

## Preliminary Official Statement Dated October 20, 2025

**NEW MONEY ISSUE: Book-Entry-Only**

**RATINGS: S&P Global Ratings: "SP-1+"**

*In the opinion of Bond Counsel, based on existing statutes and court decisions and rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is excludable from gross income for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals; however, such interest on the Notes may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Notes 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 \$5,815,000 General Obligation Bond Anticipation Notes (Bank Qualified)**

**Dated:** November 12, 2025

**Rate:** .\_\_%

**Yield:** .\_\_%

**Due:** November 11, 2026

**CUSIP:<sup>1</sup>** 889481\_\_

The Notes will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated October 20, 2025.

**The Notes are NOT subject to redemption prior to maturity.**

**Electronic bids via PARITY® for the Notes will be received until 11:30 A.M. (Eastern Time) on Tuesday, October 28, 2025, at the Hicks Memorial Municipal Center, Town Council Chambers, 21 Tolland Green, Tolland, Connecticut 06084.**

The Notes are issuable only as fully-registered notes, without coupons, and, when issued, will be registered in the name of Cede & Co., as noteowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Purchases of the Notes 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 Notes. So long as Cede & Co. is the noteowner, as nominee of DTC, reference herein to the Noteowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Notes. See "Book-Entry-Only Transfer System" herein.

The Notes 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 Notes when due. See "Security and Remedies" herein.

U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103 will serve as the Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Notes.

The Notes are offered for delivery when, as and if issued, subject to the final approving opinions of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Notes in book-entry-only form will be made through the facilities of DTC in New York, New York on or about November 12, 2025.

<sup>1</sup> 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 Notes. 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 Notes or as indicated above. The CUSIP number is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Notes 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 the Notes.

No dealer, broker, salesperson or other person has been authorized by the Town to give any information or to make any representations in connection with the offering of the Notes, 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 Notes 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 Notes 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 Notes 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 – “2024 General Purpose Financial Statements Excerpted from the Town’s Annual Comprehensive 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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## **Note Issue Summary**

*The information in this Note Issue Summary, the front cover page and the inside 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.*

<b>Date of Sale:</b>	Tuesday, October 28, 2025 at 11:30 A.M. (Eastern Time)
<b>Location of Sale:</b>	Hicks Memorial Municipal Center, Town Council Chambers, 21 Tolland Green, Tolland, Connecticut 06084.
<b>Issuer:</b>	Town of Tolland, Connecticut (the “Town”).
<b>Issue:</b>	\$5,815,000 General Obligation Bond Anticipation Notes (the “Notes”).
<b>Dated Date:</b>	Date of Delivery
<b>Interest Due:</b>	At maturity: November 11, 2026.
<b>Principal Due:</b>	At maturity: November 11, 2026.
<b>Purpose:</b>	The Notes are being issued to finance various general purpose projects. See “Use of Proceeds” herein.
<b>Redemption:</b>	The Notes are NOT subject to redemption prior to maturity.
<b>Security:</b>	The Notes 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 Notes when due.
<b>Credit Rating:</b>	The Notes are rated “SP-1+” by S&P Global Ratings (“S&P”).
<b>Note Insurance:</b>	The Town does not expect to purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of the dated date.
<b>Tax Matters:</b>	See Appendix B – “Form of Opinion of Bond Counsel and Tax Matters” herein.
<b>Bank Qualification:</b>	The Notes <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 Notes.
<b>Continuing Disclosure:</b>	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, notices of the occurrence of certain listed events pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, a division of First Security Municipal Advisors, Inc., of Milford, Connecticut. Telephone (203) 283-1110.
<b>Legal Opinion:</b>	Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about November 12, 2025. Delivery of the Notes will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Jolita Lazauskas, Director of Finance and Records, Town of Tolland, Hicks Memorial Municipal Center, 21 Tolland Green, Tolland, Connecticut 06084. Telephone: (860) 871-3658.

## ***I. Note Information***

### ***Introduction***

This Official Statement, including the front and inside cover page and the 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 \$5,815,000 General Obligation Bond Anticipation Notes (the “Notes”) of the Town.

The Notes are being offered for sale at public bidding. A Notice of Sale dated October 20, 2025 for the Notes 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 Notes.

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 Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, 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 acts of the Town contained herein do not purport to be complete, and are qualified in their entirety by reference to such laws, charters or acts. Such provisions of law are subject to repeal or amendment. All references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

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

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.

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 in its opinion in Appendix B herein), and makes no representation that it has independently verified the same.

### ***Municipal Advisor***

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., of Milford, Connecticut, has served as Municipal Advisor to the Town in connection with the issuance of the Notes (the “Municipal Advisor”) and has assisted in matters related to the planning, structuring and terms of the Notes. The Municipal 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 Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### ***Description of the Notes***

The Notes will be dated November 12, 2025 and will be due and payable as to both principal and interest at maturity on November 11, 2026. The Notes are not subject to redemption prior to maturity and will bear interest, calculated on the basis of a 360-day year consisting of twelve 30-day months, at the rate or rates per annum specified by the successful bidder or bidders using the Net Interest Cost (“NIC”) method. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership affected on the records of The Depository Trust Company, New York, New York (“DTC”) and its participants pursuant to rules and procedures established by DTC and its participants. (See “Book-Entry-Only Transfer System” herein.) The legal opinion for the Notes will be rendered by Updike, Kelly & Spellacy, P.C., Bond Counsel, in substantially the form set forth in Appendix B to this Official Statement.

## **Redemption Provisions**

The Notes are not subject to redemption prior to maturity.

## **Authorization and Purpose**

The Notes 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 (2022–23):** Appropriations and bonding authorizations in the aggregate amount of \$1,197,366 were adopted by the Town Council on July 12, 2022, for the purpose of financing the cost of purchasing a fire rescue truck (\$750,000 appropriation authorization), resurfacing the track located at the Tolland Middle School (\$140,000 appropriation authorization), purchasing one (1) 16' Toro lawn mower (\$115,488 appropriation authorization), and constructing an ADA-compliant walkway to provide access from the parking lot to the upper athletic fields located at the Cross Farms Recreation Center (\$191,878 appropriation authorization).

**Road Improvement Project (2018):** An appropriation and bonding authorization in the amount of \$5,000,000 was adopted at referendum on November 6, 2018, 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.

**Firehouse Improvement Project (2021):** An appropriation and bonding authorization in the amount of \$5,000,000 was adopted at referendum on May 4, 2021, for the purpose of financing costs related to certain building repairs, renovations, demolition, remediation work, improvements and/or construction associated with Fire Station 140, Fire Station 340 and Fire Station 440.

**Road Improvement Project (2024):** An appropriation and bonding authorization in the amount of \$7,000,000 was adopted at referendum on November 5, 2024, 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.

**Various Capital Projects (2024–25):** Appropriations and bonding authorizations in the aggregate amount of \$2,155,000 were adopted by the Town Counsel on July 9, 2024, for the purpose of financing the cost of various school security communications system and security infrastructure improvements, pavement resurfacing, sealing and repair of access roads and parking lots located at Tolland Middle School and equipment acquisition (\$550,000 appropriation authorization), purchasing a fire rescue truck (\$1,200,000 appropriation authorization) and the construction of ADA-compliant sidewalks and other improvements on the Tolland Green (\$400,000 appropriation authorization).

**Various Capital Projects (2025–26):** Appropriations and bonding authorizations in the aggregate amount of \$1,147,055 were adopted by the Town Counsel on July 8, 2025, for the purpose of financing the cost of purchasing a roadside mower (\$304,855 appropriation authorization), purchasing one all-season front-line truck (\$277,200 appropriation authorization) and the replacement and resurfacing of basketball courts at Crandall Park and Heron Cove (\$565,000 appropriation authorization).

## **Use of Proceeds**

<b>Project</b>	<b>Amount Authorized</b>	<b><u>This Issue:</u></b>
		<b><u>The Notes:</u></b> <b>Due: 11/11/26</b>
Various Capital Projects (2022-23) .....	\$ 1,197,366	\$ 200,000
Road Improvement Project (2018).....	5,000,000	790,000
Firehouse Improvement Project (2021)...	5,000,000	739,524
Road Improvement Project (2024).....	7,000,000	1,400,000
Various Capital Projects 2024-25.....	2,155,000	1,538,421
Various Capital Projects 2025-26.....	1,147,055	1,147,055
<b>Total.....</b>	<b>\$ 21,499,421</b>	<b>\$ 5,815,000</b>

## ***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 Notes. The Notes 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 note certificate will be issued for each interest rate of the Notes, 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 S&P Global’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](http://www.dtcc.com).

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each security (“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 Notes 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 the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the bond and note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes 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 Notes 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 Notes 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 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 Notes at any time by giving reasonable notice to the Town or its Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond and note 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 and note 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.

Neither the Town nor the Paying Agent 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 Notes.

### ***DTC Practices***

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Notes 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.

### ***Replacement Securities***

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



## ***Security and Remedies***

The Notes 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 Notes when due. Unless paid from other sources, the Notes are payable from general property tax revenues of the Town. The Town has the power under Connecticut General 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 qualified disabled persons taxable at limited amounts. There was, however, no such classified property 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 such dwelling houses.

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

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 Notes or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes 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 Notes 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, 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, notes or other obligations.

## ***Qualification for Financial Institutions***

The Notes 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 Notes.

## ***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. 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 Notes substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of the Rule, timely, but not in excess of ten (10) business days after the occurrence of such events, notice of the occurrence of certain listed events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon it receiving, at or prior to the delivery of the Notes, 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 and notes 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 Notes are rated “SP-1+” by S&P Global Ratings (“S&P”). Such ratings reflect only the views of the rating agency and an explanation of the significance of each 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 ratings will continue for any given period of time or that they will not be revised or withdrawn entirely if in the judgment of such applicable rating agency, circumstances so warrant. A revision or withdrawal of the ratings may have an adverse effect on the marketability or market price of the Town’s outstanding debt obligations, including the Notes. The Town expects to furnish the rating agency with certain information and materials that the agency may request.

## **Note Insurance**

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

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## II. The Issuer



## Connecticut

### **Description of the Municipality**

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 designated as a National Historic District. Included in the district are several of the Town's historic attractions, such as the former Tolland County Court House, the Old Jail Museum and the Hicks-Stearns Family Museum, plus a number of gracious 18<sup>th</sup> and 19<sup>th</sup> century homes. Many of these Colonial, Greek Revival and Victorian structures are still being used as residences and by several churches. Municipal offices and the Town Library anchor one end of the Green. A few miles from the Green, the Town's oldest home, the 1720 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 an outer-ring suburb of the Hartford metropolitan area. Ninety-five percent of its dwellings are owner-occupied and ninety-five percent are single-family homes. Land subdivision activity and housing starts have slowed down over the last ten years due initially to the economic downturn, planned changes in zoning regulations and purchase by the Town of open space.

## ***Economic Development***

The Town continues to balance land preservation with expanding and encouraging business growth. Exit 68 off Interstate 84 is the main access point to Tolland and the primary gateway to the University of Connecticut's main campus. The 2019 Plan of Conservation and Development (the "2019 Plan") reflects a strong emphasis on economic development. Since 2019, the Town has successfully updated its zoning regulations to relax requirements, encourage economic development, and attract a wider variety of land uses while still preserving strong design standards. As a result of some of these regulation changes, the Town has approved a 240-unit multifamily development, which is now under construction in its Gateway area, and has helped to support the expansion of numerous small businesses. The Town has recently approved a series of significant development projects. These projects include the establishment of a new drive-through restaurant, a 20,000-square-foot medical office building, a farm cidery, the redevelopment of a gas station, a recreational cannabis facility, a new office building, and a new gymnastics facility.

The 2019 Plan recommends that the Town's zoning regulations be updated to facilitate the development and promotion of the types of businesses that the Town wishes to see in Tolland. Along with undertaking efforts to produce a regional economic development action plan, it is the Town's goal to be more aggressive in marketing development opportunities in Tolland and the region. The 2019 Plan reflects the Town's support for mixed-use development. Studies show there is market potential for restaurants, apartments, possibly a hotel, and other uses. Tolland has updated its tax abatement policy in order to assist new businesses.

The 2019 Plan recommends revising regulations for the Tolland Village Area and Technology Campus Zone to attract more businesses. The Planning and Zoning Commission has replaced the Technology Campus Zone with the Tolland Commercial Zone, which supports a wider variety of possible land uses. Additionally, the Town has developed an innovative Master Plan Overlay Zone option that provides additional flexibility for developers to undertake larger scale development with lessened risk. The Town and its Economic Development Commission have worked with property owners, developers, and residents to promote development, and the Economic Development Commission has completed a new Economic Development Plan. Tolland has collaborated with the Towns of Bolton, Coventry and Mansfield to develop a regional economic development marketing plan through the Connecticut's Countryside initiative.

The Town's Gateway Design District is located immediately south of the main access point to Tolland (I-84 Exit 68) along the primary travel corridor to the University of Connecticut. The successful 133,000-square-foot Fieldstone Commons shopping plaza, anchored by a Big Y Supermarket, is located here. A number of other businesses that serve Tolland residents and the region include medical offices, financial institutions, smaller retail establishments and personal services. A 240-unit apartment complex is currently under construction in this zone which is expected to further support economic development opportunities. Immediately north of the Exit 68 interchange is the Tolland Village Area zone. This zone allows a mixture of retail, restaurants, offices, housing, and hotels.

Some additional significant items to note for economic growth are as follows:

- The Town has updated its regulations in the Tolland Village Area and the Technology Campus Zone to be more business-friendly, expanding certain types of allowable uses while preserving strong design standards. The Technology Campus Zone has been re-visioned as the Tolland Commercial Zone, which supports a wider variety of possible development opportunities with simplified approvals. In both the Tolland Commercial Zone and the Tolland Village Area, Tolland created a Master Plan Overlay Zone option that provides added flexibility for large-scale development.
- The Town began to allow for drive-through in certain parts of Town, and its first drive through restaurant was opened in 2021.
- The Town continues to work with developers to facilitate development through the Economic Development Commission. Businesses which have opened and/or expanded in recent years include several small personal service businesses, a new medical facility, automotive uses, a new diner and new home occupations.
- A new interactive map for available commercial spaces was developed and is on line for developers and potential new business owners to review open inventory and obtain more detail regarding such properties. This tool is also being shared with potential real estate investors and professionals.

