TOWN OF TOLLAND, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

TOWN OF TOLLAND, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by:
The Finance Department

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TOWN OF TOLLAND, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section

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

December 16, 2014

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, 2014.

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, 2014 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 unmodified opinion that the Town of Tolland's financial statements for the fiscal year ended June 30, 2014 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 15,216 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 30th on Money Magazine's 2011 "100 best Places to Live" in the United States.

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

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

The Town is an outer-ring suburb of the Hartford metropolitan area. Over 97% of its dwellings are owner-occupied, single-family homes. Land subdivision activity and housing starts have stalled over the last five years due to the economic downturn, planned changes in zoning regulations and purchase of open space and the Town's population is expected to increase only slightly through the next decade. There are indications of some activity in the commercial and multi-family sector.

The Town has a Council/Manager form of 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, Health code inspections and Engineering with funds for consulting services as needed. The Engineering function reports directly to the Town Manager.

- 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.

- 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 and sanitary services through the Eastern Highland Health District. The Town is also part of a six Town regional health insurance program that allows for benefits to be administered on a self-insured basis.

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. The vast majority of the residents are on private wells and septic systems. 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 to service the entire Rt. 195 Commercial and Technology Zone Corridor was completed by the end of 2011.

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. Expenditures pursue to the Town's Purchasing Policy 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 strong emphasis on land preservation, it has taken great steps to expand and encourage commercial growth in the Business Park and the Gateway Design District. Over the years, the award of State grants has enabled roads to be extended in the Business Park allowing the 80,000-square-foot Dari Farms to relocate and expand its business. In addition, NESTEEL has completed an expansion of 45,000 square feet, and Wilson Woodworking has constructed a new building of 15,700 square feet. A further extension of the road within the Business Park has allowed for the creation of three additional lots, one of which was sold to Star Hill for its 140,000 square foot athletic facility. In late 2009, Star Hill Family Athletic Center began its operation and now offers residents' athletic fields, a swimming pool, fitness equipment, locker rooms and meeting rooms. Currently there are efforts to promote the development of a solar farm on some of the remaining properties.

The Town's Gateway Design District is in the vicinity of exit 68 off Interstate 84 which serves as the main access point to Tolland and also as the primary vehicular connection to the University of Connecticut's main campus which is approximately seven miles southeast along Route 195. Due to the expansion plans of the university, including the development of a research park, the Town anticipates the expansion of economic development opportunities in the Gateway Design District, and land masses with in the areas known as the Tolland Village Area and the Technology Campus Zone, all within close proximity to the interstate.

The Phase I of sewer expansion, a $2.5 million project extending public sewers along Old Post Road, brought sewers to two of the Town's public schools as well as to some private residences along the way. The second extension continued from Old Post Rd. through the Gateway to the new High School. Importantly, it brought the sewer network to an underdeveloped commercial that constitutes the Gateway Design District, which greatly expanded the business area beginning with a commercial campus in the south-west quadrant of the Gateway Design District. This 133,000-square-foot development includes a Big Y supermarket of 60,000 square feet and three smaller retail buildings housing a new branch for a bank, a medical facility, a restaurant and other retail stores. Phase III was completed in 2010 extending the sewer line farther down Route 195 in the area identified as the Technology Campus Zone. An application for a 90 unit multi-family complex in the area has been approved by the Planning and Zoning Commission.

Prospects for development of the area north of I-84, now known as the Tolland Village Area, a planned Transit Oriented Development (TOD) mixed-use zone, as well as south of 1-84 now known as the Technology Campus Zone are favorable. The Town has been working with property owners, developers and residents to create a vision of the development in both areas that will take advantage of public water and sewer recently installed. The Town's Planning and Zoning Commission adopted zoning regulations associated with the Technology Campus Zone in July 2012.

In addition, the Planning and Zoning Commission completed amendments to the local zoning regulations to provide more flexible standards for the development of commercial properties and to create an additional "village style" mixed-use node along Routes 30 & 74 in the westerly part of town.

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

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

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 2014 amounted to $63,550 compared to $292,959 in 2009. The decrease resulted from the steady decline in interest rates in the last four years. The economy is beginning to improve and investment returns were higher than anticipated.

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.

In August, 2012 the Town adopted a new Post Bond Issuance Tax Disclosure Policy. This policy is intended ensure that the Town of Tolland complies with the federal tax requirements regarding (i) the qualified use of the proceeds of its Obligations and the financed property and (ii) arbitrage yield restriction and rebate. This policy is reviewed annually.

In March, 2014 the Town adopted a revised Purchasing Policy which helped create purchasing efficiencies while also increasing purchasing internal controls. The Town also has formal financial policies for Debt Management, Capital Planning & Financing, Fund Balance Reserves, Capital Assets and Multi-year Financial Forecasting.

Major Initiatives

The Town has completed a study of traffic improvements in the Tolland Green using funds obtained through the Capital Region Council of Governments. The Town received an STP-Urban grant for approximately $5 million for the design and construction funds to implement recommendations with construction anticipated in 2017.

In an effort to provide more efficient services the Town over the past several years has implemented single stream recycling which allows for the sorting of recycled materials to be done at the trash plant rather than curb side. This method has increased our recycling rate by over 10% which will mean an approximate reduction in our solid waste fees of $35,000.

The Town is moving forward with a 10.2 million dollar energy improvement program in Town and Board of Education facilities. The lease payments required will be paid over 20 years from energy savings realized and guaranteed by Honeywell Corp who is overseeing all related improvements.

The Town had on the November, 2013 ballot a referendum question to allow for the expansion of the library into the former gymnasium in the Hicks Memorial Building. This expansion was approved by the voters and will provide additional programing space for the library to meet future demand for service.

The Town has recently completed the installation of an artificial turf field and lights at the high school. This project was paid for with State grants and donations from local sports groups and is proving to be a true community asset. We have also completed a concession facility and pavilion at Cross Farms Athletic complex which also was funded with State grants.

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, 2013. This was the twenty second 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 2014-2015 budget from the GFOA. The Town has received this highest form of recognition in governmental budgeting for five consecutive years.

The Town is pleased to announce that the Town's bond rating with Standard and Poor's was upgraded to their highest grading level of AAA. This places the Town in a category with only a few other Towns in the State such as West Hartford, Glastonbury, Ridgefield, Greenwich, Avon and Farmington.

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

Respectfully submitted,

Lisa A. Hancock
Director of Finance and Records

Steven R. Werbner
Town Manager

Government Finance Officers Association

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, 2013

Executive Director/CEO

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Town of Tolland

Connecticut

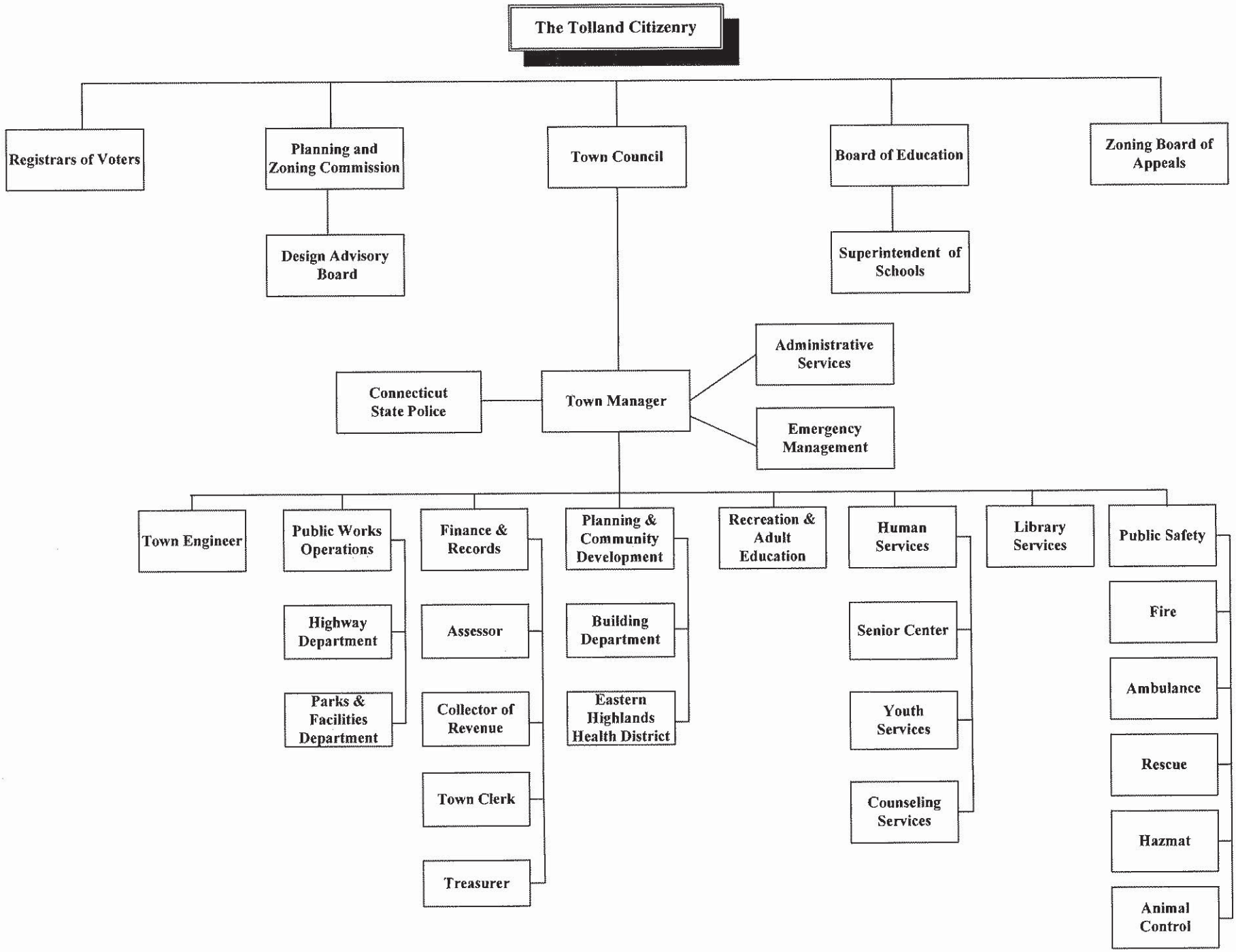
For the Fiscal Year Beginning

July 1, 2013

Executive Director

Town of Tolland

Organization Chart



TOWN OF TOLLAND, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2014

Town Council

Jack Scavone, Chairperson
George Baker, Vice Chairperson
Richard Field
Jan Rubino
William Eccles
Ben Stanford
Paul Krasusky

Board of Education

Sam Adlerstein, Chairperson
Patrick Doyle, Vice Chairperson
E. Steve Clark
Tom Frattaroli
Kathy Gorsky
Karen Moran
Robert Pagoni
Joseph Sce
Collen Yudichak

Financial Section

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Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Town Council
Town of Tolland, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tolland, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Tolland, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Blum, Shapiro & Company, P.C. An independent member of Baker Tilly International

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tolland, Connecticut, as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014 on our consideration of the Town of Tolland, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tolland, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 16, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in the introductory section of this report, as well as the Town's basic financial statements.

Financial Highlights

- On a government-wide basis, the assets of the Town of Tolland exceeded its liabilities at the close of the most recent year by $106,211,802 (net position). Of this amount, $14,937,758 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- On a government-wide basis, the government's total net position increased by $607,803. Governmental and business-type activity expenses were $62,306,113, while revenues were $62,913,916.

- The total cost of all Town services for the fiscal year 2014 was $62,306,113; of which $61,492,884 was for governmental services and $813,229 for business-type activities.

- At the close of the fiscal year, the Town's governmental funds reported, on a current resource basis, combined ending fund balances of $15,972,290, an increase of $1,936,789 from the prior fiscal year. Of the total fund balance as of June 30, 2014, $7,049,517 represents the combined unassigned fund balance in the general fund, special revenue funds, capital projects funds and permanent funds.

- At the end of the current fiscal year, the total fund balance for the general fund alone was $8,395,104, an increase of $488,537 over the prior fiscal year. Unassigned fund balance for the general fund was $7,053,690 or 12.4% of general fund expenditures and transfers out. Unrestricted fund balance (the total of the committed, assigned and unassigned components of fund balance) for the general fund was $8,335,424 or 16.2% of general fund expenditures and transfers out. Total fund balance for the general fund was $8,395,104 or 16.3% of general fund expenditures and transfers out.

- A new Utility Internal Service Fund (UISF) was created for the purpose of paying for all fees associated with utilities and ESCO Project Debt Service, associated consultant fees, future system improvements and repairs. The utilities include but are not limited to propane, electricity, heating fuel, water and sewer. Revenue to this fund shall include contributions from the Board of Education and Town, investment earnings, utility rebates and any other miscellaneous funds that relate to this fund. Expenditures from the UISF will include charges from the various utility companies, payments for debt service on any approved Energy Improvement project, consultant fees, system management fees and any other associated fees incurred on behalf of the Town and Board of Education. The fund balance at June 30, 2014 was $218,886.

- The Artificial Turf Field Fund was established to account for the rental revenue of the field and be used towards the maintenance of the field. The fund balance at June 30, 2014 was $11,767.

- The ECHIP Self Insurance Internal Service Fund was created to account for the costs associated with providing self-insured medical benefits to employees.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The Town of Tolland maintains 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Sewer Assessment, CDBG Small Cities and Capital Projects, which are considered to be major funds. Data from the other 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, Eviction Fund, Cemetery Operations, Minnie Hicks, Training Center, Conservation Green Grant, Traffic Grant, Field Maintenance, Veterans Memorial, 300th Celebration, Emergency Storm, Miscellaneous Grants, Artificial Turf, 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 four proprietary funds. The *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Tolland uses enterprise funds to account for its Water and Sewer operations. The *governmental activities* include two internal service funds.

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position and an important determinant of its ability to finance services in the future. Town of Tolland's total assets exceeded liabilities by $106,211,802 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Tolland's net position ($90,924,742) (85.6%) reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, water systems and infrastructure) less related outstanding debt used to acquire those assets. The Town of Tolland uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Tolland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF TOLLAND NET POSITION
JUNE 30, 2014 AND 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 23,579,752	$ 22,091,918	$ 481,707	$ 440,476	$ 24,061,459	$ 22,532,394
Capital assets	124,014,792	119,247,739	9,313,922	9,609,679	133,328,714	128,857,418
Total assets	147,594,544	141,339,657	9,795,629	10,050,155	157,390,173	151,389,812
Deferred charge on refunding	758,183	815,511			758,183	815,511
Current liabilities	5,834,299	6,457,053	66,255	106,778	5,900,554	6,563,831
Noncurrent liabilities	45,193,059	39,466,608			45,193,059	39,466,608
Total liabilities	51,027,358	45,923,661	66,255	106,778	51,093,613	46,030,439
Advance property tax collections	842,941	570,885			842,941	570,885
Net investment in capital assets	81,610,820	78,699,978	9,313,922	9,609,679	90,924,742	88,309,657
Restricted	313,063	313,063	36,239	30,682	349,302	343,745
Unrestricted	14,558,545	16,647,581	379,213	303,016	14,937,758	16,950,597
Total Net Position	$ 96,482,428	$ 95,660,622	$ 9,729,374	$ 9,943,377	$ 106,211,802	$ 105,603,999

An additional portion of the Town of Tolland's total net position, .33% or $349,302, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $14,937,758 is *unrestricted net position* and may be used to meet the Town's ongoing obligations to citizens and creditors.

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

There was an increase of $5,557 in restricted net position in the business-type activities and no change in the governmental activities from the previous year.

