>	<u>\$ 947,831</u>	<u>\$ 93,203</u>	<u>\$ 72,944</u>	<u>\$ 116,058</u>	<u>\$ 3,269,008</u>

#### **D. Deferred and Unearned Revenue**

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

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 426,287	\$
Property taxes collected in advance		991,210
Capital Nonrecurring:		
LOCIP funds	19,537	
Sewer Reserve:		
Assessment receivable	1,304,242	
Bond premium		6,301
Sewer reserve advance collections		41,613
CDBG Small Cities:		
Loan receivable	947,831	
Nonmajor Governmental Funds:		
Loan receivable	25,955	
Program fees	3,244	32,652
Cemetery operations	12,225	
Education grants	15,918	
Permanent Funds:		
Cemetery Perpetual Care	5,725	
Total Deferred Revenue for Governmental Funds	\$ <u>2,760,964</u>	\$ <u>1,071,776</u>

## E. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,712,353	\$ 561,664	\$	\$ 13,274,017
Rights of way	382,267	14,015		396,282
Construction in progress	109,456	151,216	45,473	215,199
Total capital assets not being depreciated	<u>13,204,076</u>	<u>726,895</u>	<u>45,473</u>	<u>13,885,498</u>
Capital assets being depreciated:				
Buildings and improvements	120,640,574	53,933	24,770	120,669,737
Vehicles, furniture and equipment	9,930,180	423,255	132,443	10,220,992
Infrastructure	47,707,956	478,225		48,186,181
Total capital assets being depreciated	<u>178,278,710</u>	<u>955,413</u>	<u>157,213</u>	<u>179,076,910</u>
Less accumulated depreciation for:				
Buildings and improvements	40,753,837	2,244,203	9,123	42,988,917
Vehicles, furniture and equipment	4,843,505	611,756	105,682	5,349,579
Infrastructure	22,967,620	1,019,071		23,986,691
Total accumulated depreciation	<u>68,564,962</u>	<u>3,875,030</u>	<u>114,805</u>	<u>72,325,187</u>
Total capital assets being depreciated, net	<u>109,713,748</u>	<u>(2,919,617)</u>	<u>42,408</u>	<u>106,751,723</u>
Governmental Activities Capital Assets, Net	<u>\$ 122,917,824</u>	<u>\$ (2,192,722)</u>	<u>\$ 87,881</u>	<u>\$ 120,637,221</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 50,858	\$	\$	\$ 50,858
Construction in progress	95,241		95,241	-
Total capital assets not being depreciated	<u>146,099</u>	<u>-</u>	<u>95,241</u>	<u>50,858</u>
Capital assets being depreciated:				
Plant and pumping stations	2,440,113	12,590		2,452,703
Water distribution system	9,526,192	1,159,189	9,562	10,675,819
Total capital assets being depreciated	<u>11,966,305</u>	<u>1,171,779</u>	<u>9,562</u>	<u>13,128,522</u>
Less accumulated depreciation for:				
Plant and pumping stations	827,758	75,170		902,928
Water distribution system	1,990,452	219,002	2,402	2,207,052
Total accumulated depreciation	<u>2,818,210</u>	<u>294,172</u>	<u>2,402</u>	<u>3,109,980</u>
Total capital assets being depreciated, net	<u>9,148,095</u>	<u>877,607</u>	<u>7,160</u>	<u>10,018,542</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,294,194</u>	<u>\$ 877,607</u>	<u>\$ 102,401</u>	<u>\$ 10,069,400</u>

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

Governmental activities:

Administration	\$	30,597
Planning and community development		25,968
Community services		57,617
Public works		1,186,803
Public safety services		291,200
Record and financial services		18,281
Board of education		<u>2,264,564</u>

Total Depreciation Expense - Governmental Activities	\$	<u>3,875,030</u>
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Business-type activities:

Water	\$	94,562
Sewer		<u>199,610</u>

Total Depreciation Expense - Business Type Activities	\$	<u>294,172</u>
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### Construction Commitments

The Town has active construction projects as of June 30, 2011. 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>
Roof Top HVAC Replacement at T.I.S	\$ 5,518	\$ 81,670
Replacement Asbestos Floor at T.M.S		365,400
Refurbish 1990 Pierce ladder truck	15,715	186,435
School Accounting software	3,526	5,775
Geothermal Heating System at Hicks Municipal Building	2,655	86,300
Construction of Sewer System	1,036,319	103,460
Elevator replacement at T.I.S.	<u>6,000</u>	<u>173,050</u>
	\$ <u>1,069,733</u>	\$ <u>1,002,090</u>

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

## F. Interfund Receivables, Payables and Transfers

Interfund loans were generally used to transfer monies as a result of issuing bonds. The composition of interfund balances as of June 30, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 214,716
	Capital Nonrecurring	751
	Sewer Fund	18,934
		<u>234,401</u>
Bonded Capital Projects	Capital Nonrecurring	572,063
	General Fund	242,731
		<u>814,794</u>
Sewer Fund	Nonmajor Governmental Funds	<u>21,386</u>
Total		<u>\$ 1,070,581</u>

All balances are expected to be repaid within a year.

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

	<u>General Fund</u>	<u>Bonded Capital Projects</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Reserve Fund</u>	<u>Total Transfers In</u>
Transfers:						
General Fund	\$	\$ 42,388	\$	\$ 615	\$	\$ 43,003
Bonded Capital Projects	367,961	20,000		40,083		428,044
Capital Nonrecurring			261,260	144,917		406,177
Nonmajor Governmental Funds	4,858			2,838		7,696
Sewer Fund	15,000				15,000	30,000
Water Fund				21,632		21,632
Total Transfers Out	<u>\$ 387,819</u>	<u>\$ 62,388</u>	<u>\$ 261,260</u>	<u>\$ 210,085</u>	<u>\$ 15,000</u>	<u>\$ 936,552</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, 2011 were as follows:

Outstanding, July 1, 2010	\$ 1,350,000
New borrowings	825,000
Repayments	<u>1,350,000</u>
Outstanding, June 30, 2011	<u>\$ 825,000</u>

The bond anticipation notes bearing a net interest cost of 1.5% were issued on August 10, 2010 and mature on August 9, 2011.



## H. Long-Term Debt

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011 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	\$ 39,040,000	\$ 2,525,000	\$ 3,175,000	\$ 38,390,000	\$ 3,180,000
Plus deferred amounts:					
Issuance premium	271,535		19,636	251,899	
Total bonds payable	39,311,535	2,525,000	3,194,636	38,641,899	3,180,000
Sewer notes	761,994		125,490	636,504	127,371
Capital lease	133,548	3,600,000	65,534	3,668,014	68,012
Compensated absences	1,579,321	160,320	85,315	1,654,326	111,103
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 41,786,398</u>	<u>\$ 6,285,320</u>	<u>\$ 3,470,975</u>	<u>\$ 44,600,743</u>	<u>\$ 3,486,486</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, the Town issued \$2,525,000 of general obligation bonds. These bonds mature on August 1, 2030 and bear interest from 2% to 4%.

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.

### Sewer Notes

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

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

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

<b>Description</b>	<b>Date of Issue</b>	<b>Maturity</b>	<b>Interest Rate (%)</b>	<b>Amount of Original Issue</b>	<b>Annual Principal</b>	<b>Balance Outstanding June 30, 2010</b>
General purpose:						
General obligation	6/1/02	6/1/12	3.25-5	\$ 2,151,000	Various	\$ 214,960
General obligation	12/1/03	12/1/24	2.375-4.375	3,660,000	Various	1,213,408
General obligation	12/1/04	12/1/24	3.5-4.25	3,260,000	Various	2,281,600
General obligation	9/1/05	9/1/25	4-4.25	445,000	Various	347,200
General obligation	9/15/06	6/30/26	4-4.25	1,965,000	Various	1,618,892
General obligation	9/1/07	9/1/21	3.9-5	1,872,200	Various	1,733,600
General obligation	9/1/08	9/1/18	3.0-4.0	2,010,000	Various	1,825,000
General obligation	8/1/10	8/1/30	2.0-4.0	825,000	Various	825,000
Total general purpose				<u>16,188,200</u>		<u>10,059,660</u>
School:						
School improvement	6/1/02	6/1/12	3.25-5	1,849,000	Various	185,040
School improvement	12/1/03	12/1/24	2.375-4.375	3,685,000	Various	1,281,592
School improvement	12/1/04	12/1/24	3.5-4.25	6,740,000	Various	4,848,400
School improvement	9/1/05	9/1/25	4-4.25	11,000,000	Various	8,332,800
School improvement - refunding	9/1/05	9/1/17	4-4.25	6,215,000	Various	3,880,000
School improvement	9/15/06	8/15/26	4-4.25	7,050,000	Various	5,896,108
School improvement	9/1/07	9/1/27	3.9-5	2,382,800	Various	2,206,400
School improvement	8/1/10	8/1/30	2.0-4.0	1,700,000	Various	1,700,000
Total school				<u>40,621,800</u>		<u>28,330,340</u>
Sewer notes:						
Vernon sewer	9/15/96	9/15/13	5-6.75	555,000	Various	89,300
Vernon wastewater	12/31/97	12/31/16	2	1,748,330	Various	547,204
Total sewer notes				<u>2,303,330</u>		<u>636,504</u>
Total Outstanding				<u>\$ 59,113,330</u>		<u>\$ 39,026,504</u>