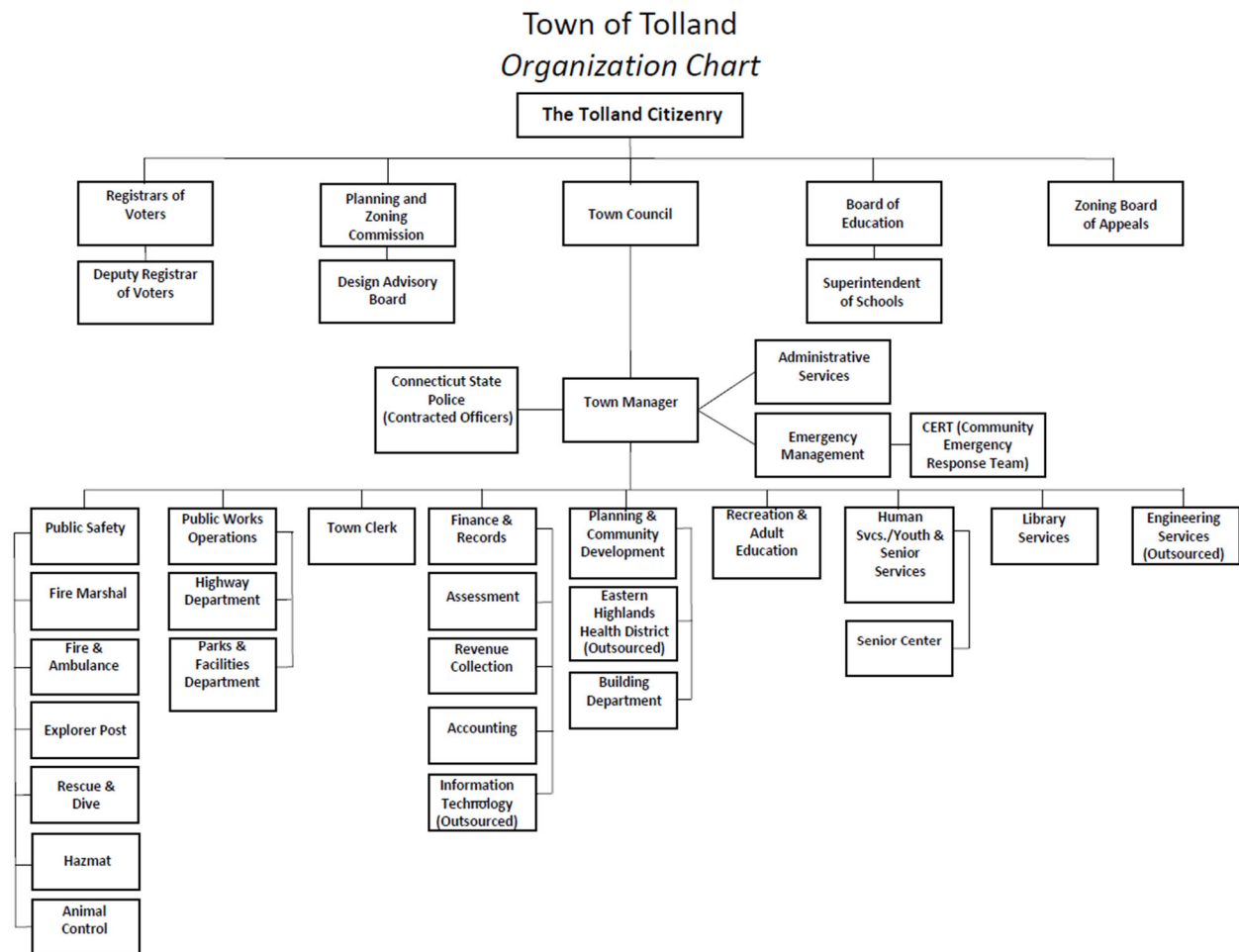
Tolland remains attractive to business development having a median family income of \$152,917 (American Community Survey 2022). Tolland's unemployment rate was 3.2% in July, 2025 compared to the State's rate of 4.2%.

The Town cannot predict the potential impact of any tariffs imposed by the federal government on existing commercial and residential development projects and existing public projects in the Town and the construction costs related to such projects. In addition, the impact of such tariffs on future development in Town and economic growth more generally is difficult to measure.

## Form of Government

Tolland is governed by a charter first adopted in 1973 (amended most recently in November 2018) 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**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection/Term</b>	<b>Years of Service</b>
Town Manager .....	Brian Foley	Appointed/Indefinite	3
Town Council Chairperson.....	Jacob Marie	Elected/2 years	4
Director of Finance and Records/Treasurer .....	Jolita Lazauskas	Appointed/Indefinite	1
Assistant Finance Director/Deputy Treasurer...	Christopher J. Jordan	Appointed/Indefinite	8
Town Clerk.....	Kathleen Pagan	Appointed/Indefinite	5
Collector of Revenue .....	Erin Bartlett <sup>1</sup>	Appointed/Indefinite	2
Assessor.....	Jason Lawrence	Appointed/Indefinite	13
Director of Planning and Community Development.....	David Corcoran	Appointed/Indefinite	4
Superintendent of Schools.....	Dr. Walter Willett	Appointed/Indefinite	11

<sup>1</sup> Ms. Bartlett was previously the assistant collector of revenue for 10 years.

## **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 82 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, an Assistant Planner, a Building Official, and a Building Permit Technician. The Town also employs a part-time contract Wetlands Agent/Zoning Enforcement Officer. 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 library provides materials and services to meet the informational, educational, recreational, and cultural needs of all residents of Tolland. The Director of Human Services oversees a Social Services Department which includes an Assistant Director of Human Services/Youth Services Bureau Director, a Senior Center Director, a Human Services Case Manager/Prevention Specialist, a Human Services Administrative Secretary, a Senior Services Caseworker and a Senior Center Secretary. The Human Services Department is responsible for the comprehensive planning, management, coordination and delivery of town programs and services that support youth, seniors, and their families, including oversight of the Senior Center.

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 75 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 additional recreational facilities were added to the Town. An artificial turf field is available to the public for sports use and rental. The Crossfarms Concession Stand at the Crossfarms Recreation Complex also provides income to assist with the maintenance of the complex. A portion of the proceeds of the Notes will be used to replace and resurface the basketball courts at Crandall Park and Heron Cove.

**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. There are four municipal cemeteries in town that the Parks and Facilities Division maintains and oversees. 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 30.6 full-time equivalent employees and one part-time employee and is supplemented by contracted firms.

**Engineering:** The Town currently outsources engineering services which include 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 the Tolland Water System.

**Public Safety:** The Town's Public Safety Services include Police, Fire, Ambulance, Emergency Services, Emergency Preparedness and Animal Control. The Town contracts with the Connecticut State Police for the provision of law enforcement services throughout the Town, which includes 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, Emergency Services, Emergency Preparedness and Animal Control services throughout the Town. The Director also serves as the Tolland Fire Department's Fire Chief. 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. There is also a full-time Fire Marshal. In an effort to provide funding for replacement vehicles, ambulance revenues in excess of \$39,140 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. At their July 8th, 2025 meeting the Town Council unanimously approved the Ambulance Fund Policies and Procedures resolution and set the threshold amount of \$15,000 to ensure the Town does not run out of monies to fund ambulance service needs.

**Water:** The Town water system provides water services to a small sector of the community, servicing approximately 514 residences, 36 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.

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## 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 2024, Tolland schools had an enrollment of approximately 2,145 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).

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. 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.

### 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>
2015-16	1,141	684	851	2,676
2016-17	1,040	603	841	2,484
2017-18	1,032	582	851	2,465
2018-19	985	574	827	2,386
2019-20	964	572	818	2,354
2020-21	908	583	790	2,281
2021-22	935	533	749	2,217
2022-23	1,050	526	744	2,320
2023-24	1,023	463	723	2,209
2024-25	1,016	471	658	2,145
<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>
2025-26	1,002	477	635	2,114
2026-27	1,015	478	629	2,122
2027-28	1,034	483	602	2,119

Source: Town of Tolland, Board of Education

### School Facilities<sup>1</sup>

<i>School</i>	<i>Grades</i>	<i>Date of Construction (Additions, Remodeling)</i>	<i>Number of Classrooms</i>	<i>10/1/2024 Enrollment</i>	<i>Rated Capacity</i>
Tolland High School .....	9-12	2006	46 <sup>2</sup>	658	1,300
Tolland Middle School .....	6-8	1966 (1983)	47	471	1,090
Tolland Intermediate School ..	3-5	1971 (1974)	37	477	840
Birch Grove Primary School ...	Pre-K, K-2	1999 (2021)	45	539	984
<b>Total.....</b>			175	2,145	4,214

<sup>1</sup> Figures based on data from 2024-2025 school year.

<sup>2</sup> Excludes labs and science rooms.

Source: Town of Tolland, Board of Education



### **Principal Public Facilities**

<b>Facility</b>	<b>Year of Acquisition or Improvements</b>	<b>Type of Construction</b>	<b>Planned Major Improvements</b>
Crandall's Lodge.....	1989	Wood Frame	None
Crandall Park Pavilion.....	2011	Post & Beam	None
Cross Farms Concession Stand.....	2014	Concrete Block/Wood	None
Senior Center.....	1998	Wood Frame	None
Maintenance Garage.....	1991	Steel	None
Highway Garage/Addition.....	1981/2019	Steel/Concrete Block	None
Old Tolland County Jail Museum.....	1856	Brick/Masonry	None
Town Hall Arts Center.....	1879/1997	Wood Frame	None
Tolland Recreation Center/ Elderly Housing.....	1964/1992/2011/2019	Concrete Block	None
Military Museum (Prior State Trooper Building)...	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	Potential Renovation
Fire Training Center.....	1998	Wood Frame	None
Rhodes Road & Merrow Road Firehouse.....	1973	Concrete Block	Potential Renovation
Gehring Road Firehouse.....	1975/2023	Concrete Block	Under Renovation
Tolland High School.....	2006	Concrete Block	None
Tolland Middle School.....	1966/1975/2018	Concrete Block	None
Tolland Intermediate School.....	1971/1995	Concrete Block	Roof
Birch Grove Primary School.....	2021	Concrete Block/Steel	None
Tolland Board of Education.....	1970	Brick/Wood Frame	None

### **Employee Relations and Collective Bargaining Municipal Employees <sup>1</sup>**

	<b>2024-25</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>
General Government.....	82	83	82	80	79
Board of Education.....	406	410	407	423	415
<b>Total.....</b>	<b>488</b>	<b>493</b>	<b>489</b>	<b>503</b>	<b>494</b>

<sup>1</sup> Includes Full-Time Equivalents

### **Municipal Employee Bargaining Organizations**

<b>Organization</b>	<b>Positions Covered</b>	<b>Current Contract Expiration Date</b>
IAFF Local 3954 .....	8.0	6/30/2027
Teamsters Local 1035 .....	22.0	6/30/2028
Tolland Educational Association <sup>1</sup> .....	196.0	6/30/2027
Tolland Administrators <sup>1</sup> .....	13.8	6/30/2026
Tolland Paraprofessionals <sup>1</sup> .....	71.9	6/30/2026
Tolland School Nurses <sup>1</sup> .....	6.0	6/30/2026
CSEA Local 2001 Town Hall Employees .....	30.0	6/30/2028
Tolland BOE Custodians .....	17.0	6/30/2028
Association of Education Secretaries <sup>1</sup> .....	16.0	6/30/2028
<b>Total Bargaining Group Employees.....</b>	<b>380.70</b>	
Non Bargaining <sup>2</sup> .....	25.00	
<b>Total Bargaining and Non-Bargaining Employees.....</b>	<b>405.70</b>	

<sup>1</sup> Includes Full-Time Equivalents.

<sup>2</sup> Town employees show number of positions and not full time equivalents of 85 employees.

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.

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### III. Economic and Demographic Information

#### Population and Density

<i>Actual</i>			
<b>Year</b>	<b>Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>
2023 <sup>3</sup>	14,556	0.0%	361.2
2020	14,563	-3.2%	361.4
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

<sup>1</sup> U.S. Department of Commerce, Bureau of Census, *Census of Population 1970-2020*.

<sup>2</sup> Per square mile: 40.3 square miles.

<sup>3</sup> American Community Survey, 2019-2023.

#### Age Distribution of the Population

<b>Age</b>	<b>Town of Tolland</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Under 5 years .....	742	5.1%	181,240	5.0%
5 to 9 years .....	750	5.2	195,390	5.4
10 to 14 years .....	1,145	7.9	217,297	6.0
15 to 19 years .....	1,060	7.3	238,145	6.6
20 to 24 years .....	975	6.7	233,423	6.5
25 to 34 years .....	1,622	11.1	449,771	12.5
35 to 44 years .....	1,781	12.2	451,461	12.5
45 to 54 years .....	2,030	13.9	462,543	12.9
55 to 59 years .....	769	5.3	260,758	7.2
60 to 64 years .....	1,395	9.6	257,548	7.2
65 to 74 years .....	1,431	9.8	376,023	10.4
75 to 84 years .....	687	4.7	187,378	5.2
85 years and over .....	169	1.2	87,371	2.4
<b>Total.....</b>	<b>14,556</b>	<b>100%</b>	<b>3,598,348</b>	<b>100%</b>
Median Age (Years) 2023.....	40.1		41.2	
Median Age (Years) 2010 <sup>1</sup> .....	41.6		40.0	

<sup>1</sup> U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey, 2019-2023.

### Income Distribution

<b>Income</b>	<b>Town of Tolland</b>		<b>State of Connecticut</b>	
	<b>Households</b>	<b>Percent</b>	<b>Households</b>	<b>Percent</b>
\$ 0 - \$ 9,999.....	97	2.3%	22,973	2.5%
10,000 - 14,999.....	-	0.0	12,547	1.4
15,000 - 24,999.....	40	0.9	29,893	3.3
25,000 - 34,999.....	85	2.0	35,598	3.9
35,000 - 49,999.....	248	5.8	61,793	6.7
50,000 - 74,999.....	359	8.5	108,046	11.8
75,000 - 99,999.....	542	12.8	108,216	11.8
100,000 - 149,999.....	714	16.8	185,242	20.2
150,000 - 199,999.....	618	14.6	128,574	14.0
200,000 and over.....	1,542	36.3	224,258	24.5
<b>Total.....</b>	<b>4,245</b>	<b>100.0%</b>	<b>917,140</b>	<b>100.0%</b>

Source: American Community Survey, 2019-2023.

### Income Levels

	<b>Town of Tolland</b>		<b>State of Connecticut</b>	
Per Capita Income, 2023.....	\$	69,283	\$	54,409
Per Capita Income, 2010.....	\$	41,883	\$	36,775
Median Family Income, 2023.....	\$	154,125	\$	120,011
Median Family Income, 2010.....	\$	108,564	\$	84,170

Source: American Community Survey, 2019-2023.

### Educational Attainment Years of School Completed - Age 25 and Over

	<b>Town of Tolland</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	60	0.6%	101,530	4.0%
9th to 12th grade.....	182	1.8	118,019	4.7
High School graduate.....	1,897	19.2	647,094	25.5
Some college, no degree.....	1,412	14.3	410,591	16.2
Associate's degree .....	747	7.6	193,216	7.6
Bachelor's degree.....	3,123	31.6	581,935	23.0
Graduate or professional degree.....	2,463	24.9	480,468	19.0
<b>Total.....</b>	<b>9,884</b>	<b>100.0%</b>	<b>2,532,853</b>	<b>100.0%</b>
Total high school graduate or higher (%).....		97.6%		91.3%
Total bachelor's degree or higher (%).....		56.5%		41.9%

Source: American Community Survey, 2019-2023.

## Major Employers

<i>Employer</i>	<i>Nature of Business</i>	<i>Approximate Number of Employees</i>
Town of Tolland.....	Municipality	494
Gerber Garment Technologies.....	Precision Instruments	290
Woodlake at Tolland.....	Nursing Home	245
Big Y.....	Supermarket	174
CNC Software.....	Software Supplier	152
Eversource.....	Utility	85
State Police Troop C.....	Law Enforcement	79
Star Hill Athletic Facility <sup>1</sup> .....	Sports Complex	75
USDA.....	Department of Agriculture	52
FFE (Frozen Food Express).....	Food Manufacturer	44

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

## Employment by Industry Employed Persons 16 Years and Over

<i>Sector</i>	<i>Town of Tolland</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Agriculture, forestry, fishing and hunting, and mining.....	57	0.7%	7,261	0.4%
Construction.....	666	8.1	112,821	6.1
Manufacturing.....	875	10.7	195,355	10.6
Wholesale trade.....	376	4.6	37,294	2.0
Retail trade.....	779	9.5	192,535	10.5
Transportation warehousing, and utilities....	157	1.9	84,571	4.6
Information.....	82	1.0	36,631	2.0
Finance, insurance, real estate, and leasing..	798	9.8	162,724	8.9
Professional, scientific, management, administrative, and waste management.....	800	9.8	223,982	12.2
Education, health and social services.....	2,505	30.6	490,839	26.7
Arts, entertainment, recreation, accommodation and food services.....	450	5.5	145,445	7.9
Other services (except public admin.).....	194	2.4	78,662	4.3
Public Administration.....	443	5.4	67,335	3.7
<b>Total Labor Force, Employed.....</b>	<b>8,182</b>	<b>100.0%</b>	<b>1,835,455</b>	<b>100.0%</b>

Source: American Community Survey, 2019-2023.