TOWN OF TOLLAND CHANGES IN NET POSITION
JUNE 30, 2014 AND 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	$ 2,662,362	$ 2,236,515	$ 582,999	$ 576,864	$ 3,245,361	$ 2,813,379
Operating grants and contributions	17,760,143	17,057,676			17,760,143	17,057,676
Capital grants and contributions	1,785,089	882,463			1,785,089	882,463
General revenues:						
Property taxes	39,472,811	39,058,990			39,472,811	39,058,990
Grants and contributions not restricted to specific programs	267,332	529,845			267,332	529,845
Investment income	293,666	264,739	1,227	1,245	294,893	265,984
Miscellaneous	88,287	274,316			88,287	274,316
Total revenues	62,329,690	60,304,544	584,226	578,109	62,913,916	60,882,653
Expenses:						
Administration	1,100,996	1,060,523			1,100,996	1,060,523
Planning and community development	355,708	478,632			355,708	478,632
Community services	1,993,470	1,307,822			1,993,470	1,307,822
Public works	7,775,750	9,389,371			7,775,750	9,389,371
Public safety services	2,147,154	2,068,676			2,147,154	2,068,676
Records and financial services	1,051,896	1,093,230			1,051,896	1,093,230
Board of education	45,552,363	44,043,629			45,552,363	44,043,629
Interest expense	1,515,547	1,405,217			1,515,547	1,405,217
Sewer Fund			427,194	460,248	427,194	460,248
Water Fund			386,035	376,706	386,035	376,706
Total expenses	61,492,884	60,847,100	813,229	836,954	62,306,113	61,684,054
Excess (deficiency) before transfers	836,806	(542,556)	(229,003)	(258,845)	607,803	(801,401)
Transfers	(15,000)	(50,000)	15,000	50,000	-	-
Change in net position	821,806	(592,556)	(214,003)	(208,845)	607,803	(801,401)
Net Position - July 1	95,660,622	96,253,178	9,943,377	10,152,222	105,603,999	106,405,400
Net Position - June 30	$ 96,482,428	$ 95,660,622	$ 9,729,374	$ 9,943,377	$ 106,211,802	$ 105,603,999

The Town of Tolland's overall net position increased $607,803 from the prior fiscal year. The major changes in revenues and expenditures creating this overall decrease are discussed in the following sections for governmental activities and business-type activities. Governmental activities increased the Town of Tolland's net position by $821,806 and business-type activities reduced it by $214,003.

Governmental Activities

For governmental activities, approximately 63.3% of the revenues were derived from property taxes, followed by 28.5% in other intergovernmental revenues. These numbers reflect a decrease in those categories as compared to the prior fiscal year where property taxes were 65% and other intergovernmental revenues were 31.1% of total revenues.

Major revenue factors included:

1. *Property tax revenues* recorded during fiscal year 2014 reflect a .20 mill increase in the mill rate for the current levy and the impact of a .20% growth in the grand list. There was $413,821 more in property tax revenues collected over the previous year.

2. *Charges for services* were $425,847 higher than the prior year due to deferred revenue recognition for government wide of as well as higher conveyance tax and building permits fees.

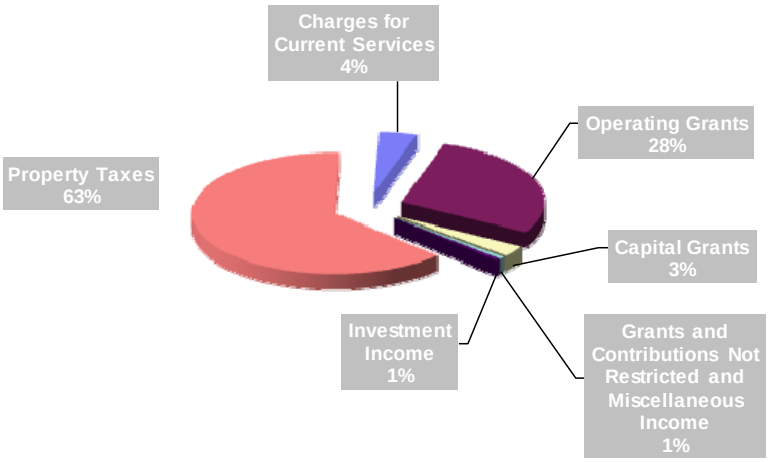
3. *Operating grants* reflected an increase of $702,467 mainly due to State and Federal grants funding payments for Education for $104,455 and increase of $613,873 in the State Teacher Retirement Revenue.

4. *Capital grants and contributions* reflected an increase of $902,676 over the previous year due to non-recurring grant reimbursements received for completion of the Lights for Stadium Field and Artificial Turf projects at the Tolland High School for total of $700,000 as well as finalization of Cross Farms building and concession area reimbursement of $394,350 budgeted in fiscal year 2013.

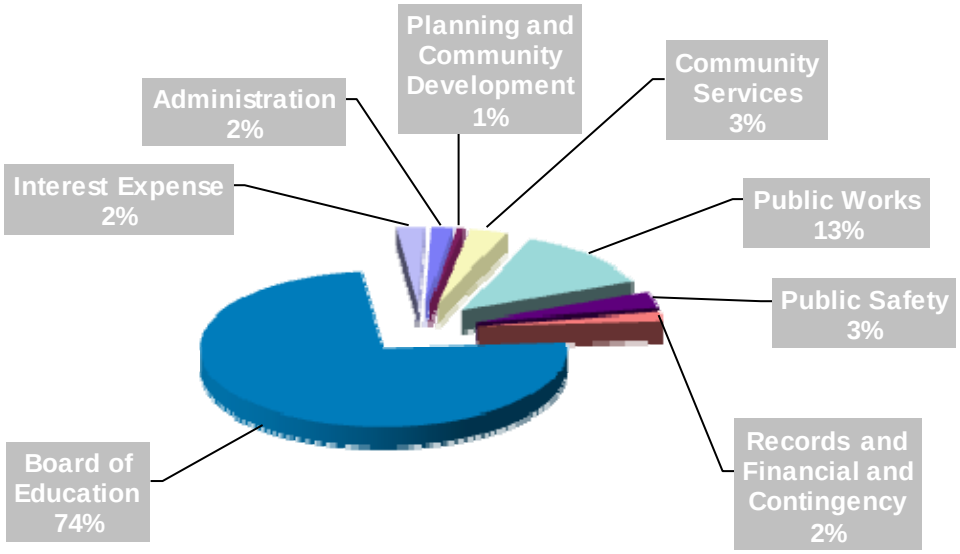
Overall governmental revenue increased by $2,025,146 due to higher inflow of operating and capital grants decreased by lesser inflow from non-restricted grants and contributions.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

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



EXPENDITURES BY SOURCE - GOVERNMENTAL ACTIVITIES



For governmental activities, 74.1% of the Town's expenditures relate to education, 12.6% to public works, 3.5% to public safety, 3.% to community services, 2.5% to interest payments on long-term debt, 2% to administration, 1.7% to records & financial services and contingency and 0.6% to planning and community development. The Board of Education expenditures for State Teacher's Retirement funding for the current year was $4,228,385 or an increase of $613,873 over the previous year's amount of $3,614,512. However, other State and Federal operating grant expenditures decreased by $378,027.

Overall total of governmental expenditures excluding transfers increased in the amount of $645,784 with the biggest impact of $685,648 in Community Services due to funding of towards Cross Farms building and concession area and the Small Cities Rehabilitation.

Business-type activities. Business-type activities decreased the Town of Tolland's net position by $214,003. Key elements of this year's activities are as follows:

- Water Fund and Sewer Fund both experienced operating losses for a combined $230,230. The non-operating revenues and subsidized contributions from General Fund to Sewer Fund helped to offset the losses in both funds still resulting in the reduction in net position of $214,003 at year end. The Water Commission and the Water Pollution Control Authority are addressing user fees and funding resources to eliminate future operating losses as well addresses the needs of future capital needs.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town of Tolland's governmental funds reported combined ending fund balances of $15,972,290, an increase of $1,936,789 from the previous year.

The major increase of $1,294,267 was in *the capital projects funds* balance. The capital projects positive change in fund balance resulted by inflow of the capital lease proceeds and the timing of expenditures for the Honeywell project.

The general fund balance increased by $488,537 mainly due to excess of $674,528 revenues over expenditures less the other financing uses of $185,991.

The sewer assessment fund increased by $38,614 due to sewer assessment fees that exceeded the actual cost of debt service.

The overall amount of the **governmental fund** balances totals up to $15,972,290. Of that amount the assigned fund balance is $1,281,734 for encumbrances ($1,082,414) and funding for the subsequent budget ($199,320). The restricted amount of the total fund balance is for future debt payments and restriction on spending grants in the amount of $4,187,614. There are balances committed in the amount of $3,100,145 for capital projects and other special commitments. An additional amount of $353,280 represents the nonspendable portion of fund balance and the unassigned portion of fund balance is $7,049,517 or 44% of total fund balance.

The general fund is the chief operating fund of the Town of Tolland. At the end of the current fiscal year, unassigned fund balance of the general fund was $7,053,690, while total fund balance was $8,395,104. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.7% of total general fund expenditures including transfers out. Total fund balance represents 16.3% of that same amount. The unassigned portion of fund balance, when compared with unassigned last year portion for the general fund had increased by $404,303 while the total fund balance increased $488,537.

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

- Tax revenue grew over the prior year by $337,567 due to an increase in the mill rate of .20 mills and growth in the Grand List of 0.20%. Aggressive tax collections included a tax sale of select properties which resulted with property owners paying off much of the outstanding taxes as well as the associated interest and liens.

- Interest income increased slightly by $5,117 despite poor interest rates market due to a change in investment strategy.

- Charges for service increased by $78,594 due to increased activity in building permits and a new incoming tuition revenue.

The *Sewer Assessment* fund had a decrease in its operating revenue by $8,498 as compared to last year with an overall increase of fund balance of 38,614.

The *CDBG Small Cities Funds* qualified as a major fund again this year due to a new rehabilitation grant that produced expenditures of $242,070 and grant revenues of $221,928. There was a decrease in fund balance of $20,142.

In the Capital Projects funds, expenditures and other financing uses exceeded revenues and other financing sources by $1,294,267 due to the timing of the bond issue and grant receipts.

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

Net position of the water fund amounted to $2,966,277 and $6,763,097 for the sewer fund at year-end. This represented a decrease of $59,916 for water and a decrease of $154,087 for sewer. These decreases in water and sewer are mainly due to the cost of depreciation for the year. Both funds experienced operating losses. As mentioned earlier in the discussion of business-type activities, the Water Commission and the Water Pollution Control Authority are addressing user fees and other funding resources to eliminate future operating losses. In November 2013 both proprietary funds increased their user's rates.

The Utility Internal Service Fund operating revenues were $1,319,377 and operating expenses were $1,100,491 resulting in a change in net position of $218,886 which will be used in the following year towards the debt costs for the Honeywell Lease payment that is paid for by this fund. This was the first year for this fund so the net position as of June 30, 2014 is the same as the change in net position ($218,886).

The ECHIP Health Insurance Internal Service Fund had total revenue of $6,213,953 and operating expenses of $6,020,754 resulting in a change in net position of $193,199. The total net position as of June 30, 2014 was $966,138.

General Fund Budgetary Highlights

Comparing the difference between the original budget and the final amended budget reveals an overall increase of $32,345. During the year, actual revenues and other financing sources on a budgetary basis were $52,008,287, which exceeded budgetary estimates by $131,217. Actual tax revenues exceeded the budget by $157,685 which in part represents an aggressive pursuit of delinquent taxes.

Actual intergovernmental revenue exceeded the budget by $173,845. This revenue source exceeded the budget because the State Legislature restored grant funding that was originally eliminated at the time of our budget process. During that process we took a conservative approach while trying to minimize the tax burden.

Charges for current services exceeded budget expectations by $83,998 primarily due to increased activity for building permits, higher Town Clerk fees and unanticipated tuition. This increased revenue from the Town Clerk's office would indicate greater activity in the housing market and increased mortgage refinancing efforts. The building permit fees collected reflect the increased activity in new construction and economic development. The tuition received was for unanticipated out of district students placed in the Tolland School System.

Investment income was $36,549 over budget due to investing a portion of cash not currently needed into longer term investments for higher interest rates. Other financing sources included $5,427 for cancellation of previous year encumbrances.

Other revenues exceeded the budget by $59,755. $30,600 mainly resulted from a reimbursement for a prior year expenditure made out of the general fund for the new Energy Performance project (Honeywell). Startup expenditures were required to be paid for the consultant and once the lease funding was in place the project reimbursed the general fund. $12,500 was received from our sports leagues to assist with the costs associated with the new Artificial Turf field. The remaining excess resulted from other unanticipated miscellaneous revenues.

The Town had a planned budgeted use of fund balance in the amount of $386,042 that did not have to be used because of the excess revenues received in other revenue sources.

Actual expenditures on a budgetary basis and other financing uses totaled $51,765,706, which was less than budgeted by $111,364. Of this amount, savings resulting from the Board of Education were $75,217. The remaining savings are mainly due to savings from employee attrition and payroll savings. The Town side would have had a higher savings from attrition except we had a severe winter season and we reallocated savings to pay for snow removal and associated weather costs.

Capital Asset and Debt Administration

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 14,551,114	$ 13,764,819	$ 50,858	$ 50,858	$ 14,601,972	$ 13,815,677
Construction in progress	6,191,291	305,148			6,191,291	305,148
Buildings	76,025,161	73,210,751			76,025,161	73,210,751
Vehicles, furniture and equipment	5,865,906	5,873,313			5,865,906	5,873,313
Plant and pumping station			1,364,435	1,444,334	1,364,435	1,444,334
Water distribution system			7,898,629	8,114,487	7,898,629	8,114,487
Infrastructure	21,381,320	26,093,708			21,381,320	26,093,708
Total	$ 124,014,792	$ 119,247,739	$ 9,313,922	$ 9,609,679	$ 133,328,714	$ 128,857,418

Capital assets. The Town of Tolland's investment in capital assets for its combined governmental and business-type assets includes land, buildings and improvements, vehicles and equipment, roads, rights of way, water systems, dams, bridges and sewer lines. The total increase in the Town of Tolland's investment in capital assets for the current fiscal year was $4,471,296 or approximately 3.47%, with an increase of $4,767,053 for governmental activities and a decrease of $295,757 for business-type activities.

The Town's Governmental Activities type capital assets increase of $4,767,053 is the net result of depreciation and the addition of the following assets:

- Artificial Turf and Lights $1,018,298
- Wheeler Bucket Loader $168,500
- International Dump Truck $160,086
- Engine 440 Refurbishment $85,791
- Pierce Ladder Truck $133,531
- Cross Farms Concession Stand $486,481
- Bakos Rd. Open Space $692,295
- Johnson Road Open Space $94,000
- Other various small projects

The largest impact on the Governmental Activities type is for the construction in progress for the Honeywell Energy Savings project for $6,190,019.

Business type activities decreased due to the net effect of depreciation.

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

Long-term debt. At the end of the current fiscal year, the Town of Tolland had total bonded debt outstanding of $32,610,000, all of which is backed by the full faith and credit of the Town.

Of this debt, $23,982,921 is school related and $8,627,079 is general obligation. In addition, the Town has an outstanding obligation of $256,195 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 the amount of $3,210,000, There were no bond anticipation notes outstanding at June 30, 2014.