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>
2012	\$ 3,180,000	\$ 1,457,811	\$ 127,371	\$ 15,298
2013	2,915,000	1,335,529	124,590	11,506
2014	2,930,000	1,225,926	128,348	7,066
2015	2,940,000	1,116,798	100,945	4,202
2016	2,890,000	1,009,669	102,982	2,164
2017-2021	12,430,000	3,432,871	52,268	305
2022-2026	9,500,000	1,226,878		
2027-2031	1,605,000	102,158		
Total	<u>\$ 38,390,000</u>	<u>\$ 10,907,640</u>	<u>\$ 636,504</u>	<u>\$ 40,541</u>

## Authorized But Unissued Bonds

The total of authorized but unissued bonds at June 30, 2011 is \$4,328,142. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

## Statutory Debt Limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General Purpose	\$ 83,702,108	\$ 10,271,485	\$ 73,430,623
Schools	167,404,217	28,671,742	138,732,475
Sewers	139,503,514	2,580,000	136,923,514
Urban Renewal	120,903,045		120,903,045
Pension Deficit	111,602,811		111,602,811

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$260,406,559. 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 \$2,019,915 is reflected as deductions in the computation of net indebtedness.

## 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. During 2011, the Town entered into a \$3,600,000 equipment taxable direct pay qualified energy conservation bond (QECB) lease/purchase agreement. The lease has an interest rate of 5.11%, a tax credit rate of 5.01% (70% of tax credit rate of 3.51%), and a net effective rate of 1.6% and matures on June 29, 2026. Principal and interest payments are made biannually and vary throughout the life of the lease. There were no lease payments made on the QECB lease during 2011. The qualified energy conservation bond proceeds were not spent as of June 30, 2011.

The asset acquired through the capital lease is as follows:

	<u>Governmental Activities</u>
Asset:	
Vehicle	\$ 424,486
Less accumulated depreciation	<u>125,845</u>
Total	<u><u>\$ 298,641</u></u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2011 were as follows:

<b><u>Year Ending June 30:</u></b>	<b><u>Governmental Activities</u></b>
2012	\$ 253,566
2013	317,293
2014	440,407
2015	426,780
2016	413,154
Thereafter	3,382,068
Total minimum lease payments	5,233,268
Less amount representing interest	1,565,254
Present Value of Minimum Lease Payments	\$ <u>3,668,014</u>

#### 4. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2011 are as follows:

	<b><u>General Fund</u></b>	<b><u>Sewer Reserve</u></b>	<b><u>CDBG Small Cities</u></b>	<b><u>Bonded Capital Projects</u></b>	<b><u>Capital Nonrecurring</u></b>	<b><u>Nonmajor Governmental Funds</u></b>	<b><u>Total</u></b>
Fund balances:							
Nonspendable:							
Inventory	\$	\$	\$	\$	\$	\$ 37,833	\$ 37,833
Permanent fund principal						313,063	313,063
Restricted for:							
Capital projects						239,788	239,788
Community services			84,851				84,851
Education						24,389	24,389
Committed to:							
Community services						1,661,240	1,661,240
Public works		212,600				151,925	364,525
Public safety services						103,883	103,883
Education						396,125	396,125
Capital projects				1,358,523	4,452,406		5,810,929
Assigned to:							
Special revenue	5,000						5,000
Community services	8,512						8,512
Planning and community development	5,679						5,679
Public safety services	556,551						556,551
Education	362,717						362,717
General government	382,060						382,060
Record and financial services	51,416						51,416
Contribution to next fiscal budget	230,000						230,000
Unassigned	6,209,332						6,209,332
Total Fund Balances	\$ <u>7,811,267</u>	\$ <u>212,600</u>	\$ <u>84,851</u>	\$ <u>1,358,523</u>	\$ <u>4,452,406</u>	\$ <u>2,928,246</u>	\$ <u>16,847,893</u>

This level of detail is not required for display on the face of the balance sheet. Fund balance categories and classifications may be presented in detail or in the aggregate if sufficient detail is provided in the notes to the financial statements.

Significant encumbrances at June 30, 2011 are contained in the above table in both the assigned and committed categories of the General Fund.

## **5. EMPLOYEE RETIREMENT PLANS**

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

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

#### **Summary Plan Description**

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

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

The employer contribution for Town and Board of Education employees for the Plan year is 6% of earnings. The total Town contribution during the year ended June 30, 2011 was \$231,576 and represented 6% of covered payroll. The employees' required contributions were \$96,490 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, 2011, teachers of the Town contributed \$1,241,759 to the plan, and covered payroll for the year was \$16,556,784. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2011 was \$2,713,864 and is recognized in the governmental funds GAAP-basis income statement.

## **C. Annual OPEB Cost and Net OPEB Obligations**

### **Summary of Significant Accounting Policies**

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

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

### **Plan Description**

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

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

At July 1, 2008, plan membership consisted of the following:

	<b><u>Retiree Medical Program</u></b>
Retired members	75
Spouses of retired members	32
Active plan members	<u>304</u>
Total Participants	<u><u>411</u></u>

## Funding Policy

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

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

Employer contributions to the plan of \$559,000 were made in accordance with actuarially determined requirements. Of this amount, \$461,000 represents premium payments, and \$98,000 was contributed to prefund benefits.

## 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)	\$ 486,000
Interest on net OPEB obligation	(8,823)
Adjustment to annual required contribution	7,724
Annual OPEB cost (expense)	484,901
Contributions made	559,000
Increase in net OPEB asset	(74,099)
Net OPEB asset, beginning of year	(117,635)
Net OPEB Asset, End of Year	\$ <u>(191,734)</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal years ended June 30, 2011, 2010 and 2009, are presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>OPEB Obligation (Asset)</u>
6/30/2009	\$ 437,000	\$ 494,000	113.04%	\$ (57,000)
6/30/2010	460,365	521,000	113.17	(117,635)
6/30/2011	484,901	559,000	115.28	(191,734)

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

### **Funding Status and Funding Progress**

The funded status of the plan as of July 1, 2008, the most recent actuarial valuation date, is as follows:

<u>Fiscal Year Ending</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/09	7/1/2008	\$ -0-	\$ 4,954,000	\$ 4,954,000	0%	\$ n/a	n/a
6/30/10	7/1/2008	-0-	4,954,000	4,954,000	0%	n/a	n/a
6/30/11	7/1/2008	-0-	4,954,000	4,954,000	0%	n/a	n/a

### **Schedule of Employer Contributions**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/2009	\$ 437,000	\$ 494,000	113%
6/30/2010	461,000	521,000	113%
6/30/2011	486,000	559,000	115%

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 6.7% initially, reduced by decrements to an ultimate rate of 4.7% after 71 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, 2011 was 23 years.

## **6. OTHER INFORMATION**

### **A. Risk Management**

The Town is exposed to various risks of loss related to public officials and police liability; Board of Education liability; torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for all risks of loss. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2011. There have been no significant reductions in insurance coverage during the year.

### **B. Contingent Liabilities**

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

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

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

### **C. Subsequent Events**

On September 28, 2011, the Town issued General Obligation Bonds in the amount of \$4,910,000 at a true interest cost of 2.305%, which reflects a premium of \$344,694 and an estimated issuance cost of \$90,000. This Town issue is comprised of \$2,675,000 of bond proceeds and \$2,235,000 of bond refunding related to the 2003 General Obligation bonds. These bonds mature on October 1, 2026.