### **Employment Data By Place of Residence**

<b>Period</b>	<b>Town of Tolland</b>		<b>Percentage Unemployed</b>		
	<b>Employed</b>	<b>Unemployed</b>	<b>Town of Tolland</b>	<b>Hartford Labor Market</b>	<b>State of Connecticut</b>
July 2025.....	8,143	265	3.2	4.3	4.2
<b>Annual Average</b>					
2024.....	8,369	208	2.4	3.5	3.5
2023.....	8,263	251	3.0	3.7	3.7
2022.....	8,274	278	3.3	4.1	4.1
2021.....	7,662	384	4.8	6.6	6.6
2020.....	8,110	414	4.9	7.0	7.3
2019.....	8,456	246	2.8	3.8	3.7
2018.....	8,381	262	3.0	4.1	4.1
2017.....	8,361	282	3.3	4.8	4.7
2016.....	8,250	311	3.6	5.3	5.3
2015.....	8,274	317	3.7	5.6	5.6

Source: State of Connecticut, Department of Labor.

### **Age Distribution of Housing**

<b>Year Built</b>	<b>Town of Tolland</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1939 or earlier.....	256	4.8%	313,434	20.4%
1940 to 1969.....	1,630	30.5	516,528	33.6
1970 to 1979.....	783	14.6	210,611	13.7
1980 to 1989.....	762	14.2	197,533	12.9
1990 to 1999.....	999	18.7	116,617	7.6
2000 or 2009.....	647	12.1	108,430	7.1
2010 or later.....	271	5.1	72,896	4.7
<b>Total Housing Units.....</b>	<b>5,348</b>	<b>100.0%</b>	<b>1,536,049</b>	<b>100.0%</b>

Source: American Community Survey, 2019-2023.

### **Housing Inventory**

<b>Housing Units</b>	<b>Town of Tolland</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1-unit, detached.....	4,878	91.2%	901,187	58.7%
1-unit, attached.....	74	1.4	95,202	6.2
2 units.....	38	0.7	118,295	7.7
3 or 4 units.....	149	2.8	126,755	8.3
5 to 9 units.....	105	2.0	76,750	5.0
10 to 19 units.....	45	0.8	55,290	3.6
20 or more units.....	59	1.1	150,986	9.8
Mobile home.....	-	-	10,967	0.7
Boat, RV, van, etc.....	-	-	617	0.0
<b>Total Inventory.....</b>	<b>5,348</b>	<b>100.0%</b>	<b>1,536,049</b>	<b>100.0%</b>

Source: American Community Survey, 2019-2023.

### Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Tolland		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	51	1.1%	22,174	2.4%
\$50,000 to \$99,000.....	19	0.4	15,116	1.6
\$100,000 to \$149,999.....	76	1.6	38,832	4.1
\$150,000 to \$199,000.....	162	3.4	77,152	8.2
\$200,000 to \$299,999.....	1,691	35.7	233,824	24.9
\$300,000 to \$499,999.....	1,945	41.0	319,703	34.0
\$500,000 or more.....	715	15.1	173,643	18.5
\$1,000,000 or more.....	81	1.7	59,468	6.3
<b>Total.....</b>	<b>4,740</b>	<b>100.0%</b>	<b>939,912</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$332,800</b>		<b>\$343,200</b>	

Source: American Community Survey, 2019-2023.

### Housing Vacancy Rates

Housing Units	Town of Tolland		State of Connecticut	
	Units	Percent	Units	Percent
Occupied Housing Units .....	5,198	97.2%	1,420,170	92.5%
Vacant Housing Units .....	150	2.8%	115,879	7.5%
<b>Total Units .....</b>	<b>5,348</b>	<b>100.0%</b>	<b>1,536,049</b>	<b>100.0%</b>
Homeowner Vacancy Rate .....	—	0.0	—	0.9
Rental Vacancy Rate .....	—	8.4	—	4.6

Source: American Community Survey, 2019-2023.

### Building Permits

Fiscal Year	Single-Family Residential		Total <sup>1</sup>	
	Number	Value	Number	Value
2025	27	\$ 9,941,942 <sup>2</sup>	1,354	\$ 34,171,603
2024	11	2,699,489	1,313	27,037,409
2023	21	6,431,622	1,489	33,432,953
2022	21	6,050,569	1,569	24,522,912
2021	14	3,893,513	1,392	24,522,912
2020	8	2,861,234	1,122	42,315,834
2019	17	2,521,440	1,010	20,537,615
2018	8	2,695,642	1,141	17,487,957
2017	10	2,788,546	989	15,419,767
2016	5	1,688,787	1,096	10,602,382

<sup>1</sup> Includes Commercial and Industrial

<sup>2</sup> Increase is due to a new housing development.

## Land Use Summary

The Town continues to balance land preservation with expanding and encouraging business growth through the 2019 Plan of Conservation and Development. Since 2019, the Town has successfully updated its Zoning Regulations to relax requirements, encourage economic development, and attract a wider variety of land uses while still preserving strong design standards.

The Town continues to identify high-value locations to preserve as open space with grant assistance, with a goal of maximizing recreational value to the Town while minimizing the amount of developable land removed from the tax rolls.

<b>Land Use</b>	<b>Acres</b>	<b>% of Developed</b>	
		<b>Committed Land</b>	<b>% of Total Land</b>
Residential.....	12,317	57.7%	47.7%
Commercial/Industrial.....	624	2.9%	2.4%
Parks and Open Space.....	5,076	23.8%	19.6%
Agriculture.....	1,182	5.5%	4.6%
Town Land/ Institutional....	459	2.2%	1.8%
Other.....	1,696	7.9%	6.6%
Vacant.....	4,494		17.4%
<b>Total.....</b>	<b>25,848</b>		

*Source: Plan of Conservation and Development. As of February 2019.*

*Note: Other includes right-of-ways and water.*

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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, 2024, and a full physical revaluation will be required in five years or October 1, 2029.

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 municipality'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, 2024, the Town's net taxable grand list amounted to approximately \$1,882,755,000. 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 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 ("DMV"). New legislation was adopted in 2024 to require the Assessor for assessment years commencing on or after October 1, 2024, to value motor vehicles using the original Manufacturer's Suggested Retail Price ("MSRP"). Once the MSRP is set, assessments are arrived at by applying a depreciation schedule determined by the State of Connecticut Office of Policy and Management ("OPM") and then applying the 70% assessment ratio. These values are applied uniformly and equitably to all vehicles in the Town; a myriad of exemptions are then applied to qualifying applicants. The Town Council may elect to modify the depreciated MSRP pursuant to such state legislation. 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 provided such registration occurs prior to November 1. 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. For assessment years commencing on or after October 1, 2024, motor vehicles which are registered with the DMV after the October 1 assessment date but before April 1 in such assessment year are subject to a property tax as if the motor vehicle has been included on the October 1 grand list, provided such registration occurs prior to November 1. If such registration occurs on or after November 1 but prior to October 1, the tax is prorated, and the proration is based on the number of months of ownership, including the month of registration, to the next succeeding 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.

Section 12-71e of the Connecticut General Statutes, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property provided the motor vehicle rate is the lower rate. The statute establishes a cap on the local property tax mill rate for motor vehicles. The statute provides that for each assessment year the mill rate for motor vehicles shall not exceed 32.46 mills. The Town's motor vehicle mill rate for the current fiscal year is 27.19.

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	Commercial			Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List (000's)	Exemptions,		Net Taxable Grand List (000's)	Percent Growth
	Residential Real Property (%)	and Industrial Real Property (%)	Other Real Property (%)				Veterans Relief and Disabled (000's)			
2024 <sup>1</sup>	80.1	7.5	0.1	3.3	9.0	\$ 1,898,273	\$ 15,518		\$ 1,882,755	37.6%
2023	73.4	9.4	0.1	4.3	12.8	1,377,221	8,566		1,368,655	0.7%
2022	73.0	9.6	0.1	3.9	13.4	1,368,482	9,517		1,358,965	1.8%
2021	75.1	8.3	0.1	3.7	12.8	1,345,268	10,765		1,334,503	3.8%
2020	77.5	8.3	0.1	3.6	10.5	1,297,444	11,436		1,286,008	0.8%
2019 <sup>1</sup>	78.0	8.3	0.1	3.2	10.4	1,286,379	11,046		1,275,333	-0.5%
2018	78.5	7.8	0.1	3.5	10.1	1,292,254	10,390		1,281,864	0.2%
2017	78.9	7.9	0.1	3.1	10.0	1,289,527	10,542		1,278,985	0.2%
2016	79.0	8.0	0.1	3.0	9.9	1,285,486	8,774		1,276,712	0.9%
2015	79.4	7.5	0.3	2.8	10.0	1,275,802	11,045		1,264,757	0.8%

<sup>1</sup> 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	Percent of Annual Levy		
					Collected at End of Fiscal Year	Uncollected at End of Fiscal Year	Uncollected as of 6/30/2025
2024 <sup>3</sup>	2026 <sup>1</sup>	\$ 1,882,755	27.19	\$ 50,919,462	N/A	N/A	N/A
2023	2025 <sup>2</sup>	1,368,655	37.77	51,209,789	99.1%	0.9%	0.9%
2022	2024	1,358,965	37.33	49,569,147	99.0	1.0	1.0
2021	2023	1,334,503	36.58	47,916,329	98.9	1.1	0.7
2020	2022	1,286,008	37.11	48,158,319	99.1	0.9	0.3
2019 <sup>3</sup>	2021	1,275,333	36.05	45,683,613	98.9	1.1	0.1
2018	2020	1,281,864	36.05	46,462,004	98.4	1.6	0.1
2017	2019	1,278,985	35.00	45,014,124	99.4	0.6	0.0
2016	2018	1,276,712	34.48	43,442,830	99.1	0.9	0.0
2015	2017	1,264,757	34.19	41,981,338	99.0	1.0	0.0

<sup>1</sup> Subject to audit.

<sup>2</sup> Budgeted.

<sup>3</sup> Revaluation.

Source: Town of Tolland, Tax Collector

### Ten Largest Taxpayers

<b>Name of Taxpayer</b>	<b>Business</b>	<b>Taxable Assessed Value</b>	<b>Percent of Net Taxable Grand List <sup>1</sup></b>
Conn Light + Power Co .....	Utility	\$ 26,379,860	1.40%
Capitol Ventures .....	Shopping Center	14,697,200	0.78%
Refrigerated Properties LLC .....	Warehouse	8,222,400	0.44%
Gerb Tolland QRS CT 16 Inc.....	Manufacturing	7,626,580	0.41%
Norwegian Woods LLC. ....	Apartments	6,988,700	0.37%
Wat Realty LLC .....	Nursing and Rehab Facility	6,591,620	0.35%
Ivy Woods CT LLC .....	Apartments	6,365,800	0.34%
JM Associates LLC .....	Holding Company	5,596,785	0.30%
MJB Realty LLC .....	Sports Complex	4,154,880	0.22%
259 Hartford Turnpike LLC .....	Storage Facility	2,965,050	0.16%
<b>Total.....</b>		<b>\$ 89,588,875</b>	<b>4.76%</b>

<sup>1</sup> Based on the Net Taxable Grand List of October 1, 2024 of \$1,882,755,000.

Source: Town of Tolland, Assessor's Office.

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**V. Debt Summary**  
**Principal Amount of Indebtedness**  
**As of November 12, 2025**  
**(Pro Forma)**

**Long-Term Debt:**

<b>Date</b>	<b>Purpose</b>	<b>Interest Rate %</b>	<b>Original Issue</b>	<b>Amount Outstanding</b>	<b>Fiscal Year of Maturity</b>
08/29/12	Series A - General Purpose .....	1.50-3.00	\$ 1,145,310	\$ 149,040	2028
08/29/12	Series A - School .....	1.50-3.00	314,690	40,960	2028
10/22/14	General Purpose .....	2.00-4.00	1,499,715	281,200	2028
10/22/14	School .....	2.00-4.00	7,517,285	578,800	2028
10/21/15	General Purpose .....	2.00-4.00	7,275,000	3,620,000	2036
10/21/15	School .....	2.00-4.00	290,000	180,000	2036
05/24/18	General Purpose .....	3.00-5.00	7,169,908	5,380,000	2043
05/24/18	School .....	3.00-5.00	2,170,092	1,620,000	2043
09/17/20	Series A - General Purpose .....	2.00-5.00	3,583,582	2,682,000	2041
09/17/20	Series A - School .....	2.00-5.00	6,986,418	5,238,000	2041
09/17/20	Series B - General Purpose .....	4.00-5.00	592,000	210,000	2031
09/17/20	Series B - School .....	4.00-5.00	1,355,000	435,000	2031
09/17/20	Series B - Sewer .....	4.00-5.00	263,000	45,000	2027
09/15/22	General Purpose .....	3.00-5.00	2,466,046	1,962,000	2038
09/15/22	School .....	3.00-5.00	173,954	138,000	2038
09/14/23	General Purpose .....	4.00-5.00	4,632,382	4,175,000	2044
09/14/23	School .....	4.00-5.00	332,618	290,000	2044
<b>Total Outstanding Bonded Debt.....</b>			<b>\$ 47,767,000</b>	<b>\$ 27,025,000</b>	

**Short-Term Debt**  
**As of November 12, 2025**  
**(Pro Forma)**

<b>Project</b>	<b>This Issue:</b>	
	<b>Amount Authorized</b>	<b>The Notes: Due: 11/11/26</b>
Various Capital Projects (2022-23) .....	\$ 1,197,366	\$ 200,000
Road Improvement Project (2018).....	5,000,000	790,000
Firehouse Improvement Project (2021)...	5,000,000	739,524
Road Improvement Project (2024).....	7,000,000	1,400,000
Various Capital Projects 2024-25.....	2,155,000	1,538,421
Various Capital Projects 2025-26.....	1,147,055	1,147,055
<b>Total.....</b>	<b>\$ 21,499,421</b>	<b>\$ 5,815,000</b>

## **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 contract with Willimantic Waste for \$60.00 per ton for the fiscal year. Willimantic Waste was sold to Casella Waste in 2021 which assumed the Town's contract. The current tipping fee for Fiscal Year 2025-26 is \$110.00 per ton. Currently, Casella Waste also provides the Town with collection services as well as collection and disposal of recyclables.

**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 wastewater 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.

**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 expected 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, reduced by 6.8% in fiscal year ending September 30, 2016, reduced by 6.9% in fiscal year ending September 30, 2017, reduced by 6.6% in fiscal year ending September 30, 2018, reduced by 6.2% in fiscal year ending September 30, 2019, reduced by 5.9% in fiscal year ending September 30, 2020, reduced by 5.7% in fiscal year ending September 30, 2021, and is expected to remain at the 5.7% reduction through fiscal year ending 2030. Sequestration for direct-pay bond subsidies and other mandatory spending is currently set to last through fiscal year 2030.

**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. In October 2016, the Town refinanced this lease agreement with TD Equipment Leasing at a rate of 2.12% resulting in an overall savings of \$1,435,458. The lease payments are subject to annual appropriation.

