

NEW MONEY ISSUE: Book-Entry-Only

RATING: Standard & Poor's Corporation: "AAA"

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the material accuracy of representations and continuing compliance by the Town with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds may be includable in the adjusted current earnings of certain corporations for purposes of computing the federal alternative minimum tax on such corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax. (See Appendix B - "Form of Opinion of Bond Counsel and Tax Matters" herein.)



Town of Tolland, Connecticut
\$7,565,000
General Obligation Bonds, Issue of 2015
(Bank-Qualified)

Dated: Date of Delivery

Due: Serially, October 15, 2016 - 2035
As shown below:

The Bonds will bear interest payable on April 15, 2016 and semiannually thereafter on April 15 and October 15 in each year until maturity. The Bonds are issuable only as fully-registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

Year	Principal	Coupon	Yield	CUSIP ¹	Year	Principal	Coupon	Yield	CUSIP ¹
2016	\$ 300,000	— %	— %	889481	2026	\$ 380,000	— %	— %	889481
2017	385,000	— %	— %	889481	2027	380,000	— %	— %	889481
2018	385,000	— %	— %	889481	2028	380,000	— %	— %	889481
2019	385,000	— %	— %	889481	2029	380,000	— %	— %	889481
2020	385,000	— %	— %	889481	2030	380,000	— %	— %	889481
2021	385,000	— %	— %	889481	2031	380,000	— %	— %	889481
2022	385,000	— %	— %	889481	2032	380,000	— %	— %	889481
2023	385,000	— %	— %	889481	2033	380,000	— %	— %	889481
2024	385,000	— %	— %	889481	2034	380,000	— %	— %	889481
2025	385,000	— %	— %	889481	2035	380,000	— %	— %	889481

The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.

Electronic bids via PARITY® for the Bonds will be received until 11:30 A.M. (Eastern Time) on Tuesday, October 13, 2015, at the Town Council Chambers, 6th Level, Hicks Memorial Municipal Center, 21 Tolland Green, Tolland, Connecticut 06084.

The Bonds will be general obligations of the Town of Tolland, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. See "Security and Remedies" herein.

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Bonds will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made through the facilities of DTC in New York, New York on or about October 21, 2015.

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesman or other person has been authorized by the Town of Tolland, Connecticut (the "Town") to give any information or to make any representations in connection with the offering of the Bonds, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement or any earlier date as of which any information continual herein is given.

Set forth in Appendix A – "2014 General Purpose Financial Statements Excerpted from the Town's Comprehensive Annual Financial Report" hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

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

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Bond Issue Summary

The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informal decision. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, October 13, 2015 at 11:30 A.M. (E.D.T.)
Location of Sale:	Town of Tolland, Town Council Chambers, 6 th Level, Hicks Memorial Municipal Center, 21 Tolland Green, Tolland, Connecticut 06084.
Issuer:	Town of Tolland, Connecticut (the "Town").
Issue:	\$7,565,000 General Obligation Bonds, Issue of 2015 (the "Bonds").
Dated Date:	Date of Delivery
Principal and Interest Due:	Principal due serially October 15, 2016 through October 15, 2035. Interest due April 15 and October 15 in each year until maturity, commencing April 15, 2016.
Purpose:	The Bonds are being issued to provide new money for, and retire maturing notes initially issued to finance various general purpose and school projects for the Town. See "Authorization and Purpose" herein.
Redemption:	The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
Security:	The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Bonds are rated "AAA" by Standard & Poor's Corporation ("S&P").
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Matters:	See Appendix B – "Form of Opinion of Bond Counsel and Tax Matters" herein.
Bank Qualification:	The Bonds <u>shall be</u> designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of certain interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data, notices of certain events and notices of failure to provide required information with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Financial Advisor:	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 283-1110.
Legal Opinion:	Udike, Kelly & Spellacy, P.C., of Hartford, Connecticut will act as Bond Counsel.
Separate CUSIPS:	Separate CUSIP numbers for the Bonds are required. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about October 21, 2015. Delivery of the Bonds will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Lisa Hancock, Director of Finance and Records, Town of Tolland, Hicks Memorial Municipal Center, 21 Tolland Green, Tolland, Connecticut 06084. Telephone: (860) 871-3658.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Tolland, Connecticut (the "Town"), in connection with the issuance and sale of \$7,565,000 General Obligation Bonds, Issue of 2015 (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale dated October 5, 2015 has been furnished to prospective bidders. Reference is made to the Notice of Sale, which is included herein as Appendix D, for the terms and conditions of the bidding on the Bonds.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact or certainty, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such statutes or other laws and acts and proceedings of the Town. All references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

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

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

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

Financial Advisor

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

The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. An agreement between the Town and Phoenix Advisors, LLC has been entered into to conform to Municipal Securities Rulemaking Board Rule G-23.

The Bonds

Description of the Bonds

The Bonds will mature on October 15 in each of the years and in the principal amounts as set forth on the front cover page hereof. The Bonds will be dated the date of delivery and bear interest at the rates per annum specified on the front cover page, payable semiannually on April 15 and October 15 in each year until maturity, commencing April 15, 2016. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of March and September, in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. Principal will be payable at the principal office of U.S. Bank National Association, as Paying Agent. The Bonds will be issued as fully registered in denominations of \$5,000 or any integral multiple thereof.

Redemption Provisions

The Bonds maturing on or before October 15, 2022 are not subject to redemption prior to maturity. The Bonds maturing on October 15, 2023 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after October 15, 2022 at any time, either in whole or in part, in such amounts and in such order of maturity, (but by lot within a maturity) as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
October 15, 2022 and thereafter	100%

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

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as Cede & Co., as nominee of the Depository Trust Company ("DTC"), is the registered owner of the Bonds being called for redemption, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its contents or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interest in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by or the responsibility of the Town, the Registrar or Paying Agent.

Authorization and Purpose

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

Various Capital Projects (2011–12): Bonds are being issued pursuant to appropriations and bonding authorizations in the aggregate amount of \$1,542,944 adopted by the Town Council on July 26, 2011 for the purpose of financing the cost of pavement resurfacing, sealing and repair of certain roads and parking lots (\$566,991 appropriation and bond authorization), certain drainage improvements (\$60,000 appropriation and bond authorization), roof replacement at the Tolland Public Library (\$396,215 appropriation and bond authorization), the installation of an engine drive generator at the Hicks Memorial Municipal Center and Library (\$80,000 appropriation and bond authorization), the acquisition of a dump truck (\$145,000 appropriation and bond authorization), certain improvements to Tolland Intermediate School (\$216,738 appropriation and bond authorization), and certain driveway pavement improvements (\$78,000 appropriation and bond authorization).

Various Capital Projects (2013–14): Bonds are being issued pursuant to appropriations and bonding authorizations in the aggregate amount of \$1,567,300 adopted by the Town Council on July 9, 2013, for the purpose of financing the cost of pavement resurfacing, sealing, repair and reconstruction of, and the drainage replacement, repairs and improvements to, all or portions of certain town roads (\$951,300 appropriation and bond authorization), the installation of fiber-optic lines to connect certain buildings of the Town for communication purposes (\$300,000 appropriation and bond authorization), purchasing heavy machinery and equipment, such as a bucket loader to be used for loading and hauling salt, sand, catch basins, pipes and other materials and a front line truck to be used in connection with the transport of asphalt, gravel and other materials, plowing, sanding and other purposes (\$316,000 appropriation and bond authorization).

Various Capital Projects (2014–15): Bonds are being issued pursuant to appropriations in the aggregate amount of \$2,078,168 and bonding authorizations in the aggregate amount of \$1,710,775 adopted by the Town Council on July 8, 2014, for the purpose of financing the cost of pavement resurfacing, sealing, overlay, repair and/or reconstruction of, and the drainage replacement and design, repairs and improvements to, all or portions of certain Town roads (\$850,000 appropriation and \$510,507 bond authorization), installation of fiber-optic lines to connect certain buildings of the Town for communication purposes (\$762,245 appropriation and \$734,345 bond authorization), purchasing heavy machinery and equipment, such as the replacement of a truck body to extend the life of an all-season front line truck and the acquisition of an all-season front line truck to be used in connection with the transport of asphalt, gravel and other materials, plowing, sanding and other purposes (\$270,000 appropriation and bond authorization), and façade improvements for Tolland Intermediate School (\$195,923 appropriation and bond authorization).

Various Capital Projects (2015–16): Bonds are being issued pursuant to appropriations in the aggregate amount of \$2,215,520 and bonding authorizations in the aggregate amount of \$2,091,608 adopted by the Town Council on July 14, 2015, for the purpose of financing the cost of parking expansion at the recreation center, construction of a parent drop-off area at Tolland Intermediate School and drainage improvements to, all or portions of certain Town roads (\$363,404 appropriation authorization), public works garage renovations (\$1,442,460 appropriation authorization), and school security improvements for Tolland High School, Tolland Middle School, Tolland Intermediate School and Birch Grove Primary School (\$409,608 appropriation authorization).

Tolland Public Library Project: Bonds are being issued pursuant to an appropriation and bonding authorization in the amount of \$2,600,000 adopted by the Town Council on November 5, 2013, for costs related to the Tolland Public Library expansion project.

Road Improvement Project (2012): Bonds are being issued pursuant to an appropriation and bonding authorization in the amount of \$5,000,000 adopted by the Town Council on November 6, 2012, for the purpose of financing the cost of pavement resurfacing, sealing, overlay, drainage improvements, repair and reconstruction of all or portions of certain Town roads.

Open Space (active – 2000): Bonds are being issued pursuant to an appropriation and borrowing authorization of \$1,300,000 adopted at referendum on November 7, 2000 to fund the acquisition of parcels of land, development rights, easements, interests or rights therein for open space, conservation and active recreation.

Open Space (2003): Bonds are being issued pursuant to an appropriation and borrowing authorization of \$2,000,000 adopted at referendum on November 4, 2003 to fund the acquisition of parcels of land or rights therein for preservation, conservation and passive recreation.

Open Space (2006): Bonds are being issued pursuant to an appropriation and borrowing authorization of \$2,000,000 adopted at referendum on November 7, 2006 to fund the acquisition of parcels of land or rights therein for preservation, conservation and passive recreation.

School Security Project: Bonds are being issued pursuant to a resolution authorizing an appropriation in the amount of \$414,864 and bonding in an amount up to \$240,041 adopted by the Town Council on December 9, 2014 for the cost of school security improvements for Tolland High School, Tolland Middle School, Tolland Intermediate School and Birch Grove Primary School.

<i>Project</i>	<i>Amount Authorized</i>	<i>Previously Bonded</i>	<i>Notes Due: 10/21/15</i>	<i>New Money/ (Paydowns)</i>	<i>The Bonds</i>
Various Capital Projects (2011-12).....	\$ 1,542,944	\$ 1,006,206	\$ 115,229	\$ -	\$ 115,229
Various Capital Projects (2013-14).....	1,567,300	-	950,787	276,300	1,227,087
Various Capital Projects (2014-15).....	1,710,775	-	1,710,775	-	1,710,775
Various Capital Projects (2015-16).....	2,091,608	-	-	75,912	75,912
Tolland Public Library.....	2,600,000	-	633,209	466,791	1,100,000
Road Improvements (2012).....	5,000,000	-	2,000,000	1,000,000	3,000,000
Open Space (active-2000).....	1,300,000	1,270,000	-	30,000	30,000
Open Space (2003).....	2,000,000	1,995,120	-	4,880	4,880
Open Space (2006)	2,000,000	1,669,880	-	126,294	126,294
School Security Project.....	240,041	-	-	174,823	174,823
Total	\$ 20,052,668	\$ 5,941,206	\$ 5,410,000	\$ 2,155,000	\$ 7,565,000

School Projects

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

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

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

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities

Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and Interest on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

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

Replacement Bonds

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bond to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will issue fully-registered bond certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from general property tax revenues of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There were no acres of such certified forest land on the last completed Grand List of the Town. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town a portion of the amount of the tax revenue which the Town would have received except for the limitation on its power to tax dwelling houses of qualified elderly persons of low income.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain other revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

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

Qualification for Financial Institutions

The Bonds shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Availability of Continuing Information

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

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

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds to provide certain annual financial information and event notices pursuant to the Rule. To its knowledge, in the past five years, the Town has not failed to comply in any material respect with its undertakings under such agreements.

Ratings

The Bonds have been assigned a rating of "AAA" by Standard & Poor's Corporation ("S&P"). The Town furnished the rating agency certain information and materials, some of which may not have been included in this Official Statement. Such rating reflect only the view of the rating agency and an explanation of the significance of the rating may be obtained from such rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions on its own. There can be no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the marketability or market price of the Town's outstanding debt obligations, including the Bonds.

The Town expects to furnish the rating agency with certain information and materials that the agency may request. However, the Town may issue short-term or other debt for which a rating is not requested.

Bond Insurance

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

II. The Issuer

(CT Map will be inserted for Final Official Statement)

Description of the Municipality

The Town is celebrating its 300th birthday this year. CNN-Money Magazine began taking its biennial national poll of Best Small Towns in 2005. For communities in the 8,500-50,000 population range, Tolland has consistently ranked in the top 40 (ranking as high as 27 in 2009). There are currently 3,570 communities in this category. The ranking is based upon a strong local economy, great schools, affordable homes, low crime, and several ease-of living criteria. Tolland has also been consistently the highest ranked Connecticut town by CNN-Money Magazine. In its write-up on Tolland, CNN-Money Magazine states that “residents of Tolland live in a mix of modernity and historic charm.” Tolland was ranked 34th in 2015 in Money Magazine’s “100 Best Places to Live” list 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 (the “University”) is within 10 miles of virtually any point within the Town. The main entrance road to the University goes through Tolland which increases the Town’s potential for further expansion of retail, commercial and multi-family housing in and around the travel way to the University. The University is in the process of a major expansion of its Storrs Campus that includes the development of a Business Research Park and an expansion in the number of students and faculty.