The last bond rating for the Town of Tolland was in October, 2014 "AAA" rating from Standard and Poor's for general obligation debt. The Town also has an "AA+" rating from Fitch on prior debt issuances.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2¼ to 4½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town of Tolland is $276,365,677, which is significantly in excess of the Town of Tolland's outstanding general obligation debt.

Additional information on the Town of Tolland's long-term debt can be found in Note 3F on pages 43-46 of this report.

Economic Factors and Next Year's Budget and Rates

Local and State Governments throughout the country, including Tolland, continue to deal with the global and national issues and the economic reality of the Federal and State budget deficits. The Town Council and staff have continued to address these issues while still trying to provide first rate services. The Committees that the Town Council formed to review technology, energy and other areas where efficiencies can be identified have begun to generate ideas and projects for cost savings. There are continued efforts to grow the Town's tax base, retaining current businesses and increasing economic development opportunities. Some significant items to note for economic growth are as follows:

- The Planning and Zoning Commission has adopted regulations in the Tolland Village Area a planned Transit Oriented Development. One developer is anxious to begin work on a hotel, a restaurant and on a residential component which would consist of 200 dwelling units. The Town, in anticipation of this development, is identifying grant funding to construct a connector road through the area as well as a grant for a traffic light and road improvements necessary on Route 195 to accommodate potential development in the area.
- Town staff completed the process of working with the Economic Development Commission to update the Town's Economic Development Stakeholders' Report which is the Town's five year guideline for economic growth within the community.
- Infrastructure construction has commenced for a 14 lot single-family subdivision and 1,300' of new Town road located off of Old Kent Road South.
- A new business, Waste Water Facilities will occupy a building in our industrial park and will add about $100,000 of revenue to our sewer fund annually.
- We have a significant amount of small building and renovations taking place in the community.

- The Planning and Zoning Commission has completed zoning regulations for a Technology Campus Zone on Route 195, the main thoroughfare to the University of Connecticut which hopefully will provide economic development opportunities for technology or research businesses that have relationships with the University. UCONN is making a major investment in a research park which will bring related business to the area as well as a need for additional housing. In the area of the Technology Zone an application for 87 units of multi-family housing was recently approved.
- The Town worked with consultants and is in the process of establishing two solar farms on Town owned property which will provide annual rebates to our electricity accounts of over $60,000 per year for the next fifteen to twenty years.

The economic indicators for the past few years, and several other factors were taken into consideration when adopting the general fund budget for fiscal year 2014/2015. The budget was prepared during a period of time of continued economic concern at the State and National level which has resulted in most state aid being level funded. Overall State and Federal grants, licenses, permit and fees, charges for current services, education grants as well as investment income in FY 2015 are $135,778 more than in FY 2014 but still $74,991 less than levels found in 2009-2010. Yet, even with this limited increase in revenue, Town expenditures have increased only slightly so that the impact on taxes is minimal. In the last three fiscal years there have been minimal increases in Town operating budgets while still providing the same level of services to our citizens. Town expenditures in FY 2011/2012 increased 1.36%, in FY 2012/2013 the increase was .74%, and in FY 2013/2014 the increase was .58%. These increases were much less than comparable Connecticut Towns. In FY 2014/2015 the overall Town budget increased by 2.57% which is equal to a 2.85% tax increase or .86 mills compared to the 2013/2014 mill rate. In fiscal year 2014/2015 the adopted budget was approved in one referendum.

Amounts available for the FY 2014/2015 appropriation in the general fund budget are $53,175,832, an increase of 2.57% over the fiscal year 2013 budget of $51,844,725. A combination of increased costs for fixed items such as utilities, salaries, health benefits and other commodities along with minimal change in the percentage increase in State aid and other revenues had the biggest impact on the fiscal year 2014/2015 budget. In order to achieve this budget level, cost savings measures were employed such as performing the 2014/2015 revaluation in-house, in-house provision of street sweeping services and a negotiated 5% reduction in our waste collection cost.

In an attempt to meet the challenge of accomplishing the most with limited resources, the Town continued strong efforts to apply for several grant funding initiatives to address infrastructure and community needs. The Town was successful in obtaining grant funds to improve the Town Library expansion, funds to do road improvements, tree trimming to reduce emergency situations during severe storms, community development grants (CDBG-Small Cities) and other social service grants. The Library expansion project was awarded a STEAP grant for five hundred thousand dollars in addition to the State Library Board grant award for one million dollars for the Library project. The Town has obtained an architectural firm to complete the design phase and then we will move forward with bidding and construction.

Tolland's unemployment rate decreased from 5.9% as of June 2013 to 4.6% compared at June 2014. The State of CT unemployment rate decreased from 8% (June 2013) to 6.4% as of June 2014.

Requests for Information

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

Basic Financial Statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	$ 12,479,320	$ 262,441	$ 12,741,761
Investments	1,421,320		1,421,320
Property taxes receivable	587,138		587,138
Intergovernmental receivable	1,164,921		1,164,921
Accounts and other receivables	1,958,856	227,531	2,186,387
Internal balances	8,265	(8,265)	-
Other assets	40,217		40,217
Advance to plan administrator	1,373,738		1,373,738
Restricted cash and investments	4,381,549		4,381,549
Other post employment benefit asset	164,428		164,428
Capital assets, nondepreciable	20,742,405	50,858	20,793,263
Capital assets, net of accumulated depreciation	103,272,387	9,263,064	112,535,451
Total assets	147,594,544	9,795,629	157,390,173
Deferred Outflow of Resources:			
Deferred charge on refunding	758,183		758,183
Liabilities:			
Accounts payable	1,409,162	66,255	1,475,417
Accrued liabilities	329,808		329,808
Accrued interest payable	343,629		343,629
Unearned revenue	99,397		99,397
Noncurrent liabilities, due within one year	3,652,303		3,652,303
Noncurrent liabilities, due in more than one year	45,193,059		45,193,059
Total liabilities	51,027,358	66,255	51,093,613
Deferred Inflows of Resources:			
Advance property tax collections	842,941		842,941
Net Position:			
Net investment in capital assets	81,610,820	9,313,922	90,924,742
Restricted for:			
Commitments		36,239	36,239
Endowments - nonexpendable	20,800		20,800
Perpetual care - nonexpendable	292,263		292,263
Unrestricted	14,558,545	379,213	14,937,758
Total Net Position	$ 96,482,428	$ 9,729,374	$ 106,211,802

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Governmental Activities:							
Administration	$ 1,100,996	$	$	$	$ (1,100,996)	$	$ (1,100,996)
Planning and community development	355,708	382,127		247,737	274,156		274,156
Community services	1,993,470	545,223	38,258	642,137	(767,852)		(767,852)
Public works	7,775,750	72,179	200,290	94,000	(7,409,281)		(7,409,281)
Public safety services	2,147,154	330,423	11,500		(1,805,231)		(1,805,231)
Record and financial services	1,051,896	104,747			(947,149)		(947,149)
Board of education	45,552,363	1,227,663	17,510,095	765,355	(26,049,250)		(26,049,250)
Interest expense	1,515,547			35,860	(1,479,687)		(1,479,687)
Total governmental activities	61,492,884	2,662,362	17,760,143	1,785,089	(39,285,290)	-	(39,285,290)
Business-Type Activities:							
Sewer Fund	427,194	257,244				(169,950)	(169,950)
Water Fund	386,035	325,755				(60,280)	(60,280)
Total business-type activities	813,229	582,999	-	-	-	(230,230)	(230,230)
Total	$ 62,306,113	$ 3,245,361	$ 17,760,143	$ 1,785,089	(39,285,290)	(230,230)	(39,515,520)
General revenues:							
Property taxes					39,472,811		39,472,811
Grants and contributions not restricted to specific programs					267,332		267,332
Investment income					293,666	1,227	294,893
Miscellaneous					88,287		88,287
Transfers:					(15,000)	15,000	-
Total general revenues and transfers					40,107,096	16,227	40,123,323
Change in net position					821,806	(214,003)	607,803
Net Position at Beginning of Year, as Restated					95,660,622	9,943,377	105,603,999
Net Position at End of Year					$ 96,482,428	$ 9,729,374	$ 106,211,802

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	General	Sewer Assessment	CDBG Small Cities	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 9,979,009	$ 1,017,698	$ 23,502	$ 8,399	$ 1,585,402	$ 12,614,010
Investments				769,032	673,088	1,442,120
Receivables	430,917	843,935	1,041,777		88,335	2,404,964
Due from other funds	57,615			258,921		316,536
Restricted cash				4,068,486		4,068,486
Other					40,217	40,217
Total Assets	$ 10,467,541	$ 1,861,633	$ 1,065,279	$ 5,104,838	$ 2,387,042	$ 20,886,333
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	$ 177,833	$	$	$ 716,637	$ 39,967	$ 934,437
Accrued liabilities	327,713			2,095		329,808
Due to other funds	387,359				49,350	436,709
Unearned revenue					99,397	99,397
Total liabilities	892,905	-	-	718,732	188,714	1,800,351
Deferred inflows of resources:						
Unavailable revenue - property taxes	336,591					336,591
Unavailable revenue - special assessments		843,935			34,248	878,183
Unavailable revenue - loans receivable			1,041,777			1,041,777
Unavailable revenue - cemetery					14,200	14,200
Advance property tax collections	842,941					842,941
Total deferred inflows of resources	1,179,532	843,935	1,041,777	-	48,448	3,113,692
Fund balances:						
Nonspendable					353,280	353,280
Restricted	59,680		23,502	4,068,486	35,946	4,187,614
Committed		1,017,698		317,620	1,764,827	3,100,145
Assigned	1,281,734					1,281,734
Unassigned	7,053,690				(4,173)	7,049,517
Total fund balances	8,395,104	1,017,698	23,502	4,386,106	2,149,880	15,972,290
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,467,541	$ 1,861,633	$ 1,065,279	$ 5,104,838	$ 2,387,042	$ 20,886,333

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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

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

Total fund balances (Exhibit III)		$ 15,972,290
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	$ 207,795,680	
Less accumulated depreciation	(83,780,888)	
		124,014,792
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		196,548
Property tax, sewer use, water assessment and community development block grant receivable - accrual basis change		2,270,751
Other post employment benefit asset		164,428
School building grant receivable		1,127,092
Allowance for doubtful accounts on interest and liens		(17,689)
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.		1,185,024
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		(32,866,195)
Deferred charge on refunding		758,183
Compensated absences		(1,614,721)
Accrued interest payable		(343,629)
Capital lease		(12,798,157)
Bond premium		(1,566,289)
Net Position of Governmental Activities (Exhibit I)		$ 96,482,428

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, 2014

	General	Sewer Assessment	CDBG Small Cities	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	$ 39,438,201	$	$	$	$	$ 39,438,201
Intergovernmental	17,105,210		180,300	1,306,371	1,434,313	20,026,194
Charges for services	682,762	180,769	41,582		1,615,818	2,520,931
Investment income	63,549	64,103	46	61,576	100,310	289,584
Other revenues	78,755	5,415		140,945	43,875	268,990
Total revenues	57,368,477	250,287	221,928	1,508,892	3,194,316	62,543,900
Expenditures:						
Current:						
Administration	2,587,899					2,587,899
Planning and community development	328,045					328,045
Community services	815,728		242,070		420,117	1,477,915
Public works	4,386,232				37,530	4,423,762
Public safety services	1,632,861				34,508	1,667,369
Record and financial services	860,910					860,910
Contingency and other	144,636					144,636
Board of Education	41,193,428				2,230,935	43,424,363
Capital outlay				10,319,486		10,319,486
Debt service	4,744,210	211,673				4,955,883
Total expenditures	56,693,949	211,673	242,070	10,319,486	2,723,090	70,190,268
Excess (Deficiency) of Revenues over Expenditures	674,528	38,614	(20,142)	(8,810,594)	471,226	(7,646,368)
Other Financing Sources (Uses):						
Capital lease				9,598,157		9,598,157
Transfers in				506,704	4,000	510,704
Transfers out	(185,991)				(339,713)	(525,704)
Net other financing sources (uses)	(185,991)	-	-	10,104,861	(335,713)	9,583,157
Net Change in Fund Balances	488,537	38,614	(20,142)	1,294,267	135,513	1,936,789
Fund Balances at Beginning of Year	7,906,567	979,084	43,644	3,091,839	2,014,367	14,035,501
Fund Balances at End of Year	$ 8,395,104	$ 1,017,698	$ 23,502	$ 4,386,106	$ 2,149,880	$ 15,972,290

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

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

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different due to:	
Net change in fund balances - total governmental funds (Exhibit IV)	$ 1,936,789
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	8,915,154
Depreciation expense	(4,208,645)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	94,000
The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(33,456)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:	
School building grant receipts	(296,740)
Decrease in other post employment benefit asset	(1,550)
Decrease in property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	(109,424)
Increase in property tax interest and lien revenue	103,156
Increase in property tax, sewer use and community development block grant allowance for doubtful accounts	(9,284)
Amortization of bond premiums	125,773
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:	
Bond payments	3,210,000
Capital lease	(9,598,157)
Capital lease payments	266,667
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	177,542
Change in accrued interest	38,560
Amortization of deferred charge on refunding	(57,328)
Other	(271,684)
Note principal payments	128,348
The net expense of the internal service funds is reported with governmental activities.	412,085
Change in Net Position of Governmental Activities (Exhibit II)	$ 821,806

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, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	$ 39,280,516	$ 39,280,516	$ 39,438,201	$ 157,685
Intergovernmental	11,558,403	11,565,748	11,739,593	173,845
Charges for services	598,764	598,764	682,762	83,998
Investment income	27,000	27,000	63,549	36,549
Other revenues	19,000	19,000	78,755	59,755
Total revenues	51,483,683	51,491,028	52,002,860	511,832
Expenditures:				
Current:				
Administrative	2,682,217	2,639,785	2,639,763	22
Planning and community development	328,591	331,363	331,355	8
Community services	833,114	830,256	811,615	18,641
Public works	4,379,539	4,354,844	4,354,806	38
Public safety services	1,645,131	1,652,923	1,637,227	15,696
Record and financial services	866,109	849,733	848,235	1,498
Contingency and other	173,158	230,714	230,471	243
Board of Education	36,059,250	36,059,250	35,984,033	75,217
Debt service	4,735,625	4,744,211	4,744,210	1
Total expenditures	51,702,734	51,693,079	51,581,715	111,364
Excess (Deficiency) of Revenues over Expenditures	(219,051)	(202,051)	421,145	623,196
Other Financing Sources (Uses):				
Cancellation of prior year encumbrances			5,427	5,427
Appropriation of fund balance	361,042	386,042		(386,042)
Transfers out	(141,991)	(183,991)	(183,991)	-
Net other financing sources (uses)	219,051	202,051	(178,564)	(380,615)
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ -	$ -	242,581	$ 242,581
Fund Balance at Beginning of Year			7,070,109	
Fund Balance at End of Year			$ 7,312,690	

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2014

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	**Sewer Fund**	**Total**	**Internal Service Funds**
Assets:				
Current assets:				
Cash and cash equivalents	$ 262,441	$	$ 262,441	$ 157,573
Due from other funds			-	128,438
Advance to plan administrator			-	1,373,738
Accounts receivable	98,979	128,552	227,531	
Total current assets	361,420	128,552	489,972	1,659,749
Noncurrent assets:				
Capital assets, nondepreciable:				
Land	50,858		50,858	
Capital assets, net of accumulated depreciation:				
Plant and pumping station	433,018	931,414	1,364,432	
Distribution system	2,154,230	5,744,402	7,898,632	
Total noncurrent assets	2,638,106	6,675,816	9,313,922	-
Total assets	2,999,526	6,804,368	9,803,894	1,659,749
Liabilities:				
Current liabilities:				
Accounts payable	33,249	33,006	66,255	67,125
Claims payable			-	407,600
Due to other funds		8,265	8,265	
Total current liabilities	33,249	41,271	74,520	474,725
Net Position:				
Net investment in capital assets	2,638,106	6,675,816	9,313,922	
Restricted for commitments	36,239		36,239	
Unrestricted	291,932	87,281	379,213	1,185,024
Total Net Position	$ 2,966,277	$ 6,763,097	$ 9,729,374	$ 1,185,024