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**Annual Bonded Debt Maturity Schedule**  
**As of November 12, 2025**  
**(Pro Forma)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total</b>	<b>Total Principal</b>	<b>Cumulative Principal Retired %</b>
2026 <sup>1</sup>	\$ 390,000	\$ 544,863	\$ 934,863	\$ 390,000	1.44%
2027	2,545,000	811,163	3,356,163	2,545,000	10.86%
2028	2,265,000	722,163	2,987,163	2,265,000	19.24%
2029	1,855,000	645,463	2,500,463	1,855,000	26.11%
2030	1,850,000	581,063	2,431,063	1,850,000	32.95%
2031	1,850,000	522,863	2,372,863	1,850,000	39.80%
2032	1,725,000	470,053	2,195,053	1,725,000	46.18%
2033	1,725,000	420,288	2,145,288	1,725,000	52.56%
2034	1,725,000	369,816	2,094,816	1,725,000	58.95%
2035	1,725,000	319,125	2,044,125	1,725,000	65.33%
2036	1,720,000	267,400	1,987,400	1,720,000	71.69%
2037	1,340,000	221,316	1,561,316	1,340,000	76.65%
2038	1,335,000	182,384	1,517,384	1,335,000	81.59%
2039	1,160,000	146,725	1,306,725	1,160,000	85.88%
2040	1,155,000	113,750	1,268,750	1,155,000	90.16%
2041	1,155,000	79,975	1,234,975	1,155,000	94.43%
2042	630,000	51,450	681,450	630,000	96.76%
2043	630,000	28,175	658,175	630,000	99.09%
2044	245,000	4,900	249,900	245,000	100.00%
<b>Total.....</b>	<b>\$ 27,025,000</b>	<b>\$ 6,502,935</b>	<b>\$ 33,527,935</b>	<b>\$ 27,025,000</b>	

<sup>1</sup> Excludes principal payments of \$2,880,000 and interest payments of \$371,500 made from July 1, 2025 through November 12, 2025.

**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 November 12, 2025**  
**(Pro Forma)**

**Long-Term Debt Outstanding:**

General Purpose (Includes this issue).....	\$ 18,459,240
Schools (Includes this issue).....	8,520,760
Sewers .....	45,000
<b>Total Long-Term Debt</b> .....	<b>27,025,000</b>
<b>Short-Term Debt</b> (This Issue Due: 11/11/2026).....	<b>5,815,000</b>
<b>Direct Debt</b> .....	<b>32,840,000</b>
<b>Overlapping / Underlying Debt</b> .....	<b>-</b>
<b>Total Overall Debt</b> .....	<b>32,840,000</b>
Less: School Construction Grants Receivable (As of June 30, 2025) .....	-
<b>Total Overall Net Debt</b> .....	<b>\$ 32,840,000</b>

**Current Debt Ratios**  
**As of November 12, 2025**  
**(Pro Forma)**

Population (2023) <sup>1</sup> .....	14,556
Net Taxable Grand List (10/1/23) .....	\$1,882,755,000
Estimated Full Value (70%).....	\$2,689,650,000
Equalized Net Grand List (10/1/23) <sup>2</sup> .....	\$2,800,406,735
Money Income per Capita (2023) <sup>1</sup> .....	\$69,283

	<b>Total Overall Debt</b>	<b>Total Overall Net Debt</b>
Per Capita.....	\$2,256.11	\$2,256.11
Ratio to Net Taxable Grand List.....	1.74%	1.74%
Ratio to Estimated Full Value.....	1.22%	1.22%
Ratio to Equalized Net Grand List.....	1.17%	1.17%
Debt per Capita to Money Income per Capita (2023).....	3.26%	3.26%

<sup>1</sup> American Community Survey, 2019-2023.

<sup>2</sup> 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 or school notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the sewer or school 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 or refunding bonds issued prior to July 1, 2027 that are approved by a two-thirds vote of the municipality's legislative body, 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 an issue may not exceed twenty years, except in the case of sewer and school bonds or other bonds issued on or after July 1, 2017, 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 November 12, 2025**  
**(Pro Forma)**

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2025 <sup>1</sup> .....	\$ 51,216,914
Reimbursement For Revenue Loss (Tax relief for elderly).....	59,384
<b>Base for Debt Limitation Computation.....</b>	<b>\$ 51,276,298</b>

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
<b>Debt Limitation:</b>					
2 <sup>1</sup> / <sub>4</sub> times base.....	\$ 115,371,671	-	-	-	-
4 <sup>1</sup> / <sub>2</sub> times base.....	-	\$ 230,743,341	-	-	-
3 <sup>3</sup> / <sub>4</sub> times base.....	-	-	\$ 192,286,118	-	-
3 <sup>1</sup> / <sub>4</sub> times base.....	-	-	-	\$ 166,647,969	-
3 times base.....	-	-	-	-	\$ 153,828,894
<b>Total Debt Limitation.....</b>	<b>\$ 115,371,671</b>	<b>\$ 230,743,341</b>	<b>\$ 192,286,118</b>	<b>\$ 166,647,969</b>	<b>\$ 153,828,894</b>

<b>Indebtedness:</b>					
Bonds Outstanding .....	\$ 18,459,240	\$ 8,520,760	\$ 45,000	\$ -	\$ -
The Notes – This Issue.....	5,815,000	-	-	-	-
Debt Authorized But Unissued.....	8,296,630	3,256,372	-	-	-
<b>Total Net Indebtedness.....</b>	<b>32,570,870</b>	<b>11,777,132</b>	<b>45,000</b>	<b>-</b>	<b>-</b>
Less: School Grant Receivable .....	-	-	-	-	-
<b>Net Debt for Calculation of Debt Limitation...</b>	<b>\$ 32,570,870</b>	<b>\$ 11,777,132</b>	<b>\$ 45,000</b>	<b>\$ -</b>	<b>\$ -</b>

<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....</b>	<b>\$ 82,800,801</b>	<b>\$ 218,966,209</b>	<b>\$ 192,241,118</b>	<b>\$ 166,647,969</b>	<b>\$ 153,828,894</b>
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<sup>1</sup> Subject to audit.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$358,934,086

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 November 12, 2025**  
**(Pro Forma)**

<b>Project</b>	<b>Date Authorized</b>	<b>Amount Authorized</b>	<b>Previously Bonded</b>	<b>Grants / Previous Paydowns</b>	<b>New Money</b>	<b>This Issue: The Notes: Due: 11/11/26</b>	<b>Authorized But Unissued Debt</b>
Various Capital Projects (2015-16) <sup>1</sup> .....	07/14/2015	\$ 2,091,608	\$ 1,405,864	\$ 276,088	-	-	\$ 409,656
Various Capital Projects (2018-19) <sup>1</sup> .....	07/10/2018	1,290,606	875,912	393,586	-	-	21,108
Various Capital Projects (2022-23) <sup>1</sup> .....	07/12/2022	1,197,366	550,000	-	200,000	200,000	447,366
Open Space (2006).....	11/07/2006	2,000,000	1,796,173	-	-	-	203,827
School Improvements Project.....	11/08/2016	9,600,000	4,463,082	2,063,814	-	-	3,073,104
Road Improvement Project (2018).....	11/06/2018	5,000,000	4,210,000	-	790,000	790,000	-
Birch Grove School Project.....	05/07/2019	46,000,000	5,060,000	40,756,732	-	-	183,268
Firehouse Improvement Project (2021)...	05/04/2021	5,000,000	3,262,382	-	739,524	739,524	998,094
Road Improvement Project (2024).....	11/05/2024	7,000,000	-	-	1,400,000	1,400,000	5,600,000
Various Capital Projects 2024-25.....	07/09/2024	2,155,000	-	-	1,538,421	1,538,421	616,579
Various Capital Projects 2025-26.....	07/08/2025	1,147,055	-	-	1,147,055	1,147,055	-
<b>Total.....</b>		<b>\$ 82,481,635</b>	<b>\$ 21,623,413</b>	<b>\$ 43,490,220</b>	<b>\$ 5,815,000</b>	<b>\$ 5,815,000</b>	<b>\$ 11,553,002</b>

<sup>1</sup> The Town does not expect to issue bonds for the remaining authorization.

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

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Net Long-Term Debt (000s) <sup>1</sup></b>	<b>Ratio of Net Long-Term Debt to Assessed Value (%)</b>	<b>Ratio of Net Long-Term Debt to Estimated Full Value (%)</b>	<b>Population <sup>2</sup></b>	<b>Net Long-Term Debt per Capita</b>	<b>Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>3</sup></b>
2025 <sup>4</sup>	\$ 1,368,655	\$ 1,955,221	\$ 29,905	2.18%	1.53%	14,976	\$ 1,996.86	2.88%
2024	1,358,965	1,941,379	33,635	2.48%	1.73%	14,976	2,245.93	3.24%
2023	1,334,503	1,906,433	32,335	2.42%	1.70%	14,976	2,159.12	3.12%
2022	1,286,008	1,837,154	33,150	2.58%	1.80%	14,976	2,213.54	3.19%
2021	1,275,333	1,821,904	36,925	2.90%	2.03%	14,976	2,465.61	3.56%

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

<sup>2</sup> Bureau of Census.

<sup>3</sup> American Community Survey (2019-2023), Money Income Per Capita \$69,283 .

<sup>4</sup> Subject to audit.

Source: Town of Tolland Audited Financial Reports, Fiscal Years 2021-2024. Fiscal Year 2025 from Finance Department.

### Ratio of Total General Fund Debt Service Expenditures To Total General Fund Expenditures and Transfers Out

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of Total Debt Service to General Fund Expenditures</b>
2025 <sup>2</sup>	\$ 5,376,442	\$ 70,716,168 <sup>3</sup>	7.41%
2024	5,237,082	69,936,822	7.47%
2023	5,225,756	67,296,070	7.69%
2022	5,177,691	65,845,176	7.64%
2021	5,027,620	63,617,124	7.96%
2020	5,062,701	61,969,643	8.10%
2019	5,020,102	60,227,660	8.35%
2018	5,030,690	63,179,227	7.37%
2017	4,655,944	63,172,806	6.64%
2016	4,193,538	59,387,889	7.65%

<sup>1</sup> Includes transfers out.

<sup>2</sup> Subject to audit.

<sup>3</sup> Doesn't include State contribution for Teacher's Retirement.

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. 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 27<sup>th</sup>, 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 11<sup>th</sup>.

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 1<sup>st</sup> 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 ½ of 1% of the General Fund Budget 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. The Town Manager may make unencumbered appropriation transfers between departments for up to 3% of the department budget from which the funds will be transferred. 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.

### ***Municipal Budget Expenditures Cap***

Section 4-66l of the Connecticut General Statutes, as amended ("Section 4-66l"), creates certain disincentives on increasing adopted budget expenditures for Connecticut municipalities. Section 4-66l reduces a municipality's State revenue sharing grant if its adopted general budget expenditures in any fiscal year, with certain exceptions, exceeds the statutory threshold. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, OPM must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including, but not limited to, debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction of the municipal revenue sharing grant is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The Town did not receive municipal revenue sharing grants for fiscal year ending June 30, 2025.

## 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 2026–2030) as submitted to the Town Council in the Town Manager’s fiscal year 2026 Budget.

<b>Purpose</b>	<b>Fiscal 2025-26</b>	<b>Fiscal 2026-27</b>	<b>Fiscal 2027-28</b>	<b>Fiscal 2028-29</b>	<b>Fiscal 2029-30</b>	<b>Total</b>
Administration.....	\$ 283,906	\$ 359,706	\$ 326,506	\$ 376,406	\$ 349,206	\$ 1,695,730
Board of Education.....	335,945	8,385,430	815,500	1,895,332	574,358	12,006,565
Capital Equipment.....	746,353	717,301	434,118	671,725	117,500	2,686,997
Fire and Ambulance.....	170,000	155,000	1,980,000	490,000	160,000	2,955,000
Parks and Recreation.....	595,000	1,637,635	257,000	998,981	18,000	3,506,616
Public Facilities.....	127,500	89,590	295,200	50,000	1,250,000	1,812,290
Tree Trimming.....	70,000	70,000	70,000	70,000	75,000	355,000
Streets and Roads.....	1,763,982	1,774,919	1,841,482	1,668,776	1,836,482	8,885,641
<b>Total Expenditures .....</b>	<b>\$ 4,092,686</b>	<b>\$ 13,189,581</b>	<b>\$ 6,019,806</b>	<b>\$ 6,221,220</b>	<b>\$ 4,380,546</b>	<b>\$ 33,903,839</b>

<b>Funding</b>	<b>Fiscal 2025-26</b>	<b>Fiscal 2026-27</b>	<b>Fiscal 2027-28</b>	<b>Fiscal 2028-29</b>	<b>Fiscal 2029-30</b>	<b>Total</b>
General Fund Contribution.....	\$ 564,224	\$ 451,079	\$ 395,406	\$ 375,130	\$ 668,127	\$ 2,453,966
Bonds and Notes.....	2,547,055	7,794,450	3,790,000	3,955,000	3,040,937	21,127,442
CNRE.....	299,925	263,120	321,918	182,200	-	1,067,163
Recreation Special Revenue.....	-	-	-	-	-	-
Grants.....	511,482	4,525,932	511,482	1,218,890	511,482	7,279,268
Ambulance Fees.....	170,000	155,000	480,000	490,000	160,000	1,455,000
Other Funds.....	-	-	521,000	-	-	521,000
<b>Total Funding Sources.....</b>	<b>\$ 4,092,686</b>	<b>\$ 13,189,581</b>	<b>\$ 6,019,806</b>	<b>\$ 6,221,220</b>	<b>\$ 4,380,546</b>	<b>\$ 33,903,839</b>

## 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, 2024, the financial statements of the various funds of the Town were audited by CliftonLarsonAllen LLP, 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 Annual Comprehensive 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 fiscal year 2023-24 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, 2025 was \$639,945.18 and represented 6.0% of covered payroll. The Town and Board of Education employees' mandatory contributions were \$273,504.77 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.

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 USI Consulting as of July 1, 2024. The valuation showed a net OPEB liability of \$1,011,206, as of June 30, 2025, using a phased-in funding approach and assuming an amortization period of 15 years layered and a discount rate of 6%. The group is an open group. Annual required contributions are budgeted each year and made accordingly. As of June 30, 2025, the OPEB Trust balance was \$2,097,322. The employer contribution for Fiscal Year 2024-25 of \$157,940, consisting of pay-as-you-go payments in the amount of \$0 and trust contributions of \$ 18,533, was less than the actuarially determined contribution for such year (\$225,479).

### Schedule of Employer Contribution

	2025 <sup>1</sup>	2024	2023	2022	2021
Actuarially Determined Contribution.....	\$ 225,479	\$ 220,047	\$ 244,879	\$ 252,386	\$ 313,173
Actual Contributions in Relation to the					
Actuarially Determined Contribution.....	157,940	98,727	137,995 <sup>2</sup>	133,709 <sup>2</sup>	116,417 <sup>2</sup>
Contribution Deficiency (Excess).....	\$ 67,539	\$ 121,320	\$ 106,884	\$ 118,677	\$ 196,756
Contributions as a Percentage of ADC.....	70.05%	44.87%	56.35%	52.98%	37.17%
Covered Payroll.....	\$ 17,340,745	\$ 16,489,406	\$ 15,985,852	\$ 17,630,027	\$ 17,091,640
Contributions as a Percentage					
of Covered Payroll.....	0.91%	0.60%	0.86%	0.76%	0.68%

<sup>1</sup> Subject to audit.