Tolland’s legacy includes a New England town green of substantial proportions as its signature amenity. Tolland Green is the heart of the community, and the area around it is 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. Many of these Colonial, Greek Revival and Victorian structures are still being used as residences and by several churches and businesses. Municipal offices and the Town Library anchor one end of the Green. A few

miles from the Green, the Town's oldest home, the 1733 Daniel Benton Homestead Museum, was restored by the local Historical Society with grant funding, symbolizing the value the community places on preserving its heritage. The Town is a growing 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 slowed down over the last 5 years due to the economic downturn, planned changes in zoning regulations and purchase by the Town of open space. There are indications of increased activity in the commercial and multi-family sector based on applications pending before the Planning and Zoning Commission and discussions with potential developers.

Economic Development

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, Tolland Village Area, Technology Zone 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 145,000 square foot athletic facility. In 2009, Star Hill Family Athletic Center began its operation and now offers residents 100,000 square feet of athletic fields, a swimming pool, fitness equipment, locker rooms and meeting rooms as well as office space for medical offices. Currently there are efforts to promote the development of a solar farm through a private entity on one of the remaining properties which will provide the Town with rental income of approximately \$30,000 per year for the next twenty years.

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, the Tolland Village Area and the Technology Zone Campus, all with easy access to Interstate 84.

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. Importantly, it brought the sewer network closer to the Gateway Design District, which has potential for additional development. The second extension continued from Old Post Road through the Gateway to the new High School which greatly expanded the business area beginning with a commercial campus in the south-west quadrant of the Gateway Design District. This 123,000-square-foot development includes a Big Y supermarket of 60,000 square feet and three smaller business buildings housing a new branch for a bank, a medical facility, a restaurant and other retail stores. Phase III was completed in 2010 extending the sewer line farther down Route 195 to the Technology Campus Zone. The Town received a \$200,000 STEAP Grant to combine with sewer assessments for this extension. The Planning and Zoning Commission approved an 87-unit multi-family development adjacent to the Technology Zone.

Prospects for mixed use development of the Tolland Village Area, adjacent to the Interstate 84 interchange, and the Technology Campus Zone are favorable.

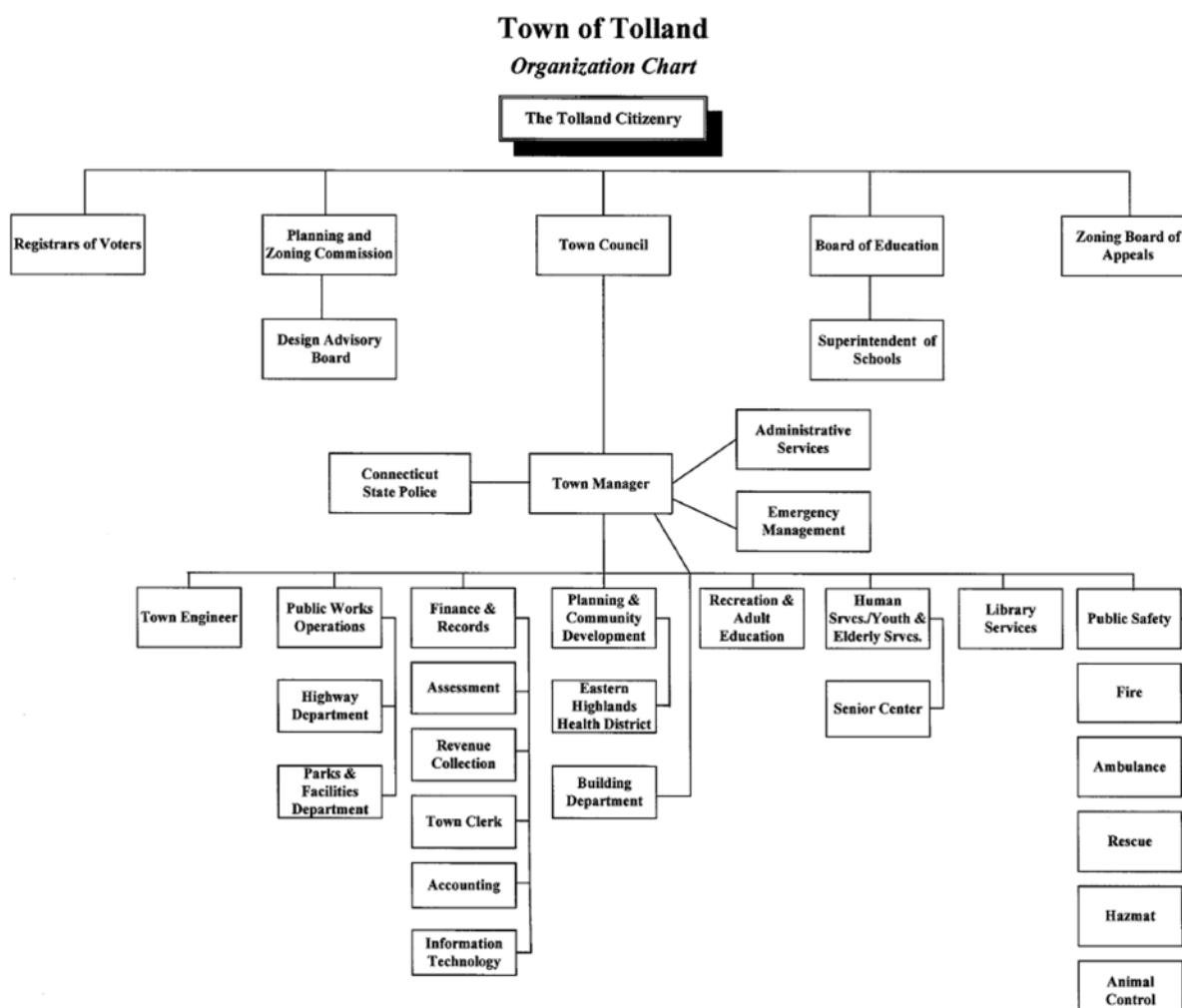
In 2009, the Planning and Zoning Commission adopted an updated Plan of Conservation and Development which includes a residential/commercial build-out analysis as well as a review of the economic development goals of the community. The adoption of regulations to allow mixed use development in the Tolland Village Area and technology uses in the Technology Zone Campus were an outgrowth of the Plan. 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 and 74 in the westerly part of Town. The Town and its Economic Development Commission has been working with property owners, developers and residents to promote development in both areas that will take advantage of public water and sewer systems recently installed.

Tolland's attractiveness to new business and general population, as evidenced by its growth, was documented in the 2015 edition of Money Magazine's "100 Best Places to Live" in the United States. Government statistics reflect a well-educated citizenry with a median family income of \$103,358 (From CERC Town Profile 2014). Tolland's unemployment rate decreased from 4.6% as of June 2014 to 3.5% as of August 2015. The State of Connecticut's unemployment rate decreased from 6.4% to 5.6% during the same period.

Form of Government

Tolland is governed by a charter first adopted in 1973 (amended most recently in May 2004) under home rule provisions of the Connecticut General Statutes. As provided in the Charter, the Town utilizes the Council-Manager form of government. The seven members of the Town Council, who are elected at large for two-year terms, comprise the legislative and policy-making body of the Town. The Town Manager, who is appointed by the Town Council on the basis of executive and administrative qualifications, character, education, training and experience, is the full-time Chief Executive Officer. The Town Council elects its chairperson and vice-chairperson and appoints members to various Town boards, commissions, and committees. The Town Manager appoints department heads. The Town Manager and the Director of Finance and Records are responsible for the financial management of the Town.

Registered voters also have the power to approve or reject at referendum, with exceptions, any ordinance or other measure passed by the Town Council, including bonding authorizations, if a petition for the conduct of such referendum is filed within 30 days after adoption that contains the signatures of at least 5% of the registered voters at the last municipal election.



Town Officials

Office	Name	Manner of Selection/Term	Years of Service
Town Manager	Steven R. Werbner	Appointed/indefinite	10 years
Town Council Chairperson	Jack Scavone	Elected/2 years	4 years
Director of Finance and Records.....	Lisa A. Hancock	Appointed/indefinite	3 years ¹
Assistant Finance Director/Treasurer...	Agata Herasimowicz	Appointed/indefinite	8 years ²
Town Clerk	Sheila Bailey	Appointed/indefinite	1 year ³
Collector of Revenue	Michele Manas	Appointed/indefinite	4 years
Assessor	Jason Lawrence	Appointed/indefinite	3 years
Director of Planning and Community Development	Heidi Samokar	Appointed/indefinite	<1 year ³
Superintendent of Schools	Dr. Walter Willett	Appointed/indefinite	<1 year ⁴

¹ Ms. Hancock has over 31 years of municipal finance experience, with 29 of them in leadership positions. She has a strong background in technology improvements, policy development, budgeting and analysis, debt management, financial reporting and control, and cash management.

² Ms. Herasimowicz is resigning from her position in October of this year. Her duties as Treasurer shall be assumed by the Director of Finance and Records on October 22, 2015.

³ There have been a few retirements over the past year. All of the positions have been filled with highly qualified and professional people with several years of experience within their field.

⁴ The Superintendent of Schools retired in August, 2014. After an extensive search process the Board of Education appointed Dr. Walter Willett as Superintendent of Schools. Dr. Willett was previously a principal in the Tolland School System.

Municipal Services

The Town's municipal services are currently organized under six (6) major divisions. They include: Administration, Finance and Records, Planning and Community Development, Community Services, Public Works and Environmental Maintenance, and Public Safety Services.

Administration: The Town Manager provides general supervision to all Town departments, which collectively staff approximately 78 employees. The Office of the Town Manager handles all human resource issues and other administrative services.

Finance and Records: The Town's financial operations, which include revenue collection, assessment services, town clerk, and accounting services, operate from several independent offices, all under the supervision of the Director of Finance and Records. The Accounting Office handles all financial transactions and administers financial control by balancing appropriations and expenditures with revenues. The Office of the Assessor compiles and updates valuation of all property within Tolland's borders. The Collector of Revenue is responsible for the prompt collection of all levied taxes. The Town Clerk is responsible for the recording and maintenance of all Town records.

Planning and Community Development: The Division of Planning and Community Development provides planning, zoning, health, inland wetlands, and building inspection services to residents and businesses of the Town. The Division employs a Director of Planning and Community Development and Building Inspector. Effective May 1, 2000, the Town joined the Eastern Highlands Health District to share sanitarian services with the Towns of Mansfield, Coventry, and Bolton. Since that time, the Towns of Andover, Ashford, Chaplin, Columbia, Scotland, and Willington have also joined the District. Through economies of scale, the District is able to provide high quality service to Tolland residents and businesses while realizing some financial benefits.

Community Services: The Community Services Department encompasses human services, library services, and recreation. A Library Director oversees the Tolland Library. The Director of Human Services oversees a Social Service Department, which provides a Marriage and Family Therapist, a Youth Services Coordinator, an Elderly Outreach Caseworker, and a Senior Center Director. The Town's Director of Recreation administers all recreational programs for Town residents, including an adult education program. Several recreational programs often occur during weekends and holidays. The Director of Recreation coordinates all park and field maintenance activities in conjunction with the Parks and Facilities Supervisor. One hundred forty-six acres were added to Crandall Park, which has a pond, hiking trails, pavilion, playground, and athletic fields, and provides an attractive and safe location for the Town's recreational activities. The Director operates The Lodge, a year-round

rental facility overlooking Powell Pond in Crandall II Park. The facility can hold up to 100 guests with tables and chairs. The Pavilion at Crandall II Park is also available for rent seasonally and can hold up to 100 guests. Heron Cove Park and River Park include additional athletic fields to serve the Town. Kollar Wildlife Management Area, which covers 1,000 acres along the Willimantic River, is a popular site for hiking, biking, and fly-fishing; the Nye-Holman State Forest offers additional recreational opportunities. In 2013-14 two new recreational facilities were added to the Town. A new Artificial Turf field is available to the public for sports use and rental. The new Crossfarms Concession Stand at Crossfarms Recreation Complex also provides income to assist with the maintenance of that new building. The Town's Capital Improvement program includes a plan to construct an additional ball field at the complex along with a splash park.

Public Works: The Public Works Department is divided into three service areas: Administration, Parks and Facilities and Highway Division. Administration focuses on coordinating department activities, oversight of contracted services, implementation of the capital improvement program, budget preparation and supporting activities to the Town Manager's office. The Parks and Facilities Division provide maintenance and repairs required to maintain Town buildings, cemeteries and grounds. The Highway Division is primarily focused on keeping Tolland's roads free from hazards and preserving the Town's investment in infrastructure through its pavement management program, maintenance activities such as sweeping and roadside mowing, and less routine activities such as drainage improvements, snow plowing and storm drainage restoration. The Public Works Department comprises 31 full-time employees and one part-time employee and is supplemented by contracted firms.

Engineering: Engineering is involved in the design and development of in-house projects, review of submissions to the Planning and Zoning Commission, and support services to the Water Pollution Control Authority and Tolland Water System.

Public Safety: The Town's Public Safety Services include police, fire, ambulance, and canine control. The Town contracts with the Connecticut State Police for the provision of law enforcement services throughout the Town, which includes a sergeant and four troopers. This contingent of officers coordinates closely with the Tolland-based State Police barracks to provide public safety services to residents and businesses. The Town employs a Public Safety Director to administer all fire, ambulance, and emergency services throughout the Town. The Director also serves as the Tolland Fire Department's Fire Chief. In 2012, the Town added an Assistant Public Safety Director to assist with the department demands and also serves as the Assistant Fire Chief and Fire Marshal. The Fire Department consists of both paid and volunteer firefighters operating out of four firehouses located strategically throughout the Town to minimize response time during emergency situations. In an effort to provide funding for replacement vehicles, ambulance revenues in excess of \$36,237 are earmarked annually for a capital equipment replacement fund in the Capital Improvement Plan. The plan for ambulance revenues has been in effect for all fiscal years since fiscal year 2001.