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	**Sewer Fund**	**Total**	**Internal Service Funds**
Operating Revenues:				
Charges for services	$ 325,755	$ 257,244	$ 582,999	$ 1,319,377
Employer contributions			-	6,209,871
Total operating revenues	325,755	257,244	582,999	7,529,248
Operating Expenses:				
Professional services	84,676	34,376	119,052	
Repairs and maintenance	105,891	14,620	120,511	
Service fees	2,061	128,884	130,945	
Materials and supplies	16,676	9,228	25,904	
Utilities	80,790	34,074	114,864	1,100,491
Administration			-	29,309
Employee benefits			-	5,991,445
Depreciation	95,941	206,012	301,953	
Total operating expenses	386,035	427,194	813,229	7,121,245
Operating Income (Loss)	(60,280)	(169,950)	(230,230)	408,003
Nonoperating Revenue:				
Investment income	364	863	1,227	4,082
Income (Loss) Before Transfers	(59,916)	(169,087)	(229,003)	412,085
Transfers In		15,000	15,000	
Change in Net Position	(59,916)	(154,087)	(214,003)	412,085
Net Position at Beginning of Year, as Restated	3,026,193	6,917,184	9,943,377	772,939
Net Position at End of Year	$ 2,966,277	$ 6,763,097	$ 9,729,374	$ 1,185,024

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, 2014

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	**Sewer Fund**	**Total**	**Internal Service Funds**
Cash Flows from Operating Activities:				
Receipts from customers	$ 314,474	$ 240,231	$ 554,705	$ 7,400,810
Payments to suppliers	(283,380)	(260,153)	(543,533)	(1,033,366)
Payments to providers of benefits			-	(6,213,953)
Net cash provided by (used in) operating activities	31,094	(19,922)	11,172	153,491
Cash Flows from Noncapital Financing Activities:				
Net transfers in		15,000	15,000	
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(6,197)		(6,197)	
Cash Flows from Investing Activities:				
Investment income	364	863	1,227	4,082
Net Increase (Decrease) in Cash and Cash Equivalents	25,261	(4,059)	21,202	157,573
Cash and Cash Equivalents at Beginning of Year	237,180	4,059	241,239	-
Cash and Cash Equivalents at End of Year	$ 262,441	$ -	$ 262,441	$ 157,573
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	$ (60,280)	$ (169,950)	$ (230,230)	$ 408,003
Adjustments to reconcile operating gain (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	95,941	206,012	301,953	-
Increase in accounts receivable	(11,281)	(17,013)	(28,294)	-
Increase (decrease) in due to/from other funds		8,265	8,265	(128,438)
Increase in advance to plan administrator				(159,199)
Increase (decrease) in accounts payable	6,714	(47,236)	(40,522)	67,125
Increase in claims payable				(34,000)
Net Cash Provided by (Used in) Operating Activities	$ 31,094	$ (19,922)	$ 11,172	$ 153,491

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2014

	OPEB Trust Fund	Private Purpose Trust Fund Stevenson Scholarship	Agency Funds
Assets:			
Cash and cash equivalents	$	$ 25,012	$ 449,463
Investments:			
Mutual funds	626,658		
Total assets	626,658	25,012	449,463
Liabilities:			
Accounts payable			449,463
Net Position:			
Held in Trust for Other Purposes	$ 626,658	$ 25,012	$ -

The accompanying notes are an integral part of the financial statements

EXHIBIT X

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	OPEB Trust Fund	Private Purpose Trust Fund Stevenson Scholarship
Additions:		
Interest and dividends	$	$ 476
Contributions	483,000	
Net increase in fair value of investments	56,335	
Total additions	539,335	476
Deductions:		
Scholarships awarded		525
Benefits	337,000	
Total deductions	337,000	525
Change in Net Position	202,335	(49)
Net Position at Beginning of Year	424,323	25,061
Net Position at End of Year	$ 626,658	$ 25,012

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These criteria have been considered, and there are no agencies or entities that should be presented with the Town.

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

The *Internal Service Funds* are used to account for the financing of goods or services provided by one department to other departments or agencies on a cost-reimbursement basis.

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

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

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

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

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

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

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

C. Cash and Cash Equivalents

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

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

D. Investments

Investments are reported at fair value.

E. Receivables and Payables

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

F. Restricted Assets

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

G. Capital Assets

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

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

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

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

Assets	Years
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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments, cemetery operations and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. 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.

J. Long-Term Obligations

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

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

K. Equity

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

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

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

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

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

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

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

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

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

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

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

L. 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.

M. 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 $32,345 in additional appropriations. Of these appropriations, $7,345 was from revised revenue estimates and $25,000 was additional appropriations from fund balance.

- Management is authorized to make budgetary transfers within departments but cannot approve additional appropriations.

- Formal budgetary integration is employed as a management control device during the year.

- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level within a function.

- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.

- Encumbrances are recognized as valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Project Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

A reconciliation of the accounting treatment required by GAAP and budgetary requirements at June 30, 2014 is as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Fund Balance
Balance, budgetary basis	$ 52,008,287	$ 51,765,706	$ 7,312,690
Prior year encumbrances liquidated		590,380	
Prior year encumbrances cancelled	(5,427)		
Prior year encumbrances still outstanding			240,651
Current year encumbrances		(841,763)	841,763
State of Connecticut grants for Special Education Excess Costs, netted for budgetary purposes	1,137,232	1,137,232	
State Teachers' Retirement on-behalf payment	4,228,385	4,228,385	
Balance, GAAP basis	$ 57,368,477	$ 56,879,940	$ 8,395,104

B. Deficit Fund Equity and Accumulated Deficits

The following is a summary of the fund that had an accumulated deficit at June 30, 2014.

Fund	Amount
Governmental Fund:	
Nonmajor Governmental Fund:	
Traffic Fund	$ 4,173

The Traffic Fund fund balance deficit will be funded with future grants.

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents, and Investments

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

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

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, $14,537,644 of the Town's bank balance of $17,739,477 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 12,908,880
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	1,628,764
Total Amount Subject to Custodial Credit Risk	$ 14,537,644

Cash Equivalents

At June 30, 2014, the Town's cash equivalents amounted to $259,253. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

Investments

As of June 30, 2014, the Town had the following investments:

			Investment Maturities (Years)		
Investment Type	Credit Rating	Fair Value	Less Than 1	1 - 10	More than 10
Interest-bearing investments:					
Fixed income funds	N/A	$ 599,664	$ 599,664	$	$
U.S. Government Obligation					
National Mortgage Pool	N/A	177			177
Corporate bonds	Ba1	38,998	38,998		
Corporate bonds	Baa2	25,517		25,517	
Total		664,356	$ 638,662	$ 25,517	$ 177
Other investments:					
Mutual funds		1,162,975			
Equities		241,447			
Total Investments		$ 2,068,778			

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, 2014.

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

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

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

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

B. Endowments Received

	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	Total
Original principal received	$ 292,263	$ 20,800	$ 313,063
Net appreciation on investments	2,238	652,288	654,526
Total Value	$ 294,501	$ 673,088	$ 967,589

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

C. Receivables

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

	General	Sewer Assessment	CDBG Small Cities	Nonmajor and Other Funds	Water	Sewer	Total
Receivables:							
Taxes	$ 412,796	$	$	$	$	$	$ 412,796
Accounts and other	13,783	843,935	1,041,777	59,361	98,979	128,552	2,186,387
Intergovernmental	8,855			28,974			37,829
Gross receivables	435,434	843,935	1,041,777	88,335	98,979	128,552	2,637,012
Less: Allowance for collection losses	4,517						4,517
Net Total Receivables	$ 430,917	$ 843,935	$ 1,041,777	$ 88,335	$ 98,979	$ 128,552	$ 2,632,495

D. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 13,361,857	$ 786,295	$	$	$ 14,148,152
Rights of way	402,962				402,962
Construction in progress	305,148	6,190,019	(303,876)		6,191,291
Total capital assets not being depreciated	14,069,967	6,976,314	(303,876)	-	20,742,405
Capital assets being depreciated:					
Buildings and improvements	124,419,568	1,383,796	185,874		125,989,238
Vehicles, furniture and equipment	12,052,528	649,044	118,002	169,668	12,649,906
Infrastructure	48,414,131				48,414,131
Total capital assets being depreciated	184,886,227	2,032,840	303,876	169,668	187,053,275
Less accumulated depreciation for:					
Buildings and improvements	47,504,880	2,459,197			49,964,077
Vehicles, furniture and equipment	6,179,215	740,997		136,212	6,784,000
Infrastructure	26,024,360	1,008,451			27,032,811
Total accumulated depreciation	79,708,455	4,208,645	-	136,212	83,780,888
Total capital assets being depreciated, net	105,177,772	(2,175,805)	303,876	33,456	103,272,387
Governmental Activities Capital Assets, Net	$ 119,247,739	$ 4,800,509	$ -	$ 33,456	$ 124,014,792

	Beginning Balance	Increases	Increases	Decreases	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 50,858	$	$	$	$ 50,858
Capital assets being depreciated:					
Plant and pumping stations	2,498,316				2,498,316
Water/sewer distribution system	10,758,606	6,196			10,764,802
Total capital assets being depreciated	13,256,922	6,196	-	-	13,263,118
Less accumulated depreciation for:					
Plant and pumping stations	1,053,982	79,899			1,133,881
Water/sewer distribution system	2,644,119	222,054			2,866,173
Total accumulated depreciation	3,698,101	301,953	-	-	4,000,054
Total capital assets being depreciated, net	9,558,821	(295,757)	-	-	9,263,064
Business-Type Activities Capital Assets, Net	$ 9,609,679	$ (295,757)	$ -	$ -	$ 9,313,922

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

Governmental Activities:	
Administration	$ 31,750
General finance	1,167
Planning and development	15,194
Development and community affairs	105,840
Public works	1,419,160
Public safety services	272,331
Board of education	2,363,203
Total Depreciation Expense - Governmental Activities	$ 4,208,645
Business-type activities:	
Water	$ 95,941
Sewer	206,012
Total Depreciation Expense - Business-Type Activities	$ 301,953

Construction Commitments

The Town has active construction projects as of June 30, 2014. The projects include new construction. At year end, the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Pooled Vehicles	$ 137,229	$ 31,507
TIS - BLDG Façade Cracks	28,966	15,835
Replace Truck #6	140,289	6,711
Refurbish 1990 Pierce Ladder	149,246	49,428
Cross Farms Concession BLDG	486,481	18,866
Elevator - Level 1	22,500	6,500
Library & PW Improvement Study	18,019	11,981
ESCO Project	6,190,019	4,065,194
Tree Trimming	114,105	4,323
Pavement Management	2,315,156	1,173,922
	$ 9,602,010	$ 5,384,267

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

E. Interfund Receivables, Payables and Transfers

Interfund loans were generally used to transfer monies as a result of issuing bonds. The composition of interfund balances as of June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 49,350
General Fund	Sewer Enterprise Fund	8,265
Internal Service Fund	General Fund	128,438
Capital Projects Fund	General Fund	258,921
		$ 444,974

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:

	Transfers In			
	Capital Projects Fund	Nonmajor Governmental Funds	Sewer Fund	Total Transfers Out
Transfers out:				
General Fund	$ 166,991	$ 4,000	$ 15,000	$ 185,991
Nonmajor	339,713			339,713
Total Transfers In	$ 506,704	$ 4,000	$ 15,000	$ 525,704

F. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	$ 35,820,000	$	$ 3,210,000	$ 32,610,000	$ 3,140,000
Premium	1,692,062		125,773	1,566,289	
Total bonds payable	37,512,062	-	3,335,773	34,176,289	3,140,000
Sewer notes	384,543		128,348	256,195	100,945
Capital lease	3,466,667	9,598,157	266,667	12,798,157	338,185
Compensated absences	1,792,263	24,510	202,052	1,614,721	73,173
Total Governmental Activities Long-Term Liabilities	$ 43,155,535	$ 9,622,667	$ 3,932,840	$ 48,845,362	$ 3,652,303

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

General Obligation Bonds

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

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.

Refunded Bonds

The Town has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2014, $8,300,000 of the defeased debt is outstanding, and $8,671,410 is held by an escrow agent in an irrevocable trust fund to provide all future debt service payments on the refunded bonds.

Sewer Notes

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

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

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

Description	Date of Issue	Maturity	Interest Rate (%)	Amount of Original Issue	Annual Principal	Balance Outstanding June 30, 2014
General purpose:						
General obligation	9/1/05	9/1/25	4-4.25	$ 445,000	Various	$ 162,400
General obligation	9/15/06	6/30/26	4-4.25	1,965,000	Various	1,272,782
General obligation	9/1/07	9/1/21	3.9-5	1,872,200	Various	1,507,000
General obligation	9/1/08	9/1/18	3.0-4.0	2,010,000	Various	1,215,000
General obligation	8/1/10	8/1/30	2.0-4.0	825,000	Various	742,500
General obligation refunding	10/1/11	10/1/26	2.0-3.0	3,334,864	Various	2,779,508
General obligation	9/1/12	9/1/27	1.5-3.0	845,285	Various	787,389
General obligation refunding	9/1/12	9/1/25	3.0-5.0	160,500	Various	160,500
Total general purpose				11,457,849		8,627,079
School:						
School improvement	9/1/05	9/1/25	4-4.25	11,000,000	Various	6,062,600
School improvement	9/15/06	8/15/26	4-4.25	7,050,000	Various	4,742,218
School improvement	9/1/07	9/1/27	3.9-5	2,382,800	Various	1,918,000
School improvement	8/1/10	8/1/30	2.0-4.0	1,700,000	Various	1,532,500
School improvement	10/1/11	10/1/26	2.0-3.0	1,575,136	Various	1,290,492
School improvement	9/1/12	9/1/27	1.5-3.0	614,715	Various	572,611
School improvement - refunding	9/1/12	9/1/25	3.0-5.0	7,864,500	Various	7,864,500
Total school				32,187,151		23,982,921
Sewer notes:						
Vernon wastewater	12/31/97	12/31/16	2	1,748,330	Various	256,195
Total sewer notes				1,748,330		256,195
Total Outstanding				$ 45,393,330		$ 32,866,195

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

	Bonds		Sewer Notes	
	Principal	Interest	Principal	Interest
2015	$ 3,140,000	$ 1,169,133	$ 100,945	$ 4,202
2016	3,070,000	1,060,874	102,982	2,164
2017	3,225,000	945,962	52,268	305
2018	3,185,000	828,562		
2019	2,745,000	718,950		
2020-2024	11,845,000	2,121,488		
2025-2029	5,100,000	353,308		
2030-2031	300,000	11,813		
	$ 32,610,000	$ 7,210,090	$ 256,195	$ 6,671

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2014 is $5,710,100. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Statutory Debt Limitation

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

Category	Debt Limitation	Net Indebtedness	Balance
General purpose	$ 88,831,825	$ 12,744,179	$ 76,087,646
Schools	177,663,650	22,855,829	154,807,821
Sewers	148,053,041	1,593,000	146,460,041
Urban renewal	128,312,636		128,312,636
Pension deficit	118,442,433		118,442,433

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or $276,365,677. All long-term debt obligations are retired through General Fund appropriations. The indebtedness reflected above includes bonds and notes outstanding in addition to the amounts of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of $1,127,092 is reflected as deductions in the computation of net indebtedness.