<sup>2</sup> Actual contributions for FY 2023, FY 2022 and FY 2021 were lower than prior years due to claims being reduced as a result of the pandemic causing retirees to defer medical procedures due to COVID-19 lockdowns and other restrictions. Retiree claims were only \$123,000 for FY 2023, \$101,000 in FY 2022 and \$42,000 in FY 2021 compared to \$333,000 in FY 2020.

### **Total OPEB Liability**

Total OPEB Liability .....	\$	3,108,528
Plan Fiduciary Net Position .....		2,097,322
Total Net OPEB Liability .....	\$	<u>1,011,206</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability .....		67.47%

#### *Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.75%) or 1% higher (6.75%) than the current discount rate (5.75%):

	<b>1% Decrease (4.75%)</b>	<b>Current Discount Rate (5.75%)</b>	<b>1% Increase (6.75%)</b>
Town Net OPEB Liability.....	\$ 1,283,394	\$ 1,011,206	\$ 772,244

#### *Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
Town Plan Net OPEB Liability.....	\$ 722,784	\$ 1,011,206	\$ 1,348,555

### **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 2018 for the update of the Fund Balance policy and continues to be 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, purchasing, delinquent tax collection, 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 10% 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, 2021 through 2024, and the estimated actuals for fiscal year 2025. 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

	<i>Estimated</i>				
	<i>Actual <sup>1</sup></i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
<b>Assets:</b>	<b>6/30/2025</b>	<b>6/30/2024</b>	<b>6/30/2023</b>	<b>6/30/2022</b>	<b>6/30/2021</b>
Cash and cash equivalents.....	\$ 14,495,809	\$ 13,801,873	\$ 14,317,165	\$ 13,971,494	\$ 11,593,161
Investments.....	1,675,351	1,604,624	1,556,732	1,555,148	1,552,694
Receivables.....	2,362,116	2,023,830	2,151,370	1,994,002	1,063,604
Due from other funds.....	-	13,249	-	-	68,774
Other assets.....	-	-	-	-	-
<b>Total Assets .....</b>	<b>18,533,276</b>	<b>17,443,576</b>	<b>18,025,267</b>	<b>17,520,644</b>	<b>14,278,233</b>
<b>Liabilities:</b>					
Accounts and Other Payables.....	1,057,631	583,561	558,554	1,082,173	270,922
Accrued Liabilities.....	227,290	220,773	198,408	405,287	128,518
Due to other funds.....	-	158,352	-	48,387	-
Deferred Revenue.....	-	-	-	-	-
<b>Total Liabilities .....</b>	<b>1,284,921</b>	<b>962,686</b>	<b>756,962</b>	<b>1,535,847</b>	<b>399,440</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue - Property Taxes.....	1,419,255	1,765,901	1,951,706	1,070,294	760,033
Lease Receivable.....	547,010	-	-	725,000	-
Advance Property Taxes Collections.....	193,686	160,641	2,186,660	1,751,775	259,163
<b>Total Deferred Inflows of Resources .....</b>	<b>2,159,951</b>	<b>1,926,542</b>	<b>4,138,366</b>	<b>3,547,069</b>	<b>1,019,196</b>
<b>Fund Balances:</b>					
Restricted.....	-	-	-	-	-
Committed.....	915,998	1,326,150	1,020,467	1,046,331	888,014
Assigned.....	917,229	917,229	813,700	1,161,385	2,024,576
Unassigned.....	13,255,177	12,310,969	11,295,772	10,230,012	9,947,007
<b>Total Fund Balances.....</b>	<b>15,088,404</b>	<b>14,554,348</b>	<b>13,129,939</b>	<b>12,437,728</b>	<b>12,859,597</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances.....</b>	<b>\$ 18,533,276</b>	<b>\$ 17,443,576</b>	<b>\$ 18,025,267</b>	<b>\$ 17,520,644</b>	<b>\$ 14,278,233</b>
<b>Operating revenues .....</b>	<b>\$ 71,250,225</b>	<b>\$ 70,824,149</b>	<b>\$ 67,454,087</b>	<b>\$ 64,908,293</b>	<b>\$ 63,014,150</b>
Fund balance as percent of					
operating revenues .....	21.18%	20.55%	19.47%	19.16%	20.41%
Unassigned fund balance as percent					
of operating revenues .....	18.60%	17.38%	16.75%	15.76%	15.79%

<sup>1</sup> Subject to audit.



**General Fund Revenues and Expenditures**  
**Four Year Summary of Audited Revenues and Expenditures (GAAP Basis)**  
**And Adopted Budgets (Budgetary Basis)**

	<b>Adopted Budget 2025-2026<sup>1,3</sup></b>	<b>Estimated Results 2024-2025<sup>1,3</sup></b>	<b>Actual 2023-2024<sup>2</sup></b>	<b>Actual 2022-2023<sup>2</sup></b>	<b>Actual 2021-2022<sup>2</sup></b>	<b>Actual 2020-2021<sup>2</sup></b>
<b>Revenues:</b>						
Property Taxes .....	\$ 51,292,428	\$ 51,248,718	\$ 50,417,361	\$ 48,522,566	\$ 48,316,022	\$ 46,540,270
Investment income.....	806,000	1,283,297	1,201,610	601,050	22,861	35,173
Intergovernmental .....	10,688,161	17,714,434	18,439,910	17,481,738	15,601,834	15,499,352
Charges for Services .....	807,340	925,636	757,471	836,476	958,255	929,398
Other .....	-	78,140	7,797	12,257	9,321	9,957
<b>Total Revenues .....</b>	<b>\$ 63,593,929</b>	<b>\$ 71,250,225</b>	<b>\$ 70,824,149</b>	<b>\$ 67,454,087</b>	<b>\$ 64,908,293</b>	<b>\$ 63,014,150</b>
<b>Expenditures:</b>						
Current:						
Administration .....	3,822,069	3,648,741	3,458,742	3,402,245	3,415,471	3,063,325
Planning and community development.....	500,352	468,907	453,197	463,329	435,405	453,723
Community services.....	1,141,960	1,075,312	1,084,911	1,020,051	998,559	857,663
Public works.....	5,039,854	5,187,446	4,560,108	4,580,953	4,793,751	4,162,133
Public safety services.....	2,265,274	1,954,453	2,022,129	2,105,125	2,121,705	2,602,670
Record and financial services.....	1,248,794	1,220,470	1,134,179	1,053,722	931,005	978,270
Contingency and other.....	160,162	431,890	208,833	167,336	96,355	156,006
Board of Education <sup>3</sup> .....	44,501,751	50,825,530	51,157,932	48,867,646	47,195,943	45,263,143
Debt Service .....	5,376,489	5,376,442	5,237,082	5,225,756	5,177,691	5,027,620
<b>Total Expenditures .....</b>	<b>64,056,705</b>	<b>70,189,191</b>	<b>69,317,113</b>	<b>66,886,163</b>	<b>65,165,885</b>	<b>62,564,553</b>
Revenues over (under) expenditures .....	(462,776)	1,061,034	1,507,036	567,924	(257,592)	449,597
<b>Other Financing Sources Uses:</b>						
Bond Issuance.....	-	-	-	-	-	-
Bond Premiums.....	-	-	-	-	-	-
Operating Transfers In .....	-	-	537,082	534,194	515,014	504,323
Operating Transfers (Out) .....	(564,224)	(526,977)	(619,709)	(409,907)	(679,291)	(1,052,571)
<b>Total other Financing Sources (uses) ..</b>	<b>(564,224)</b>	<b>(526,977)</b>	<b>(82,627)</b>	<b>124,287</b>	<b>(164,277)</b>	<b>(548,248)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing (uses) .....</b>	<b>\$ (1,027,000)</b>	<b>\$ 534,057</b>	<b>\$ 1,424,409</b>	<b>\$ 692,211</b>	<b>\$ (421,869)</b>	<b>\$ (98,651)</b>
Fund Balance, July 1.....	\$ 15,088,405	\$ 14,554,348	\$ 13,129,939	\$ 12,437,728	\$ 12,859,597	\$ 12,958,248
Fund Balance, June 30.....	\$ 14,061,405	\$ 15,088,405	\$ 14,554,348	\$ 13,129,939	\$ 12,437,728	\$ 12,859,597

<sup>1</sup> Subject to audit.

<sup>2</sup> GAAP Basis

<sup>3</sup> Doesn't include State contribution for Teacher's Retirement.

**Intergovernmental Revenues**

<b>Fiscal Year Ended 6/30</b>	<b>Intergovernmental Revenues</b>	<b>Total Revenues</b>	<b>Percent</b>
2025 <sup>1</sup>	\$ 17,714,434	\$ 71,250,225	24.9%
2024	18,439,910	70,824,149	26.0%
2023	17,481,738	67,454,087	25.9%
2022	15,601,834	64,908,293	24.0%
2021	15,499,352	63,014,150	24.6%
2020	16,071,638	63,549,819	25.3%
2019	13,349,967	59,610,853	22.4%
2018	18,332,893	63,412,253	28.9%
2017	19,708,750	64,133,352	30.7%
2016	16,861,099	59,775,912	28.2%

<sup>1</sup> Budgetary basis of accounting, subject to audit.

Source: Annual Audited Financial Statements.

## **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 officials, following consultation with the Town Attorney, that such pending litigation, appeals, and proceedings will not be finally determined, individually or in the aggregate, so as to result in final judgments against the Town which would have a material adverse effect on the Town's financial position.

### ***Public Health Considerations***

Commencing in late 2019, an outbreak of a respiratory disease caused by a new strain of coronavirus ("COVID-19") resulted in a global public health crisis. The federal and State governments both declared public health emergencies and, along with local governments, took action to limit the spread of the outbreak and reduce the resulting economic impact. The federal and State public health emergency declarations have since been terminated.

To date, the COVID-19 outbreak has had no material adverse effect on the finances or operations of the Town. However, prospective investors should assume that restrictions and limitations related to COVID-19 and any future variants of COVID-19 or future pandemics may be instituted by the federal or State governments and that any resurgence of COVID-19 or another infectious disease could have a material adverse effect on the Town and its financial and operational performance.

The Town received \$4,326,206 from the American Rescue Plan Act of 2021 in response to the COVID-19 pandemic (the "COVID-19 Aid"). The Town developed and is in the process of implementing a plan for the use of such funds that focused on infrastructure improvements and other initiatives that complied with the program eligibility criteria. No assurance can be given that the Town would receive federal aid similar to the COVID-19 Aid if another pandemic or similar public health emergency were to occur.

### ***Climate Change***

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Town faces certain threats due to climate change, including both drought and damaging wind that could become more severe and frequent. The Town cannot predict the timing, extent or severity of climate change and its potential impact on the Town's operations and finances. The Town is well positioned to address the occurrence of severe unanticipated storms due to its healthy general fund balance and its Emergency Declaration fund.

### ***Cybersecurity***

The Town, like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To reduce the risk of a successful cyber security threat the Town has invested in IT security firewalls, anti-virus software, anti-malware software, two-factor external authentication systems and ransomware protection software. All of the Town computers and computer servers are protected by this security software and firewalls. These security protection systems are evaluated annually for upgrades or replacements.

To mitigate the risk of business operations impact and/or damage from cyber security incidents or cyber-attacks, the Town has invested in disaster recovery systems and a continuity of IT operations plan which leverages regular daily system backups. In the event of a cybersecurity incident, recovery from an earlier state for any enterprise application system is possible. The Town currently has a cybersecurity insurance policy. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could negatively impact the Town's operations and/or damage the Town's digital networks and systems and the costs of remedying any such damage could be substantial.

## **Documents Furnished at Delivery of Notes**

The original purchaser will be furnished the following documents when the Notes 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 Notes or the levy or collection of taxes to pay them;
2. Certificates on behalf of the Town, signed by the Town Manager and the Director of Finance and Records/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 Notes, 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 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. A receipt for the purchase price of the Notes;
4. The approving opinion of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut substantially in the form contained in Appendix B attached hereto;
5. An executed Continuing Disclosure Agreement for the Notes in substantially the form attached hereto as Appendix C to this Official Statement; and
6. The Town will make available to the winning bidders of the Notes a reasonable number of copies of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidders at the office of the Town's Municipal Advisor no later than seven business days of the bid opening. If the Town's Municipal Advisor is provided with the necessary information from the winning bidders by noon of the day following the day bids on the Notes 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 underwriters, the name of the insurer, if any, and any changes on the Notes. The purchasers shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchasers.

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

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### ***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: \_\_\_\_\_  
BRIAN FOLEY, *Town Manager*

By: \_\_\_\_\_  
JOLITA LAZAUSKAS, *Director of Finance and Records / Treasurer*

Dated: October \_\_, 2025

## ***Appendix A***

### ***Fiscal Year Ending 2024 General Purpose Financial Statements Excerpted from the Town's Annual Comprehensive Financial Report***

The following includes the General Purpose Financial Statements of the Town of Tolland, Connecticut for the fiscal year ended June 30, 2024. 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, a division of First Security Municipal Advisors, Inc., 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.



## INDEPENDENT AUDITORS' REPORT

Town Council  
Town of Tolland, Connecticut

### Report on the Audit of the Financial Statements

#### ***Opinions***

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, 2024, 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.

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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Tolland, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Tolland, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Tolland, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Tolland, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 GAAS, 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.

### ***Supplementary 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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the accompanying combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Tolland, Connecticut's 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.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
November 5, 2024



**TOWN OF TOLLAND, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

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, 2024. 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 and deferred outflows of the Town of Tolland exceeded its liabilities and deferred inflows at the close of the most recent year resulting in total net position of \$136,521,741. Of this amount, \$25,429,350 (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 \$1,920,241. Governmental and business-type activity expenses were \$76,415,931 while revenues were \$78,336,172.
- The total cost of all Town services for the fiscal year 2024 was \$76,415,931 of which \$75,502,614 was for governmental services and \$913,317 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 \$26,610,761, an increase \$5,716,389 from the prior fiscal year. Of the total fund balance as of June 30, 2024, \$12,310,969 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 on a GAAP basis for the general fund alone was \$14,554,348, an increase of \$1,424,409 over the prior fiscal year. Unassigned fund balance for the general fund was \$12,310,969 or 17.6% 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 \$14,554,348 or 20.81% of general fund expenditures and transfers out. There was no restricted fund balance in general fund.

**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.

**TOWN OF TOLLAND, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2024**

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.

**TOWN OF TOLLAND, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

The Town of Tolland maintains 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Emergency Declaration and Capital Projects, which are considered to be major funds. Data from the other 29 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, Sewer Assessment, CDBG Small Cities, 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, Training Center, Conservation Fund, Traffic Grant, Field Maintenance, Veterans Memorial, Miscellaneous Grants, Artificial Turf, Cemetery Perpetual Care, Debt Service Fund, Agricultural Fund, Tax Stabilization Fund 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-IV 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 expenses 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 V-VII 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 statements 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 VIII-IX 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.

**TOWN OF TOLLAND, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

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.

**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 Governmental Activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$136,521,741 on June 30, 2024.