Water: The Town water system provides water services to a small sector of the community, servicing approximately 502 residences, 33 businesses, 10 private fire services and six municipal accounts. In addition, the Town operates two satellite systems to address neighborhood needs. The Connecticut Water Company services other designated sections throughout the Town.

Sewer: Public sewers are available in the west central portion of the Town, including the expanded business park. The sewers have also been extended down to the schools, through the Gateway Design District and up Route 195.

Public Schools

An elected Board of Education of nine members makes the policy for the Town's pre-kindergarten through grade twelve educational system. It appoints the Superintendent of Schools who has responsibility for administration of the Tolland school system. As of October 2015 Tolland schools had an enrollment of approximately 2,676 students being taught in four facilities: the Birch Grove Primary School (grades Pre-K-2), the Tolland Intermediate School housing grades 3-5, the Tolland Middle School housing grades 6-8 and Tolland High School (grades 9-12). Parker Memorial Elementary School closed in September 2008 when the old High School reopened as the new home for the middle school and the Intermediate School replaced the original middle school. A portion of Parker Memorial currently houses the recreation offices and is used for community programs.

Tolland students consistently rank well ahead of State averages in all categories of academic performance testing and have measured up well with peers in comparable communities (towns designated by the Connecticut

Department of Education as constituting an Education Reference Group or ERG). In contrast to this evidence of good outcome, the financial input to education is modest; Tolland's expenditures per pupil remain below the average for all school districts in Connecticut as well as in the ERG.

School Enrollment

<i>Historical</i>				
<i>School Year</i>	<i>Elementary Grades Pre-K-5</i>	<i>Middle Grades 6-8</i>	<i>High Grades 9-12</i>	<i>Total</i>
2008	1,436	771	942	3,149
2009	1,390	770	949	3,109
2010	1,364	750	940	3,054
2011	1,307	740	930	2,977
2012	1,250	695	913	2,858
2013	1,183	689	860	2,732
2014	1,141	684	853	2,678
2015	1,141	684	851	2,676
<i>Projected</i>				
<i>School Year</i>	<i>Grades Pre-K-5</i>	<i>Grades 6-8</i>	<i>Grades 9-12</i>	<i>Total</i>
2016	1,036	650	801	2,487
2017	1,003	600	779	2,382
2018	976	563	759	2,298

Source: Town of Tolland, Board of Education

School Facilities¹

<i>School</i>	<i>Grades</i>	<i>Date of Construction (Additions, Remodeling)</i>	<i>Number of Classrooms</i>	<i>Estimated 10/1/2015 Enrollment</i>	<i>Rated Capacity</i>
Tolland High School	9-12	2006	46 ²	851	1,300
Tolland Middle School	6-8	1971 (1975)	37	684	840
Tolland Intermediate School	3-5	1963 (1995)	47	581	1,090
Birch Grove Primary School	Pre-K, K-2	1999	16	560	785
Total.....			146	2,676	4,015

¹ Figures based on data from 2015-2016 school year.

² Excludes labs and science rooms.

Source: Town of Tolland, Board of Education

Principal Public Facilities

<i>Facility</i>	<i>Year of Acquisition or Improvements</i>	<i>Type of Construction</i>	<i>Planned Major Improvements</i>
Crandall's Lodge	1989	Wood frame	None
Crandall Park Pavilion	2011	Post & Beam	None
Crossfarms Concession Stand.....	2014	Concrete Block/Wood	None
Senior Center	1998	Wood frame	None
Maintenance Garage	1991	Steel	None
Highway Garage/Addition	1981	Steel/concrete block	Future Expansion
Old Tolland County Jail Museum	1856	Brick/Masonry	None
Town Hall Arts Center	1879/1997	Wood frame	None
Tolland Recreation Center/Old Parker School....	1964/1992/2011	Concrete block	Potential Renovation
State Resident Troopers Office	1900	Wood frame	None
Hicks Municipal Center	1986 / 2011	Brick/concrete block	None
Plains Road Firehouse	1990	Concrete block	None
Crystal Lake Road Firehouse	1996	Concrete block	None
Fire Training Center	1998	Wood frame	Potential Renovation
Rhodes & Merrow Road Firehouse.....	1973	Concrete block	None
Gehring Road Firehouse	1975	Concrete block	None

Employee Relations and Collective Bargaining

Municipal Employees ¹

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
General Government.....	78	77	77	80	81
Board of Education.....	422	427	427	444	443
Total.....	500	504	504	524	524

¹ Includes Full-Time Equivalents

Municipal Employee Bargaining Organizations

Organization	Positions Covered	Current Contract Expiration Date
IAFF Local 3954	6.00	6/30/2016
Teamsters Local 1035	21.50	6/30/2016
Tolland Educational Association ¹	214.45	6/30/2017
Tolland Administrators ¹	11.00	6/30/2017
Tolland Paraprofessionals ¹	94.40	6/30/2016
Tolland School Nurses ¹	7.00	6/30/2017
CSEA Local 2001 Town Hall Employees	25.68	6/30/2016
Tolland Custodian, Maintenance & Grounds	23.50	6/30/2017
Association of Education Secretaries ¹	20.40	6/30/2017
Total Bargaining Group Employees.....	423.93	
Non Bargaining	76.72	
Total Bargaining and Non-Bargaining Employees....	500.65	

¹ Includes Full-Time Equivalents

Source: Town of Tolland

Binding Arbitration

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective October 1, 1997, for binding arbitration of teachers' contracts, in assessing the financial capability of a town, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any items subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

III. Economic and Demographic Information

Population and Density

Year	Actual Population¹	% Increase	Density²
2013 ³	14,977	-0.5%	371.6
2010	15,052	14.5%	373.5
2000	13,146	19.5%	326.2
1990	11,001	13.5%	273.0
1980	9,694	23.4%	240.5
1970	7,857	-	195.0

¹ U.S. Department of Commerce, Bureau of Census, Census of Population 1970-2010.

² Per square mile: 40.3 square miles.

³ American Community Survey, 2009-2013

Age Distribution of the Population

Age	Town of Tolland		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	526	3.5%	197,395	5.5%
5 to 9 years	1,225	8.2	220,139	6.1
10 to 14 years	1,525	10.2	236,742	6.6
15 to 19 years	926	6.2	255,816	7.1
20 to 24 years	739	4.9	229,708	6.4
25 to 34 years	1,119	7.5	428,258	12.0
35 to 44 years	2,287	15.3	469,746	13.1
45 to 54 years	2,891	19.3	568,510	15.9
55 to 59 years	987	6.6	246,210	6.9
60 to 64 years	838	5.6	210,753	5.9
65 to 74 years	1,082	7.2	269,422	7.5
75 to 84 years	593	4.0	164,260	4.6
85 years and over	239	1.6	86,602	2.4
Total.....	14,977	100%	3,583,561	100%
Median Age (Years) 2013.....	42.1		40.2	
Median Age (Years) 2010.....	41.6		40.0	

¹ U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey 2009-2013

Income Distribution

Income	Town of Tolland		State of Connecticut	
	Households	Percent	Households	Percent
\$ 0 - \$ 9,999.....	95	1.7%	76,257	5.6%
10,000 - 14,999.....	64	1.2	54,030	4.0
15,000 - 24,999.....	206	3.8	113,614	8.4
25,000 - 34,999.....	217	4.0	106,176	7.8
35,000 - 49,999.....	387	7.1	148,806	11.0
50,000 - 74,999.....	753	13.8	223,674	16.5
75,000 - 99,999.....	820	15.1	178,175	13.1
100,000 - 149,999.....	1,499	27.6	227,122	16.8
150,000 - 199,999.....	751	13.8	105,201	7.8
200,000 and over.....	649	11.9	122,794	9.1
Total.....	5,441	100.0%	1,355,849	100.0%

Source: American Community Survey 2009-2013

Income Levels

	Town of Tolland	State of Connecticut
Per Capita Income, 2013.....	\$ 43,846	\$ 37,892
Per Capita Income, 2010.....	\$ 41,883	\$ 36,775
Median Family Income, 2013.....	\$ 112,261	\$ 87,245
Median Family Income, 2010	\$ 108,564	\$ 84,170

Source: American Community Survey 2009-2013

Educational Attainment Years of School Completed - Age 25 and Over

	Town of Tolland		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	176	1.8%	109,133	4.5%
9th to 12th grade.....	337	3.4	155,272	6.4
High School graduate.....	2,217	22.1	678,370	27.8
Some college, no degree.....	1,761	17.5	431,469	17.7
Associate's degree	1,013	10.1	178,597	7.3
Bachelor's degree.....	2,382	23.7	498,124	20.4
Graduate or professional degree.....	2,150	21.4	392,796	16.1
Total.....	10,036	100.0%	2,443,761	100.0%
Total high school graduate or higher (%).....		94.9%		89.6%
Total bachelor's degree or higher (%).....		45.2%		36.9%

Source: American Community Survey 2009-2013

**Major Employers
As of October 2015**

Employer	Nature of Business	Number of Employees
Town of Tolland.....	Municipality	498
Gerber Garment Technologies.....	Precision Instruments	300
Woodlake at Tolland.....	Nursing Home	275
Big Y.....	Supermarket	210
CNC Software.....	Software Supplier	154
Dari Farms.....	Sales	128
Star Hill Athletic Facility. ¹	Athletic Facility	75
Eversource.....	Utility	62
Soldream, Inc.....	Precision Instruments	60
NERAC, Inc.....	Rese	40

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

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

Sector	Town of Tolland		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	33	0.4%	6,945	0.4%
Construction.....	471	5.8	99,444	5.7
Manufacturing.....	809	10.0	193,945	11.0
Wholesale trade.....	239	3.0	43,550	2.5
Retail trade.....	768	9.5	191,841	10.9
Transportation warehousing, and utilities.....	315	3.9	65,630	3.7
Information.....	184	2.3	41,588	2.4
Finance, insurance, real estate, and leasing.....	1,112	13.8	160,976	9.1
Professional, scientific, management, administrative, and waste management.....	723	8.9	194,959	11.1
Education, health and social services.....	2,220	27.5	464,177	26.4
Arts, entertainment, recreation, accommodation and food services.....	355	4.4	148,097	8.4
Other services (except public admin.).....	333	4.1	81,443	4.6
Public Administration.....	524	6.5	66,817	3.8
Total Labor Force, Employed.....	8,086	100.0%	1,759,412	100.0%

Source: American Community Survey 2009-2013

Employment Data By Place of Residence

Period	Town of Tolland		Percentage Unemployed		
	Employed	Unemployed	Town of Tolland	Hartford Labor Market	State of Connecticut
August 2015.....	8,284	302	3.5%	5.6%	5.5%
Annual Average					
2014.....	8,041	397	4.7	6.7	6.7
2013.....	7,920	468	5.6	7.9	7.9
2012.....	8,088	502	5.8	8.4	8.3
2011.....	7,994	531	6.2	8.9	8.8
2010.....	7,961	550	6.5	9.0	9.0
2009.....	8,023	530	6.2	8.3	8.2
2008.....	8,111	345	4.1	5.7	5.7
2007.....	8,031	274	3.3	4.7	4.6
2006.....	7,974	260	3.2	4.6	4.4
2005.....	7,785	282	3.5	5.1	4.9

Source: State of Connecticut, Department of Labor.

Age Distribution of Housing

Year Built	Town of Tolland		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	298	5.5%	336,587	22.6%
1940 to 1949.....	107	2.0	105,742	7.1
1950 to 1959.....	592	10.9	232,555	15.6
1960 to 1969.....	1,192	21.8	200,430	13.5
1970 to 1979.....	711	13.0	200,576	13.5
1980 to 1989.....	834	15.3	192,185	12.9
1990 to 1999.....	816	15.0	111,295	7.5
2000 or 2009.....	844	15.5	102,666	6.9
2010 or later.....	62	1.1	4,959	0.3
Total Housing Units	5,456	100.0%	1,486,995	100.0%

Source: American Community Survey 2009-2013

Housing Inventory

Housing Units	Town of Tolland		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	5,005	91.7%	882,026	59.3%
1-unit, attached.....	94	1.7	80,070	5.4
2 units.....	-	-	119,386	8.0
3 or 4 units.....	79	1.4	132,699	8.9
5 to 9 units.....	86	1.6	80,615	5.4
10 to 19 units.....	62	1.1	54,993	3.7
20 or more units.....	114	2.1	124,355	8.4
Mobile home.....	16	0.3	12,427	0.8
Boat, RV, van, etc.....	-	-	424	0.0
Total Inventory.....	5,456	100.0%	1,486,995	100.0%

Source: American Community Survey 2009-2013

Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Tolland		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	60	1.2%	20,800	2.3%
\$50,000 to \$99,000.....	47	0.9	24,638	2.7
\$100,000 to \$149,999.....	111	2.2	66,934	7.3
\$150,000 to \$199,000.....	690	13.7	135,714	14.8
\$200,000 to \$299,999.....	2,009	39.8	264,832	28.8
\$300,000 to \$499,999.....	1,873	37.1	250,076	27.2
\$500,000 or more.....	234	4.6	114,622	12.5
\$1,000,000 or more.....	19	0.4	41,872	4.6
Total.....	5,043	100.0%	919,488	100.0%
Median Value.....	\$275,500		\$278,900	

Source: American Community Survey 2009-2013

Housing Vacancy Rates

Housing Units	Town of Tolland		State of Connecticut	
	Units	Percent	Units	Percent
Occupied housing units	5,441	99.7%	1,355,849	91.2%
Vacant housing units	15	0.3%	131,146	8.8%
Total units	5,456	100.0%	1,486,995	100.0%
Homeowner vacancy rate	—	0.0	—	1.6
Rental vacancy rate	—	0.0	—	7.1

Source: American Community Survey 2009-2013

Building Permits

Fiscal Year Ended 6/30	Single-Family Residential		Total ¹	
	Number	Value	Number	Value
2015.....	10	\$ 2,887,827	1,137	\$15,299,492
2014.....	13	4,212,416	914	11,237,363
2013.....	7	1,960,249	997	9,776,438
2012.....	8	2,781,931	1,078	12,885,208
2011.....	6	1,543,195	871	8,337,237
2010.....	9	1,957,878	745	10,207,828
2009	9	1,842,000	896	7,294,212
2008	40 ²	8,311,792	1,038	18,969,292
2007	40	8,256,000	1,125	17,935,790
2006.....	66	12,748,000	1,337	25,558,223
2005.....	79	14,067,879	1,350	62,717,499 ³

¹ Includes Commercial and Industrial

² Includes eight single-family apartment units

³ Uncludes \$34.8 million for new high school and \$1 million for 60,000-square-foot supermarket

Land Use Summary

The Town experienced considerable single-family residential growth from 1995 to 2005 issuing approximately 100 dwellers' permits each year. After a nine-month subdivision moratorium, which ended in December 2005, new Natural Resource Density Based Zoning Regulations were adopted to determine development potential in accordance with the property characteristics and constraints. The adoption of such regulations served to reduce the development potential of much vacant land and rendered some very steep, wet or rocky land unsuitable for development. The Plan of Conservation and Development adopted in 2009 identified the need for more diverse housing stock and the Planning and Zoning Commission has adopted revisions to regulations to permit multi-family housing developments in and adjacent to commercial zones.