**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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Property Taxes:				
Current year levy	\$ 36,115,578	\$ 36,115,578	\$ 36,368,986	\$ 253,408
Prior year levy	150,000	150,000	294,918	144,918
Interest and lien fees	107,648	107,648	197,477	89,829
Motor vehicle supplement	297,330	297,330	337,629	40,299
Suspense	1,500	1,500	1,404	(96)
Telecommunications access line	35,754	35,754	33,076	(2,678)
Total property taxes	<u>36,707,810</u>	<u>36,707,810</u>	<u>37,233,490</u>	<u>525,680</u>
Intergovernmental:				
Education:				
Transportation	242,796	242,796	151,228	(91,568)
Adult education	9,619	9,619	9,676	57
Education equalization	10,759,283	9,223,934	9,253,734	29,800
Other grants		16,622	16,622	-
Total education	<u>11,011,698</u>	<u>9,492,971</u>	<u>9,431,260</u>	<u>(61,711)</u>
General government:				
Elderly circuit breaker	75,000	75,000	65,223	(9,777)
State property reimbursement	52,435	52,435	54,575	2,140
Interest subsidy	67,925	67,925	59,612	(8,313)
Bond subsidy	301,946	301,946	301,946	-
SDE/MH and AS/DEEP grants	24,105	24,105	24,218	113
Manufacturers' equipment	103,750	103,750	75,056	(28,694)
Boat tax reimbursement	13,052	13,052	10,563	(2,489)
Civil defense grant	4,000	4,000	4,000	-
Mashantucket Pequot	40,178	40,178	41,412	1,234
Miscellaneous grants	33,471	107,118	111,188	4,070
Veterans	7,940	7,940	7,452	(488)
Town Clerk Preservation	3,000	3,000	3,000	-
Disability grant	1,682	1,682	1,691	9
Total general government	<u>728,484</u>	<u>802,131</u>	<u>759,936</u>	<u>(42,195)</u>
Total intergovernmental	<u>11,740,182</u>	<u>10,295,102</u>	<u>10,191,196</u>	<u>(103,906)</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Charges for Services:				
Building permit fees	\$ 143,000	\$ 143,000	\$ 132,380	\$ (10,620)
Fines, fees and penalties	1,500	1,500	2,069	569
Pistol permits	7,000	7,000	5,570	(1,430)
Zoning permit fees	10,000	10,000	5,100	(4,900)
Town clerk	13,000	13,000	18,468	5,468
Library fees	18,000	18,000	13,181	(4,819)
Counseling fees	2,000	2,000	2,501	501
Planning and zoning and IWWC	5,000	5,000	2,613	(2,387)
Rents/PILOT	10,289	10,289	10,623	334
Property conveyance tax	125,000	125,000	131,819	6,819
Document recording fees	70,000	70,000	87,085	17,085
Map and copy sales	9,500	9,500	11,979	2,479
Zoning board of appeals	3,000	3,000	3,010	10
Public safety services	1,500	1,500	2,133	633
Solid waste fees/sewer fees	15,500	15,500	43,456	27,956
Town preservation	8,000	8,000	9,138	1,138
Ambulance	89,705	89,705	89,705	-
Total charges for services	<u>531,994</u>	<u>531,994</u>	<u>570,830</u>	<u>38,836</u>
Investment Income:				
General Fund	<u>130,000</u>	<u>144,588</u>	<u>79,860</u>	<u>(64,728)</u>
Other Revenues	<u>10,200</u>	<u>52,075</u>	<u>55,588</u>	<u>3,513</u>
Total Revenues	<u>49,120,186</u>	<u>47,731,569</u>	<u>48,130,964</u>	<u>399,395</u>
Other Financing Sources:				
Cancellation of prior year encumbrances			21,163	21,163
Appropriation of fund balance	200,000	247,867		(247,867)
Transfers in		42,388	43,003	615
Total other financing sources	<u>200,000</u>	<u>290,255</u>	<u>64,166</u>	<u>(226,089)</u>
Total Revenues and Other Financing Sources	<u>\$ 49,320,186</u>	<u>\$ 48,021,824</u>	<u>\$ 48,195,130</u>	<u>\$ 173,306</u>

## TOWN OF TOLLAND, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
Administrative:				
Town council	\$ 32,563	\$ 36,365	\$ 36,000	\$ 365
Town manager	211,227	215,080	214,515	565
Economic development commission	5,251	5,251	3,955	1,296
Human resources and administrative services	2,022,350	1,911,177	1,903,137	8,040
Insurance	185,895	189,595	188,740	855
Legal services	67,000	62,000	61,998	2
Probate court	5,259	7,741	7,373	368
Total administrative	2,529,545	2,427,209	2,415,718	11,491
Planning and Community Development:				
Building inspection services	88,655	91,935	91,464	471
Zoning board of appeals	4,013	4,013	4,013	-
Environmental health services	66,470	66,470	66,320	150
Planning and zoning services	170,983	176,129	175,956	173
Inland wetlands commission	4,630	4,630	4,350	280
Conservation commission	4,090	4,090	4,090	-
Planning and zoning commission	9,315	9,315	8,154	1,161
Total planning and community development	348,156	356,582	354,347	2,235
Community Services:				
Elderly services	44,398	45,568	45,010	558
Human services	304,103	311,733	310,690	1,043
Library	378,625	415,641	415,507	134
Recreation and adult education	118,668	117,298	117,298	-
Total community services	845,794	890,240	888,505	1,735
Public Works:				
Public works administration	108,438	101,748	101,433	315
Parks and facilities	1,126,349	1,181,953	1,180,052	1,901
Refuse and recycling services	1,307,198	1,281,448	1,262,347	19,101
Sewage disposal	15,000			-
Streets and roads	1,927,245	1,996,277	1,995,343	934
Total public works	4,484,230	4,561,426	4,539,175	22,251
Public Safety Services:				
Water supply	70,074	73,189	73,186	3
Ambulance	238,638	204,771	202,456	2,315
Canine control	30,535	29,550	29,550	-
Civil preparedness	10,000	10,000	10,000	-
Fire prevention	26,656	28,854	28,660	194
Fire suppression	479,968	493,685	493,135	550
Law enforcement	565,214	564,582	564,480	102
Total public safety services	1,421,085	1,404,631	1,401,467	3,164
Record and Financial Services:				
Accounting services	281,821	276,952	276,687	265
Assessment services	233,535	238,166	237,455	711
Board of assessment appeals	2,975	2,975	620	2,355
Independent audit	27,500	27,500	27,500	-
Registrar of voters	33,686	44,860	44,804	56
Revenue services	158,052	162,223	160,556	1,667
Town clerk	128,308	136,038	135,724	314
Total record and financial services	865,877	888,714	883,346	5,368
Contingency and Other	127,344	77,593	77,358	235

(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, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
Board of Education:				
Language arts	\$ 13,314	\$ 13,314	\$ 8,444	\$ 4,870
Math	5,595	5,595	4,954	641
Social studies	8,768	8,768	7,836	932
Science	80,665	80,665	72,441	8,224
Art	30,049	28,249	27,225	1,024
Music	14,792	15,792	12,641	3,151
Physical education	10,780	11,280	8,012	3,268
World language	4,200	4,200	25,836	(21,636)
Family and consumer science	13,884	14,684	14,767	(83)
Technology education	21,241	21,241	20,256	985
Business education	6,224	6,224	2,417	3,807
Computer education	8,574	8,574	8,515	59
Skills for adolescence	500			-
Talc	330	330	103	227
Special services	1,618,371	1,618,371	1,644,608	(26,237)
Special education	76,654	76,654	65,389	11,265
Interdistrict programs	118,137	133,137	144,861	(11,724)
Student athletics	56,577	56,577	62,743	(6,166)
Student activities	17,389	17,389	5,730	11,659
Guidance and counseling	8,789	8,789	6,116	2,673
Nursing	16,620	16,620	14,627	1,993
Library	20,623	20,623	16,192	4,431
Audiovisual	5,529	5,529	3,064	2,465
Principals' office	131,128	130,628	122,642	7,986
Transportation	2,215,571	2,109,014	1,968,655	140,359
Superintendent's office	20,384	17,669	14,781	2,888
Business office	190,881	175,881	189,393	(13,512)
Technology services	113,206	113,206	112,605	601
Plant operation - system wide	416,471	416,471	431,184	(14,713)
Plant operation - utilities / fuel	1,390,038	1,248,568	1,233,765	14,803
Plant operation - energy management	2,195	2,195	1,471	724
Plant maintenance	397,000	540,652	432,191	108,461
Program / professional development	52,193	52,193	42,898	9,295
Adult education	31,157	28,810	28,706	104.00
Board of Education - program	67,039	179,158	162,302	16,856
Staff services	6,097,716	6,097,716	6,179,976	(82,260)
Certified regular education payroll	12,446,866	10,906,517	10,973,770	(67,253)
Certified special education payroll	2,676,557	2,673,179	2,667,114	6,065
Noncertified payroll	1,092,319	1,092,319	1,073,572	18,747
Building operations	800,193	840,578	873,402	(32,824)
Board of Education - personnel	167,945	168,252	168,814	(562)
Building maintenance	1,122	1,122	1,087	35
Business services	276,728	273,902	273,737	165
Superintendent services	253,781	255,568	255,568	-
Principals' services	1,467,180	1,438,822	1,444,043	(5,221)
System-wide substitutes	351,039	351,039	370,335	(19,296)
System-wide services	992,221	1,005,926	998,530	7,396
Total Board of Education	33,808,535	32,291,990	32,197,318	94,672
Debt Service	4,622,920	4,730,620	4,730,620	-
Total Expenditures	49,053,486	47,629,005	47,487,854	141,151
Other Financing Uses:				
Transfers out:				
Sewer fund		15,000	15,000	-
Capital improvements	266,700	367,961	367,961	-
Other governmental funds		9,858	9,858	-
Total other financing uses	266,700	392,819	392,819	-
Total Expenditures and Other Financing Uses	\$ 49,320,186	\$ 48,021,824	\$ 47,880,673	\$ 141,151