By far, the largest portion of the Town of Tolland's net position \$109,124,508 (79.9%) 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, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

**TOWN OF TOLLAND NET POSITION  
JUNE 30, 2024 AND 2023**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 38,504,799	\$ 44,602,479	\$ 2,617,042	\$ 2,348,611	\$ 41,121,841	\$ 46,951,090
Capital Assets	140,752,977	142,432,566	6,960,420	7,294,015	147,713,397	149,726,581
Total Assets	179,257,776	187,035,045	9,577,462	9,642,626	188,835,238	196,677,671
Deferred Outflows of Resources	234,673	464,820	-	-	234,673	464,820
Current Liabilities	11,225,908	18,951,764	217,715	163,858	11,443,623	19,115,622
Noncurrent Liabilities	39,518,834	39,480,057	-	-	39,518,834	39,480,057
Total Liabilities	50,744,742	58,431,821	217,715	163,858	50,962,457	58,595,679
Deferred Inflows of Resources	1,585,713	3,945,312	-	-	1,585,713	3,945,312
Net Investment in Capital Assets	102,164,088	102,616,499	6,960,420	7,294,015	109,124,508	109,910,514
Restricted	1,967,883	3,699,400	-	-	1,967,883	3,699,400
Unrestricted	23,030,023	18,806,833	2,399,327	2,184,753	25,429,350	20,991,586
Total Net Position	<u>\$ 127,161,994</u>	<u>\$ 125,122,732</u>	<u>\$ 9,359,747</u>	<u>\$ 9,478,768</u>	<u>\$ 136,521,741</u>	<u>\$ 134,601,500</u>

An additional portion of the Town of Tolland's total net position, 1.4% or \$1,967,883, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$25,429,350 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.

Restricted net position in the business-type activities remained at zero and governmental activities decreased by \$1,731,517 from the previous year.

**TOWN OF TOLLAND, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

**TOWN OF TOLLAND CHANGES IN NET POSITION  
JUNE 30, 2024 AND 2023**

The Town of Tolland's overall net position increased \$1,920,241 from the prior fiscal year. The major changes in revenues and expenses creating this overall increase are discussed in the following sections for governmental activities and business-type activities. Governmental activities increased the Town of Tolland's net position by \$2,039,262 and business-type activities decreased it by \$119,021.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,340,484	\$ 3,170,797	\$ 791,335	\$ 773,350	\$ 4,131,819	\$ 3,944,147
Operating Grants and Contributions	19,290,836	21,629,587	-	-	19,290,836	21,629,587
Capital Grants and Contributions	800,151	214,523	-	-	800,151	214,523
General Revenues:						
Property Taxes	50,347,891	48,710,443	-	-	50,347,891	48,710,443
Grants and Contributions Not Restricted to Specific Programs	1,841,327	1,526,911	-	-	1,841,327	1,526,911
Investment Income	1,888,867	942,223	14,386	26,858	1,903,253	969,081
Miscellaneous	20,895	93,388	-	-	20,895	93,388
Total Revenues	<u>77,530,451</u>	<u>76,287,872</u>	<u>805,721</u>	<u>800,208</u>	<u>78,336,172</u>	<u>77,088,080</u>
Expenses:						
Administration	1,924,027	2,917,497	-	-	1,924,027	2,917,497
Planning and Community Development	538,136	571,203	-	-	538,136	571,203
Community Services	1,938,886	2,017,621	-	-	1,938,886	2,017,621
Public Works	9,034,752	8,071,906	-	-	9,034,752	8,071,906
Public Safety Services	3,066,033	2,806,324	-	-	3,066,033	2,806,324
Records and Financial Services	1,308,356	1,240,014	-	-	1,308,356	1,240,014
Board of Education	56,348,340	56,795,583	-	-	56,348,340	56,795,583
Contingency And Other	-	-	-	-	-	-
Interest Expense	1,344,084	1,195,891	-	-	1,344,084	1,195,891
Loss on Disposal	-	-	-	-	-	-
Sewer Fund	-	-	468,770	470,410	468,770	470,410
Water Fund	-	-	444,547	413,258	444,547	413,258
Total Expenses	<u>75,502,614</u>	<u>75,616,039</u>	<u>913,317</u>	<u>883,668</u>	<u>76,415,931</u>	<u>76,499,707</u>
Excess (Deficiency) Before Transfers	2,027,837	671,833	(107,596)	(83,460)	1,920,241	588,373
Transfers	11,425	11,425	(11,425)	(11,425)	-	-
Change in Net Position	<u>2,039,262</u>	<u>683,258</u>	<u>(119,021)</u>	<u>(94,885)</u>	<u>1,920,241</u>	<u>588,373</u>
Net Position - July 1	<u>125,122,732</u>	<u>124,439,474</u>	<u>9,478,768</u>	<u>9,573,653</u>	<u>134,601,500</u>	<u>134,013,127</u>
Net Position - June 30	<u>\$ 127,161,994</u>	<u>\$ 125,122,732</u>	<u>\$ 9,359,747</u>	<u>\$ 9,478,768</u>	<u>\$ 136,521,741</u>	<u>\$ 134,601,500</u>

### Governmental Activities

For governmental activities, approximately 64.9% of the revenues were derived from property taxes, followed by 28.3% in other intergovernmental revenues. These numbers reflect an increase in property tax revenue and a decrease in intergovernmental revenue as compared to the prior fiscal year where property taxes were 63.9% and other intergovernmental revenues were 28.6% of total revenues.

**TOWN OF TOLLAND, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2024**

Major revenue factors included:

1. *Property tax revenues* recorded during the fiscal year 2024 reflect a .75 mill increase in the mill rate for the current levy and the impact of a 1.8% increase in the grand list. There was \$1,637,448 in property tax revenues collected over the previous year.
2. *Charges for services* were \$169,687 higher than the prior year. The Board of Education School Foods and Family Resource Center revenues increased by \$447,777. Last year there were significant Ambulance Fee Revenues due to Tolland providing services to the Town of Vernon. This year, Vernon was able to properly staff their Ambulance operation and there were less demands for service from Tolland. This resulted in \$205,998 less in Ambulance Fees. Property conveyance fees also decreased \$48,618 due to lesser property exchanges. Document recording fees reduced by \$10,529. There were other minor increases and decreases in other charges for services that make up the difference.
3. *Operating grants* reflected an decrease of \$2,338,751 mainly due to State Educational grants, Teacher Retirement pension and OPEB expense for \$1,628,748, a difference between American Recovery Act (ARPA) earned and FEMA funds received in the prior fiscal year that were not received this year. This was a reduction of \$669,313.
4. *Capital grants and contributions* reflected an increase of \$585,628 over the previous year due to grants received for one-time school construction and other construction.
5. *Grants and contributions not restricted to specific programs* increased by \$314,416, mainly attributed to new funding of \$78,487 for Municipal Revenue Sharing Funds and \$106,226 for an increase in the State Motor Vehicle tax mill rate freeze offset funding. There was a one-time grant payment for \$115,000 that will be used for capital funding needs.
6. *Investment Income* increased by \$946,644 for all funds due to investment rates that had very positive increases due to economic changes.
7. *Miscellaneous General Revenues* decreased by \$72,493 over the previous year due to a one-time sale in the previous year for fire apparatus that we did not have in this year.

Overall governmental revenue increased by \$1,242,579. This is mainly due to a decrease in State Teacher Retirement and other education grants of \$1,628,748 as mentioned above; increases in Investment income of \$946,644 million; other grants \$314,416; and \$585,628 in capital grants. Property taxes increased by \$1,637,448. There was also a decrease in miscellaneous revenue of \$72,493.

**TOWN OF TOLLAND, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

**REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES**

The largest component of revenue, which is from property taxes, increased to 64.9% of total revenue in the current year as compared to 63.9% in the prior year. This decrease was mainly due to the proportionate share of overall revenues due to increased operating grants and significant investment income.

**EXPENSES BY SOURCE - GOVERNMENTAL ACTIVITIES**

For governmental activities, 74.6% of the Town's expenses relate to education, 11.9% to public works, 4.1% to public safety, 2.6% to community services, 1.8% to interest payments on long-term debt, 2.6% to administration, 1.7% to records & financial services and contingency and 0.7% to planning and community development.

The overall total of governmental expenses excluding transfers decreased by \$113,425. Administration cost decreased by \$993,470 which included \$608,952 less in ARPA grant expenditures. Community Services decreased by \$78,735. Public Works including Capital increased by \$962,846. Public Safety costs increased by \$259,709. Education costs decreased by \$447,243. This includes the cost decrease for the State on behalf payment for teachers' retirement.

**Business-Type Activities.** Business-type activities decreased the Town of Tolland's net position by \$119,021. Key elements of this year's activities are as follows:

- The Water Fund had operating loss of \$36,510 and the Sewer Fund experienced an operating loss of \$74,007 for a combined operating loss of \$110,517. The non-operating income of \$2,921 and transfers out to Capital Reserves of \$11,425 brought the decrease in net position to \$119,021 at year-end. A majority of the operating loss in the Water and Sewer Funds relates to the impact of depreciation expense.

**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 \$26,610,761, an increase of \$5,716,389 from the previous year.

The largest change in fund balance was the increase in the Capital Projects Fund of \$3,982,400. There were also increases in the General Fund of \$1,424,409. The Nonmajor Governmental funds had a decrease of \$88,629. The Emergency Declaration fund increased by \$398,029 due to the ARPA earned revenue.



**TOWN OF TOLLAND, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

*The general fund* balance increased by \$1,424,409 due to an excess of \$1,507,036 in revenues over expenditures combined with other financing sources and uses for a net (\$82,627).

The Capital Projects fund increased by \$3,982,400 due to the receipt of the reimbursement requests for school construction grant payments for the Birch Grove School project and a bond sale to fund projects.

The overall amount of the governmental fund balances totals up to \$26,610,761. Of that amount the assigned fund balance is \$917,229 which includes \$617,229 for encumbrances and \$300,000 for the subsequent budget. The restricted amount of the total fund balance is a restriction on spending grant receipts of \$1,018,630 and capital projects for \$5,532,699. There are balances committed for \$6,467,077. Of this amount, \$329,785 for the Education Reserve fund, \$789,365 for Municipal Tax Stabilization, \$207,000 for Debt Service, and the balance is for other non-major funds and special commitments. An additional amount of \$364,157 represents the non-spendable portion of fund balance and the unassigned portion of fund balance is \$12,310,969 or 46% 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 \$12,310,969, while total fund balance was \$14,554,348. 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 17.6% of total general fund expenditures including transfers out. Total fund balance represents 20.8% of that same amount. The unassigned portion of fund balance, when compared with unassigned last year portion for the general fund had increased by \$1,015,197 while the total fund balance increased by \$1,424,409.

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

- Overall, the Town experienced an excess in revenues and other financing sources for \$950,074. The current and prior year property tax levy collections exceeded the budget by \$202,385 and interest and lien fees exceeded budget by \$44,265. Motor vehicle supplemental tax collections came in \$1,999 in excess of the budget. Suspense and Telecommunications taxes exceeded the budget by \$15,636.
- Revenue collected in investment income and other revenues was \$1,898,106 more than budgeted mainly due to higher investment rates. The economic recovery from the COVID pandemic had a very positive impact on investment earnings rates.
- Charges for Services exceeded the budget by \$36,631. Of this amount, \$62,095 was for building permit fees that were higher due to an increased amount of home improvements and other construction. Property Conveyance and Document Recording fees were less than the budget by \$24,019.
- Total Expenditures were \$369,825 less than anticipated. Of this amount, \$76,248 was unexpended from the Board of Education.
- The Town unexpended balance of \$293,577 mainly consisted of savings resulting from employee attrition/retirements and delays in the hiring process and a light winter. Included within those wage savings are funds resulting from a few employees within the Public Works area that were out due to workers compensation claims. Their salaries were paid by insurance, which then resulted in budgetary savings. Another significant area of employee attrition was in the Public Safety department due to the savings generated with the transition of Resident State Troopers at a lower salary level. There were also miscellaneous savings in other departments.

**TOWN OF TOLLAND, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

The *Capital Projects funds* reflects a fund balance of \$5,532,699 which is restricted for capital projects in progress. This excess is due to the timing of capital projects and the bond issue and school construction grant reimbursements from this year.

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

Net position of the water fund amounted to \$3,284,520 and \$6,075,227 for the sewer fund at year-end. This represented a decrease of \$37,408 for water and a decrease of \$81,613 for sewer. The water expenditures \$69,861 higher than last year. The decrease in water mainly resulted from a decrease in repairs and maintenance costs. The decrease in sewer is due to depreciation not covered by user fees. The Sewer Operating expenses were \$2,541 more than the previous fiscal year.

The Utility Internal Service Fund operating revenues and transfers in were \$1,867,630 and operating expenses were \$1,037,835, when combined with non-operating revenue and expenses of \$123,577 and transfers-out of \$537,082, resulted in an increase in net position of \$169,136. The balance was due to savings in utility usage versus the estimated increase in tariffs. Total net position as of June 30, 2024 was \$1,473,336. Operating expenses increased over the last year by \$4,793 due to utility tariff increases. Operating revenues decreased by \$37,843 due to excess solar credit savings.

The ECHIP Health Insurance Internal Service Fund had total revenue of \$8,521,074 including investment income of \$76,100 and operating expenses of \$8,369,306 resulting in an increase in net position of \$151,768. The total net position as of June 30, 2024 was \$1,710,901.

### **General Fund Budgetary Highlights**

The final amended budget of \$62,380,120 increased by \$828,763. Pursuant to Town Ordinance, excess State revenue received for \$569,217 was transferred to the Municipal Tax stabilization fund for \$426,913 and \$142,304 to the Capital and Non-recurring fund. The remainder of the increase to the budget was for a transfer of \$172,500 to the Education Reserve Fund, a supplemental appropriation for Water Testing Consultant Services of \$86,800 and \$246 for an additional Human Services Grant that was received.

During the year, actual revenues and other financing sources on a budgetary basis were \$63,330,194, which was more than the budgetary estimates by \$950,074.

Actual tax revenues were over budget by \$264,285 due to \$44,265 (delinquent interest charges) and better than expected current levy collections of \$90,096. Supplemental Motor Vehicle fees were \$1,999 in excess of the budget. Delinquent taxes exceeded the budget by \$112,289 through an aggressive collection process. Suspense and telecommunication taxes resulted in an excess of \$15,636.

Actual intergovernmental revenue was more than the budget by \$588,783. This mainly resulted from an unanticipated receipt for Municipal Revenue Sharing in the amount of \$368,207 and \$201,450 in re-instated Education grants. The excess funds were transferred out to the Municipal Tax Stabilization Fund and Capital Non-recurring fund pursuant to the Municipal Tax Stabilization Ordinance.

**TOWN OF TOLLAND, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

Charges for current services exceeded the budget by \$36,631 due to higher than anticipated Building Permit applications offset by a shortfall in Property Conveyance Taxes and Document Recording fees. Investment income was \$1,001,610 over budget due to much higher than anticipated interest rates. Other financing sources included \$80,485 for cancellation of previous year encumbrances for both the Town and Education.

Other revenues exceeded the budget by \$6,797.

The Town had an original budgeted appropriation for the use of fund balance in the amount of \$1,028,517. This entire amount did not have to be used mainly due to unanticipated excess revenues received for tax revenues, charges for services, investment income and expenditures less than budgeted. The actual amount of Generally Accepted Accounting Principles basis fund balance increased by \$1,424,409.

Actual expenditures on a budgetary basis and other financing uses totaled \$62,010,295, which was less than budgeted by \$369,825. These savings are discussed under key factors contributing to the general fund increase.