Currently, the Town continues to purchase open space with grant assistance as well as acquire it as part of the few approved subdivisions. Residential and commercial development has slowed considerably due to current market forces, although an application for an 87-unit, multi-family housing development was recently approved by the Town Planning and Zoning Commission.

Land Use Category	Developed		Undeveloped		Total Area	
	Acres	% of Total	Acres	% of Total	Acres	Percent
Residential	10,209	39.6%	8,544	33.1%	18,753	72.7%
Commercial	600	2.3	400	1.6	1,000	0.0
Open space.....	-	-	6,039	23.4	6,039	0.2
Total.....	10,809	41.9%	14,983	58.1%	25,792	100.0%

Source: Tolland Planning & Community Development Department, GIS February, 2015.

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IV. Tax Base Data

Property Tax – Assessments

Under Section 12-62 of the Connecticut General Statutes, as amended, the Town must conduct a revaluation of its real property every five years based on generally accepted mass appraisal methods. The Town completed a statistical revaluation effective as of October 1, 2014, and a full physical revaluation will be required in five years or October 1, 2019.

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

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion onto the grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed values for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town on October 1. For the list of October 1, 2014, Tolland's net taxable grand list amounted to \$1,255,177,000. Assessments for real estate are computed at 70% of the estimated market value at the time of the last general revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year the Town's Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current grand list are warranted.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. Upon issuance of a certification of completion, a physical inspection is conducted and the structure is given a new fair market value is determined with the aid of schedules developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties and estimate changes to existing income streams.

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

Motor vehicle registration lists are furnished to the Town by the State Department of Motor Vehicles. The Office of Policy and Management has indicated that the average retail values represented by the National Automobile Dealers Association pricing guides must be utilized in preparation of the grand lists. These values are applied uniformly and equitably to all vehicles in the Town; a myriad of exemptions are then applied to qualifying applicants. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the DMV after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 grand list. If such registration occurs subsequent to November 1 but prior to the following August 1, the tax is prorated, and the proration is based on the period of time from the date of registration until the following October 1. Motor vehicles purchased in August and September are not taxed until the next October 1 grand list. The same process is applied to the Supplemental Motor Vehicle list, which represents new or replacement vehicles which were registered after the October 1 assessment date, but before the following July 1. Bills for this supplemental list are issued the following January, eighteen months after the grand list date.

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

Comparative Assessed Valuations (000s)

Grand List As Of 10/1	Residential Real Property (%)	Commercial and Industrial Real Property (%)	Other Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List (000's)	Exemptions, Veterans Relief and Disabled (000's)	Net Taxable Grand List (000's)	Percent Growth
2014 ¹	79.5%	8.0%	0.5%	2.3%	7.7%	\$1,266,018	\$ 10,841	\$ 1,255,177	-3.5%
2013	82.1	6.2	0.5	2.0	9.2	1,312,486	11,567	1,300,919	0.4%
2012	82.0	6.3	0.5	2.0	9.2	1,307,091	11,294	1,295,797	0.2%
2011	81.6	6.2	0.6	2.4	9.2	1,304,100	10,811	1,293,289	0.9%
2010	82.3	6.2	0.6	2.0	8.9	1,299,161	17,200	1,281,961	1.1%
2009 ¹	82.0	6.1	0.6	2.7	8.6	1,284,654	16,498	1,268,156	3.0%
2008	82.0	6.5	0.7	3.1	8.8	1,247,397	15,862	1,231,535	0.8%
2007	81.1	6.4	0.3	3.0	9.2	1,236,836	15,172	1,221,664	1.6%
2006	81.8	5.9	0.2	3.1	9.0	1,215,225	13,273	1,201,952	-

¹ Revaluation.

Source: Town of Tolland, Assessor's Office.

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List (000's)	Mill Rate	Adjusted Annual Levy (000's)	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 8/31/2015
2014 ³	2016 ²	\$ 1,255,177	33.36	\$41,586,635	<i>In Collection</i>		
2013	2015	1,300,919	31.05	40,444,416	99.1% ¹	0.9%	0.72%
2012	2014	1,295,797	30.19	38,885,680	99.2	0.8	0.20
2011	2013	1,293,289	29.99	38,831,167	99.1	0.9	0.09
2010	2012	1,281,961	29.73	38,099,627	99.0	1.0	0.05
2009 ³	2011	1,268,156	29.15	37,018,564	99.1	0.9	-
2008	2010	1,231,535	29.49	36,331,806	99.2	0.8	-
2007	2009	1,221,664	29.51	36,178,846	99.1	0.9	-
2006	2008	1,201,952	29.39	34,273,077	99.2	0.8	-

¹ Subject to audit.

² Budgeted.

³ Revaluation.

Source: Town of Tolland, Tax Collector

Ten Largest Taxpayers

Name of Taxpayer	Taxable Assessed Value	Percent of Net Taxable Grand List ¹
Capitol Ventures	\$ 13,848,900	1.10%
Eversource	12,838,960	1.02%
Gerber Scientific, Inc.	7,444,200	0.59%
Summers and Summers Realty	5,575,200	0.44%
Silva Real Estate/Dari Farms	5,448,690	0.43%
Norwegian Woods, Inc.	5,321,100	0.42%
MJB Realty	5,241,680	0.42%
Ivy Woods LLC	4,173,800	0.33%
Carriage Crossing LLC	3,374,400	0.27%
Tomlen LLC.....	2,773,700	0.22%
Total.....	\$ 66,040,630	5.26%

¹ Based on the Net Taxable Grand List of October 1, 2014 of \$1,255,177,000.

Source: Town of Tolland, Assessor's Office.

V. Debt Summary
Principal Amount of Indebtedness
As of October 21, 2015
(Pro Forma)

Long-Term Debt: ^{1,2}

Date	Purpose	Interest Rate %	Original Issue	Amount Outstanding	Fiscal Year of Maturity
09/01/05	General Purpose	3.75-4.25	\$ 698,779	\$ 42,671	2018
09/01/05	School	3.75-4.50	16,516,221	1,582,329	2018
09/15/06	General Purpose	4.00-5.00	465,000	24,750	2018
09/15/06	School	4.00-5.00	7,050,000	375,250	2018
09/15/06	Sewer	3.90-5.00	1,500,000	125,000	2018
09/01/07	General Purpose	3.90-5.00	1,855,000	95,000	2018
09/01/07	School	3.90-5.00	2,400,000	115,000	2018
09/01/08	General Purpose	3.00-4.00	2,010,000	765,000	2019
08/01/10	General Purpose	2.00-4.00	825,000	661,640	2031
08/01/10	School	2.00-4.00	1,700,000	1,363,360	2031
10/18/11	General Purpose	2.00-4.00	1,942,000	1,217,000	2027
10/18/11	School	2.00-4.00	2,235,000	1,480,000	2024
10/18/11	Sewer	2.00-4.00	733,000	533,000	2027
08/29/12	Series A - General Purpose	1.50-3.00	1,145,310	909,960	2028
08/29/12	Series A - School	1.50-3.00	314,690	250,040	2028
08/29/12	Series B - General Purpose	3.00-5.00	256,700	155,100	2026
08/29/12	Series B - School	3.00-5.00	6,579,900	6,062,600	2026
08/29/12	Series B - Sewer	3.00-5.00	1,188,400	1,022,300	2026
10/22/14	General Purpose	2.00-4.00	1,499,715	1,451,765	2028
10/22/14	School	2.00-4.00	7,517,285	7,455,235	2028
10/22/14	Sewer	2.00-4.00	618,000	618,000	2023
Total Outstanding Bonded Debt....			\$ 59,050,000	\$ 26,305,000	
This Issue					
2015	General Purpose	tbd	\$ 7,275,000	\$ 7,275,000	
2015	School	tbd	290,000	290,000	
Total This Issue.....			\$ 7,565,000	\$ 7,565,000	
Grand Total.....			\$66,615,000	\$ 33,870,000	

¹ Excludes bonds refunded or defeased.

² Excludes \$129,298 of Clean Water Fund Loan principal at 2%.

Short-Term Debt
As of October 21, 2015
(Pro Forma)

The Town has no outstanding short-term debt.

Other Obligations

Solid Waste Service Contract: The Town in 2010 joined together with twenty-one towns in the region to solicit proposals for disposal services provided after 2012. After extensive review, the Town chose Willimantic Waste as the service provider. Beginning on December 1, 2012, the Town entered into a new contract with Willimantic Waste for \$60.00 per ton for the fiscal year. The cost will increase by 2.5% each year or the cost of living, whichever is less. The current tipping fee is \$64.58 per ton. Currently, Willimantic Waste also provides the Town with collection services as well as collection and disposal of recyclables. In addition the Town receives a \$25 per ton rebate from Willimantic Waste for recyclables collected.

Sewer Treatment Service Contract: The Town entered into an agreement on April 6, 1989 with the Town of Vernon whereby under certain conditions, the Town of Vernon will receive sanitary sewage, septage and industrial waste from the Town. The Town of Vernon has agreed to maintain a sewage treatment plant for treatment of domestic sewage and industrial waste water in compliance with State and Federal requirements. The Town, along with the Towns of Ellington, South Windsor, and Manchester, has agreed to pay the Town of Vernon a share of the total capital construction costs and future required improvements, modifications and/or enlargements plus accrued interest at the applicable financing rate. The Town of Vernon entered into a Clean Water Fund Project Loan Obligation with the State of Connecticut in December 1997 for \$27,635,550. The Town has agreed to pay its share (6.33%) of the annual debt service associated with the Town of Vernon's loan obligation to the State, consisting of principal and semi-annual interest payments. As of September 30, 2015, Tolland's share of outstanding principal will be \$102,678. The loan matures in 2016 and bears interest at 2%.

Qualified Energy Conservation Bond Taxable Lease Obligation: In June 2011, the Town entered into a 15-year, \$3.6 million taxable lease obligation, at an interest rate of 5.11%, with Chase Equipment Finance, providing funds for geothermal energy improvements to the Hicks Municipal Building. The Town expects to receive a subsidy from the U.S. Treasury in the amount of 70% of the interest calculated at the U.S. Treasury-determined tax credit rate (5.01%) over the life of the obligation. However, because of federal spending cuts known as sequestration, the subsidy payments were reduced by 7.2% in part of federal fiscal year ending September 30, 2014, reduced by 7.3% in fiscal year ending September 30, 2015, and reduced by 6.8% in fiscal year ending September 30, 2016. Sequestration for direct-pay bond subsidies and other mandatory spending is currently set to last through fiscal 2024.

Qualified Energy Conservation Lease Obligation: In October 2013, the Town entered into a 20-year, \$9,598,170 lease obligation, at an interest rate of 3.49%, with TD Equipment Leasing, providing funds for various energy improvements and efficiencies that are expected to save enough in energy costs to completely pay the lease payments. The lease payments are subject to annual appropriation.

Annual Bonded Debt Maturity Schedule
As of October 21, 2015
(Pro Forma)

Fiscal Year Ended 6/30 ¹	Principal Payments	Interest Payments	Total Debt Service	This Issue Principal		Total Principal	Cumulative Principal Retired %
				General Purpose	Schools		
2016 ²	\$ -	\$ 478,772	\$ 478,772	\$ -	\$ -	\$ -	0.00%
2017	3,135,000	899,422	4,034,422	285,000	15,000	3,435,000	10.14%
2018	3,080,000	797,997	3,877,997	370,000	15,000	3,465,000	20.37%
2019	2,760,000	701,525	3,461,525	370,000	15,000	3,145,000	29.66%
2020	2,500,000	602,563	3,102,563	370,000	15,000	2,885,000	38.18%
2021	2,495,000	507,969	3,002,969	370,000	15,000	2,880,000	46.68%
2022	2,510,000	406,413	2,916,413	370,000	15,000	2,895,000	55.23%
2023	2,185,000	306,956	2,491,956	370,000	15,000	2,570,000	62.81%
2024	2,210,000	218,278	2,428,278	370,000	15,000	2,595,000	70.48%
2025	2,020,000	142,369	2,162,369	370,000	15,000	2,405,000	77.58%
2026	1,560,000	84,694	1,644,694	370,000	15,000	1,945,000	83.32%
2027	840,000	47,913	887,913	366,000	14,000	1,220,000	86.92%
2028	560,000	26,025	586,025	366,000	14,000	940,000	89.70%
2029	150,000	14,400	164,400	366,000	14,000	530,000	91.26%
2030	150,000	8,813	158,813	366,000	14,000	530,000	92.83%
2031	150,000	3,000	153,000	366,000	14,000	530,000	94.39%
2032	-	-	-	366,000	14,000	380,000	95.51%
2033	-	-	-	366,000	14,000	380,000	96.63%
2034	-	-	-	366,000	14,000	380,000	97.76%
2035	-	-	-	366,000	14,000	380,000	98.88%
2036	-	-	-	366,000	14,000	380,000	100.00%
Total.....	\$ 26,305,000	\$ 5,247,106	\$ 31,552,106	\$ 7,275,000	\$ 290,000	\$ 33,870,000	

¹ Excludes bonds refunded or defeased.