## TOWN OF TOLLAND, CONNECTICUT

## GENERAL FUND

## REPORT OF TAX COLLECTOR

## FOR THE YEAR ENDED JUNE 30, 2011

Grand List Year	Uncollected Taxes July 1, 2010	Supplement	Lawful Corrections			Transfers to Suspense	Adjusted Amount Collectible	Collections				Uncollected Taxes June 30, 2011	
			Pro-Rates	Additions	Deductions			Taxes	Over-payments	Net Taxes Collected	Interest and Lien Fees		Total
1996	\$	\$	\$	\$ 17	\$	\$	17	\$ 17	\$	17	\$ 42	\$ 59	-
1997				44			44	44		44	102	146	-
1998							-			-		-	-
1999							-			-		-	-
2000				86			86	86		86	137	223	-
2001							-			-		-	-
2002				95			95	95		95	129	224	-
2003	451			242			693	244		244	280	524	449
2004	2,066			559			2,625	969		969	601	1,570	1,656
2005	5,308			571	211	1,109	4,559	2,481		2,481	1,092	3,573	2,078
2006	37,726				337	2,146	35,243	23,515	169	23,346	10,594	33,940	11,897
2007	110,985			1,373	329	2,148	109,881	72,049		72,049	27,835	99,884	37,832
2008	301,758			14,950	13,607	685	302,416	204,086	9	204,077	42,651	246,728	98,339
Total Prior Years	458,294	-	-	17,937	14,484	6,088	455,659	303,586	178	303,408	83,463	386,871	152,251
2009	36,672,569	349,903		136,411	140,203	116	37,018,564	36,753,059	52,980	36,700,079	113,987	36,814,066	318,485
Total	\$ 37,130,863	\$ 349,903	\$ -	\$ 154,348	\$ 154,687	\$ 6,204	\$ 37,474,223	\$ 37,056,645	\$ 53,158	\$ 37,003,487	\$ 197,450	\$ 37,200,937	\$ 470,736



# Nonmajor Governmental Funds

## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

**Recreation** - To account for Town recreation programs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Field Maintenance** - To utilize donations for field maintenance.

### **PERMANANENT FUNDS**

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

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

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

## TOWN OF TOLLAND, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET

JUNE 30, 2011

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	Special Revenue Funds									
	<u>Dog Fund</u>	<u>Open Space Maintenance</u>	<u>Stone Pond Sewer Escrow</u>	<u>Tolland Townhouse Sewer Escrow</u>	<u>Lodge Activity Fund</u>	<u>Open Space Fund</u>	<u>Tolland Business Park Fund</u>	<u>Town Aid Road</u>	<u>Recreation</u>	<u>Water Assessment</u>
<b>ASSETS</b>										
Cash	\$ 14,377	\$ 1,471	\$ 14,432	\$ 10,184	\$ 42,913	\$ 97,545	\$ 18,186	\$ 239,788	\$ 146,673	\$ 137,993
Investments										
Receivables										3,244
Due from other funds										
Other										
Total Assets	<u>\$ 14,377</u>	<u>\$ 1,471</u>	<u>\$ 14,432</u>	<u>\$ 10,184</u>	<u>\$ 42,913</u>	<u>\$ 97,545</u>	<u>\$ 18,186</u>	<u>\$ 239,788</u>	<u>\$ 146,673</u>	<u>\$ 141,237</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts and other payables/due to State	\$ 12,510	\$	\$	\$	\$ 8,952	\$ 352	\$ 356	\$	\$ 8,821	\$
Due to other funds										21,386
Deferred revenue					2,395					3,244
Total liabilities	<u>12,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,347</u>	<u>352</u>	<u>356</u>	<u>-</u>	<u>8,821</u>	<u>24,630</u>
Fund balances:										
Nonspendable										
Restricted								239,788		
Committed	<u>1,867</u>	<u>1,471</u>	<u>14,432</u>	<u>10,184</u>	<u>31,566</u>	<u>97,193</u>	<u>17,830</u>		<u>137,852</u>	<u>116,607</u>
Total fund balances	<u>1,867</u>	<u>1,471</u>	<u>14,432</u>	<u>10,184</u>	<u>31,566</u>	<u>97,193</u>	<u>17,830</u>	<u>239,788</u>	<u>137,852</u>	<u>116,607</u>
Total Liabilities and Fund Balances	<u>\$ 14,377</u>	<u>\$ 1,471</u>	<u>\$ 14,432</u>	<u>\$ 10,184</u>	<u>\$ 42,913</u>	<u>\$ 97,545</u>	<u>\$ 18,186</u>	<u>\$ 239,788</u>	<u>\$ 146,673</u>	<u>\$ 141,237</u>

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

**JUNE 30, 2011**

	Special Revenue Funds								
	School Lunch	State and Federal Education Grants	Before/After School Programs	Rent Escrow	Eviction Fund	Cemetery Operations Fund	Minnie Hicks Fund	Training Center Fund	Conservation Green Grant
ASSETS									
Cash	\$ 352,156	\$ 3,807	\$ 305,999	\$	\$ 707	\$ 169,571	\$ 4,476	\$ 10,333	\$ 501
Investments									
Receivables	24,389	12,111				12,225			
Due from other funds						143			
Other	37,833								
Total Assets	\$ 414,378	\$ 15,918	\$ 305,999	\$ -	\$ 707	\$ 181,939	\$ 4,476	\$ 10,333	\$ 501
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables/due to State	\$ 25,606	\$	\$	\$	\$	\$ 1,517	\$	\$	\$
Due to other funds	71,500		139,143			150			
Deferred revenue	30,257	15,918				12,225			
Total liabilities	127,363	15,918	139,143	-	-	13,892	-	-	-
Fund balances:									
Nonspendable	37,833								
Restricted	24,389								
Committed	224,793		166,856		707	168,047	4,476	10,333	501
Total fund balances	287,015	-	166,856	-	707	168,047	4,476	10,333	501
Total Liabilities and Fund Balances	\$ 414,378	\$ 15,918	\$ 305,999	\$ -	\$ 707	\$ 181,939	\$ 4,476	\$ 10,333	\$ 501

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

**JUNE 30, 2011**

	<b>Special Revenue Funds</b>						<b>Permanent Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Traffic Fund</b>	<b>Justice Assistance Grant</b>	<b>DWSRF Water Line</b>	<b>Tolland Library Foundation</b>	<b>Nonprofit Housing Unit Fund</b>	<b>Field Maintenance</b>	<b>Cemetery Perpetual Care Fund</b>	<b>Ratcliff Hicks Memorial School Fund</b>	<b>Eliminations</b>	
<b>ASSETS</b>										
Cash	\$	\$	\$	\$ 22,884	\$ 87,292	\$ 11,489	\$ 293,621	\$	\$	\$ 1,986,398
Investments				619,388				585,208		1,204,596
Receivables	5,664				29,845		5,725			93,203
Due from other funds							150		(293)	-
Other										37,833
Total Assets	<u>\$ 5,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 642,272</u>	<u>\$ 117,137</u>	<u>\$ 11,489</u>	<u>\$ 299,496</u>	<u>\$ 585,208</u>	<u>\$ (293)</u>	<u>\$ 3,322,030</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts and other payables/due to State	\$ 1,591	\$	\$	\$	\$	\$ 2,258	\$	\$	\$	\$ 61,963
Due to other funds	4,073						143		(293)	236,102
Deferred revenue					25,955		5,725			95,719
Total liabilities	<u>5,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,955</u>	<u>2,258</u>	<u>5,868</u>	<u>-</u>	<u>(293)</u>	<u>393,784</u>
Fund balances:										
Nonspendable							292,263	20,800		350,896
Restricted										264,177
Committed				642,272	91,182	9,231	1,365	564,408		2,313,173
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>642,272</u>	<u>91,182</u>	<u>9,231</u>	<u>293,628</u>	<u>585,208</u>	<u>-</u>	<u>2,928,246</u>
Total Liabilities and Fund Balances	<u>\$ 5,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 642,272</u>	<u>\$ 117,137</u>	<u>\$ 11,489</u>	<u>\$ 299,496</u>	<u>\$ 585,208</u>	<u>\$ (293)</u>	<u>\$ 3,322,030</u>

TOWN OF TOLLAND, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds									
	Dog Fund	Open Space Maintenance	Stone Pond Sewer Escrow	Tolland Townhouse Sewer Escrow	Lodge Activity Fund	Open Space Fund	Tolland Business Park Fund	Town Aid Road	Recreation	Water Assessment
Revenues:										
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	169,552	\$	\$
Charges for services	22,221				41,285	4,911			282,452	325
Investment income	9		35	23	12	213	49	718	220	1,012
Other	131								5,221	
Total revenues	22,361	-	35	23	41,297	5,124	49	170,270	287,893	1,337
Expenditures:										
Current:										
Community services					34,028	2,130	4,885		309,279	
Public works										
Public safety services	23,088									
Education										
Total expenditures	23,088	-	-	-	34,028	2,130	4,885	-	309,279	-
Excess (Deficiency) of Revenues over Expenditures	(727)	-	35	23	7,269	2,994	(4,836)	170,270	(21,386)	1,337
Other Financing Sources (Uses):										
Transfers in	3,500									
Transfers out					(35,000)			(150,000)		(21,386)
Net other financing sources (uses)	3,500	-	-	-	(35,000)	-	-	(150,000)	-	(21,386)
Net Change in Fund Balances	2,773	-	35	23	(27,731)	2,994	(4,836)	20,270	(21,386)	(20,049)
Fund Balances at Beginning of Year	(906)	1,471	14,397	10,161	59,297	94,199	22,666	219,518	159,238	136,656
Fund Balances at End of Year	\$ 1,867	\$ 1,471	\$ 14,432	\$ 10,184	\$ 31,566	\$ 97,193	\$ 17,830	\$ 239,788	\$ 137,852	\$ 116,607