**Capital Asset and Debt Administration**

**TOWN OF TOLLAND'S CAPITAL ASSETS  
(Net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 14,881,115	\$ 14,881,115	\$ 50,858	\$ 50,858	\$ 14,931,973	\$ 14,931,973
Construction in Progress	2,414,726	788,083	-	-	2,414,726	788,083
Buildings	101,195,121	104,209,446	-	-	101,195,121	104,209,446
Vehicles, Furniture, and Equipment	7,806,985	7,924,350	-	-	7,806,985	7,924,350
Right-to-Use Equipment	34,632	138,526	-	-	34,632	138,526
Plant and Pumping Station	-	-	1,164,680	1,270,332	1,164,680	1,270,332
Water Distribution System	-	-	5,744,882	5,972,825	5,744,882	5,972,825
Infrastructure	14,420,398	14,491,046	-	-	14,420,398	14,491,046
Total	<u>\$ 140,752,977</u>	<u>\$ 142,432,566</u>	<u>\$ 6,960,420</u>	<u>\$ 7,294,015</u>	<u>\$ 147,713,397</u>	<u>\$ 149,726,581</u>

**Capital Assets.** The Town of Tolland's investment in capital assets for its combined governmental and business-type assets includes land, buildings and improvements, vehicles and equipment, roads, rights of way, water systems, dams, bridges and sewer lines. The total decrease in the Town of Tolland's investment in capital assets for the current fiscal year was \$2,013,184 or approximately 1.4%, with a decrease of \$1,679,589 for governmental activities and a decrease of \$333,595 for business-type activities.

**TOWN OF TOLLAND, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

The Town's Governmental Activities type capital assets decrease of \$1,679,589 is the net result of depreciation and deletions combined with the addition of the following assets:

ITEM	AMOUNT
SHARP PRINTER (BP50C31)	6,269
PLAYGROUND EQUIPMENT	7,338
LEAN-TO DUGOUTS	16,650
CHAIN LINK FENCE FOR BULLPENS	6,450
FOUNTAIN AT CRANDALL	5,998
COVERED WAGON TRAILER (#53FBE142XRF089128)	6,995
TOWN-WIDE TENNIS COURTS	678,425
2024 F250 TRUCK (#1FT7X2BA4REC49722) (PETER'S)	49,900
HOBAS DISHWASHER	45,000
NURSE'S OFFICE RENOVATION (CIP)	7,500
TOLLAND MIDDLE SCHOOL TRACK RECONSTRUCTION	150,000
BIRCH GROVE COMPRESSOR	13,696
THS STAGE AUDIO	9,615
SNOWPLOW (#PRR113645FEF)	8,838
2023 FORD F250 (#1FT7X28A4)	66,048
2007 CHAMPION C86C MOTOR GRADER (27-07559)	69,641
VENTRAC TRACTOR (4520N-AR09044)	49,766
SECURITY CAMERAS FOR TOWN BUILDINGS	32,228
ACID NEUTRALIZER(WATER CONDITIONER)(CROSS FARMS)	5,300
2021 FORD F550 AMBULANCE 740 (SPARE)	207,750
2024 HURST EDRAULIC E3 COMBITOOL PACKAGE	17,956
2023 STRYKER STRETCHER (#22050035500096)	24,000
DISTRICT-WIDE SECURITY CAMERAS (#3947)	8,849
2009 PIERCE TRUCK (ET-540) (#4PICA0IH39A010471) (#3965)	180,333
FIREHOUSE 340/440 IMPROVEMENTS (#3933)	1,650,618
FIREHOUSE 140 IMPROVEMENTS (#3934)	6,176
AMBULANCE 640 (#3932)	281,678

Business-type activities decreased by \$333,595 due to the net effect of depreciation and some water meter disposals. There were no additional assets for Business-type Activities.

Additional information on the Town of Tolland's capital assets can be found in Note 3D.

**TOWN OF TOLLAND, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

**Long-Term Debt.** At the end of the current fiscal year, the Town of Tolland had total bonded debt outstanding of \$33,635,000, all of which is backed by the full faith and credit of the Town. Of this debt, \$12,202,468 is school related and \$21,432,532 is general obligation. The Town of Tolland's total debt increased in the net amount of \$1.3 Million for additions, payments made and decreases during the fiscal year.

In October 2016, the Town was upgraded to 'AAA' from 'AA+' by Fitch Rating Agency based on revised criteria on prior debt issuances. The last bond rating before June 30, 2024 for the Town of Tolland was in September 2023 reaffirming an "AAA" rating from Standard and Poor's, and Fitch Rating Agency for general obligation debt. In 2024, Fitch Rating Services changed their rating methodology which put Tolland in a category requiring a special rating review. Based on their new rating criteria, the Town was at risk of being downgraded. We were able to provide significant information that convinced our rating agency to reaffirm our AAA rating. Standard and Poor's Rating Agency also updated their criteria, however, the Town was not subject to a review under their new criteria and continues to maintain a AAA rating.

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 \$339,518,879 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.

### **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. There are continued efforts to grow the Town's tax base, retain current businesses and increase economic development opportunities. Some significant items to note for economic growth are as follows:

- A new 240-unit luxury apartment complex project is under construction. This project will benefit the Town's grand list growth and provide relief for the impact on residential taxation. In addition, it has begun to promote an increase in commercial development in the same area.
- The Town has recently issued approvals for a Starbucks, a 15,000 square foot medical office building, a new private gymnastics facility, and a gas station/drive-through.
- The Town and its Economic Development Commission continues to work with property owners, developers, real estate firms and residents to promote business. An inventory of all commercial property continues to be updated within an interactive map for developers, future business owners to use as a resource for future development. The program includes information such as utilities, zoning, etc. as part of the link to the property. This map can be found on our website at: [Tolland Vacant Commercial Properties Map - Google My Maps](#). Our Economic Development Commission website also contains many resources for businesses. [Resources for Businesses | Town of Tolland CT](#).
- The Town continues to work with developers to facilitate development through the Economic Development Commission. Several new businesses are moving forward especially in the area of the new housing complex.

**TOWN OF TOLLAND, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

Tolland has updated its zoning regulations in the Tolland Village Area and the Technology Campus Zone to be more business friendly, expanding the types of allowable uses while preserving strong design standards, including a rebranding of the Technology Campus Zone to the "Tolland Commercial Zone" with a broader emphasis on high quality development. The Town's Economic Development Commission is in the process of developing an Economic Plan, geared towards identifying and attracting the businesses most likely to be interested in development in Tolland.

The new economic indicators were taken into consideration when adopting the general fund budget for fiscal year 2023/2024. During the budget process, the Education Cost Sharing Revenue was reduced by the Governor. After the Town Budget was adopted, the Legislature reinstated the revenue to keep the amount level. We are uncertain if there will be a future reduction plan. For several years the Town adopted budgets at the first referendum. This reflects the support of the citizens for the Town's submission of responsible budgets. With some growth in other revenue sources, the increase in property taxes due to grand list growth, some planned use of fund balance and committed debt reserve funds, we were able to address services.

The 2019 Grand List was a result of the 5-year Revaluation process that brought property values in line with current market trends. There will be another 5-year Revaluation process the 2024 Grand List. There was a .66% or \$8,937,405 increase in the October 1, 2023 Grand List. This resulted in an increase of approximately \$367,178 in actual tax dollars generated based on the FY 23-24 mill rate. The value of these funds is factored into the FY 24-25 mill rate calculation.

When factoring in all the changes in non-tax revenue sources including the proposed increase of State Municipal aid, we were fortunate to have an increase revenue. \$300,000 of unassigned fund balance and \$300,000 from the Municipal Tax Stabilization Fund was also used to provide some additional tax relief. The Town Manager and Finance Director have recommended cautious use of fund balance and there is a plan in place for the next budget to continue to responsibly plan for the use and the future needs to replenish fund balance.

In 2024/2025 the overall Town expenditure budget increased by 3.44% with a .44 mill increase. The motor vehicle mill rate is now capped pursuant to State Statute at 32.46 mills. As we have on a regular basis over the last several years in response to the economic times, we have minimized, to the extent practical, expenditures while doing everything possible to retain or improve upon the quality of programs and services offered. Our budget philosophy is to focus on our ability to sustain over time essential services and programs and to address absolute needs in a prioritized manner.

Amounts available for the FY 2024/2025 appropriation in the general fund budget are \$63,665,940, an increase of \$2,114,583 over the fiscal year 2024 budget of \$61,551,357. A combination of increased costs for fixed items such as, insurance, utilities, salaries, employee benefits and other commodities along with a substantial change in the percentage decrease in State aid had the biggest impact on the fiscal year 2024/2025 budget.

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 do road improvements, community development grants (CDBG-Small Cities) and other social service grants. The Project Manager/Grants Administrator continues to pursue opportunities in locating and obtaining more grants for the Town.

**TOWN OF TOLLAND, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2024**

Tolland's unemployment rate decreased from 3% as of June 2023 to 2.4% as of June 2024. The State of CT unemployment rate increased from 3.8% for June 2023 to 3.9% in June 2024.

**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, 2024**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 29,438,361	\$ 2,260,463	\$ 31,698,824
Investments	3,587,583	-	3,587,583
Property Taxes Receivable	1,323,520	-	1,323,520
Accounts and Other Receivables	1,491,055	356,579	1,847,634
Other Assets	51,094	-	51,094
Advance to Plan Administrator	2,300,123	-	2,300,123
Restricted Cash	292,263	-	292,263
Restricted Investments	20,800	-	20,800
Capital Assets, Nondepreciable	17,295,841	50,858	17,346,699
Capital Assets, Net of Accumulated Depreciation	123,457,136	6,909,562	130,366,698
Total Assets	179,257,776	9,577,462	188,835,238
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to OPEB	88,748	-	88,748
Deferred Charge on Refunding	145,925	-	145,925
Total Deferred Outflows of Resources	234,673	-	234,673
<b>LIABILITIES</b>			
Accounts Payable	1,565,338	164,408	1,729,746
Accrued Liabilities	220,773	-	220,773
Accrued Interest Payable	458,685	-	458,685
Unearned Revenue	2,218,872	53,307	2,272,179
Bond Anticipation Notes Payable	2,110,000	-	2,110,000
Noncurrent Liabilities, Due Within One Year	4,652,240	-	4,652,240
Noncurrent Liabilities, Due in More Than One Year	39,518,834	-	39,518,834
Total Liabilities	50,744,742	217,715	50,962,457
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to OPEB	851,003	-	851,003
Lease Receivable	574,069	-	574,069
Advance Property Tax Collections	160,641	-	160,641
Total Deferred Inflows of Resources	1,585,713	-	1,585,713
<b>NET POSITION</b>			
Net Investment in Capital Assets	102,164,088	6,960,420	109,124,508
Restricted for:			
Grant Programs	1,654,820	-	1,654,820
Endowments - Nonexpendable	20,800	-	20,800
Perpetual Care - Nonexpendable	292,263	-	292,263
Unrestricted	23,030,023	2,399,327	25,429,350
Total Net Position	\$ 127,161,994	\$ 9,359,747	\$ 136,521,741

See accompanying Notes to Financial Statements.

**TOWN OF TOLLAND, CONNECTICUT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

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
<b>GOVERNMENTAL ACTIVITIES</b>							
Administration	\$ 1,924,027	\$ 814	\$ 475,388	\$ -	\$ (1,447,825)	\$ -	\$ (1,447,825)
Planning and Community Development	538,136	603,940	-	578,479	644,283	-	644,283
Community Services	1,938,886	357,673	323,369	(21,575)	(1,279,419)	-	(1,279,419)
Public Works	9,034,752	51,413	461,995	173,031	(8,348,313)	-	(8,348,313)
Public Safety Services	3,066,033	382,029	128,364	-	(2,555,640)	-	(2,555,640)
Record and Financial Services	1,308,356	84,550	-	-	(1,223,806)	-	(1,223,806)
Board of Education	56,348,340	1,860,065	17,901,720	70,216	(36,516,339)	-	(36,516,339)
Interest Expense	1,344,084	-	-	-	(1,344,084)	-	(1,344,084)
Total Governmental Activities	75,502,614	3,340,484	19,290,836	800,151	(52,071,143)	-	(52,071,143)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Sewer Fund	468,770	394,763	-	-	-	(74,007)	(74,007)
Water Fund	444,547	396,572	-	-	-	(47,975)	(47,975)
Total Business-Type Activities	913,317	791,335	-	-	-	(121,982)	(121,982)
Total	\$ 76,415,931	\$ 4,131,819	\$ 19,290,836	\$ 800,151	(52,071,143)	(121,982)	(52,193,125)
General Revenues :							
Property Taxes					50,347,891	-	50,347,891
Grants and Contributions not Restricted to Specific Programs					1,841,327	-	1,841,327
Investment Income (Loss)					1,888,867	14,386	1,903,253
Miscellaneous					20,895	-	20,895
Transfers					11,425	(11,425)	-
Total General Revenues and Transfers					54,110,405	2,961	54,113,366
Change in Net Position					2,039,262	(119,021)	1,920,241
Net Position - Beginning of Year					125,122,732	9,478,768	134,601,500
<b>NET POSITION - END OF YEAR</b>					<b>\$ 127,161,994</b>	<b>\$ 9,359,747</b>	<b>\$ 136,521,741</b>

See accompanying Notes to Financial Statements.

**TOWN OF TOLLAND, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	General	Emergency Declaration Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 13,801,873	\$ 758,810	\$ 8,948,877	\$ 4,752,674	\$ 28,262,234
Investments	1,604,624	-	717,700	1,286,059	3,608,383
Receivables	2,023,830	-	-	795,759	2,819,589
Due From Other Funds	13,249	-	158,352	-	171,601
Other	-	-	-	51,094	51,094
Total Assets	<u>\$ 17,443,576</u>	<u>\$ 758,810</u>	<u>\$ 9,824,929</u>	<u>\$ 6,885,586</u>	<u>\$ 34,912,901</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts and Other Payables	\$ 583,561	\$ 11,249	\$ 359,046	\$ 8,718	\$ 962,574
Accrued Liabilities	220,773	-	-	-	220,773
Due to Other Funds	158,352	-	-	13,249	171,601
Bond Anticipation Notes Payable	-	-	2,110,000	-	2,110,000
Unearned Revenue	-	243,756	1,823,184	151,932	2,218,872
Total Liabilities	<u>962,686</u>	<u>255,005</u>	<u>4,292,230</u>	<u>173,899</u>	<u>5,683,820</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Taxes	930,695	-	-	-	930,695
Unavailable Revenue - Tax Interest	261,137	-	-	-	261,137
Lease Receivable	574,069	-	-	-	574,069
Unavailable Revenue - Special Assessments	-	-	-	47,513	47,513
Unavailable Revenue - Loans Receivable	-	-	-	636,190	636,190
Unavailable Revenue - Cemetery	-	-	-	8,075	8,075
Advance Property Tax Collections	160,641	-	-	-	160,641
Total Deferred Inflows of Resources	<u>1,926,542</u>	<u>-</u>	<u>-</u>	<u>691,778</u>	<u>2,618,320</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	364,157	364,157
Restricted	-	503,805	5,532,699	514,825	6,551,329
Committed	1,326,150	-	-	5,140,927	6,467,077
Assigned	917,229	-	-	-	917,229
Unassigned	12,310,969	-	-	-	12,310,969
Total Fund Balances	<u>14,554,348</u>	<u>503,805</u>	<u>5,532,699</u>	<u>6,019,909</u>	<u>26,610,761</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,443,576</u>	<u>\$ 758,810</u>	<u>\$ 9,824,929</u>	<u>\$ 6,885,586</u>	<u>\$ 34,912,901</u>

See accompanying Notes to Financial Statements.