² Excludes principal payments of \$2,985,000 and interest payments of \$529,612 made from July 1, 2015 through October 21, 2015.

Overlapping/Underlying Debt

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

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

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Debt Statement
As of October 21, 2015
(Pro Forma)

Long-Term Debt Outstanding:

General Purpose (Includes this issue).....	\$ 12,597,886
Schools (Includes this issue).....	18,973,814
Sewers.....	2,298,300
Total Long-Term Debt.....	33,870,000
Short-Term Debt	-
Direct Debt.....	33,870,000
Overlapping / Underlying Debt	-
Total Overall Debt.....	33,870,000
Less: School Construction Grants Receivable (As of June 30, 2015)	832,216
Total Overall Net Debt.....	\$ 34,702,216

Current Debt Ratios
As of October 21, 2015
(Pro Forma)

Population (2013) ¹	14,977
Net Taxable Grand List (10/1/14)	\$1,255,177,000
Estimated Full Value (70%).....	\$1,793,110,000
Equalized Net Grand List (10/1/13) ²	\$1,824,222,787
Money Income per Capita (2013) ¹	\$43,846

	Total Overall Debt	Total Overall Net Debt
Per Capita.....	\$2,261.47	\$2,317.03
Ratio to Net Taxable Grand List.....	2.70%	2.76%
Ratio to Estimated Full Value.....	1.89%	1.94%
Ratio to Equalized Net Grand List.....	1.86%	1.90%
Debt per Capita to Money Income per Capita (2013)....	5.16%	5.28%

¹ American Community Survey, 2009-2013

² Office of Policy and Management, State of Connecticut.

Authority to Incur Debt

The Town of Tolland has the power to incur indebtedness as provided by the Connecticut General Statutes and the Town Charter. The issuance of bonds and notes is authorized by resolution of the Town Council. Notes and bonds may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes. Under the Town Charter, if any bond issue or note issue exceeds five percent (5%) of the current tax levy in any fiscal year, said bond or note issue must be approved by the Town's voters at referendum. Notwithstanding the foregoing, refunding bonds may be issued pursuant to a resolution of the Town Council (CGS Sec. 7-370c).

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable, and the legislative body schedules principal reductions by no later than the end of the third year and for each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time by which temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from certain sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Maturities

Except for refunding bonds that achieve net present value savings, general obligation (serial or term) bonds are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50%, or aggregate annual principal and interest payments must be substantially equal. The term of the issue may not exceed twenty years, except in the case of sewer and school bonds, which may mature in up to thirty years.

Limitation of Indebtedness

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

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

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

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

Statement of Statutory Debt Limitation
As of October 21, 2015
(Pro Forma)

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2015..... ¹	\$ 40,511,022
Reimbursement For Revenue Loss (Tax relief for elderly).....	-
Base for Debt Limitation Computation.....	\$ 40,511,022

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 ¹ / ₄ times base.....	\$ 91,149,801	\$ -	\$ -	\$ -	\$ -
4 ¹ / ₂ times base.....	-	182,299,601	-	-	-
3 ³ / ₄ times base.....	-	-	151,916,334	-	-
3 ¹ / ₄ times base.....	-	-	-	131,660,823	-
3 times base.....	-	-	-	-	121,533,067
Total Debt Limitation.....	\$ 91,149,801	\$182,299,601	\$151,916,334	\$ 131,660,823	\$ 121,533,067
Indebtedness:					
Bonds Outstanding	\$ 5,322,886	\$ 18,683,814	\$ 2,298,300	\$ -	\$ -
Bonds – This Issue.....	7,275,000	290,000	-	-	-
Debt Authorized But Unissued.....	4,220,022	166,727	-	-	-
Total Net Indebtedness.....	16,817,908	19,140,541	2,298,300	-	-
DEBT LIMITATION IN EXCESS					
OF OUTSTANDING INDEBTEDNESS....	\$ 74,331,893	\$163,159,060	\$149,618,034	\$ 131,660,823	\$ 121,533,067

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$283,577,157

¹ Subject to audit.

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

Authorized but Unissued Debt
As of October 21, 2015
(Pro Forma)

Project	Date	Amount	Previously	Grants /	Authorized
	Authorized	Authorized	Bonded	Paydowns	But Unissued Debt
Various Capital Projects (2011-12).....	07/26/2011	\$ 1,542,944	\$ 1,006,206	\$ 320,000	\$ 101,509
Various Capital Projects (2013-14).....	07/09/2013	1,567,300	-	339,713	500
Various Capital Projects (2014-15).....	07/08/2014	1,710,775	-	-	-
Various Capital Projects (2015-16).....	07/14/2015	2,091,608	-	-	2,015,696
Tolland Public Library.....	11/05/2013	2,600,000	-	1,500,000	-
Road Improvements (2012).....	11/06/2012	5,000,000	-	-	2,000,000
Open Space (active-2000).....	11/07/2000	1,300,000	1,270,000	-	-
Open Space (2003) ¹	11/04/2003	2,000,000	1,995,120	-	-
Open Space (2006) ¹	11/07/2006	2,000,000	1,669,880	-	203,826
School Security Project.....	12/09/2014	240,041	-	-	65,218
Total.....		\$ 20,052,668	\$ 5,941,206	\$ 2,159,713	\$ 4,386,749

¹ The authorization permits grant money to be spent above and beyond the authorized bonding amount.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Net Long-Term Debt (000s)¹	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income³
2015 ⁴	\$1,300,919	\$1,858,456	\$35,849	2.76%	1.93%	14,977	2.39	0.01%
2014	1,295,797	1,851,139	35,850	2.77%	1.94%	14,977	2.39	0.01%
2013	1,293,289	1,847,556	36,697	2.84%	1.99%	14,977	2.45	0.01%
2012	1,281,961	1,831,373	38,268	2.99%	2.09%	14,977	2.56	0.01%
2011	1,268,156	1,811,651	38,390	3.03%	2.12%	14,977	2.56	0.01%
2010	1,231,535	1,759,336	39,040	3.17%	2.22%	14,977	2.61	0.01%

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

² Bureau of Census.

³ American Community Survey (2009-2013), Money Income Per Capita \$38,738.

⁴ Subject to audit.

Source: Town of Tolland Audited Financial Reports 2010-2014.

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

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures¹	Ratio of Total Debt Service To General Fund Expenditures
2015 (Est.)	\$ 4,542,249	\$ 53,201,794	8.92%
2014	4,744,210	56,879,940	8.34%
2013	4,642,785	56,482,370	8.22%
2012	4,751,795	55,736,331	8.53%
2011	4,730,620	51,380,440	9.21%
2010	4,672,806	50,708,868	9.21%

¹ Includes transfers out.

Source: Town of Tolland Finance Department.

VI. Financial Administration

Fiscal Year

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

Basis of Accounting

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, GASB issued Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." The statement established a new reporting model for governments that is substantially different from prior reporting standards. The government-wide financial statements report information on all of the non-fiduciary activities of the Town. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The Town has established separate funds for governmental functions under General Fund, Special Revenue Funds, and Capital Projects Funds. The Town's accounting records for Governmental Funds follow the modified accrual basis of accounting; that is, revenues are recognized in the accounting period in which they become both measurable and available to finance operations of the fiscal period. The major source of revenue that is recognized under the modified accrual basis are funds received from the State of Connecticut and the Federal government. Expenditures are recognized in the accounting period in which the fund liability is incurred. The accrual basis of accounting is used for Agency and Pension Trust Funds. Revenues are recognized when earned and expenses are recognized when incurred. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

See "Notes to the Financial Statements" in Appendix A herein for more information.

Budget Procedure

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

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

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

The Town Council shall hold one (1) or more public hearings at which any registered or non-registered voter may have an opportunity to be heard regarding appropriations for the ensuing fiscal year. Following the receipt of all estimates from the Town Manager and the holding of the final such public hearing, the Town Council

shall prepare a budget and shall recommend the same at the Annual Budget Presentation, to be held no later than one (1) week prior to the Budget Referendum. [Charter of the Town of Tolland, § C9-9]

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

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

Capital Improvement Plan

The Town Manager submits annually a proposed five-year Capital Improvement Plan to the Town Council. The following is a summary of the plan (fiscal years ending 2016–2020) as submitted to the Town Council in the Town Manager’s fiscal year 2016 Budget.

Purpose	Fiscal 2015-16	Fiscal 2016-17	Fiscal 2017-18	Fiscal 2018-19	Fiscal 2019-20	Total
Administration.....	\$ 23,263	\$ 372,368	\$ 19,803	\$ 19,803	\$ 19,803	\$ 455,040
Board of Education.....	1,212,297	47,000	6,046,385	40,000	-	7,345,682
Capital Equipment.....	133,500	263,000	205,500	269,000	153,000	1,024,000
Fire and Ambulance.....	140,000	-	270,000	83,000	270,000	763,000
Parks and Recreation.....	166,000	-	-	-	-	166,000
Public Facilities.....	1,531,230	265,000	1,166,000	-	25,000	2,987,230
Streets and Roads.....	702,265	731,727	850,000	1,100,000	1,100,000	4,483,992
Tree Trimming.....	39,715	68,273	-	-	-	107,988
Total Expenditures	\$ 3,948,270	\$ 1,747,368	\$ 8,557,688	\$ 1,511,803	\$ 1,567,803	\$ 17,332,932

Funding	Fiscal 2015-16	Fiscal 2016-17	Fiscal 2017-18	Fiscal 2018-19	Fiscal 2019-20	Total
General Fund Contribution.....	\$ 183,814	\$ 247,368	\$ 68,000	\$ 168,803	\$ 172,803	\$ 840,788
Bonds and Notes.....	1,510,692	977,014	6,202,278	802,014	642,014	10,134,012
CNRE.....	108,000	65,000	36,303	-	25,000	234,303
Recreation Special Revenue.....	15,000	-	-	-	-	15,000
Grants.....	1,159,404	457,986	1,981,107	457,986	457,986	4,514,469
Ambulance Fees.....	140,000	-	270,000	83,000	270,000	763,000
Other Resources.....	831,360	-	-	-	-	831,360
Total Funding Sources.....	\$ 3,948,270	\$ 1,747,368	\$ 8,557,688	\$ 1,511,803	\$ 1,567,803	\$ 17,332,932

Audit

The Town, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 7-397), is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the State Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2014, the financial statements of the various funds of the Town were audited by Blum, Shapiro & Company, P.C., West Hartford, Connecticut. The annual audits are conducted in compliance with Chapter 111 and contain the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations.

Certificate of Achievement

The financial statements and tables found in the Town's Comprehensive Annual Financial Report conform to the high standards promulgated by the Government Accounting Standards Board. The Government Finance Officers' Association each year since 1992 has awarded the Town a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement, which is valid for one year only, is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment for a governmental unit and its management. For additional information on accounting policies, financial statements, and tables refer to the 2013-14 financial statements and "Notes to the Financial Statements" incorporated in Appendix A to this Official Statement and the independent auditor's report.

Liability Insurance

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

Pensions

The Town is the administrator of a single employer, defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full-time Town employees who work at least 25 hours per week, and all Board of Education employees who work 1,000 hours or more per year, are covered by and required, as a condition of employment, to participate in the Plan, except elected officials and certified teachers. Eligible employees must be at least 18 years of age on or prior to their employment date, and benefits vest at 100% after five years. Any non-vested Town contributions and related interest thereon of employees who leave employment are reserved in a forfeiture account to offset future Town contributions. Normal retirement date is age 65. Plan provisions and the authority to amend the provisions are established by Town ordinance.

The Town and Tolland Board of Education employees must contribute 2½% of their earnings for the plan year. The total Town and Board of Education contribution during the year ended June 30, 2014 was \$441,016 and represented 6.0% of covered payroll. The Town and Board of Education employees' mandatory contributions were \$183,757 and represented 2.5% of covered payroll for the same period. See Appendix A – "Auditor's Section, Notes to the Financial Statements, Note 5" for more information. The total Town and Board of Education contribution during the year ended June 30, 2015 was \$465,932 and represented 6.0% of covered payroll. The Town and Board of Education employees' mandatory contributions were \$194,140 and represented 2.5% of covered payroll for the same time period.

Teachers participate in a contributory defined-benefit plan established under Chapter 167a of the Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board. Full-time certified teachers are vested in the system after ten years of service in the state. The Town is not required to and does not contribute to this plan.

Other Post-Employment Benefits (OPEB)

The Town provides post-employment benefits for retirees who meet certain requirements regarding age and years of service and is in the process of complying with the requirements of Governmental Accounting Standards Board ("GASB") Statements 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their Other Post-employment Benefits ("OPEB") plans and include information concerning the valuation of such plans in their financial statements. The Town complied with the reporting requirements of GASB 45 beginning with the 2009 fiscal year. An OPEB Trust Fund was established by the Town and an initial contribution of \$119,434 was deposited in September 2008.

The Town continues to comply with the requirements of GASB 45. The last OPEB valuation report was prepared by Milliman Actuaries as of July 1, 2014. The July 2014 valuation showed an accrued liability of \$4,623,714 using a phased-in funding approach and assuming an amortization period of 25 years decreasing and a discount rate of 6%. The group is a closed group. As of June 30, 2015 the contributions to the Trust exceeded the annual required contribution by \$168,432. Annual required contributions are budgeted each year and made accordingly. As of June 30, 2015 the OPEB Trust balance was \$789,028. The estimated annual required contribution including pay-as-you-go payments for Fiscal Year 2015-16 is \$540,000.