Capital Lease

During 2011, the Town entered into a $3,600,000 equipment taxable direct pay qualified energy conservation bond (QECB) lease/purchase agreement. The lease has an interest rate of 5.11%, a tax credit rate of 5.01% (70% of tax credit rate of 3.51%), and a net effective rate of 1.6% and matures on June 29, 2026. Principal and interest payments are made biannually and vary throughout the life of the lease. There were principal lease payments made on the QECB lease during 2014 of $266,666, and lease interest payments were made in the amount of $170,340.

In October 2013, the Town entered into a $9,598,157 equipment lease to finance energy improvements across the Town's facilities to generate energy savings in the future. The lease has an interest rate of 3.49% and matures on October 2, 2033. The debt is being repaid with the savings resulting from the energy improvements that have been made. Honeywell Corporation was awarded the contract to do the work and the contract provides for a performance guarantee to be paid by them if contractual savings are not met.

The asset acquired through the capital lease is as follows:

		Governmental Activities
Asset:		
Construction in process	$	6,190,019
Geothermal heating system		3,682,123
Less accumulated depreciation		230,133
Total	$	9,642,009

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2014 were as follows:

Fiscal Year Ending June 30,		Governmental Activities
2015	$	838,684
2016		839,200
2017		840,102
2018		902,687
2019		906,002
Thereafter		14,109,599
Total lease payments		18,436,274
Less amount representing interest		5,638,117
Present Value of Future Minimum Lease Payments	$	12,798,157

4. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	General Fund	Sewer Assessment	CDBG Small Cities	Capital Projects	Nonmajor Governmental Funds	Total
Fund balances:						
Nonspendable:						
Inventory	$	$	$	$	$ 40,217	$ 40,217
Permanent fund principal					313,063	313,063
Restricted for:						
Community rehabilitation services			23,502			23,502
Unspent capital lease proceeds				4,068,486		4,068,486
Debt service	59,680					59,680
Unspent grant proceeds					35,946	35,946
Committed to:						
Sewer capital improvements		1,017,698				1,017,698
Dog warden					5,583	5,583
Open space					112,058	112,058
Sewer escrow					24,731	24,731
Lodge furnishings					35,962	35,962
Business park improvements					17,476	17,476
Recreation					133,152	133,152
Water assessments					135,183	135,183
Food service					123,355	123,355
Education programs					758,342	758,342
Eviction storage					171	171
Cemeteries					203,705	203,705
Training center repair and replacement					8,997	8,997
Field maintenance					10,460	10,460
300th anniversary					25,798	25,798
Emergency storms					158,087	158,087
Artificial turf operation					11,767	11,767
Special assessment projects				317,620		317,620
Assigned to:						
Purchases on order	1,082,414					1,082,414
Contribution to next fiscal budget	199,320					199,320
Unassigned	7,053,690				(4,173)	7,049,517
Total Fund Balances	$ 8,395,104	$ 1,017,698	$ 23,502	$ 4,386,106	$ 2,149,880	$ 15,972,290

Significant encumbrances of $1,082,414 at June 30, 2014 are contained in the above table in the assigned category of the General Fund.

5. EMPLOYEE RETIREMENT PLANS

A. Pension Plan - Defined Contribution

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

Summary Plan Description

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

Contribution Requirements/Contributions Made

The employer contribution for Town and Board of Education employees for the plan year is 6% of earnings. The total Town and Board of Education contribution during the year ended June 30, 2014 was $441,016 and represented 6% of covered payroll. The employees' required contributions were $183,757 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, 2014, teachers of the Town contributed $1,232,586 to the plan, and covered payroll for the year was $17,001,193. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2014 was $4,228,385 and is recognized in the governmental funds GAAP-basis income statement.

C. Annual OPEB Cost and Net OPEB Obligations

Summary of Significant Accounting Policies

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

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

Plan Description

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

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

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

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

Funding Policy

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

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

Employer contributions to the plan of $483,000 were made in accordance with actuarially determined requirements. Of this amount, $337,000 represents premium payments, and $146,000 was contributed to prefund benefits.

Annual OPEB Cost and Net OPEB Obligations

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

	Retiree Medical Program
Annual required contribution (ARC)	$ 485,000
Interest on net OPEB obligation	(12,448)
Adjustment to annual required contribution	11,998
Annual OPEB Cost	484,550
Contributions made	483,000
Decrease in net OPEB asset	1,550
Net OPEB Asset - beginning of year	(165,978)
Net OPEB Asset - End of Year	$ (164,428)

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, 2014, 2013 and 2012, are presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Asset
6/30/2012	$ 519,594	$ 491,000	94.50%	$ 163,140
6/30/2013	546,162	484,550	88.72%	165,978
6/30/2014	484,550	483,000	99.68%	164,428

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

Funding Status and Funding Progress

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

Schedule of Funding Progress

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

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2012	$ 521,000	$ 491,000	94.2%
6/30/2013	547,000	549,000	100.4%
6/30/2014	485,000	483,000	99.6%

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

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 6.2% initially, reduced by decrements to an ultimate rate of 4.7% after 69 years; imbedded within this trend rate is an estimate of the underlying inflation rate of 2.75%. Projected salary increases were 4.5%. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2014 was 21 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, 2014. There have been no significant reductions in insurance coverage during the year.

Health Insurance Internal Service Fund

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

The Town and Board of Education participate in the Eastern Connecticut Health Insurance Program (ECHIP). This group consists of 5 entities, the Towns and Boards of Education of Coventry, Tolland, Plainfield and Putnam, and also includes EASTCONN, a regional educational service center. This partnership is the first in the state of Connecticut and was formed with a goal to reduce costs through collaboration. A third party administers the plan for which the Fund pays a fee. The Fund has purchased individual stop loss coverage of $150,000 per claim.

The Town's health self-insurance fund is used to account for medical insurance coverage for Town and Board of Education employees. The Town examines the coverage on a yearly basis to determine adequate coverage and minimize risk. A schedule of changes in the claims liability for the years ended June 30, 2013 and 2014, is presented below:

	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2012-2013	$ -	$ 5,636,361	$ 5,194,761	$ 441,600
2013-2014	441,600	5,991,445	6,025,445	407,600

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 Event

On October 22, 2014, the Town issued $9,635,000 of General Obligation Refunding Bonds with a variable interest rate between 2.00% and 4.00% and a final maturity on August 1, 2027, and $5,410,000 of Bond Anticipation Notes with an interest rate of 1.50% maturing on October 21, 2015.

D. Restatement

During the year ended June 30, 2014, the Town re-evaluated its relationship with ECHIP and determined that the relationship warranted inclusion as an internal service fund. Consequently, the net position at the beginning of the year for the Internal Service Funds and Governmental Activities were restated. The effect of the restatement is detailed in the following table:

	Governmental Activities	Internal Service Funds
Net Position at Beginning of Year	$ 94,887,683	$ -
Restatement	772,939	772,939
Net Position at Beginning of Year, as Restated	$ 95,660,622	$ 772,939

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Property Taxes:				
Current year levy	$ 38,390,931	$ 38,390,931	$ 38,496,596	$ 105,665
Prior year levy	285,000	285,000	321,101	36,101
Interest and lien fees	196,710	196,710	199,033	2,323
Motor vehicle supplement	377,375	377,375	389,085	11,710
Suspense	500	500	2,489	1,989
Telecommunications access line	30,000	30,000	29,897	(103)
Total property taxes	39,280,516	39,280,516	39,438,201	157,685
Intergovernmental:				
Education:				
Transportation			132,461	132,461
Adult education	9,766	9,766	9,744	(22)
Education equalization	10,917,970	10,917,970	10,936,789	18,819
Total education	10,927,736	10,927,736	11,078,994	151,258
General Government:				
Elderly circuit breaker	65,000	65,000	71,147	6,147
State property reimbursement			48,842	48,842
Interest subsidy	35,860	35,860	35,860	-
Bond subsidy	296,740	296,740	296,740	-
SDE/MH and AS/DEEP grants	24,218	24,218	24,338	120
Civil defense grant	5,000	5,000	5,000	-
Mashantucket Pequot			42,069	42,069
Miscellaneous grants	29,393	36,738	43,077	6,339
MRSA: Municipal Projects			80,003	80,003
Veterans	7,200	7,200	7,874	674
Town Clerk Preservation	4,000	4,000	4,000	-
Disability grant	1,690	1,690	1,649	(41)
Property tax relief	161,566	161,566		(161,566)
Total general government	630,667	638,012	660,599	22,587
Total intergovernmental	11,558,403	11,565,748	11,739,593	173,845

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TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Charges for Services:				
Building permit fees	$ 160,000	$ 160,000	$ 203,893	$ 43,893
Fines, fees and penalties	1,000	1,000	357	(643)
Pistol permits	5,500	5,500	8,750	3,250
Zoning permit fees	7,500	7,500	10,250	2,750
Town clerk	20,000	20,000	16,979	(3,021)
Library fees	10,000	10,000	10,623	623
Counseling fees	925	925	49	(876)
Motor vehicle fine	10,000	10,000	15,525	5,525
Planning and zoning and IWWC	5,000	5,000	9,700	4,700
Rents/PILOT	12,159	12,159	12,207	48
Property conveyance tax	120,000	120,000	137,686	17,686
Document recording fees	85,000	85,000	73,547	(11,453)
Map and copy sales	12,000	12,000	13,115	1,115
Notary fees			1,106	1,106
Zoning board of appeals	3,000	3,000	1,992	(1,008)
Public safety services	1,000	1,000	2,338	1,338
Solid waste fees/sewer fees	46,000	46,000	43,249	(2,751)
Tuition			23,674	23,674
Town preservation	8,000	8,000	6,042	(1,958)
Ambulance	91,680	91,680	91,680	-
Total charges for services	598,764	598,764	682,762	83,998
Investment Income:				
General Fund	27,000	27,000	63,549	36,549
Other Revenues	19,000	19,000	78,755	59,755
Total Revenues	51,483,683	51,491,028	52,002,860	511,832
Other Financing Sources:				
Cancellation of prior year encumbrances			5,427	5,427
Appropriation of fund balance	361,042	386,042		(386,042)
Total other financing sources	361,042	386,042	5,427	(380,615)
Total Revenues and Other Financing Sources	$ 51,844,725	$ 51,877,070	$ 52,008,287	$ 131,217

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Administrative:				
Town council	$ 36,609	$ 34,216	$ 34,214	$ 2
Town manager	222,258	208,411	208,407	4
Economic development commission	22,250	21,992	21,991	1
Human resources and administrative services	2,139,778	2,089,516	2,089,505	11
Insurance	193,925	192,786	192,782	4
Legal services	57,000	82,467	82,467	-
Probate court	10,397	10,397	10,397	-
Total administrative	2,682,217	2,639,785	2,639,763	22
Planning and Community Development:				
Building inspection services	102,621	104,362	104,361	1
Zoning board of appeals	3,560	2,597	2,596	1
Environmental health services	69,143	69,143	69,143	-
Planning and zoning services	136,457	139,335	139,332	3
Inland wetlands commission	4,065	4,668	4,667	1
Conservation commission	4,090	3,960	3,959	1
Planning and zoning commission	8,655	7,298	7,297	1
Total planning and community development	328,591	331,363	331,355	8
Community Services:				
Elderly services	46,872	46,872	46,787	85
Human services	317,707	312,897	294,479	18,418
Library	383,607	385,243	385,155	88
Recreation and adult education	84,928	85,244	85,194	50
Total community services	833,114	830,256	811,615	18,641
Public Works:				
Public works administration	107,876	91,528	91,526	2
Parks and facilities	1,223,128	1,171,714	1,171,696	18
Refuse and recycling services	1,223,106	1,179,866	1,179,864	2
Sewage disposal	15,000			-
Streets and roads	1,810,429	1,911,736	1,911,720	16
Total public works	4,379,539	4,354,844	4,354,806	38
Public Safety Services:				
Water supply	78,498	78,498	78,022	476
Ambulance	301,709	292,686	283,227	9,459
Canine control	44,204	41,228	38,797	2,431
Civil preparedness	12,663	12,663	12,612	51
Fire prevention	46,938	48,366	48,364	2
Fire suppression	541,683	560,046	557,206	2,840
Law enforcement	619,436	619,436	618,999	437
Total public safety services	1,645,131	1,652,923	1,637,227	15,696
Record and Financial Services:				
Accounting services	301,122	305,626	305,161	465
Assessment services	193,900	197,412	196,634	778
Board of assessment appeals	850	850	744	106
Independent audit	23,500	23,500	23,500	-
Registrar of voters	40,075	36,063	36,062	1
Revenue services	166,226	144,498	144,359	139
Town clerk	140,436	141,784	141,775	9
Total record and financial services	866,109	849,733	848,235	1,498
Contingency and Other	173,158	230,714	230,471	243

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TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Board of Education:				
Language arts	$ 56,583	$ 56,583	$ 55,483	$ 1,100
Math	36,666	36,666	36,344	322
Social studies	16,087	16,087	12,784	3,303
Science	64,700	64,728	64,020	708
Art	27,455	27,455	25,110	2,345
Music	15,751	15,751	10,581	5,170
Physical education	13,638	13,638	11,071	2,567
World language	15,644	15,644	11,386	4,258
Family and consumer science	14,879	14,879	14,599	280
Technology education	26,560	26,560	20,095	6,465
Business education	24,175	24,175	16,769	7,406
Computer education	9,366	9,338	5,820	3,518
Talc	1,240	1,240		1,240
Special services	2,375,880	2,374,787	2,121,031	253,756
Special education	97,408	97,408	87,526	9,882
Interdistrict programs	179,899	179,899	191,003	(11,104)
Student athletics	157,480	157,840	150,244	7,596
Student activities	28,820	28,820	18,154	10,666
Guidance and counseling	9,679	9,679	5,946	3,733
Nursing	19,764	19,404	15,326	4,078
Library	13,845	13,845	11,366	2,479
Audiovisual	2,015	2,015	507	1,508
Staff services	6,095,571	6,095,571	6,412,077	(316,506)
Communication/Insurance	186,894	186,894	186,384	510
Principals' offices	166,203	155,003	109,937	45,066
Transportation	2,329,416	2,329,416	2,340,970	(11,554)
Superintendent's office	26,145	26,145	29,165	(3,020)
Business office	193,137	193,137	213,996	(20,859)
Technology services	267,486	350,884	350,417	467
Custodial Services	158,926	181,426	203,957	(22,531)
Energy management	6,380	6,380		6,380
Energy management - utilities	1,307,857	1,307,857	1,441,295	(133,438)
Plant maintenance	427,362	404,862	355,546	49,316
BOE Payroll Clerk	2,860	2,860	2,734	126
Program/Professional development	82,738	93,938	60,917	33,021
Certified regular education payroll	12,895,805	12,767,278	12,686,073	81,205
Certified special education payroll	2,849,262	2,825,233	2,653,106	172,127
Noncertified payroll	1,261,668	1,262,761	1,241,897	20,864
Building operations	810,212	810,212	762,192	48,020
Building maintenance	174,046	174,046	176,376	(2,330)
Business services	272,267	272,267	276,978	(4,711)
Superintendent services	276,820	276,820	274,993	1,827
Principals' services	1,557,502	1,557,502	1,535,190	22,312
System-wide substitutes	297,746	366,904	558,555	(191,651)
System-wide services	1,072,424	1,072,424	1,077,120	(4,696)
Adult education	30,269	30,269	30,267	2
Board of Education	102,720	102,720	118,726	(16,006)
Total Board of Education	36,059,250	36,059,250	35,984,033	75,217
Debt Service	4,735,625	4,744,211	4,744,210	1
Total Expenditures	51,702,734	51,693,079	51,581,715	111,364
Other Financing Uses:				
Transfers out:				
Sewer fund		15,000	15,000	-
Capital improvements	141,991	166,991	166,991	-
Other governmental funds		2,000	2,000	-
Total other financing uses	141,991	183,991	183,991	-
Total Expenditures and Other Financing Uses	$ 51,844,725	$ 51,877,070	$ 51,765,706	$ 111,364