(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, 2011

	Special Revenue Funds								
	School Lunch	State and Federal Education Grants	Before/After School Programs	Rent Escrow	Eviction Fund	Cemetery Operations Fund	Minnie Hicks Fund	Training Center Fund	Conservation Green Grant
Revenues:									
Intergovernmental	\$ 202,606	\$ 2,705,783	\$ 436,050	\$	\$	\$ 200	\$	\$	\$
Charges for services	783,623					28,375		1,575	
Investment income	791			596		352	348	24	
Other									
Total revenues	987,020	2,705,783	436,050	596	-	28,927	348	1,599	-
Expenditures:									
Current:									
Community services						11,228			
Public works									
Public safety services								504	271
Education	1,017,909	2,705,783	424,917				696		
Total expenditures	1,017,909	2,705,783	424,917	-	-	11,228	696	504	271
Excess (Deficiency) of Revenues over Expenditures	(30,889)	-	11,133	596	-	17,699	(348)	1,095	(271)
Other Financing Sources (Uses):									
Transfers in						2,838			
Transfers out				(607)					
Net other financing sources (uses)	-	-	-	(607)	-	2,838	-	-	-
Net Change in Fund Balances	(30,889)	-	11,133	(11)	-	20,537	(348)	1,095	(271)
Fund Balances at Beginning of Year	317,904	-	155,723	11	707	147,510	4,824	9,238	772
Fund Balances at End of Year	\$ 287,015	\$ -	\$ 166,856	\$ -	\$ 707	\$ 168,047	\$ 4,476	\$ 10,333	\$ 501

(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, 2011

	Special Revenue Funds						Permanent Funds		Total Nonmajor Governmental Funds
	Traffic Fund	Justice Assistance Grant	DWSRF Water Line	Tolland Library Foundation	Nonprofit Housing Unit Fund	Field Maintenance	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	
Revenues:									
Intergovernmental	\$ 10,015	\$	\$	\$	\$	\$	\$	\$	\$ 3,088,156
Charges for services							150		1,600,967
Investment income				111,928	9,435	23	2,838	83,154	211,780
Other				7,876	1,064	12,555			26,847
Total revenues	<u>10,015</u>	<u>-</u>	<u>-</u>	<u>119,804</u>	<u>10,499</u>	<u>12,578</u>	<u>2,988</u>	<u>83,154</u>	<u>4,927,750</u>
Expenditures:									
Current:									
Community services				26,574				7,090	395,214
Public works	11,373					10,844			22,217
Public safety services					3,625				27,488
Education									4,149,305
Total expenditures	<u>11,373</u>	<u>-</u>	<u>-</u>	<u>26,574</u>	<u>3,625</u>	<u>10,844</u>	<u>-</u>	<u>7,090</u>	<u>4,594,224</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,358)</u>	<u>-</u>	<u>-</u>	<u>93,230</u>	<u>6,874</u>	<u>1,734</u>	<u>2,988</u>	<u>76,064</u>	<u>333,526</u>
Other Financing Sources (Uses):									
Transfers in	1,358								7,696
Transfers out	(3)	(5)	(246)				(2,838)		(210,085)
Net other financing sources (uses)	<u>1,355</u>	<u>(5)</u>	<u>(246)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,838)</u>	<u>-</u>	<u>(202,389)</u>
Net Change in Fund Balances	(3)	(5)	(246)	93,230	6,874	1,734	150	76,064	131,137
Fund Balances at Beginning of Year	<u>3</u>	<u>5</u>	<u>246</u>	<u>549,042</u>	<u>84,308</u>	<u>7,497</u>	<u>293,478</u>	<u>509,144</u>	<u>2,797,109</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 642,272</u>	<u>\$ 91,182</u>	<u>\$ 9,231</u>	<u>\$ 293,628</u>	<u>\$ 585,208</u>	<u>\$ 2,928,246</u>



# Fiduciary Funds

## PRIVATE-PURPOSE TRUST FUNDS

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

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

## AGENCY FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

## TOWN OF TOLLAND, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2011</u>
Cash:				
Youth Center Reserve	\$ 55,284	\$ 31,067	\$ 22,810	\$ 63,541
Student Activity Fund	223,147	912,748	865,665	270,230
Senior Citizens Center	7,464	6,401	5,047	8,818
Tolland Public Library	71,133	33,030	18,491	85,672
Tolland Emergency Fund	23,563	11,704	11,364	23,903
D.A.R.E.	2,054			2,054
Land Preservation Fund	68			68
Permanent Celebration Fund	45		44	1
Education Fund	10,875	438,068	438,936	10,007
Board of Education - Section 125	8,192	52,695	52,309	8,578
Barn Restoration	552	40	563	29
Teen Center	3,652		3,652	-
Total Cash	<u>\$ 406,029</u>	<u>\$ 1,485,753</u>	<u>\$ 1,418,881</u>	<u>\$ 472,901</u>
Accounts Payable:				
Youth Center Reserve	\$ 55,284	\$ 31,067	\$ 22,810	\$ 63,541
Student Activity Fund	223,147	912,748	865,665	270,230
Senior Citizens Center	7,464	6,401	5,047	8,818
Tolland Public Library	71,133	33,030	18,491	85,672
Tolland Emergency Fund	23,563	11,704	11,364	23,903
D.A.R.E.	2,054			2,054
Land Preservation Fund	68			68
Permanent Celebration Fund	45		44	1
Education Fund	10,875	438,068	438,936	10,007
Board of Education - Section 125	8,192	52,695	52,309	8,578
Barn Restoration	552	40	563	29
Teen Center	3,652		3,652	-
Total Liabilities	<u>\$ 406,029</u>	<u>\$ 1,485,753</u>	<u>\$ 1,418,881</u>	<u>\$ 472,901</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.	