Schedule of Employer Contribution

<i>Fiscal Year Ending</i>	<i>Annual OPEB Cost</i>	<i>Actual Contribution</i>	<i>Percentage Contributed</i>
6/30/2011	\$ 484,901	\$ 559,000	115.3%
6/30/2012	519,594	491,000	94.5%
6/30/2013	546,162	549,000	100.5%
6/30/2014	484,550	483,000	99.7%
6/30/2015 ¹	507,996	512,000	100.8%

¹ Subject to audit.

Schedule of Funding Process

The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

<i>Actuarial Valuation Date:</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) Projected Unit Credit</i>	<i>Over (Under) Funded AAL</i>	<i>Funded AAL Ratio</i>
<i>July 1</i>	<i>(a)</i>	<i>(b)</i>	<i>(a-b)</i>	<i>(a/b)</i>
2014	\$ 626,658	\$ 4,623,714	\$ (3,997,056)	13.6%
2012	372,000	4,667,000	(4,295,000)	8.0%
2010	229,000	5,399,000	(5,170,000)	4.2%
2008	-	4,954,000	(4,954,000)	0.0%

Investment Policy

The Town invests its public funds in accordance with Connecticut General Statutes Section 7-400 and 7-402. Deposits may be made in a “qualified public depository” as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out-of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Town follows an investment policy that was adopted by the Town Council on June 26, 2007. The Town’s investment policy authorizes investment in the State Treasurer’s Short Term Investment Fund. Regulatory oversight for the State Treasurer’s Short Term Investment Fund is provided quarterly by the Investment Advisory Council and the Treasurer’s Cash Management Board. Other authorized investments include pooled and joint investments meeting the requirements of the policy, excluding those pools investing in derivative securities; certificates of deposit; repurchase agreements; and obligations of the United States and agencies of the federal government.

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

Risk Management

The Town is exposed to various risks of loss related to public officials and police liability; Board of Education liability; torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The Town purchases commercial insurance for all risks of loss. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Financial Policies, Procedures, and Guidelines

On June 26, 2007, the Town Council approved the Town’s Financial Policies, Procedures and Guidelines (the “Policy”). The Policy was last reviewed in 2011 and is currently being reviewed by the Town Administration and the Town Council. The content of the Policy addresses matters pertaining to investment, debt management, capital financing, reserve/fund balance, multi-year financial forecasting, and capital assets. The Reserve/Fund Balance Policy states that any year-end surpluses will revert to unappropriated fund balance for use in maintaining reserve levels set by policy. The Town strives to maintain a total fund balance level of 8% to 17% of the General Fund operating budget.

Financial Statements and Schedules

The comparative balance sheets and statements of revenues, expenditures, and changes in fund balance for General Fund types presented herein are derived from audited financial statements for fiscal years ended June 30, 2010 through 2014. The Town has provided budgetary information for Fiscal Year 2015–16 and unaudited estimated results of operation for Fiscal Year 2014–15. The Town's independent accountants have not examined, reviewed, or compiled any of the estimates or expressed any opinion or provided any other form of assurance with respect to such estimates, and, accordingly, assume no responsibility for them. The financial information presented herein is the responsibility of the Town's management.

Comparative Balance Sheets – General Fund

	Projected 6/30/2015¹	Actual 6/30/2014	Actual 6/30/2013	Actual 6/30/2012	Actual 6/30/2011	Actual 6/30/2010
Assets:						
Cash and cash equivalents.....	\$ 7,076,234	\$ 9,979,009	\$ 8,805,346	\$ 10,871,945	\$ 9,364,728	\$ 6,855,623
Investments	4,058,815	-	1,113,551	-	-	1,000,000
Receivables.....	582,155	430,917	587,571	1,279,659	512,866	819,499
Due from other funds.....	-	57,615	49,537	85,444	234,401	605,784
Other assets.....	-	-	-	-	-	-
Total Assets	\$ 11,717,204	\$ 10,467,541	\$ 10,556,005	\$ 12,237,048	\$ 10,111,995	\$ 9,280,906
Liabilities:						
Accounts and Other Payables.....	\$ 703,441	\$ 177,833	\$ 985,049	\$ 1,246,675	\$ 115,093	\$ 193,660
Accrued Liabilities	80,320	327,713	395,980	476,286	525,407	1,001,716
Due to other funds.....	131,657	387,359	301,671	218,395	242,731	239,080
Deferred Revenue.....	2,419,166	1,179,532	966,738	2,256,655	1,417,497	550,023
Total Liabilities	\$ 3,334,584	\$ 2,072,437	\$ 2,649,438	\$ 4,198,011	\$ 2,300,728	\$ 1,984,479
Fund Balances:						
Restricted	\$ -	\$ 59,680	\$ 170,722	\$ 140,862	\$ -	\$ -
Assigned.....	1,537,733	1,281,734	1,086,458	1,309,480	1,601,935	1,176,551
Unassigned.....	6,853,258	7,053,690	6,649,387	6,588,695	6,209,332	6,119,876
Total Fund Balances.....	\$ 8,390,991	\$ 8,395,104	\$ 7,906,567	\$ 8,039,037	\$ 7,811,267	\$ 7,296,427
Total Liabilities and Fund Balances....	\$ 11,725,575	\$ 10,467,541	\$ 10,556,005	\$ 12,237,048	\$ 10,111,995	\$ 9,280,906
Operating revenues	\$52,975,674	\$57,368,477	\$56,290,219	\$55,823,239	\$51,852,277	\$50,950,725
Fund balance as percent of						
operating revenues	15.84%	14.63%	14.05%	14.40%	15.06%	14.32%
Unassigned fund balance as percent						
of operating revenues	12.94%	12.30%	11.81%	11.80%	11.98%	12.01%

¹ Subject to audit.

General Fund Revenues and Expenditures
Five Year Summary of Audited Revenues and Expenditures (GAAP Basis)
And Adopted Budget (Budgetary Basis)

	Adopted Budget 2015-16^{1, 3}	Projected 2014-15^{1, 2, 3}	Actual 2013-14	Actual 2012-13	Actual 2011-12
Revenues:					
Property Taxes	\$ 41,947,752	\$ 40,552,478	\$ 39,438,201	\$ 39,100,634	\$ 38,322,762
Investment income.....	40,000	64,466	63,549	58,432	48,551
Intergovernmental	11,646,841	11,688,789	17,105,210	16,502,034	16,850,972
Charges for Services	694,337	624,190	682,762	604,168	580,757
Other	20,000	45,751	78,755	24,951	20,197
Total Revenues	54,348,930	52,975,674	57,368,477	56,290,219	55,823,239
Expenditures:					
Current:					
Administration	2,836,928	2,674,618	2,587,899	2,585,864	2,456,691
Planning and community development.....	354,117	360,181	328,045	369,838	353,474
Community services.....	923,295	848,992	815,728	873,887	847,549
Public works.....	4,485,412	4,404,190	4,386,232	4,837,764	4,654,991
Public safety services.....	1,872,685	1,747,289	1,632,861	1,587,392	1,505,038
Record and financial services.....	971,623	935,029	860,910	887,048	803,047
Contingency and other.....	153,049	144,844	144,636	39,993	681,042
Board of Education ³	38,275,831	37,151,023	41,193,428	40,346,946	39,416,894
Debt Service	4,542,176	4,542,249	4,744,210	4,642,785	4,751,795
Total Expenditures	54,415,116	52,808,415	56,693,949	56,171,517	55,470,521
Revenues over (under) expenditures	(66,186)	167,259	674,528	118,702	352,718
Other Financing Sources Uses:					
Bond issuance.....	-	-	-	-	-
Bond premiums.....	-	-	-	-	-
Operating Transfers In		15,301	-	59,681	140,862
Operating Transfers (Out)	(183,814)	(186,673)	(185,991)	(310,853)	(265,810)
Total other Financing Sources (uses)	(183,814)	(171,372)	(185,991)	(251,172)	(124,948)
Revenues and other financing sources over (under) expenditures and other financing (uses)	\$ (250,000)	\$ (4,113)	\$ 488,537	\$ (132,470)	\$ 227,770
Fund Balance, July 1.....	\$ 8,390,991	\$ 8,395,104	\$ 7,906,567	\$ 8,039,037	\$ 7,811,267
Fund Balance, June 30.....	\$ 8,140,991	\$ 8,390,991	\$ 8,395,104	\$ 7,906,567	\$ 8,039,037

¹ Subject to audit.

² GAAP Basis

³ Doesn't include State contribution for Teacher's Retirement.

Intergovernmental Revenues

Fiscal Year Ended 6/30	Intergovernmental Revenues	Total Revenues	Percent
2015 ¹	\$ 11,688,789	\$ 52,975,674	22.1%
2014	17,105,210	57,368,477	29.8%
2013	16,502,034	56,290,219	29.3%
2012	16,850,972	55,823,239	30.2%
2011	13,912,509	51,852,277	26.8%

Source: Annual Audited Financial Statements.

¹ Subject to audit.

VII. Legal And Other Information

Litigation

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

Documents Furnished At Delivery of Bonds

The original purchaser(s) will be furnished the following documents when the Bonds are delivered:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the Town Manager and the Town Treasurer which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds.
4. The approving opinion of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut substantially in the form attached hereto as Appendix B.
5. Executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C to this Official Statement.
6. The Town will make available to the winning bidder of the Bonds twenty-five (25) copies of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder at the office of the Town's financial advisor no later than seven business days of the bid opening. If the Town's financial advisor is provided with the necessary information from the winning bidder by noon of the day after the day bids on the Bonds are received, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, yields or reoffering prices, the name of the underwriter of the Bonds, and any changes on the Bonds. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser.

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

Concluding Statement

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

The following officials, in their capacity as officers of the Town, and in the name and on behalf of the Town, do hereby certify in connection with this issue that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the Town and its finances were true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

TOWN OF TOLLAND, CONNECTICUT

By: _____
Steven R. Werbner, *Town Manager*

By: _____
Agata Herasimowicz, *Treasurer*

By: _____
Lisa A. Hancock, *Director of Finance and Records*

Dated: October __, 2015

Appendix A

2014 General Purpose Financial Statements Excerpted from the Town's Comprehensive Annual Financial Report

The following includes the General Purpose Financial Statements of the Town of Tolland, Connecticut for the fiscal year ended June 30, 2014. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.



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.

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	<u>124,014,792</u>	<u>119,247,739</u>	<u>9,313,922</u>	<u>9,609,679</u>	<u>133,328,714</u>	<u>128,857,418</u>
Total assets	<u>147,594,544</u>	<u>141,339,657</u>	<u>9,795,629</u>	<u>10,050,155</u>	<u>157,390,173</u>	<u>151,389,812</u>
Deferred charge on refunding	<u>758,183</u>	<u>815,511</u>			<u>758,183</u>	<u>815,511</u>
Current liabilities	5,834,299	6,457,053	66,255	106,778	5,900,554	6,563,831
Noncurrent liabilities	<u>45,193,059</u>	<u>39,466,608</u>			<u>45,193,059</u>	<u>39,466,608</u>
Total liabilities	<u>51,027,358</u>	<u>45,923,661</u>	<u>66,255</u>	<u>106,778</u>	<u>51,093,613</u>	<u>46,030,439</u>
Advance property tax collections	<u>842,941</u>	<u>570,885</u>			<u>842,941</u>	<u>570,885</u>
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	<u>14,558,545</u>	<u>16,647,581</u>	<u>379,213</u>	<u>303,016</u>	<u>14,937,758</u>	<u>16,950,597</u>
Total Net Position	<u>\$ 96,482,428</u>	<u>\$ 95,660,622</u>	<u>\$ 9,729,374</u>	<u>\$ 9,943,377</u>	<u>\$ 106,211,802</u>	<u>\$ 105,603,999</u>

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	<u>62,329,690</u>	<u>60,304,544</u>	<u>584,226</u>	<u>578,109</u>	<u>62,913,916</u>	<u>60,882,653</u>
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	<u>61,492,884</u>	<u>60,847,100</u>	<u>813,229</u>	<u>836,954</u>	<u>62,306,113</u>	<u>61,684,054</u>
Excess (deficiency) before transfers	836,806	(542,556)	(229,003)	(258,845)	607,803	(801,401)
Transfers	<u>(15,000)</u>	<u>(50,000)</u>	<u>15,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Change in net position	<u>821,806</u>	<u>(592,556)</u>	<u>(214,003)</u>	<u>(208,845)</u>	<u>607,803</u>	<u>(801,401)</u>
Net Position - July 1	<u>95,660,622</u>	<u>96,253,178</u>	<u>9,943,377</u>	<u>10,152,222</u>	<u>105,603,999</u>	<u>106,405,400</u>
Net Position - June 30	<u>\$ 96,482,428</u>	<u>\$ 95,660,622</u>	<u>\$ 9,729,374</u>	<u>\$ 9,943,377</u>	<u>\$ 106,211,802</u>	<u>\$ 105,603,999</u>

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.

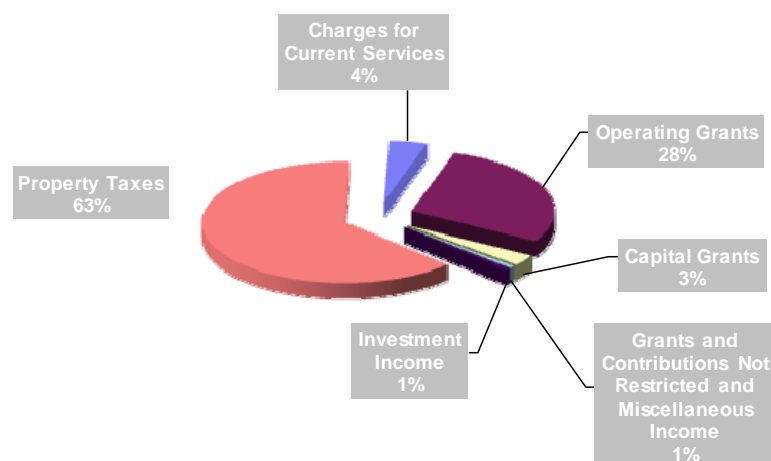
Major revenue factors included:

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.