EXHIBIT A-3

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2014

			Lawful Corrections					Collections			
Grand List Year	**Uncollected Taxes July 1, 2013**	**Supplement**	**Pro-Rates**	**Additions**	**Deductions**	**Transfers to Suspense**	**Adjusted Amount Collectible**	**Taxes**	**Interest and Lien Fees**	**Total**	**Uncollected Taxes June 30, 2014**
1998	$	$	$	$	$	$	$ -	$	$	$ -	$ -
1999				134			134	134	326	460	-
2000							-			-	-
2001							-			-	-
2002				24			24	24		24	-
2003							-			-	-
2004				85			85	85	137	222	-
2005	99			168	168	99	-			-	-
2006	3,603			928	609	3,381	541	348	306	654	193
2007	8,617			3,935	3,562	7,390	1,600	625	668	1,293	975
2008	14,819			5,483	4,892	11,539	3,871	1,118	778	1,896	2,753
2009	38,250			2,683	2,345	5,062	33,526	27,475	12,043	39,518	6,051
2010	108,230			3,553	2,980	3,418	105,385	79,636	26,681	106,317	25,749
2011	350,121			6,697	7,096	4,718	345,004	265,730	47,744	313,474	79,274
Total Prior Years	523,739	-	-	23,690	21,652	35,607	490,170	375,175	88,683	463,858	114,995
2012	38,853,378	409,847	-	37,519	119,654	868	39,180,222	38,882,421	134,532	39,016,953	297,801
Total	$ 39,377,117	$ 409,847	$ -	$ 61,209	$ 141,306	$ 36,475	$ 39,670,392	$ 39,257,596	$ 223,215	$ 39,480,811	$ 412,796

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

Recreation - To account for Town recreation programs.

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

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

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

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

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

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

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

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

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

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

Field Maintenance - To utilize donations for field maintenance.

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

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

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

Turf Field Operations Fund - To account for revenues from field rental, donations and expenditures towards maintenance of the field.

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.

EXHIBIT B-1

TOWN OF TOLLAND, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2014

	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**
ASSETS										
Cash	$ 16,493	$ 3,597	$ 14,499	$ 10,232	$ 47,948	$ 108,461	$ 17,476	$ 9,969	$ 138,393	$ 135,183
Investments										
Receivables										34,248
Due from other funds										
Other										
Total Assets	$ 16,493	$ 3,597	$ 14,499	$ 10,232	$ 47,948	$ 108,461	$ 17,476	$ 9,969	$ 138,393	$ 169,431
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts and other payables/due to State	$ 10,910	$	$	$	$ 250	$	$	$	$ 5,241	$
Due to other funds										
Unearned revenue					11,736					
Total liabilities	10,910	-	-	-	11,986	-	-	-	5,241	-
Deferred inflows of resources:										
Unavailable revenue - special assessments										34,248
Unavailable revenue - cemetery										
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	34,248
Fund balances:										
Nonspendable										
Restricted								9,969		
Committed	5,583	3,597	14,499	10,232	35,962	108,461	17,476		133,152	135,183
Unassigned										
Total fund balances	5,583	3,597	14,499	10,232	35,962	108,461	17,476	9,969	133,152	135,183
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 16,493	$ 3,597	$ 14,499	$ 10,232	$ 47,948	$ 108,461	$ 17,476	$ 9,969	$ 138,393	$ 169,431

(Continued on next page)

EXHIBIT B-1

TOWN OF TOLLAND, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2014

	Special Revenue Funds								
	School Lunch	**State and Federal Education Grants**	**Before/After School Programs**	**Eviction Fund**	**Cemetery Operations Fund**	**Minnie Hicks Fund**	**Training Center Fund**	**Conservation Green Grant**	**Traffic Fund**
ASSETS									
Cash	$ 215,510	$ 3,655	$ 152,567	$ 171	$ 202,042	$ 3,773	$ 8,997	$ 157	$
Investments									
Receivables	23,834		3,913		9,500				5,140
Due from other funds									
Other	40,217								
Total Assets	$ 279,561	$ 3,655	$ 156,480	$ 171	$ 211,542	$ 3,773	$ 8,997	$ 157	$ 5,140
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts and other payables/due to State	$ 12,998	$	$	$	$ 575	$	$	$	$ 8,230
Due to other funds	49,350								1,083
Unearned revenue	29,807	3,655	54,199						
Total liabilities	92,155	3,655	54,199	-	575	-	-	-	9,313
Deferred inflows of resources:									
Unavailable revenue - special assessments									
Unavailable revenue - cemetery					9,500				
Total deferred inflows of resources	-	-	-	-	9,500	-	-	-	-
Fund balances:									
Nonspendable	40,217								
Restricted	23,834							157	
Committed	123,355		102,281	171	201,467	3,773	8,997		
Unassigned									(4,173)
Total fund balances	187,406	-	102,281	171	201,467	3,773	8,997	157	(4,173)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 279,561	$ 3,655	$ 156,480	$ 171	$ 211,542	$ 3,773	$ 8,997	$ 157	$ 5,140

(Continued on next page)

EXHIBIT B-1

TOWN OF TOLLAND, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2014

	Special Revenue Funds					Permanent Funds			
	Field Maintenance	300th Anniversary Fund	Miscellaneous Grants Fund	Emergency Storm Fund	Turf Field Operations Fund	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	Eliminations	Total Nonmajor Governmental Funds
ASSETS									
Cash	$ 10,460	$ 25,798	$	$ 152,463	$ 13,057	$ 294,501	$	$	$ 1,585,402
Investments							673,088		673,088
Receivables			7,000			4,700			88,335
Due from other funds				5,624				(5,624)	-
Other									40,217
Total Assets	$ 10,460	$ 25,798	$ 7,000	$ 158,087	$ 13,057	$ 299,201	$ 673,088	$ (5,624)	$ 2,387,042
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts and other payables/due to State	$	$	$ 473	$	$ 1,290	$	$	$	$ 39,967
Due to other funds			4,541					(5,624)	49,350
Unearned revenue									99,397
Total liabilities	-	-	5,014	-	1,290	-	-	(5,624)	188,714
Deferred inflows of resources:									
Unavailable revenue - special assessments									34,248
Unavailable revenue - cemetery						4,700			14,200
Total deferred inflows of resources	-	-	-	-	-	4,700	-	-	48,448
Fund balances:									
Nonspendable						292,263	20,800		353,280
Restricted			1,986						35,946
Committed	10,460	25,798		158,087	11,767	2,238	652,288		1,764,827
Unassigned									(4,173)
Total fund balances	10,460	25,798	1,986	158,087	11,767	294,501	673,088	-	2,149,880
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,460	$ 25,798	$ 7,000	$ 158,087	$ 13,057	$ 299,201	$ 673,088	$ (5,624)	$ 2,387,042

EXHIBIT B-2

TOWN OF TOLLAND, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2014

	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	$	$	$	$	$	$	$	$ 339,493	$	$
Charges for services	19,532				40,950	8,553			305,834	2,785
Investment income	14	12	22	12	13	132	22	36	105	4,626
Other	161	3,000							2,974	
Total revenues	19,707	3,012	22	12	40,963	8,685	22	339,529	308,913	7,411
Expenditures:										
Current:										
Community services					42,887				314,737	
Public works		893								
Public safety services	22,981									
Education										
Total expenditures	22,981	893	-	-	42,887	-	-	-	314,737	-
Excess (Deficiency) of Revenues over Expenditures	(3,274)	2,119	22	12	(1,924)	8,685	22	339,529	(5,824)	7,411
Other Financing Sources (Uses):										
Transfers in	4,000								6,000	
Transfers out					(6,000)			(339,713)		
Net other financing sources (uses)	4,000	-	-	-	(6,000)	-	-	(339,713)	6,000	-
Net Change in Fund Balances	726	2,119	22	12	(7,924)	8,685	22	(184)	176	7,411
Fund Balances at Beginning of Year	4,857	1,478	14,477	10,220	43,886	99,776	17,454	10,153	132,976	127,772
Fund Balances at End of Year	$ 5,583	$ 3,597	$ 14,499	$ 10,232	$ 35,962	$ 108,461	$ 17,476	$ 9,969	$ 133,152	$ 135,183

(Continued on next page)

EXHIBIT B-2

TOWN OF TOLLAND, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds								
	School Lunch	State and Federal Education Grants	Before/After School Programs	Eviction Fund	Cemetery Operations Fund	Minnie Hicks Fund	Training Center Fund	Conservation Green Grant	Traffic Fund
Revenues:									
Intergovernmental	$ 210,307	$ 855,177	$	$	$ 800	$	$	$	$ 18,536
Charges for services	688,651		515,338		32,920		1,005		
Investment income					261	254	10		3
Other									
Total revenues	898,958	855,177	515,338	-	33,981	254	1,015	-	18,539
Expenditures:									
Current:									
Community services				686	27,259				
Public works									32,381
Public safety services									
Education	912,678	855,177	462,572			508			
Total expenditures	912,678	855,177	462,572	686	27,259	508	-	-	32,381
Excess (Deficiency) of Revenues over Expenditures	(13,720)	-	52,766	(686)	6,722	(254)	1,015	-	(13,842)
Other Financing Sources (Uses):									
Transfers in					1,612				
Transfers out									
Net other financing sources (uses)	-	-	-	-	1,612	-	-	-	-
Net Change in Fund Balances	(13,720)	-	52,766	(686)	8,334	(254)	1,015	-	(13,842)
Fund Balances at Beginning of Year	201,126	-	49,515	857	193,133	4,027	7,982	157	9,669
Fund Balances at End of Year	$ 187,406	$ -	$ 102,281	$ 171	$ 201,467	$ 3,773	$ 8,997	$ 157	$ (4,173)

(Continued on next page)

EXHIBIT B-2

TOWN OF TOLLAND, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds					Permanent Funds			
	Field Maintenance	300th Anniversary Fund	Miscellaneous Grants Fund	Emergency Storm Fund	Turf Field Operations Fund	Cemetery Perpetual Care Fund	Ratcliff Hicks Memorial School Fund	Eliminations	Total Nonmajor Governmental Funds
Revenues:									
Intergovernmental	$	$	$ 10,000	$	$	$	$	$	$ 1,434,313
Charges for services						250			1,615,818
Investment income	12	35		182	6	1,610	92,943		100,310
Other	956	19,993	1,500		15,291				43,875
Total revenues	968	20,028	11,500	182	15,297	1,860	92,943	-	3,194,316
Expenditures:									
Current:									
Community services		22,595			3,530		8,423		420,117
Public works	4,256								37,530
Public safety services			11,527						34,508
Education									2,230,935
Total expenditures	4,256	22,595	11,527	-	3,530	-	8,423	-	2,723,090
Excess (Deficiency) of Revenues over Expenditures	(3,288)	(2,567)	(27)	182	11,767	1,860	84,520	-	471,226
Other Financing Sources (Uses):									
Transfers in								(7,612)	4,000
Transfers out						(1,612)		7,612	(339,713)
Net other financing sources (uses)	-	-	-	-	-	(1,612)	-	-	(335,713)
Net Change in Fund Balances	(3,288)	(2,567)	(27)	182	11,767	248	84,520	-	135,513
Fund Balances at Beginning of Year	13,748	28,365	2,013	157,905	-	294,253	588,568	-	2,014,367
Fund Balances at End of Year	$ 10,460	$ 25,798	$ 1,986	$ 158,087	$ 11,767	$ 294,501	$ 673,088	$ -	$ 2,149,880

Internal Service Funds

Internal Service Funds are used to account for all of the activity associated with utility costs and debt service costs on the ESCO project and for providing Medical insurance to all eligible Town and Board of Education Employees.

Utility Service Fund - To account for all of the fees associated with utilities and the debt service on the ESCO project, the associated consultant fees, and future system improvements and repairs.

Health Insurance Fund - To account for the self-insured medical activities of the Town and Board of Education.

EXHIBIT C-1

TOWN OF TOLLAND, CONNECTICUT

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

JUNE 30, 2014

	Utility Service Fund	Health Insurance	Total Internal Service Funds
Assets:			
Current:			
Cash and cash equivalents	$ 157,573	$	$ 157,573
Due from other funds	128,438		128,438
Advance to plan administrator		1,373,738	1,373,738
Total Assets	286,011	1,373,738	1,659,749
Liabilities:			
Current:			
Accounts payable	67,125		67,125
Claims payable		407,600	407,600
Total Liabilities	67,125	407,600	474,725
Net Position:			
Unrestricted	$ 218,886	$ 966,138	$ 1,185,024

EXHIBIT C-2

TOWN OF TOLLAND, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Utility Service Fund	Health Insurance	Total Internal Service Funds
Operating Revenues:			
Charges for services	$ 1,319,377	$	$ 1,319,377
Employer contributions		6,209,871	6,209,871
Total operating revenues	1,319,377	6,209,871	7,529,248
Operating Expenses:			
Utilities	1,100,491		1,100,491
Administration		29,309	29,309
Employee benefits		5,991,445	5,991,445
Total operating expenses	1,100,491	6,020,754	7,121,245
Operating Income	218,886	189,117	408,003
Nonoperating Revenue:			
Investment income		4,082	4,082
Change in Net Position	218,886	193,199	412,085
Net Position at Beginning of Year, as Restated	-	772,939	772,939
Net Position at End of Year	$ 218,886	$ 966,138	$ 1,185,024

TOWN OF TOLLAND, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Utility Service Fund	Health Insurance	Total Internal Service Funds
Cash Flows from Operating Activities:			
Received from customers	$ 1,190,939	$ 6,209,871	$ 7,400,810
Payments to suppliers	(1,033,366)		(1,033,366)
Payments to providers of benefits		(6,213,953)	(6,213,953)
Net cash provided by (used in) operating activities	157,573	(4,082)	153,491
Cash Flows from Investing Activities:			
Investment income	-	4,082	4,082
Net Increase in Cash and Cash Equivalents	157,573	-	157,573
Cash and Cash Equivalents at Beginning of Year	-	-	-
Cash and Cash Equivalents at End of Year	$ 157,573	$ -	$ 157,573
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating income	$ 218,886	$ 189,117	$ 408,003
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Decrease in due to/from other funds	(128,438)		(128,438)
Increase in advance to plan administrator		(159,199)	(159,199)
Increase in accounts payable	67,125		67,125
Decrease in claims payable		(34,000)	(34,000)
Net Cash Provided by (Used in) Operating Activities	$ 157,573	$ (4,082)	$ 153,491

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.

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.