TABLE 1

## TOWN OF TOLLAND, CONNECTICUT

## NET ASSETS BY COMPONENT

## LAST NINE FISCAL YEARS

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:									
Invested in capital assets, net of related debt	\$ 52,421,259	\$ 57,937,228	\$ 64,001,051	\$ 85,563,227	\$ 81,254,819	\$ 80,889,930	\$ 80,876,436	\$ 81,360,747	\$ 80,465,804
Restricted	1,857,705	4,781,940	745,459	313,063	313,138	313,063	313,063	313,063	313,063
Unrestricted	11,664,156	7,382,139	14,637,431	7,315,984	11,812,235	15,252,055	16,283,861	15,413,879	16,943,872
Total governmental activities net assets	<u>65,943,120</u>	<u>70,101,307</u>	<u>79,383,941</u>	<u>93,192,274</u>	<u>93,380,192</u>	<u>96,455,048</u>	<u>97,473,360</u>	<u>97,087,689</u>	<u>97,722,739</u>
Business-Type Activities:									
Invested in capital assets, net of related debt	2,199,721	2,153,065	2,605,987	8,248,910	9,369,285	9,134,790	9,245,889	9,294,194	10,069,400
Restricted						16,100			
Unrestricted	249,568	320,187	389,496	521,909	590,528	618,074	291,738	254,954	247,678
Total business-type activities net assets	<u>2,449,289</u>	<u>2,473,252</u>	<u>2,995,483</u>	<u>8,770,819</u>	<u>9,959,813</u>	<u>9,768,964</u>	<u>9,537,627</u>	<u>9,549,148</u>	<u>10,317,078</u>
Primary Government:									
Invested in capital assets, net of related debt	54,620,980	60,090,293	66,607,038	93,812,137	90,624,104	90,024,720	90,122,325	90,654,941	90,535,204
Restricted	1,857,705	4,781,940	745,459	313,063	313,138	329,163	313,063	313,063	313,063
Unrestricted	11,913,724	7,702,326	15,026,927	7,837,893	12,402,763	15,870,129	16,575,599	15,668,833	17,191,550
Total Primary Government Net Assets	<u>\$ 68,392,409</u>	<u>72,574,559</u>	<u>\$ 82,379,424</u>	<u>\$ 101,963,093</u>	<u>\$ 103,340,005</u>	<u>\$ 106,224,012</u>	<u>\$ 107,010,987</u>	<u>\$ 106,636,837</u>	<u>\$ 108,039,817</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 NINE FISCAL YEARS**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Governmental activities:									
Administration	\$ 1,163,697	\$ 1,410,701	\$ 1,003,916	\$ 918,022	\$ 868,729	\$ 1,179,140	\$ 1,161,198	\$ 1,197,703	\$ 1,152,320
Planning and community development	452,727	827,146	505,293	492,192	510,916	535,217	494,459	437,811	459,598
Community services	2,172,167	1,953,817	1,773,869	1,771,273	1,917,465	2,039,569	2,436,453	2,241,062	1,756,255
Public works	5,319,581	5,351,486	5,712,790	5,849,385	6,533,106	6,691,773	7,627,881	7,327,481	7,843,996
Public safety services	1,269,536	1,324,320	1,438,062	1,531,744	1,689,193	1,875,910	2,018,465	1,476,762	1,967,888
Records and financial services	926,590	1,054,614	1,174,516	981,271	1,019,719	1,098,650	1,224,626	1,163,683	1,038,972
Board of education	29,148,911	30,575,507	32,289,056	34,120,009	40,523,002	48,761,510	41,413,090	42,227,879	42,181,314
Interest expense	680,525	698,863	808,455	1,690,346	1,756,875	1,856,342	1,785,519	1,601,756	1,469,838
Total governmental activities expenses	41,133,734	43,196,454	44,705,957	47,354,242	54,819,005	64,038,111	58,161,691	57,674,137	57,870,181
Business-type activities:									
Water	183,633	161,757	171,093	244,777	315,437	378,020	361,474	376,151	388,310
Sewer				246,901	262,121	352,643	316,824	309,562	447,724
Total business-type activities expenses	183,633	161,757	171,093	491,678	577,558	730,663	678,298	685,713	836,034
Total primary government expenses	41,317,367	43,358,211	44,877,050	47,845,920	55,396,563	64,768,774	58,839,989	58,359,850	58,706,215
Program Revenues:									
Governmental activities:									
Charges for services:									
Administration	40,552	39,835	24,426	33,468					
Planning and community development	233,254	347,298	358,608	308,758	294,081	427,071	226,064	272,661	296,752
Community services	387,537	441,468	466,098	542,351	649,450	632,107	449,231	489,934	721,398
Public works	131,098	125,967	355,727	2,025,275	114,177	103,175	247,389	34,725	495,316
Public safety services	65,070	72,955	73,825	72,866	275,718	102,882	373,317	154,448	490,783
Records and financial services	335,924	428,913	382,248	362,998	121,541	108,141	94,691	97,487	117,532
Board of education	629,423	678,576	683,133	740,835	1,136,808	1,245,530	1,206,132	1,299,973	1,235,591
Operating grants and contributions:									
Community services	152,889	469,742	258,205	108,972					
Public works	83,482	186,212	306,498	150,197					
Public safety services	2,000	2,000	2,000	2,000					
Board of education	10,733,596	11,133,782	9,973,203	12,364,381	12,142,535	24,146,095	15,560,242	15,676,752	15,742,394
Capital grants and contributions:									
Administration		325,680	550,012	159,320	571,630				
Planning and community development	3,432,280	2,766,367				631,245	212,265	749,762	1,227,483
Community services		52,250	170,657	482,162			1,178,000		
Public works	287,141		9,144	469,897					
Public safety services				216,825					
Board of education	2,526,223	1,693,922	8,763,636	15,569,354	956,886	450,762	421,147	364,361	301,946
Interest expense							102,793	67,925	59,612
Total governmental activities program revenue	19,040,469	18,764,967	22,377,420	33,609,659	16,262,826	27,847,008	20,071,271	19,208,028	20,688,807
Business-type activities:									
Charges for services:									
Water	171,465	180,036	185,481	221,176	231,115	222,541	227,024	199,308	225,340
Sewer				96,069	104,868	161,817	181,663	227,429	268,531
Capital grants and contributions:									
Water			500,000	77,000	107,440	114,345	10,066	159,047	
Sewer					139,169				
Total business-type activities program revenue	171,465	180,036	685,481	394,245	582,592	498,703	418,753	585,784	493,871
Total primary government program revenues	19,211,934	18,945,003	23,062,901	34,003,904	16,845,418	28,345,711	20,490,024	19,793,812	21,182,678
Net (expense) revenue:									
Governmental activities	(22,093,265)	(24,431,487)	(22,328,537)	(13,744,583)	(38,556,179)	(36,191,103)	(38,090,420)	(38,466,109)	(37,181,374)
Business-type activities	(12,168)	18,279	514,388	(97,433)	5,034	(231,960)	(259,545)	(99,929)	(342,163)
Total primary government net expense	(22,105,433)	(24,413,208)	(21,814,149)	(13,842,016)	(38,551,145)	(36,423,063)	(38,349,965)	(38,566,038)	(37,523,537)
General Revenues and Other Changes in Net Assets:									
Governmental activities:									
Property taxes	25,651,187	27,905,489	29,742,683	31,445,290	33,851,289	34,457,677	36,444,090	36,569,603	37,290,129
Unrestricted grants and contributions	354,609	332,527	372,418	347,899	1,355,620	1,442,362	1,273,901	574,468	771,764
Investment income	226,951	201,037	522,920	686,252	1,020,661	588,117	358,911	398,723	448,225
Donated asset					884,165	2,198,752	555,592		
Miscellaneous	207,382	153,421	973,150	307,857	802,499	576,945	496,238	641,127	405,717
Transfers		(2,800)		(2,219,170)	(30,000)	(20,000)	(20,000)	(103,483)	(1,099,411)
Total governmental activities	26,440,129	28,589,674	31,611,171	30,568,128	37,884,234	39,243,853	39,108,732	38,080,438	37,816,424
Business-type activities:									
Investment income	6,573	2,884	7,843	17,987	26,960	21,111	8,208	3,064	819
Miscellaneous								4,903	9,863
Transfers		2,800		2,219,170	30,000	20,000	20,000	103,483	1,099,411
Total business-type activities	6,573	5,684	7,843	2,237,157	56,960	41,111	28,208	111,450	1,110,093
Total primary government	26,446,702	28,595,358	31,619,014	32,805,285	37,941,194	39,284,964	39,136,940	38,191,888	38,926,517
Change in Net Assets:									
Governmental activities	4,346,864	4,158,187	9,282,634	16,823,545	(671,945)	3,052,750	1,018,312	(385,671)	635,050
Business-type activities	(5,595)	23,963	522,231	2,139,724	61,994	(190,849)	(231,337)	11,521	767,930
Total Primary Government	\$ 4,341,269	\$ 4,182,150	\$ 9,804,865	\$ 18,963,269	\$ (609,951)	\$ 2,861,901	\$ 786,975	\$ (374,150)	\$ 1,402,980

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

TABLE 3

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

	<b>Fiscal Year</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>	<b>2010</b>	<b>2011</b>
General Fund:										
Reserved	\$ 981,261	\$ 675,669	\$ 997,935	\$ 921,534	\$ 1,083,083	\$ 1,117,199	\$ 1,484,504	\$ 1,085,203	\$ 1,176,551	\$
Unreserved	2,791,430	3,082,745	4,035,058	4,206,752	4,353,581	4,894,670	5,175,165	5,855,314	6,119,876	
Committed										1,601,935
Unassigned										6,209,332
Total General Fund	<u>\$ 3,772,691</u>	<u>\$ 3,758,414</u>	<u>\$ 5,032,993</u>	<u>\$ 5,128,286</u>	<u>\$ 5,436,664</u>	<u>\$ 6,011,869</u>	<u>\$ 6,659,669</u>	<u>\$ 6,940,517</u>	<u>\$ 7,296,427</u>	<u>\$ 7,811,267</u>
All other governmental funds:										
Reserved	\$ 186,760	\$ 1,182,036	\$ 3,784,005	\$ 1,353,978	\$ 6,886,690	\$ 235,642	\$ 642,654	\$ 794,358	\$ 329,059	\$
Unreserved, reported in:										
Special Revenue Funds	1,403,766	1,248,213	1,184,514	1,537,946	2,329,034	2,349,434	2,690,894	2,932,590	2,836,172	
Capital Projects Funds	2,778,107	2,127,518	(4,303,486)	2,861,492	(9,734,439)	(3,706,449)	(483,411)	894,010	250,097	
Permanent Funds		114,813	163,648	107,148	503,184	574,396	523,715	442,255	781,822	
Nonspendable										350,896
Restricted										264,177
Committed										8,336,702
Total All Other Governmental Funds	<u>\$ 4,368,633</u>	<u>\$ 4,672,580</u>	<u>\$ 828,681</u>	<u>\$ 5,860,564</u>	<u>\$ (15,531)</u>	<u>\$ (546,977)</u>	<u>\$ 3,373,852</u>	<u>\$ 5,063,213</u>	<u>\$ 4,197,150</u>	<u>\$ 8,951,775</u>