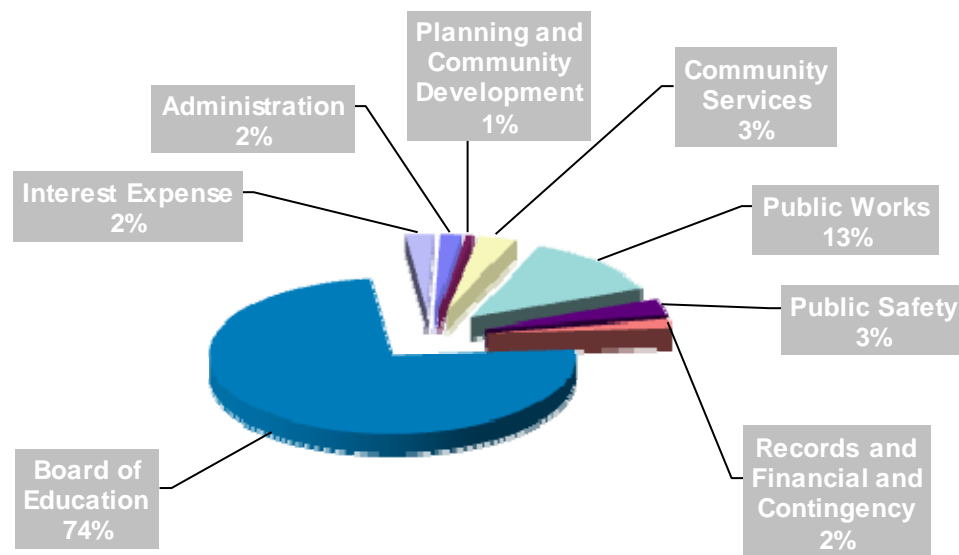
Overall governmental revenue increased by \$2,025,146 due to higher inflow of operating and capital grants decreased by lesser inflow from non-restricted grants and contributions.

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, 3.0% 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 $2\frac{1}{4}$ to $4\frac{1}{2}$ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town of Tolland is \$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

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Administration	\$ 1,100,996	\$	\$	\$	\$ (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

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
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	<u>\$ 10,467,541</u>	<u>\$ 1,861,633</u>	<u>\$ 1,065,279</u>	<u>\$ 5,104,838</u>	<u>\$ 2,387,042</u>	<u>\$ 20,886,333</u>
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	<u>892,905</u>	<u>-</u>	<u>-</u>	<u>718,732</u>	<u>188,714</u>	<u>1,800,351</u>
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	<u>1,179,532</u>	<u>843,935</u>	<u>1,041,777</u>	<u>-</u>	<u>48,448</u>	<u>3,113,692</u>
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	<u>8,395,104</u>	<u>1,017,698</u>	<u>23,502</u>	<u>4,386,106</u>	<u>2,149,880</u>	<u>15,972,290</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,467,541</u>	<u>\$ 1,861,633</u>	<u>\$ 1,065,279</u>	<u>\$ 5,104,838</u>	<u>\$ 2,387,042</u>	<u>\$ 20,886,333</u>

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

Governmental capital assets	\$ 207,795,680	
Less accumulated depreciation	<u>(83,780,888)</u>	
		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	<u>(1,566,289)</u>

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	<u>57,368,477</u>	<u>250,287</u>	<u>221,928</u>	<u>1,508,892</u>	<u>3,194,316</u>	<u>62,543,900</u>
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	<u>56,693,949</u>	<u>211,673</u>	<u>242,070</u>	<u>10,319,486</u>	<u>2,723,090</u>	<u>70,190,268</u>
Excess (Deficiency) of Revenues over Expenditures	<u>674,528</u>	<u>38,614</u>	<u>(20,142)</u>	<u>(8,810,594)</u>	<u>471,226</u>	<u>(7,646,368)</u>
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)	<u>(185,991)</u>	<u>-</u>	<u>-</u>	<u>10,104,861</u>	<u>(335,713)</u>	<u>9,583,157</u>
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	<u>7,906,567</u>	<u>979,084</u>	<u>43,644</u>	<u>3,091,839</u>	<u>2,014,367</u>	<u>14,035,501</u>
Fund Balances at End of Year	<u>\$ 8,395,104</u>	<u>\$ 1,017,698</u>	<u>\$ 23,502</u>	<u>\$ 4,386,106</u>	<u>\$ 2,149,880</u>	<u>\$ 15,972,290</u>

(Continued on next page)

TOWN OF TOLLAND, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 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
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	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
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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)
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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
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Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>821,806</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
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	<u>51,483,683</u>	<u>51,491,028</u>	<u>52,002,860</u>	<u>511,832</u>
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	<u>51,702,734</u>	<u>51,693,079</u>	<u>51,581,715</u>	<u>111,364</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(219,051)</u>	<u>(202,051)</u>	<u>421,145</u>	<u>623,196</u>
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	<u>(141,991)</u>	<u>(183,991)</u>	<u>(183,991)</u>	-
Net other financing sources (uses)	<u>219,051</u>	<u>202,051</u>	<u>(178,564)</u>	<u>(380,615)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>242,581</u>	<u>\$ 242,581</u>
Fund Balance at Beginning of Year			<u>7,070,109</u>	
Fund Balance at End of Year			<u>\$ 7,312,690</u>	

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	<u>325,755</u>	<u>257,244</u>	<u>582,999</u>	<u>7,529,248</u>
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	<u>386,035</u>	<u>427,194</u>	<u>813,229</u>	<u>7,121,245</u>
Operating Income (Loss)	(60,280)	(169,950)	(230,230)	408,003
Nonoperating Revenue:				
Investment income	<u>364</u>	<u>863</u>	<u>1,227</u>	<u>4,082</u>
Income (Loss) Before Transfers	(59,916)	(169,087)	(229,003)	412,085
Transfers In		<u>15,000</u>	<u>15,000</u>	
Change in Net Position	(59,916)	(154,087)	(214,003)	412,085
Net Position at Beginning of Year, as Restated	<u>3,026,193</u>	<u>6,917,184</u>	<u>9,943,377</u>	<u>772,939</u>
Net Position at End of Year	<u>\$ 2,966,277</u>	<u>\$ 6,763,097</u>	<u>\$ 9,729,374</u>	<u>\$ 1,185,024</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 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	<u>31,094</u>	<u>(19,922)</u>	<u>11,172</u>	<u>153,491</u>
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	<u>364</u>	<u>863</u>	<u>1,227</u>	<u>4,082</u>
Net Increase (Decrease) in Cash and Cash Equivalents	25,261	(4,059)	21,202	157,573
Cash and Cash Equivalents at Beginning of Year	<u>237,180</u>	<u>4,059</u>	<u>241,239</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 262,441</u>	<u>\$ -</u>	<u>\$ 262,441</u>	<u>\$ 157,573</u>
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	<u>\$ 31,094</u>	<u>\$ (19,922)</u>	<u>\$ 11,172</u>	<u>\$ 153,491</u>

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2014

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

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

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

The accompanying notes are an integral part of the financial statements

TOWN OF TOLLAND, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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.

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

H. 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	<u>4,228,385</u>	<u>4,228,385</u>	<u></u>
Balance, GAAP basis	<u>\$ 57,368,477</u>	<u>\$ 56,879,940</u>	<u>\$ 8,395,104</u>

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	<u>1,628,764</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 14,537,644</u></u>

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.

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

Investments

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

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More than 10
Interest-bearing investments:					
Fixed income funds	N/A	\$ 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	<u>2,238</u>	<u>652,288</u>	<u>654,526</u>
Total Value	<u>\$ 294,501</u>	<u>\$ 673,088</u>	<u>\$ 967,589</u>

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

C. Receivables

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

	<u>General</u>	<u>Sewer Assessment</u>	<u>CDBG Small Cities</u>	<u>Nonmajor and Other Funds</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
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	<u>435,434</u>	<u>843,935</u>	<u>1,041,777</u>	<u>88,335</u>	<u>98,979</u>	<u>128,552</u>	<u>2,637,012</u>
Less: Allowance for collection losses	<u>4,517</u>						<u>4,517</u>
Net Total Receivables	<u>\$ 430,917</u>	<u>\$ 843,935</u>	<u>\$ 1,041,777</u>	<u>\$ 88,335</u>	<u>\$ 98,979</u>	<u>\$ 128,552</u>	<u>\$ 2,632,495</u>

D. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
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	<u>305,148</u>	<u>6,190,019</u>	<u>(303,876)</u>		<u>6,191,291</u>
Total capital assets not being depreciated	<u>14,069,967</u>	<u>6,976,314</u>	<u>(303,876)</u>	<u>-</u>	<u>20,742,405</u>
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	<u>48,414,131</u>				<u>48,414,131</u>
Total capital assets being depreciated	<u>184,886,227</u>	<u>2,032,840</u>	<u>303,876</u>	<u>169,668</u>	<u>187,053,275</u>
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	<u>26,024,360</u>	<u>1,008,451</u>			<u>27,032,811</u>
Total accumulated depreciation	<u>79,708,455</u>	<u>4,208,645</u>	<u>-</u>	<u>136,212</u>	<u>83,780,888</u>
Total capital assets being depreciated, net	<u>105,177,772</u>	<u>(2,175,805)</u>	<u>303,876</u>	<u>33,456</u>	<u>103,272,387</u>
Governmental Activities Capital Assets, Net	<u>\$ 119,247,739</u>	<u>\$ 4,800,509</u>	<u>\$ -</u>	<u>\$ 33,456</u>	<u>\$ 124,014,792</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
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:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
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	<u>2,315,156</u>	<u>1,173,922</u>
	<u>\$ 9,602,010</u>	<u>\$ 5,384,267</u>

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
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	<u>258,921</u>
		<u>\$ 444,974</u>

All balances are expected to be repaid within a year.

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

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

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	<u>1,692,062</u>		<u>125,773</u>	<u>1,566,289</u>	
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	<u>1,792,263</u>	<u>24,510</u>	<u>202,052</u>	<u>1,614,721</u>	<u>73,173</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 43,155,535</u>	<u>\$ 9,622,667</u>	<u>\$ 3,932,840</u>	<u>\$ 48,845,362</u>	<u>\$ 3,652,303</u>

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

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for 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				<u>11,457,849</u>		<u>8,627,079</u>
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				<u>32,187,151</u>		<u>23,982,921</u>
Sewer notes:						
Vernon wastewater	12/31/97	12/31/16	2	1,748,330	Various	256,195
Total sewer notes				<u>1,748,330</u>		<u>256,195</u>
Total Outstanding				<u>\$ 45,393,330</u>		<u>\$ 32,866,195</u>

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		
	<u>\$ 32,610,000</u>	<u>\$ 7,210,090</u>	<u>\$ 256,195</u>	<u>\$ 6,671</u>

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	<u>230,133</u>
Total	<u><u>\$ 9,642,009</u></u>

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	<u>14,109,599</u>
Total lease payments	18,436,274
Less amount representing interest	<u>5,638,117</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 12,798,157</u></u>

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:

	<u>Claims Payable July 1</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
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:

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

**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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
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	<u>39,280,516</u>	<u>39,280,516</u>	<u>39,438,201</u>	<u>157,685</u>
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	<u>10,927,736</u>	<u>10,927,736</u>	<u>11,078,994</u>	<u>151,258</u>
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	<u>630,667</u>	<u>638,012</u>	<u>660,599</u>	<u>22,587</u>
Total intergovernmental	<u>11,558,403</u>	<u>11,565,748</u>	<u>11,739,593</u>	<u>173,845</u>

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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	<u>598,764</u>	<u>598,764</u>	<u>682,762</u>	<u>83,998</u>
Investment Income:				
General Fund	<u>27,000</u>	<u>27,000</u>	<u>63,549</u>	<u>36,549</u>
Other Revenues	<u>19,000</u>	<u>19,000</u>	<u>78,755</u>	<u>59,755</u>
Total Revenues	<u>51,483,683</u>	<u>51,491,028</u>	<u>52,002,860</u>	<u>511,832</u>
Other Financing Sources:				
Cancellation of prior year encumbrances			5,427	5,427
Appropriation of fund balance	<u>361,042</u>	<u>386,042</u>		<u>(386,042)</u>
Total other financing sources	<u>361,042</u>	<u>386,042</u>	<u>5,427</u>	<u>(380,615)</u>
Total Revenues and Other Financing Sources	<u>\$ 51,844,725</u>	<u>\$ 51,877,070</u>	<u>\$ 52,008,287</u>	<u>\$ 131,217</u>

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	<u>2,682,217</u>	<u>2,639,785</u>	<u>2,639,763</u>	<u>22</u>
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	<u>328,591</u>	<u>331,363</u>	<u>331,355</u>	<u>8</u>
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	<u>833,114</u>	<u>830,256</u>	<u>811,615</u>	<u>18,641</u>
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	<u>4,379,539</u>	<u>4,354,844</u>	<u>4,354,806</u>	<u>38</u>
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	<u>1,645,131</u>	<u>1,652,923</u>	<u>1,637,227</u>	<u>15,696</u>
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	<u>866,109</u>	<u>849,733</u>	<u>848,235</u>	<u>1,498</u>
Contingency and Other	<u>173,158</u>	<u>230,714</u>	<u>230,471</u>	<u>243</u>

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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	<u>36,059,250</u>	<u>36,059,250</u>	<u>35,984,033</u>	<u>75,217</u>
Debt Service	<u>4,735,625</u>	<u>4,744,211</u>	<u>4,744,210</u>	<u>1</u>
Total Expenditures	<u>51,702,734</u>	<u>51,693,079</u>	<u>51,581,715</u>	<u>111,364</u>
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	<u>141,991</u>	<u>183,991</u>	<u>183,991</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 51,844,725</u>	<u>\$ 51,877,070</u>	<u>\$ 51,765,706</u>	<u>\$ 111,364</u>

TOWN OF TOLLAND, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2014

Grand List Year	Uncollected Taxes July 1, 2013	Supplement	Lawful Corrections			Transfers to Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2014
			Pro-Rates	Additions	Deductions			Taxes	Interest and Lien Fees	Total	
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

Appendix B

Form of Opinion of Bond Counsel and Tax Matters

Appendix B – Form of Opinion of Bond Counsel and Tax Matters

October 21, 2015

Town of Tolland
21 Tolland Green
Tolland, CT 06084

RE: Town of Tolland, Connecticut
\$7,565,000 General Obligation Bonds, Issue of 2015, dated October 21, 2015

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Tolland, Connecticut (the “Town”) of its \$7,565,000 General Obligation Bonds, Issue of 2015, dated October 21, 2015 (the “Bonds”).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Town and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon written representations and agreements executed by officials of the Town authorized to issue the Bonds, in connection with the issuance and delivery of the Bonds, without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement, the final Official Statement or any other offering material relating to the Bonds (except only the matters set forth as our opinion in the Preliminary Official Statement and the final Official Statement), and we express no opinion relating thereto.