EXHIBIT D

TOWN OF TOLLAND, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2014

	Balance, July 1, 2013	Additions	Deductions	Balance, June 30, 2014
Cash:				
Youth Center Reserve	$ 48,233	$ 30,412	34,813	$ 43,832
Student Activity Fund	321,114	753,702	803,719	271,097
Senior Citizens Center	4,820	17,973	4,622	18,171
Tolland Public Library	37,996	18,934	7,591	49,339
Tolland Emergency Fund	42,732	10,520	8,288	44,964
D.A.R.E.	2,055			2,055
Land Preservation Fund	68		1	67
Education Fund	11,917	334,052	342,987	2,982
Board of Education - Section 125	12,244	30,809	26,126	16,927
Barn Restoration	29			29
Total Cash	$ 481,208	$ 1,196,402	$ 1,228,147	$ 449,463
Accounts Payable:				
Youth Center Reserve	$ 48,233	$ 30,412	$ 34,813	$ 43,832
Student Activity Fund	321,114	753,702	803,719	271,097
Senior Citizens Center	4,820	17,973	4,622	18,171
Tolland Public Library	37,996	18,934	7,591	49,339
Tolland Emergency Fund	42,732	10,520	8,288	44,964
D.A.R.E.	2,055			2,055
Land Preservation Fund	68		1	67
Education Fund	11,917	334,052	342,987	2,982
Board of Education - Section 125	12,244	30,809	26,126	16,927
Barn Restoration	29			29
Total Liabilities	$ 481,208	$ 1,196,402	$ 1,228,147	$ 449,463

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.

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Financial Trends 69-72

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 73-76

These schedules contain information to help the reader assess the Town's most significant local revenue source, property taxes.

Debt Capacity 77-78

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 79-81

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 82-83

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

TABLE 1

TOWN OF TOLLAND, CONNECTICUT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Governmental Activities:										
Net investment in capital assets	$ 64,001,051	$ 85,563,227	$ 81,254,819	$ 80,889,930	$ 80,876,436	$ 81,360,747	$ 80,465,804	$ 79,197,477	$ 78,699,978	$ 81,610,820
Restricted	745,459	313,063	313,138	313,063	313,063	313,063	313,063	313,063	313,063	313,063
Unrestricted	14,637,431	7,315,984	11,812,235	15,252,055	16,283,861	15,413,879	16,943,872	16,742,638	15,874,642	14,558,545
Total governmental activities net position	79,383,941	93,192,274	93,380,192	96,455,048	97,473,360	97,087,689	97,722,739	96,253,178	94,887,683	96,482,428
Business-Type Activities:										
Net investment in capital assets	2,605,987	8,248,910	9,369,285	9,134,790	9,245,889	9,294,194	10,069,400	9,859,251	9,609,679	9,313,922
Restricted				16,100				24,357	30,682	36,239
Unrestricted	389,496	521,909	590,528	618,074	291,738	254,954	247,954	268,614	303,016	379,213
Total business-type activities net position	2,995,483	8,770,819	9,959,813	9,768,964	9,537,627	9,549,148	10,317,354	10,152,222	9,943,377	9,729,374
Primary Government:										
Net investment in capital assets	66,607,038	93,812,137	90,624,104	90,024,720	90,122,325	90,654,941	90,535,204	89,056,728	88,309,657	90,924,742
Restricted	745,459	313,063	313,138	329,163	313,063	313,063	313,063	337,420	343,745	349,302
Unrestricted	15,026,927	7,837,893	12,402,763	15,870,129	16,575,599	15,668,833	17,191,826	17,011,252	16,177,658	14,937,758
Total Primary Government Net Position	$ 82,379,424	$ 101,963,093	$ 103,340,005	$ 106,224,012	$ 107,010,987	$ 106,636,837	$ 108,040,093	$ 106,405,400	$ 104,831,060	$ 106,211,802

TABLE 2

TOWN OF TOLLAND, CONNECTICUT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Expenses:										
Governmental activities:										
Administration	$ 1,003,916	$ 918,022	$ 868,729	$ 1,179,140	$ 1,161,198	$ 1,197,703	$ 1,152,320	$ 1,170,393	$ 1,128,418	$ 1,100,996
Planning and community development	505,293	492,192	510,916	535,217	494,459	437,811	459,598	505,425	478,632	355,708
Community services	1,773,869	1,771,273	1,917,465	2,039,569	2,436,453	2,241,062	1,756,255	2,125,783	1,307,822	1,993,470
Public works	5,712,790	5,849,385	6,533,106	6,691,773	7,627,881	7,327,481	7,843,996	8,260,781	9,389,371	7,775,750
Public safety services	1,438,062	1,531,744	1,689,193	1,875,910	2,018,465	1,476,762	1,967,888	2,021,332	2,068,676	2,147,154
Records and financial services	1,174,516	981,271	1,019,719	1,098,650	1,224,626	1,163,683	1,038,972	1,029,158	1,093,230	1,051,896
Board of Education	32,289,056	34,120,009	40,523,002	48,761,510	41,413,090	42,227,879	42,181,314	44,963,365	44,748,673	45,552,363
Interest expense	808,455	1,690,346	1,756,875	1,856,342	1,785,519	1,601,756	1,469,838	1,524,853	1,405,217	1,515,547
Total governmental activities expenses	44,705,957	47,354,242	54,819,005	64,038,111	58,161,691	57,674,137	57,870,181	61,601,090	61,620,039	61,492,884
Business-type activities:										
Water	171,093	244,777	315,437	378,020	361,474	376,151	388,310	368,586	376,706	386,035
Sewer		246,901	262,121	352,643	316,824	309,562	447,724	453,389	460,248	427,194
Total business-type activities expenses	171,093	491,678	577,558	730,663	678,298	685,713	836,034	821,975	836,954	813,229
Total primary government expenses	44,877,050	47,845,920	55,396,563	64,768,774	58,839,989	58,359,850	58,706,215	62,423,065	62,456,993	62,306,113
Program Revenues:										
Governmental activities:										
Charges for services:										
Administration	24,426	33,468							10,756	
Planning and community development	358,608	308,758	294,081	427,071	226,064	272,661	296,752	286,961	302,962	382,127
Community services	466,098	542,351	649,450	632,107	449,231	489,934	721,398	370,474	376,711	545,223
Public works	355,727	2,025,275	114,177	103,175	247,389	34,725	495,316	45,948	48,035	72,179
Public safety services	73,825	72,866	275,718	102,882	373,317	154,448	490,783	259,484	135,789	330,423
Records and financial services	382,248	362,998	121,541	108,141	94,691	97,487	117,532	122,561	125,682	104,747
Board of Education	683,133	740,835	1,136,808	1,245,530	1,206,132	1,299,973	1,235,591	1,180,834	1,236,580	1,227,663
Operating grants and contributions:										
Community services	258,205	108,972						23,516	54,620	38,258
Public works	306,498	150,197						713,000	243,507	200,290
Public safety services	2,000	2,000							26,500	11,500
Board of Education	9,973,203	12,364,381	12,142,535	24,146,095	15,560,242	15,676,752	15,742,394	16,506,865	16,733,049	17,510,095
Capital grants and contributions:										
Administration	550,012	159,320	571,630							
Planning and community development				631,245	212,265	749,762	1,227,483	289,946	102,017	247,737
Community services	170,657	482,162			1,178,000			848,986	300,640	642,137
Public works	9,144	469,897						256,910	436,075	94,000
Public safety services		216,825								
Board of Education	8,763,636	15,569,354	956,886	450,762	421,147	364,361	301,946	512,458		765,355
Interest expense					102,793	67,925	59,612	51,637	43,731	35,860
Total governmental activities program revenues	22,377,420	33,609,659	16,262,826	27,847,008	20,071,271	19,208,028	20,688,807	21,469,580	20,176,654	22,207,594
Business-type activities:										
Charges for services:										
Water	185,481	221,176	231,115	222,541	227,024	199,308	225,340	303,144	243,188	257,244
Sewer		96,069	104,868	161,817	181,663	227,429	268,531	337,485	333,676	325,755
Capital grants and contributions:										
Water	500,000	77,000	107,440	114,345	10,066	159,047				
Sewer			139,169							
Total business-type activities program revenues	685,481	394,245	582,592	498,703	418,753	585,784	493,871	640,629	576,864	582,999
Total primary government program revenues	23,062,901	34,003,904	16,845,418	28,345,711	20,490,024	19,793,812	21,182,678	22,110,209	20,753,518	22,790,593
Net (expense) revenue:										
Governmental activities	(22,328,537)	(13,744,583)	(38,556,179)	(36,191,103)	(38,090,420)	(38,466,109)	(37,181,374)	(40,131,510)	(41,443,385)	(39,285,290)
Business-type activities	514,388	(97,433)	5,034	(231,960)	(259,545)	(99,929)	(342,163)	(181,346)	(260,090)	(230,230)
Total primary government net expense	(21,814,149)	(13,842,016)	(38,551,145)	(36,423,063)	(38,349,965)	(38,566,038)	(37,523,537)	(40,312,856)	(41,703,475)	(39,515,520)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	29,742,683	31,445,290	33,851,289	34,457,677	36,444,090	36,569,603	37,290,129	38,343,637	39,058,990	39,472,811
Unrestricted grants and contributions	372,418	347,899	1,355,620	1,442,362	1,273,901	574,468	771,764	357,609	529,845	267,332
Investment income	522,920	686,252	1,020,661	588,117	358,911	398,723	448,225	202,173	264,739	293,666
Donated asset			884,165	2,198,752	555,592					
Miscellaneous	973,150	307,857	802,499	576,945	496,238	641,127	405,717	506,984	274,316	88,287
Transfers		(2,219,170)	(30,000)	(20,000)	(20,000)	(103,483)	(1,099,411)	(15,000)	(50,000)	(15,000)
Total governmental activities	31,611,171	30,568,128	37,884,234	39,243,853	39,108,732	38,080,438	37,816,424	39,395,403	40,077,890	40,107,096
Business-type activities:										
Investment income	7,843	17,987	26,960	21,111	8,208	3,064	819	1,490	1,245	1,227
Miscellaneous						4,903	9,863			
Transfers		2,219,170	30,000	20,000	20,000	103,483	1,099,411	15,000	50,000	15,000
Total business-type activities	7,843	2,237,157	56,960	41,111	28,208	111,450	1,110,093	16,490	51,245	16,227
Total primary government	31,619,014	32,805,285	37,941,194	39,284,964	39,136,940	38,191,888	38,926,517	39,411,893	40,129,135	40,123,323
Change in Net Position:										
Governmental activities	9,282,634	16,823,545	(671,945)	3,052,750	1,018,312	(385,671)	635,050	(736,107)	(1,365,495)	821,806
Business-type activities	522,231	2,139,724	61,994	(190,849)	(231,337)	11,521	767,930	(164,856)	(208,845)	(214,003)
Total Primary Government	$ 9,804,865	$ 18,963,269	$ (609,951)	$ 2,861,901	$ 786,975	$ (374,150)	$ 1,402,980	$ (900,963)	$ (1,574,340)	$ 607,803

TABLE 3

TOWN OF TOLLAND, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
General Fund:										
Reserved	$ 921,534	$ 1,083,083	$ 1,117,199	$ 1,484,504	$ 1,085,203	$ 1,176,551	$	$	$	$
Unreserved	4,206,752	4,353,581	4,894,670	5,175,165	5,855,314	6,119,876				
Restricted								140,862	170,722	59,680
Assigned							1,601,935	1,309,480	1,086,458	1,281,734
Unassigned							6,209,332	6,588,695	6,649,387	7,053,690
Total General Fund	$ 5,128,286	$ 5,436,664	$ 6,011,869	$ 6,659,669	$ 6,940,517	$ 7,296,427	$ 7,811,267	$ 8,039,037	$ 7,906,567	$ 8,395,104
All Other Governmental Funds:										
Reserved	$ 1,353,978	$ 6,886,690	$ 235,642	$ 642,654	$ 794,358	$ 329,059	$	$	$	$
Unreserved, reported in:										
Special Revenue Funds	1,537,946	2,329,034	2,349,434	2,690,894	2,932,590	2,836,172				
Capital Projects Funds	2,861,492	(9,734,439)	(3,706,449)	(483,411)	894,010	250,097				
Permanent Funds	107,148	503,184	574,396	523,715	442,255	781,822				
Nonspendable							350,896	349,238	354,191	353,280
Restricted							264,177	166,425	89,708	4,127,934
Committed							8,336,702	7,126,927	5,685,035	3,100,145
Unassigned								(2,459)		(4,173)
Total All Other Governmental Funds	$ 5,860,564	$ (15,531)	$ (546,977)	$ 3,373,852	$ 5,063,213	$ 4,197,150	$ 8,951,775	$ 7,640,131	$ 6,128,934	$ 7,577,186

TABLE 4

TOWN OF TOLLAND, CONNECTICUT

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Revenues:										
Property taxes	$ 29,784,967	$ 31,414,813	$ 33,785,185	$ 34,338,609	$ 36,412,114	$ 36,529,867	$ 37,233,490	$ 38,322,762	$ 39,100,634	$ 39,438,201
Intergovernmental	22,124,010	30,159,758	15,315,428	26,828,386	18,947,374	17,210,059	17,912,905	19,468,002	18,414,199	20,026,194
Charges for services	2,276,052	2,767,669	2,622,418	2,765,424	2,573,103	2,575,458	2,568,392	2,309,929	2,414,067	2,520,931
Investment income	509,167	682,401	1,020,661	588,117	358,912	398,723	448,225	202,173	264,739	289,584
Net increase in fair value of investment	13,753	3,851	7,277							
Other revenues	973,149	336,334	810,222	576,945	592,386	761,405	405,717	528,023	552,436	268,990
Total revenues	55,681,098	65,364,826	53,561,191	65,097,481	58,883,889	57,475,512	58,568,729	60,830,889	60,746,075	62,543,900
Expenditures:										
Administration	1,984,834	1,997,846	2,092,235	2,182,068	2,317,706	2,406,461	2,388,643	2,456,691	2,585,864	2,587,899
Planning and community development	362,361	385,289	390,443	430,956	370,967	353,395	357,485	353,474	369,838	328,045
Community services	1,550,788	1,528,215	1,647,115	1,688,501	2,169,528	1,976,783	1,482,441	1,779,801	1,258,941	1,477,915
Public works	4,095,039	3,633,670	4,188,154	4,413,376	4,766,504	4,758,619	4,588,172	4,672,022	5,079,375	4,423,762
Public safety services	1,101,353	1,261,595	1,353,132	1,406,752	1,460,169	942,775	1,402,161	1,530,271	1,623,645	1,667,369
Records and financial services	919,225	806,604	831,021	907,091	1,016,583	958,041	836,717	803,047	887,048	860,910
Contingency and other	46,713	43,979	41,193	42,154	41,734	48,783	106,293	681,042	39,993	144,636
Board of Education	30,670,813	32,882,552	34,667,352	46,345,151	39,122,338	39,905,194	39,894,224	42,059,147	42,599,914	43,424,363
Capital outlay	16,056,016	35,575,549	13,550,025	3,064,323	2,885,426	1,808,716	3,358,775	4,807,253	4,575,746	10,319,486
Debt service:										
Principal	3,014,754	2,866,629	2,273,331	2,460,067	2,961,839	3,118,640	3,300,490	3,445,310	3,402,386	3,383,503
Interest	752,026	1,497,019	1,670,476	1,845,519	1,823,321	1,700,016	1,572,380	1,572,380	1,572,380	1,572,380
Total expenditures	60,553,922	82,478,947	62,704,477	64,785,958	58,936,115	57,977,423	59,287,781	64,160,438	63,995,130	70,190,268
Excess of revenues over (under) expenditures	(4,872,824)	(17,114,121)	(9,143,286)	311,523	(52,226)	(501,911)	(719,052)	(3,329,549)	(3,249,055)	(7,646,368)
Other financing sources (uses):										
Proceeds from capital lease		424,486					3,600,000			9,598,157
Bond issue proceeds	10,000,000	17,215,000	9,015,000	4,255,000	2,010,000		2,525,000	2,675,000	1,460,000	
Issuance of refunding bonds								2,235,000	8,025,000	
Payments to escrow agents		(6,240,441)						(2,345,417)	(9,122,074)	
Bond premium		221,442	68,882		32,435			191,275	134,338	
Premium on refunding bond issuance								153,420	1,158,124	
Transfers in	406,942	593,091	1,658,825	980,003	1,637,398	834,944	884,920	630,810	603,353	510,704
Transfers out	(406,942)	(650,438)	(1,658,825)	(1,000,003)	(1,657,398)	(843,186)	(936,552)	(645,810)	(653,353)	(525,704)
Total other financing sources (uses)	10,000,000	11,563,140	9,083,882	4,235,000	2,022,435	(8,242)	6,073,368	2,894,278	1,605,388	9,583,157
Net change in fund balances	5,127,176	(5,550,981)	(59,404)	4,546,523	1,970,209	(510,153)	5,354,316	(435,271)	(1,643,667)	1,936,789
Fund balances at beginning of year	5,861,674	11,105,277 *	5,554,296	5,486,998 *	10,033,521	12,003,730	11,493,577	16,114,439 *	15,679,168	14,035,501
Fund Balances at End of Year	$ 10,988,850	$ 5,554,296	$ 5,494,892	$ 10,033,521	$ 12,003,730	$ 11,493,577	$ 16,847,893	$ 15,679,168	$ 14,035,501	$ 15,972,290
Debt Service as a Percentage of Noncapital Expenditures	9.1%	9.6%	8.1%	7.7%	9.2%	8.5%	8.5%	8.2%	8.2%	8.1%