TABLE 4

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Property taxes	\$ 22,621,830	\$ 25,694,514	\$ 27,890,790	\$ 29,784,967	\$ 31,414,813	\$ 33,785,185	\$ 34,338,609	\$ 36,412,114	\$ 36,529,867	\$ 37,233,490
Intergovernmental	11,329,990	15,457,261	14,590,998	22,124,010	30,159,758	15,315,428	26,828,386	18,947,374	17,210,059	17,912,905
Charges for services	1,925,348	1,886,199	2,163,820	2,276,052	2,767,669	2,622,418	2,765,424	2,573,103	2,575,458	2,568,392
Investment income	260,899	247,557	163,596	509,167	682,401	1,020,661	588,117	358,912	398,723	448,225
Net increase (decrease) in fair value of investment	(25,006)	(20,606)	37,441	13,753	3,851	7,277				
Contributions		635,997								
Other revenues	1,011,865	358,007	157,421	973,149	336,334	810,222	576,945	592,386	761,405	405,717
Total revenues	<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>	<u>57,475,512</u>	<u>58,568,729</u>
Expenditures:										
Administration	1,647,989	1,913,724	2,005,355	1,984,834	1,997,846	2,092,235	2,182,068	2,317,706	2,406,461	2,388,643
Planning and community development	336,464	354,598	356,573	362,361	385,289	390,443	430,956	370,967	353,395	357,485
Community services	1,386,168	1,477,058	1,648,754	1,550,788	1,528,215	1,647,115	1,688,501	2,169,528	1,976,783	1,482,441
Public works	3,082,665	3,249,081	3,652,614	4,095,039	3,633,670	4,188,154	4,413,376	4,766,504	4,758,619	4,588,172
Public safety services	932,080	971,892	1,022,943	1,101,353	1,261,595	1,353,132	1,406,752	1,460,169	942,775	1,402,161
Records and financial services	656,540	751,796	854,717	919,225	806,604	831,021	907,091	1,016,583	958,041	836,717
Contingency and other	68,445	38,791	74,993	46,713	43,979	41,193	42,154	41,734	48,783	106,293
Board of education	24,746,806	27,754,018	29,275,253	30,670,813	32,882,552	34,667,352	46,345,151	39,122,338	39,905,194	39,894,224
Capital outlay	2,904,148	11,986,913	8,392,297	16,056,016	35,575,549	13,550,025	3,064,323	2,885,426	1,808,716	3,358,775
Debt service:										
Principal	1,214,726	1,445,297	1,288,324	3,014,754	2,866,629	2,273,331	2,460,067	2,961,839	3,118,640	3,300,490
Interest	495,162	648,521	736,300	752,026	1,497,019	1,670,476	1,845,519	1,823,321	1,700,016	1,572,380
Total expenditures	<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>	<u>57,977,423</u>	<u>59,287,781</u>
Excess of revenues over (under) expenditures	<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>	<u>(501,911)</u>	<u>(719,052)</u>
Other financing sources (uses):										
Proceeds from capital lease					424,486					3,600,000
Bond issue proceeds	4,000,000		1,700,000	10,000,000	17,215,000	9,015,000	4,255,000	2,010,000		2,525,000
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	1,716,428	1,442,368	799,108	406,942	593,091	1,658,825	980,003	1,637,398	834,944	884,920
Transfers out	(1,707,683)	(1,442,368)	(801,908)	(406,942)	(650,438)	(1,658,825)	(1,000,003)	(1,657,398)	(843,186)	(936,552)
Total other financing sources (uses)	<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>	<u>(8,242)</u>	<u>6,073,368</u>
Net change in fund balances	3,662,478	(507,760)	(2,569,320)	5,127,176	(5,550,981)	(59,404)	4,546,523	1,970,209	(510,153)	5,354,316
Fund balance at beginning of year	<u>4,478,846</u> *	<u>8,938,754</u> *	<u>8,430,994</u>	<u>5,861,674</u>	<u>11,105,277</u> *	<u>5,554,296</u>	<u>5,486,998</u> *	<u>10,033,521</u>	<u>12,003,730</u>	<u>11,493,577</u>
Fund Balance at End of Year	<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>	<u>\$ 11,493,577</u>	<u>\$ 16,847,893</u>
Debt Service as a Percentage of Noncapital Expenditures		5.3%	5.0%	9.1%	9.6%	8.1%	7.7%	9.2%	8.5%	8.5%

\* Fund balance restated

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

TABLE 5

## 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>
2002	\$ 639,749,940	\$ 94,553,094	\$ 24,923,918	\$ 759,226,952	29.68	\$ 1,084,609,932	70.00%
2003	664,865,914	98,489,320	25,229,698	788,584,932	32.35	1,249,105,832	63.13%
2004	689,411,826	104,284,994	24,553,466	818,250,286	33.97	1,437,530,943	56.92%
2005	709,106,132	102,703,295	27,500,441	839,309,868	35.40	1,549,671,337	54.16%
2006	1,012,933,746	113,292,659	29,903,330	1,156,129,735	27.22	1,651,613,908	70.00%
2007	1,040,370,770	121,269,537	32,969,806	1,194,610,113	28.39	1,743,956,369	68.50%
2008	1,060,000,490	122,059,235	33,597,853	1,215,657,578	28.39	1,826,351,172	66.56%
2009	1,063,038,650	123,761,918	32,363,826	1,219,164,394	29.51	1,884,035,661	64.71%
2010	1,091,730,550	116,941,268	33,435,456	1,242,107,274	29.49	1,884,272,473	65.92%
2011	1,132,401,370	120,408,733	27,357,855	1,280,167,958	29.15	1,828,811,369	70.00%

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

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

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

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

Tax-exempt property not broken out by category.



TABLE 6

## TOWN OF TOLLAND

## PRINCIPAL PROPERTY TAXPAYERS

## CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Capitol Ventures	\$ 12,335,300	1	0.97%			
Connecticut Light and Power	7,641,640	2	0.60%	\$ 4,771,480	2	0.64%
Carriage Crossing LLC	4,200,900	3	0.33%			
Summers and Summers Realty	4,128,000	4	0.33%	2,800,790	7	0.37%
Ivy Woods LLC	3,964,000	5	0.31%			
Gerber Scientific, Inc.	3,953,800	6	0.31%	5,745,890	1	0.77%
Norwegian Woods, Inc.	3,597,000	7	0.28%	3,369,650	5	0.45%
NERAC, Inc	3,152,400	8	0.25%			
Dari Farms	2,786,200	9	0.22%	3,863,840	4	0.52%
Tomlen	2,758,200	10	0.22%			
Connecticut Water Company				2,657,755	8	0.35%
Gerber Garment Technologies				3,908,070	3	0.52%
Interet Properties, Inc.				3,365,880	6	0.45%
SD Williams/Williams Construction				2,370,310	10	0.32%
Wilde, Daniel and Helen				2,552,110	9	0.34%
Total	\$ 48,517,440		3.82%	\$ 35,405,775		4.73%

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

TABLE 7

**TOWN OF TOLLAND, CONNECTICUT**

**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Mill Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
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%	138,835	25,424,175	99.91%
2004	33.97	27,690,981	27,533,765	99.43%	102,601	27,636,366	99.80%
2005	35.40	29,567,650	29,424,763	99.52%	112,516	29,537,279	99.90%
2006	27.22	31,275,379	31,100,571	99.44%	129,604	31,230,175	99.86%
2007	28.39	33,675,313	33,433,237	99.28%	235,189	33,668,426	99.98%
2008	28.39	34,273,077	34,008,432	99.23%	199,043	34,207,475	99.81%
2009	29.51	36,178,846	35,855,624	99.11%	295,918	36,151,542	99.92%
2010	29.49	36,374,695	36,045,688	99.10%	204,086	36,249,774	99.66%
2011	29.15	37,022,472	36,753,059	99.27%	-	36,753,059	99.27%

TABLE 8

**TOWN OF TOLLAND, CONNECTICUT**

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

**LAST TEN FISCAL YEARS**

Fiscal Year	<u>General Bonded Debt</u>		<u>Percentage of Actual Taxable Value of Property (a)</u>	<u>Sewer Notes</u>	<u>Capital Lease</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (b)</u>	<u>Net General Bonded Debt Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Other Bonds</u>						
2002	\$ 13,350,000	n/a	1.8%	\$ 1,702,516		\$ 15,052,516	3.61%	\$ 1,079
2003	12,175,000	n/a	1.5%	1,590,794		13,765,794	3.27%	977
2004	18,525,000	n/a	2.3%	1,477,469		20,002,469	4.63%	1,385
2005	25,625,000	n/a	3.1%	1,362,508		26,987,508	6.25%	1,868
2006	34,090,000	n/a	2.9%	1,245,879	\$ 372,655	35,708,534	8.24%	2,463
2007	40,950,000	n/a	3.4%	1,127,548	316,165	42,393,713	9.68%	2,894
2008	42,865,000	n/a	3.6%	1,007,480	257,537	44,130,017	10.08%	3,012
2009	42,035,000	n/a	3.5%	885,641	196,693	43,117,334	9.81%	2,932
2010	39,040,000	n/a	3.2%	761,994	127,087	39,929,081	9.08%	2,688
2011	38,390,000	n/a	3.0%	636,504	3,668,014	42,694,518	9.71%	2,874