Based upon the foregoing examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. When certified as provided thereon by a duly authorized official of U.S. Bank National Association, the Bonds will be the valid and binding general obligations of the Town. The Bonds will be payable as to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to certain classified property such as certified forest land taxable at a limited rate pursuant to Section 12-97 of the Connecticut General Statutes and dwelling houses of qualified elderly persons of low income taxable at limited amounts pursuant to Section 12-129b of the Connecticut General Statutes. Subject to conformity with Section 12-129d of the Connecticut General Statutes, the State of Connecticut is obligated to pay the Town the amount of tax

revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses.

2. Under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest is not treated as a preference item for purposes of calculating the federal alternative minimum tax for individuals or corporations. Such interest is, however, includable in the adjusted current earnings of certain corporations for purposes of computing the federal alternative minimum tax imposed on such corporations.

The Bonds are qualified to be "qualified tax exempt obligations" of the Town in accordance with Section 265(b)(3) of the Code.

The opinions set forth in the preceding paragraphs are subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

3. Under existing law, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Although we have rendered an opinion that interest on the Bonds is not includable in the gross income of the owners thereof for purposes of federal income taxation, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any other federal or state tax consequence of ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Very truly yours,

UPDIKE, KELLY & SPELLACY, P.C.

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met at and subsequent to delivery of the Bonds in order that interest on the Bonds be and remains excluded from gross income for federal income tax purposes. Failure to comply with the continuing requirements of the Code may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds, irrespective of the date on which such noncompliance occurs. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds, contains certain representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the federal alternative minimum tax imposed on such corporations.

Ownership of the Bonds may result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. The foregoing is not intended to be an exhaustive list of potential tax consequences. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of the Bonds.

State Taxes

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or to reflect any changes in law that may thereafter occur or become effective.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon.

Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other state and local tax consequences of ownership and disposition of the Bonds.

Original Issue Discount

The initial public offering prices of certain maturities of the Bonds (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the inside cover page of the Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law, OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income of the owners of the Bonds for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation’s federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium

The initial public offering prices of certain maturities of the Bonds (the “OIP Bonds”) may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Bond for federal income tax purposes. The offering prices relating to the yields set forth on the inside cover page of the Official Statement for the OIP Bonds are expected to be the initial offering prices to the public at which a substantial

amount of each maturity of the OIP Bonds are sold. Prospective purchasers of OIP Bonds should consult their own tax advisors regarding the amortization of premium and the effect upon basis.

Proposed Legislation and Other Matters

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds, or the marketability of the Bonds, or otherwise prevent the owners of the Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made recently and in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the Bonds for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Bonds or the market price for, or marketability of, the Bonds. No assurance can be given with respect to the impact of future legislation on the Bonds. Prospective purchasers of the Bonds should consult their own tax and financial advisors regarding such matters.

General

The opinions of Bond Counsel are rendered as of their date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other federal tax law consequences discussed above of owning and disposing of the Bonds. No assurance can be given that future legislation, or amendments to the State of Connecticut income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates. The opinions of Bond Counsel are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

Appendix C

Form of Continuing Disclosure Agreement

Appendix C – Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of the 21st day of October, 2015, by the Town of Tolland, Connecticut (the “Town”), acting by its undersigned officers, duly authorized, in connection with the issuance of \$7,565,000 General Obligation Bonds, Issue of 2015, dated October 21, 2015 (the “Bonds”) for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions.

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the Town, dated October 13, 2015, prepared in connection with the Bonds.

“Listed Events” means any of the events listed in Section 3 of this Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” means the MSRB, through the operation of the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 59061 and maintained by the MSRB for purposes of the Rule, or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“Rule” means rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, and otherwise in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2015) as follows:

(i) Audited financial statements of the Town's general fund, special revenue fund, capital projects funds, internal service and trust or agency funds, and the general long-term obligations account group (the "Governmental Funds") for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Town is required to prepare audited financial statements of its various funds and accounts. The modified accrual basis of accounting is followed for the Town's general fund with major revenues recorded when measurable and available and expenditures recorded when incurred.

(ii) In addition to the information and statements described in (i) above:

- (A) amounts of the net taxable grand list applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total net debt as of the close of the fiscal year,
- (F) total bonded debt of the Town per capita,
- (G) ratios of the total bonded debt of the Town to the Town's net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the Town's pension benefit obligations.

(b) The financial statements and other financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Town's fiscal year currently ends on June 30. The Town agrees that if audited information is not available eight months after the close of any fiscal year, it shall submit unaudited information, if available, by such time and will submit audited information when available.

(c) Annual financial information or operating data may be provided in whole or in part by specific reference to other documents available to the public on the MSRB's Electronic Municipal Market Access (EMMA) system, the current internet web address of which is

www.emma.msrb.org, or filed with the SEC. If the document to be cross-referenced is a final official statement, it must be available from the MSRB. The Town shall clearly identify each such other document so incorporated by cross-reference. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(d) The Town reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated statutory accounting principles as in effect from time to time, provided that the Town agrees that the exercise of any such right will be done in a manner consistent with the Rule.

(e) The Town may file information with the Repository, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the Town chooses to make a Voluntary Filing, the Town shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the Town is under no obligation to provide any Voluntary Filing.

Section 3. Reporting of Listed Events.

The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following Listed Events with respect to the Bonds, in a timely manner not later than ten (10) business days after the occurrence of any such Listed Event:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;

Note to clause (l): For the purposes of the event identified in clause (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town;

- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of trustee, if material.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Town agrees to provide, or cause to be provided, in a timely manner, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purpose from time to time.

Section 6. Termination.

The obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Town ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The Town acknowledges that the undertakings set forth in Sections 2, 3 and 4 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to undertakings set forth in Section 2 of this Agreement or five (5) business days with respect to undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Town Manager, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. For purposes of this section, notice to the Town should be made to the Town Manager, Town of Tolland, 21 Tolland Green, Tolland, Connecticut 06084.

In the event the Town does not cure such failure within the time specified above, the beneficial owner of any of the Bonds shall be entitled only to the remedy of specific performance. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under

this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provisions of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) this Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by the holders of not less than 66 2/3% of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the Repository in electronic format. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating or financial information provided.

TOWN OF TOLLAND

By: _____
STEVEN R. WERBNER
Town Manager

By: _____
AGATA HERASIMOWICZ
Treasurer

By: _____
LISA A. HANCOCK
Director of Finance and Records

Appendix D

Notice of Sale

APPENDIX D – NOTICE OF SALE

NOTICE OF SALE

**TOWN OF TOLLAND, CONNECTICUT
\$7,565,000 GENERAL OBLIGATION BONDS, ISSUE OF 2015
(BANK QUALIFIED)
BOOK-ENTRY-ONLY**

NOTICE IS GIVEN that ELECTRONIC BIDS solely via **PARITY**® will be received by the TOWN OF TOLLAND, CONNECTICUT (the “Town”), until 11:30 A.M. (E.D.T.) on TUESDAY, OCTOBER 13, 2015

for the purchase, when issued, of all (but not less than all) of the Town’s \$7,565,000 General Obligation Bonds, Issue of 2015, dated October 21, 2015 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on October 15 in the principal amounts and in each of the years as follows:

<u>Maturity</u>	<u>Amount</u>	<u>Maturity</u>	<u>Amount</u>
2016	\$300,000	2026	\$380,000
2017	\$385,000	2027	\$380,000
2018	\$385,000	2028	\$380,000
2019	\$385,000	2029	\$380,000
2020	\$385,000	2030	\$380,000
2021	\$385,000	2031	\$380,000
2022	\$385,000	2032	\$380,000
2023	\$385,000	2033	\$380,000
2024	\$385,000	2034	\$380,000
2025	\$385,000	2035	\$380,000

The Bonds will bear interest commencing April 15, 2016 and semiannually thereafter on April 15 and October 15 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the successful bidder.

Optional Redemption

The Bonds maturing on or before October 15, 2022 are not subject to redemption prior to maturity. The Bonds maturing October 15, 2023 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after October 15, 2022, either in whole or in part at any time, in such order of maturity and amount as the Town may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
October 15, 2022 and thereafter	100.0%

Nature of Obligation

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

Bank Qualification

The Bonds SHALL be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

DTC Book Entry

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

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

Proposals

Each bid must be for the entire \$7,565,000 of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent (1/20 of 1%) or one-eighth of one percent (1/8 of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than three (3) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on **PARITY**® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

Basis of Award

Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the responsible bidder whose bid proposes the lowest true interest cost to the Town. For the purposes of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to October 21, 2015, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to October 21, 2015, the delivery date of the Bonds. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

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

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

CUSIP Numbers

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

Electronic Proposals Bidding Procedure

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

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

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

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

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

Certifying Agent, Registrar, Paying Agent and Transfer Agent

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

Delivery and Payment

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

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York on or about October 21, 2015.

Bond Counsel Opinion

The legality of the issue will be passed upon by Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut, Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B to the Official Statement. The opinion will appear on each Bond certificate and will state that the Bonds are valid and binding obligations of the Town. Absent special circumstances preventing compliance, Bond Counsel will require as a precondition to release of its opinion printed on the Bonds that the purchaser of such Bonds deliver to it a completed certificate regarding public reoffering price with respect to the Bonds awarded to such bidder, as described below under "Reoffering Prices".

The legal opinion will also state that based on and assuming the accuracy of and continuing compliance with certain written representations and agreements received from authorized officials of the Town in connection with the issuance and delivery of the Bonds, as to which bond counsel has made no independent verification, under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes and is not included in Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is

excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax. The opinion will provide that although interest on the Bonds is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, interest on the Bonds may be includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the federal alternative minimum tax imposed on such corporations.

The Bonds will be “qualified tax-exempt obligations” for purposes of the deduction by financial institutions of interest expenses that is allocable to tax-exempt obligations in accordance with Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Reoffering Prices

Bond Counsel will require as a precondition to release of its opinion printed on the Bonds that the purchaser of such Bonds deliver to it, prior to the date of delivery of the Bonds, a completed certificate regarding public reoffering price with respect to the Bonds awarded to such purchaser, the form of such certificate to be furnished to the purchaser by Bond Counsel following the bond sale, to the effect that (A) the purchaser has either purchased the Bonds at the prices shown on such certificate for investment and not with a view toward distribution or resale and not in the capacity of a bond house, broker or other intermediary, or (B) has made a bona fide public offering of the Bonds to the public (i) at initial offering prices not greater than, or yields not lower than, the respective prices or yields shown on the certificate, and (ii) a substantial amount of the Bonds was sold to the final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices not greater than or yields not lower than, such offering prices or yields. Prior to the delivery date of the Bonds, the completed certificate shall be delivered to Sandra D. Dawson, Esq., Updike, Kelly & Spellacy, P.C., 100 Pearl Street, 17th floor, P.O. Box 231277, Hartford, CT 06123, E-mail: sdawson@uks.com, Telephone: (860) 548-2643.

Official Statement

For more information regarding the Bonds or the Town, reference is made to the Preliminary Official Statement dated October 5, 2015 (the “Official Statement”) prepared by the Town’s financial advisor, Phoenix Advisors, LLC, describing the Bonds and the financial condition of the Town. The Official Statement is available in electronic format at www.i-dealprospectus.com, and such electronic access to the Official Statement is being provided as a matter of convenience only. The only official version of the Official Statement is the printed version for physical delivery. Copies of the Official Statement may be obtained from Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, Telephone (203) 283-1110. Twenty-five (25) copies of the Official Statement, which those bidding upon the Bonds should distribute to persons purchasing the Bonds from such bidders, will be made available by the Town to the purchaser of the Bonds by no later than the earlier of the delivery of the Bonds or the seventh business day after the bid opening. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer. The Town deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. If the Town’s financial

advisor, Phoenix Advisors, LLC, is provided with the necessary information from the purchaser by 12:00 o'clock noon on the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices, and the name of the managing underwriter of the Bonds.

Continuing Disclosure Agreement

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

Bona Fide Public Offering

As a condition of the sale and delivery of the Bonds by the Town to the purchaser at closing, the purchaser must make a bona fide public offering of each of the maturities of the Bonds at the public offering prices set forth on the cover of the final Official Statement and provide satisfactory evidence thereof to the Town and Bond Counsel.

TOWN OF TOLLAND, CONNECTICUT

STEVEN R. WERBNER
Town Manager

AGATA HERASIMOWICZ
Treasurer

October 5, 2015

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