* Fund balance restated

TABLE 5

TOWN OF TOLLAND, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Estate Assessed Value	Motor Vehicle Assessed Value	Personal Property Assessed Value	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Percentage of Total Assessed Value to Total Estimated Value
2005	$ 709,106,132	$ 102,703,295	$ 27,500,441	$ 839,309,868	35.40	$ 1,549,685,871	54.16%
2006	1,012,933,746	113,292,659	29,903,330	1,156,129,735	27.22	1,651,613,907	70.00%
2007	1,040,370,770	121,269,537	32,969,806	1,194,610,113	28.39	1,925,548,216	62.04%
2008	1,060,000,490	122,059,235	33,597,853	1,215,657,578	28.39	1,959,789,744	62.03%
2009	1,063,038,650	123,761,918	32,363,826	1,219,164,394	29.51	2,066,030,154	59.01%
2010	1,091,730,550	116,941,268	33,435,456	1,242,107,274	29.49	2,036,241,433	61.00%
2011	1,132,401,370	120,408,733	27,357,855	1,280,167,958	29.15	1,828,811,369	70.00%
2012	1,142,580,300	125,830,860	25,638,820	1,294,049,980	29.73	1,863,819,646	69.43%
2013	1,147,601,690	132,924,706	25,791,953	1,306,318,349	29.99	1,795,873,452	72.74%
2014	1,150,683,695	132,639,318	26,055,411	1,309,378,424	30.19	1,794,898,456	72.95%

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

	2014			2005		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Gross Taxable Assessed Grand List**	**Taxable Assessed Value**	**Rank**	**Percentage of Gross Taxable Assessed Grand List**
Capitol Ventures	$ 12,335,300	1	0.95%	$		
Connecticut Light and Power	8,661,700	2	0.67%	6,022,432	3	0.73%
MJB Realty (includes settlement agreement)	6,246,200	3	0.48%			
Silva Real Estate/Dari Farms	3,383,600	4	0.26%	7,885,200	2	0.95%
Gerber Scientific, Inc.	4,136,700	5	0.32%	10,845,450	1	1.31%
Summers and Summers Realty	4,128,000	6	0.32%	3,404,202	7	0.41%
Ivy Woods LLC	3,964,000	7	0.31%			
Norwegian Woods, Inc.	3,741,000	8	0.29%	3,749,350	6	0.45%
Carriage Crossing LLC	3,730,900	9	0.29%			
Tomlen	2,912,600	10	0.22%			
NERAC				5,179,370	4	0.63%
PAW Properties/Capstone Builders				2,854,020	10	0.35%
Interet Properties, Inc.				3,319,100	8	0.40%
SD Williams/Williams Construction				4,712,460	5	0.57%
T&S of CT/TAVCO/Crossen Builders				2,909,265	9	0.35%
Total	$ 53,240,000		4.11%	$ 50,880,849		6.15%

Note: Based on net taxable grand list, October 1, 2012 and October 1, 2003.

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
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	33,433,238	99.28%	235,189	33,668,427	99.98%
2008	28.39	34,273,077	34,008,516	99.23%	199,043	34,207,559	99.81%
2009	29.51	36,178,846	35,860,934	99.12%	295,918	36,156,852	99.94%
2010	29.49	36,374,695	36,045,689	99.10%	204,086	36,249,775	99.66%
2011	29.15	37,022,472	36,753,059	99.27%	224,531	36,977,590	99.88%
2012	29.73	38,100,458	37,743,231	99.06%	108,231	37,851,462	99.35%
2013	29.99	38,831,162	38,481,041	99.10%	79,275	38,560,316	99.30%
2014	30.19	39,263,225	38,885,680	99.04%		38,885,680	99.04%

TABLE 8

TOWN OF TOLLAND, CONNECTICUT

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

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt: General Obligation Bonds	General Bonded Debt: Other Bonds	Percentage of Actual Taxable Value of Property (a)	Per Capita	Sewer Notes	Capital Lease	Total Primary Government	Percentage of Personal Income (b)	Total Debt Per Capita
2005	$ 25,658,783	n/a	3.1%	$ 1,776	$ 1,362,508	$	$ 27,021,291	6.26%	$ 1,871
2006	34,332,276	n/a	2.9%	2,368	1,245,879	372,655	35,950,810	8.29%	2,479
2007	41,244,765	n/a	3.4%	2,815	1,127,548	316,165	42,688,478	9.75%	2,914
2008	43,143,372	n/a	3.5%	2,935	1,007,480	257,537	44,408,389	10.11%	3,021
2009	42,326,411	n/a	3.4%	2,878	885,641	196,693	43,408,745	9.88%	2,952
2010	39,311,535	n/a	3.1%	2,647	761,994	127,087	40,200,616	9.05%	2,707
2011	38,641,899	n/a	3.0%	2,567	636,504	3,668,014	42,946,417	9.55%	2,853
2012	38,267,549	n/a	2.9%	2,515	509,133	3,600,000	42,376,682	8.41%	2,785
2013	36,696,551	n/a	2.7%	2,438	384,543	3,466,667	40,547,761	6.43%	2,694
2014	32,610,000	n/a	2.5%	2,184	256,195	12,798,157	45,664,352	10.39%	2,997

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.

TABLE 9

TOWN OF TOLLAND, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2014

Total Tax Collections (Including Interest and Lien Fees) for the Year Ended June 30, 2014	$ 39,480,811
Reimbursement for Revenue Loss:	
Tax relief for elderly freeze	-
Base for Debt Limitation Computation	$ 39,480,811

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2 1/4 times base	$ 88,831,825	$	$	$	$
4 1/2 times base		177,663,650			
3 3/4 times base			148,053,041		
3 1/4 times base				128,312,636	
3 times base					118,442,433
Total debt limitation	88,831,825	177,663,650	148,053,041	128,312,636	118,442,433
Indebtedness:					
Bonds payable	7,034,079	23,982,921	1,593,000		
Bond authorized but unissued	5,710,100				
Less: School building grants receivable		(1,127,092)			
Net Indebtedness (1) (2)	12,744,179	22,855,829	1,593,000	-	-
Debt Limitation in Excess of Indebtedness	$ 76,087,646	$ 154,807,821	$ 146,460,041	$ 128,312,636	$ 118,442,433

(1) The total of the above net indebtedness amounts to: $ 37,193,008

In no event shall total indebtedness exceed seven times the base for debt limitation computation: $ 276,365,677

(2) There is no overlapping debt.

TABLE 10

TOWN OF TOLLAND, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Debt limit	$ 206,909,829	$ 219,545,501	$ 235,696,293	$ 240,090,690	$ 253,980,272	$ 255,521,231	$ 260,406,559	$ 267,626,436	$ 273,336,217	$ 276,365,677
Total net debt applicable to limit	81,512,403	80,627,288	53,637,510	71,644,562	69,053,708	44,220,139	43,543,142	40,060,513	37,096,154	37,193,008
Legal Debt Margin	$ 125,397,426	$ 138,918,213	$ 182,058,783	$ 168,446,128	$ 184,926,564	$ 211,301,092	$ 216,863,417	$ 227,565,923	$ 236,240,063	$ 239,172,669
Total net debt applicable to the limit as a percentage of debt limit	39.4%	36.7%	22.8%	29.8%	27.2%	17.3%	16.7%	15.0%	13.6%	13.5%

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 2014 debt limit can be found in the notes to the financial statements.

TABLE 11

TOWN OF TOLLAND, CONNECTICUT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population (3)	Personal Income	Per Capita Personal Income (1)	Median Age (4)	School Enrollment	Unemployment Rate (2)
2005	14,446	$ 431,819,832	$ 29,892	37.4	3,103	3.4%
2006	14,500	433,434,000	29,892	37.4	3,181	3.3%
2007	14,650	437,917,800	29,892	37.4	3,142	3.1%
2008	14,699	439,382,508	29,892	40.0	3,131	4.2%
2009	14,705	439,561,860	29,892	40.0	3,149	6.2%
2010	14,853	443,985,876	29,892	40.0	3,149	6.3%
2011	15,052	449,934,384	29,892	40.0	3,020	6.5%
2012	15,216	503,771,328	33,108	38.0	2,977	6.1%
2013	15,052	630,422,916	41,883	40.0	2,837	5.9%
2014	14,931	625,355,073	41,883	40.0	2,733	5.2%

Sources:
(1) U.S. Department of Commerce, Bureau of Census, 2010 Census
(2) State of Connecticut, Department of Labor, Labor Market Information
(3) Connecticut Department of Public Health (estimated 2011)
(4) Connecticut Economic Resource Center (CERC) Town Profile (2013)

TABLE 12

TOWN OF TOLLAND

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

	2014			2005		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Town of Tolland (1)	507	1	6.2%	485	2	6.1%
Gerber Garment Technologies	335	2	4.1%	500	1	5.4%
Woodlake at Tolland	241	3	3.0%	200	4	2.0%
Big Y	220	4	2.7%	200	4	N/A
CNC Software	146	5	1.8%	N/A	N/A	N/A
Dari Farms	126	6	1.6%	170	5	2.3%
Standard Register	71	7	0.9%	160	6	1.5%
NERAC, Inc.	62	8	0.8%	240	3	2.4%
Northeast Utilities	62	9	0.8%	N/A	N/A	N/A
Soldream, Inc.	60	10	0.7%	N/A	N/A	N/A
	1,830					

Notes:
(1): Full-time equivalents

TABLE 13

TOWN OF TOLLAND, CONNECTICUT

TOWN GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year									
Function	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Administration	4	4	4	4	4	4	4	4	4	4
Planning and community development	7	7	7	7	7	5	5	5	5	4
Community services	20	20	20	20	17	18	18	18	18	16
Public works	34	34	34	34	35	34	33	33	32	31
Public safety services	9	9	9	10	11	12	12	12	13	13
Records and financial services	16	16	16	15	14	14	14	14	14	14
Total	90	90	90	90	88	87	86	86	86	82

**Based on head count

TABLE 14

TOWN OF TOLLAND, CONNECTICUT

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year									
Function	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Planning and community development:										
Residential permit inspections	65	66	40	50	20	9	6	8	7	13
Commercial permit inspections	12	24	23	20	25	12	22	11	34	21
Subdivision lots approved (P&Z Comm)	11	12	2	5	2	8	2	3		
COs issued (P&Z Services)	268	283	277	350	700	131	146	212	28	195
Elderly services:										
Senior center attendance	9,000	9,750	9,500	7,239	8,000	8,568	7,792	8,029	8,405	8,511
Library:										
Total circulation	144,698	148,380	177,798	138,265	148,891	144,512	136,776	112,356	119,949	122,365
Attendance at library	109,588	108,872	87,477	83,698	94,723	97,219	91,294	70,000	77,231	77,630
Recreation:										
Youth programs and sports participation	3,311	3,009	2,991	3,108	3,221	2,553	2,243	2,213	2,111	2,316
Adult programs and sports participation	1,667	1,216	1,213	1,281	1,333	1,576	1,397	1,061	965	970
Refuse and recycling:										
Tons of refuse co-generated	6,427	6,554	6,864	6,864	5,970	4,595	4,557	4,806	4,348	4,256
Tons of single stream recycling	1,925	2,062	2,082	2,187	1,530	1,824	1,840	1,737	1,772	1,730
Public safety:										
Ambulance medical calls	807	815	823	868	954	1,031	1,095	1,183	1,102	1,135
Ambulance non-emergency calls	2,100	2,121	2,142	2,324	2,221	2,253	2,343	2,534	2,610	2,120
Fire calls	406	410	414	432	427	476	264	540	505	517
Fire medical calls*	807	815	823	868	954	1,031	1,095	1,183	N/A	N/A
Fire non-emergency calls	2,100	2,121	2,142	2,234	2,221	2,253	2,343	2,534	2,610	2,120
Hazardous materials	63	64	65	66	43	43	44	51	53	50
Other calls / service calls**									283	304
Law enforcement:										
Criminal investigations	469	502	450	357	450	375	214	169	398	396
Motor vehicle accident investigations	347	350	340	279	350	286	252	255	234	251
Registrar of voters:										
Total registered voters	9,421	9,400	9,400	9,278	10,000	9,661	9,300	9,186	9,419	9,100
Revenue services:										
Total taxes collected	$ 29,537,037	$ 31,229,206	$ 33,665,945	$ 34,183,960	$ 36,079,493	$ 36,045,688	$ 36,706,615	$ 37,641,605	$ 38,505,984	$ 3,885,680

* no longer used

** new in 2013

TABLE 15

TOWN OF TOLLAND, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year									
Function	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Fire stations	5	5	5	5	5	5	5	5	5	5
Municipal buildings	21	21	21	21	21	21	21	21	21	21
Schools	4	4	5	4	4	4	4	4	4	4
Parks and recreation:										
Fields - Municipal	16	16	16	16	16	16	16	16	16	16
Fields - Schools	10	10	16	16	16	16	16	16	16	16
Water:										
Water mains (Municipal) (miles)	59,191	66,591	67,560	66,591	66,991	66,991	66,991	66,991	66,994	66,994
Water mains (Private) (miles)	66,272	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772	69,772
Fire hydrants (Public)	70	79	84	85	86	86	86	86	86	86
Fire hydrants (Private)	12	12	12	12	14	15	15	15	15	15
Wastewater:										
Sewer line (feet)	41,532	41,532	41,532	41,532	41,532	46,432	46,432	46,432	46,432	46,432
Highway:										
Paved miles	119.81	119.81	120.25	122.79	123.11	123.11	123.50	123.60	123.68	123.68
Unimproved miles	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85