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, 2011

Total Tax Collections (Including Interest and Lien Fees) for the Year Ended June 30, 2011	\$ 37,200,937
Reimbursement for Revenue Loss: Tax relief for elderly freeze	<u>-</u>
Base for Debt Limitation Computation	<u>\$ 37,200,937</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	\$ 83,702,108	\$	\$	\$	\$
4 1/2 times base		167,404,217			
3 3/4 times base			139,503,514		
3 1/4 times base				120,903,045	
3 times base					111,602,811
	<u>83,702,108</u>	<u>167,404,217</u>	<u>139,503,514</u>	<u>120,903,045</u>	<u>111,602,811</u>
Total debt limitation	<u>83,702,108</u>	<u>167,404,217</u>	<u>139,503,514</u>	<u>120,903,045</u>	<u>111,602,811</u>
Indebtedness:					
Bonds payable	8,829,660	28,330,340	1,230,000		
Bond anticipation notes			825,000		
Bond authorized but unissued	1,441,825	2,361,317	525,000		
Less: School building grants receivable		<u>(2,019,915)</u>			
Net Indebtedness (1) (2)	<u>10,271,485</u>	<u>28,671,742</u>	<u>2,580,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 73,430,623</u>	<u>\$ 138,732,475</u>	<u>\$ 136,923,514</u>	<u>\$ 120,903,045</u>	<u>\$ 111,602,811</u>

(1) The total of the above net indebtedness amounts to: \$ 41,523,227

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 260,406,559

(2) There is no overlapping debt.

TABLE 10

## TOWN OF TOLLAND, CONNECTICUT

## LEGAL DEBT MARGIN INFORMATION

## LAST TEN FISCAL YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 158,259,913	\$ 179,071,781	\$ 194,940,326	\$ 206,909,829	\$ 219,545,501	\$ 235,696,293	\$ 240,090,690	\$ 253,980,272	\$ 255,521,231	\$ 260,406,559
Total net debt applicable to limit	<u>8,855,894</u>	<u>14,014,805</u>	<u>17,459,784</u>	<u>81,512,403</u>	<u>80,627,288</u>	<u>53,637,510</u>	<u>71,644,562</u>	<u>69,053,708</u>	<u>44,220,139</u>	<u>43,543,142</u>
Legal Debt Margin	<u>\$ 149,404,019</u>	<u>\$ 165,056,976</u>	<u>\$ 177,480,542</u>	<u>\$ 125,397,426</u>	<u>\$ 138,918,213</u>	<u>\$ 182,058,783</u>	<u>\$ 168,446,128</u>	<u>\$ 184,926,564</u>	<u>\$ 211,301,092</u>	<u>\$ 216,863,417</u>
Total net debt applicable to the limit as a percentage of debt limit	5.6%	7.8%	9.0%	39.4%	36.7%	22.8%	29.8%	27.2%	17.3%	16.7%

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>
2002	13,945	\$ 416,843,940	\$ 29,892	37.4	2,900	3.0%
2003	14,084	420,998,928	29,892	37.4	2,963	3.8%
2004	14,446	431,819,832	29,892	37.4	3,053	3.6%
2005	14,446	431,819,832	29,892	37.4	3,103	3.4%
2006	14,500	433,434,000	29,892	37.4	3,181	3.3%
2007	14,650	437,917,800	29,892	37.4	3,142	3.1%
2008	14,699	439,382,508	29,892	40.0	3,131	4.2%
2009	14,705	439,561,860	29,892	40.0	3,149	6.2%
2010	14,853	443,985,876	29,892	40.0	3,149	6.3%
2011	15,052	449,934,384	29,892	40.0	3,020	6.5%

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

TABLE 12

## TOWN OF TOLLAND

## PRINCIPAL EMPLOYERS

## CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Town of Tolland (1)	518	1	6.3%	493	1	6.1%
Gerber Garment Technologies	313	2	6.2%	327	2	5.4%
Woodlake at Tolland	215	3	2.5%	117	6	2.0%
Big Y	210	4	2.6%	N/A	N/A	N/A
Dari Farms	190	5	2.3%	118	5	2.3%
CNC Software	120	6	1.5%	N/A	N/A	N/A
Standard Register	91	7	1.3%	175	4	1.5%
NERAC, Inc.	62	8	1.1%	200	3	2.4%
Northeast Utilities	61	9	0.5%	N/A	N/A	N/A
Soldream, Inc.	55	10	0.7%	N/A	N/A	N/A
	<u>1,835</u>					

Notes:

(1): Full-time equivalents

TABLE 13

**TOWN OF TOLLAND, CONNECTICUT**

**TOWN GOVERNMENT EMPLOYEES BY FUNCTION**

**LAST TEN FISCAL YEARS**

<b>Function</b>	<b>Fiscal Year</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>	<b>2010</b>	<b>2011</b>
Administration	4	4	5	4	4	4	4	4	4	4
Planning and community development	8	8	7	7	7	7	7	7	5	5
Community services	20	20	20	20	20	20	20	17	18	18
Public works	33	33	34	34	34	34	34	35	34	33
Public safety services	9	10	9	9	9	9	10	11	12	12
Records and financial services	16	16	16	16	16	16	15	14	14	14
Total	90	91	91	90	90	90	90	88	87	86

\*\*Based on head count



TABLE 14

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

<b>Function</b>	<b>Fiscal Year</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>	<b>2010</b>	<b>2011</b>
Planning and community development:										
Residential permit inspections	102	84	98	65	66	40	50	20	9	6
Commercial permit inspections	12	8	3	12	24	23	20	25	12	0
Subdivision lots approved (P&Z Comm)	18	13	21	11	12	2	5	2	8	10
COs issued (P&Z Services)	329	303	250	268	283	277	350	700	131	146
Elderly services:										
Senior center attendance	6,000	7,872	8,000	9,000	9,750	9,500	7,239	8,000	8,568	7,792
Library:										
Total circulation	139,966	150,271	145,939	144,698	148,380	177,798	138,265	148,891	144,512	136,776
Attendance at library	89,203	80,642	93,950	109,588	108,872	87,477	83,698	94,723	97,219	91,294
Recreation:										
Youth programs and sports participation	3,200	3,025	3,525	3,311	3,009	2,991	3,108	3,221	2,553	2,772
Adult programs and sports participation	1,980	1,889	1,801	1,667	1,216	1,213	1,281	1,333	1,576	1,638
Refuse and recycling:										
Tons of refuse co-generated	6,035	6,223	6,295	6,427	6,554	6,864	6,864	5,970	4,595	4,557
Tons of single stream recycling	272	1,502	1,702	1,925	2,062	2,082	2,187	1,530	1,824	1,840
Public safety:										
Ambulance medical calls	900	732	775	807	815	823	868	954	1,031	1,061
Ambulance non-emergency calls	60	1,878	2,019	2,100	2,121	2,142	2,324	2,221	2,253	2,320
Fire calls	300	376	397	406	410	414	432	427	476	490
Fire medical calls	900	732	775	807	815	823	868	954	1,031	1,061
Fire non-emergency calls	60	1,878	2,019	2,100	2,121	2,142	2,234	2,221	2,253	2,320
Hazardous materials	120	93	48	63	64	65	66	43	43	44
Law enforcement:										
Criminal investigations	289	282	280	469	502	450	357	450	375	326
Motor vehicle accident investigations	282	348	330	347	350	340	279	350	286	302
Registrar of voters:										
Total registered voters	8,546	8,502	8,709	9,421	9,400	9,400	9,278	10,000	9,661	9,240
Revenue services:										
Total taxes collected	\$ 22,470,234	\$ 25,424,089	\$ 27,636,271	\$ 29,537,037	\$ 31,229,206	\$ 33,665,945	\$ 34,183,960	\$ 36,079,493	\$ 36,045,688	\$ 36,705,586

TABLE 15

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

<b><u>Function</u></b>	<b><u>Fiscal Year</u></b>									
	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
Fire stations	5	5	5	5	5	5	5	5	5	5
Municipal buildings	20	21	21	21	21	21	21	21	21	21
Schools	4	4	4	4	4	5	4	4	4	4
Parks and recreation:										
Fields - Municipal	10	13	16	16	16	16	16	16	16	16
Fields - Schools	10	10	10	10	10	16	16	16	16	16
Water:										
Water mains (Municipal) (miles)	56,791	56,791	56,791	59,191	66,591	67,560	66,591	66,991	66,991	66,991
Water mains (Private) (miles)	65,072	65,072	66,272	66,272	69,772	69,772	69,772	69,772	69,772	69,772
Fire hydrants (Public)	67	67	67	70	79	84	85	86	86	86
Fire hydrants (Private)	8	11	11	12	12	12	12	14	15	15
Wastewater:										
Sewer line (feet)	8,022	8,022	27,191	41,532	41,532	41,532	41,532	41,532	41,532	41,581
Highway:										
Paved miles	113.56	116.94	119.81	119.81	119.81	120.25	122.79	122.82	122.86	123.50
Unimproved miles	9.07	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85