**TOWN OF TOLLAND, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2024**

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)	\$	26,610,761
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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	\$	261,865,710	
Less: Accumulated Depreciation		(121,112,733)	
Net Capital Assets		140,752,977	

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Property Tax, Sewer Use, Water Assessment and Community Development Block Grant Receivable - Accrual Basis Change	1,883,610
Allowance for Doubtful Accounts on Interest and Liens	(23,502)
Deferred Outflows of Resources Related to OPEB	88,748

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.	3,184,237
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds Payable	(33,635,000)
Other Postemployment Benefit Liability	(1,170,603)
Deferred Inflows of Resources Related to OPEB	(851,003)
Deferred Charge on Refunding	145,925
Compensated Absences	(1,202,004)
Accrued Interest Payable	(458,685)
Notes Payable	(6,571,965)
Lease Payable	(34,631)
Bond Premium	(1,556,871)

Net Position of Governmental Activities (Exhibit I)	\$	127,161,994
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**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2024**

	General	Emergency Declaration Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 50,417,361	\$ -	\$ -	\$ -	\$ 50,417,361
Intergovernmental	18,439,910	475,388	3,429,444	2,135,309	24,480,051
Charges for Services	757,471	-	-	2,380,244	3,137,715
Investment Income (Loss)	1,201,610	35,864	409,458	150,007	1,796,939
Other Revenues	7,797	-	278,810	216,903	503,510
Total Revenues	70,824,149	511,252	4,117,712	4,882,463	80,335,576
<b>EXPENDITURES</b>					
Current:					
Administration	3,458,742	113,043	-	-	3,571,785
Planning and Community Development	453,197	-	-	-	453,197
Community Services	1,084,911	-	-	555,779	1,640,690
Public Works	4,560,108	-	-	-	4,560,108
Public Safety Services	2,022,129	-	-	102,200	2,124,329
Record and Financial Services	1,134,179	-	-	-	1,134,179
Contingency and Other	208,833	-	-	-	208,833
Board of Education	51,157,932	-	-	3,931,681	55,089,613
Capital Outlay	-	-	5,719,909	-	5,719,909
Debt Service	5,237,082	-	1,744	651,493	5,890,319
Total Expenditures	69,317,113	113,043	5,721,653	5,241,153	80,392,962
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,507,036	398,209	(1,603,941)	(358,690)	(57,386)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Debt	-	-	4,965,000	-	4,965,000
Proceeds from Sale of Assets	-	-	13,100	-	13,100
Bond Premium	-	-	-	247,168	247,168
Transfers In	537,082	-	608,241	72,893	1,218,216
Transfers Out	(619,709)	-	-	(50,000)	(669,709)
Net Other Financing Sources	(82,627)	-	5,586,341	270,061	5,773,775
<b>NET CHANGE IN FUND BALANCES</b>	1,424,409	398,209	3,982,400	(88,629)	5,716,389
Fund Balances - Beginning of Year	13,129,939	105,596	1,550,299	6,108,538	20,894,372
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 14,554,348</u>	<u>\$ 503,805</u>	<u>\$ 5,532,699</u>	<u>\$ 6,019,909</u>	<u>\$ 26,610,761</u>

See accompanying Notes to Financial Statements.

**TOWN OF TOLLAND, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

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

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

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV)	\$	5,716,389
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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		3,612,958
Depreciation Expense		(5,156,482)

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.		(136,065)
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Change in Deferred Outflows Related to OPEB		(110,608)
Change in Deferred Inflows Related to OPEB		215,149

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:

Increase in Property Tax, Tax Interest and Lien, Sewer Use, Water Assessment and Community Development Block Grant Receivable - Accrual Basis Change		(205,158)
Increase in Property Tax, Sewer Use and Community Development Block Grant Allowance for Doubtful Accounts		(2,096)
Increase in Grant Revenue - Accrual Basis Change		(2,052,298)
Amortization of Bond Premiums		359,568

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:

Issuance of Bonds		(4,965,000)
Bond Payments		3,665,000
Premium on Bond Issuance		(247,168)
Lease Payable Payments		103,894
Notes Payable Payments		803,748

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		40,443
Change in Accrued Interest		(23,137)
Amortization of Deferred Charge on Refunding		(119,539)
Net Other Postemployment Benefit Expense		218,760

The net income of the internal service funds is reported with governmental activities.		320,904
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Change in Net Position of Governmental Activities (Exhibit II)	\$	2,039,262
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See accompanying Notes to Financial Statements.

**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2024**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 1,570,021	\$ 690,442	\$ 2,260,463	\$ 1,468,390
Advance to Plan Administrator	-	-	-	2,300,123
Accounts Receivable	90,157	266,422	356,579	18,488
Total Current Assets	1,660,178	956,864	2,617,042	3,787,001
<b>NONCURRENT ASSETS</b>				
Capital Assets, Nondepreciable:				
Land	50,858	-	50,858	-
Capital Assets, Net of Accumulated Depreciation:				
Plant and Pumping Station	275,819	888,861	1,164,680	-
Distribution System	1,429,960	4,314,922	5,744,882	-
Total Noncurrent Assets	1,756,637	5,203,783	6,960,420	-
Total Assets	<u>\$ 3,416,815</u>	<u>\$ 6,160,647</u>	<u>\$ 9,577,462</u>	<u>\$ 3,787,001</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 78,988	\$ 85,420	\$ 164,408	\$ 13,542
Claims Payable	-	-	-	589,222
Unearned Revenue	53,307	-	53,307	-
Total Current Liabilities	132,295	85,420	217,715	602,764
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,756,637	5,203,783	6,960,420	-
Unrestricted	1,527,883	871,444	2,399,327	3,184,237
Total Net Position	<u>\$ 3,284,520</u>	<u>\$ 6,075,227</u>	<u>\$ 9,359,747</u>	<u>\$ 3,184,237</u>

See accompanying Notes to Financial Statements.

**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2024**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 396,572	\$ 394,763	\$ 791,335	\$ 10,312,604
Total Operating Revenues	396,572	394,763	791,335	10,312,604
<b>OPERATING EXPENSES</b>				
Professional Services	68,714	50,341	119,055	-
Repairs and Maintenance	103,553	18,422	121,975	-
Service Fees	2,970	135,609	138,579	-
Materials and Supplies	11,419	6,527	17,946	-
Utilities	154,805	27,364	182,169	1,035,103
Administration	-	-	-	29,741
Employee Benefits	-	-	-	8,342,297
Depreciation	91,621	230,507	322,128	-
Total Operating Expenses	433,082	468,770	901,852	9,407,141
<b>OPERATING INCOME (LOSS)</b>	(36,510)	(74,007)	(110,517)	905,463
<b>NONOPERATING REVENUE (EXPENSES)</b>				
Interest Expense	-	-	-	(139,405)
Investment Income	10,567	3,819	14,386	91,928
Loss on Disposal	(11,465)	-	(11,465)	-
Net Nonoperating Revenue (Expense)	(898)	3,819	2,921	(47,477)
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(37,408)	(70,188)	(107,596)	857,986
Transfers Out	-	(11,425)	(11,425)	(537,082)
Total Transfers	-	(11,425)	(11,425)	(537,082)
<b>CHANGE IN NET POSITION</b>	(37,408)	(81,613)	(119,021)	320,904
Net Position - Beginning of Year	3,321,928	6,156,840	9,478,768	2,863,333
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,284,520</u>	<u>\$ 6,075,227</u>	<u>\$ 9,359,747</u>	<u>\$ 3,184,237</u>

See accompanying Notes to Financial Statements.



**TOWN OF TOLLAND, CONNECTICUT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2024**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 421,964	\$ 357,878	\$ 779,842	\$ 10,294,116
Payments to Suppliers	(293,618)	(232,247)	(525,865)	(1,054,761)
Payments to Providers of Benefits	-	-	-	(8,521,074)
Net Cash Provided by Operating Activities	128,346	125,631	253,977	718,281
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In/Out	-	(11,425)	(11,425)	(537,082)
Interest Payments	-	-	-	(139,405)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(11,425)	(11,425)	(676,487)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Income	10,567	3,819	14,386	91,928
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	138,913	118,025	256,938	133,722
Cash and Cash Equivalents - Beginning of Year	1,431,108	572,417	2,003,525	1,334,668
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,570,021</u>	<u>\$ 690,442</u>	<u>\$ 2,260,463</u>	<u>\$ 1,468,390</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ (36,510)	\$ (74,007)	\$ (110,517)	\$ 905,463
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	91,621	230,507	322,128	-
(Increase) Decrease in Accounts Receivable	25,392	(36,885)	(11,493)	(18,488)
(Increase) Decrease in Advance to Plan Administrator	-	-	-	(92,485)
Increase (Decrease) in Accounts Payable	47,843	6,016	53,859	(16,926)
Increase (Decrease) in Claims Payable	-	-	-	(59,283)
Net Cash Provided by Operating Activities	<u>\$ 128,346</u>	<u>\$ 125,631</u>	<u>\$ 253,977</u>	<u>\$ 718,281</u>

See accompanying Notes to Financial Statements.

**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2024**

	OPEB Trust Fund	Private Purpose Trust Fund Stevenson Scholarship	Custodial Fund Nonprofit Housing Corporation
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ 25,151	\$ 151,113
Investments:			
Mutual Funds	1,888,783	-	-
Accounts Receivable	-	-	22,803
Total Assets	<u>1,888,783</u>	<u>25,151</u>	<u>173,916</u>
<b>NET POSITION</b>			
Restricted for:			
Postemployment Benefits	1,888,783	-	-
Individuals, Organizations, and Other Entities	<u>-</u>	<u>25,151</u>	<u>173,916</u>
Total Net Position	<u><u>\$ 1,888,783</u></u>	<u><u>\$ 25,151</u></u>	<u><u>\$ 173,916</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF TOLLAND, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED JUNE 30, 2024**

	OPEB Trust Fund	Private Purpose Trust Fund Stevenson Scholarship	Custodial Fund Nonprofit Housing Corporation
<b>ADDITIONS</b>			
Interest and Dividends	\$ -	\$ 25	\$ 2,040
Charges for Services	-	-	6,907
Contributions	189,058	-	-
Net Change in Fair Value of Investments	173,670	-	-
Total Additions	<u>362,728</u>	<u>25</u>	<u>8,947</u>
<b>DEDUCTIONS</b>			
Community Services	-	-	2,350
Benefits	171,240	-	-
Total Deductions	<u>171,240</u>	<u>-</u>	<u>2,350</u>
<b>CHANGE IN NET POSITION</b>	191,488	25	6,597
Net Position - Beginning of Year	<u>1,697,295</u>	<u>25,126</u>	<u>167,319</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 1,888,783</u></u>	<u><u>\$ 25,151</u></u>	<u><u>\$ 173,916</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 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.

**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.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and 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. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Town has established a postretirement retiree health plan (OPEB) to provide retirement benefits and postretirement health care benefits to employees and their beneficiaries. The Town is required to make contributions to the OPEB plan and can impose its will.

The financial statements of the fiduciary component unit are reported as an OPEB Trust fund in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component unit.

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 nonfiduciary 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.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

Government-Wide and Fund Financial Statements (Continued)

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 of 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.

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.

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

Measurement of Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 *Emergency Declaration Fund* accounts for grant funds reserved to manage unanticipated disasters, and does not contain a legally adopted budget.

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 fees associated with the utilities and the debt service on the ESCO project, along with future system improvements and repairs, and the self-insured medical activities of the Town and Board of Education.

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

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

Measurement of Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)

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 *Custodial Fund* accounts for monies held on behalf of the Non-Profit Housing Corporation.

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.

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. Lease Receivable**

The Entity determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the Entity's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.



**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Lease Receivable (Continued)**

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guaranteed payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Entity has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Entity has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

**H. 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 acquisition 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.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Capital Assets (Continued)**

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.

Buildings	50 to 75 Years
Building Improvements	50 Years
Land Improvements	20 to 30 Years
Roads	30 to 50 Years
Bridges	30 to 50 Years
Sewer Transmission Lines	50 Years
Meters and Hydrants	50 Years
Vehicles	5 to 30 Years
Machinery and Equipment	3 to 10 Years
Fire Equipment	20 to 25 Years

**I. Deferred Outflows 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 assets 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 and deferred outflows related to OPEB 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. A deferred outflow of resources related to OPEB results from differences between expected and actual experience and investment gains or losses. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees). No deferred outflows of resources affect the governmental fund financial statements in the current year.

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Deferred Inflows of Resources**

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 assets 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, lease receivables and deferred inflows of resources related to OPEB in the government-wide statement of net position. 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. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. A deferred inflow of resources related to OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees). 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, grants, leases, 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.

**K. 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 are 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.

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Net OPEB Liability**

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**M. 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.

**N. 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.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Equity (Continued)**

*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 the 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% to 5% of the Town’s most recent approved operating budget.

**O. Property Taxes**

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

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Property Taxes (Continued)**

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.

**P. 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.

**NOTE 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 ended June 30, 2024, the Town approved additional appropriations of \$828,763, \$828,517 from fund balance and \$246 from unanticipated revenue.
- Management is authorized to make budgetary transfers within departments but cannot approve additional appropriations.
- Formal budgetary integration is employed as a management control device during the year.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (Continued)**

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

**NOTE 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.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash, Cash Equivalents, and Investments (Continued)**

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's deposit policy for custodial credit risk requires prequalification of institutions with which the Town does business. The prequalification requirements include, but are not limited to, proof of creditworthiness, five years or more of operations, evidence of adequate insurance coverage, proof of state registration, and proof of compliance with state and federal capital adequacy guidelines. 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 or up to the FDIC limit in out-of-state banks.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$24,158,912 of the Town's bank balance of \$26,083,198 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 21,550,592
Uninsured and Collateral Held by the Pledging Bank's Trust Department, not in the Town's Name	<u>2,608,320</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 24,158,912</u></u>

**Cash Equivalents**

At June 30, 2024, the Town's cash equivalents amounted to \$10,436,108. STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	Standard and Poor's
State Short-Term Investment Fund (STIF)	<u>AAAm</u>



**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash, Cash Equivalents, and Investments (Continued)**

**Investments**

As of June 30, 2024, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More than 10
Certificates of Deposit*		\$ 1,903,991	\$ 1,903,991	\$ -	\$ -
Total		1,903,991	\$ 1,903,991	\$ -	\$ -
Other investments:					
Mutual Funds		3,593,175			
Total Investments		\$ 5,497,166			

\*Subject to coverage by Federal Depository Insurance and collateralization.

The Town categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2024:

	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Mutual Funds	\$ 3,593,175	\$ 1,704,392	\$ 1,888,783	\$ -
Total Investments by Fair Value Level	3,593,175	\$ 1,704,392	\$ 1,888,783	\$ -
Certificates of Deposit	1,903,991			
Total Investments	\$ 5,497,166			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash, Cash Equivalents, and Investments (Continued)**

**Investments (Continued)**

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, 2024.

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). 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. 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.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Endowments Received**

	Cemetery Perpetual Care Fund	Memorial School Fund	Total
Original Principal Received	\$ 292,263	\$ 20,800	\$ 313,063
Net Appreciation on Investments	<u>3,238</u>	<u>1,069,504</u>	<u>1,072,742</u>
Total Value	<u><u>\$ 295,501</u></u>	<u><u>\$ 1,090,304</u></u>	<u><u>\$ 1,385,805</u></u>

The original principal received remains in the net position on the statement of net position and is restricted for the trust principal, and in nonspendable fund balance on the balance sheet – governmental funds. The net appreciation on investments available for expenditures is included in unrestricted net position on the statement of net position, and in committed fund balance on the balance sheet – governmental funds 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.

The Town has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Town classifies as nonspendable fund balance (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in nonspendable fund balance is classified as committed fund balance until those amounts are appropriated for expenditure by the Town in a manner consistent with the standard of prudence prescribed by CTPMIFA. In accordance with CTPMIFA, the Town considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Town
- The investment policies of the Town

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Receivables**

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

	General	Capital Projects	Nonmajor and Other Funds	Water	Sewer	Total
Receivables:						
Taxes	\$ 1,085,885	\$ -	\$ -	\$ -	\$ -	\$ 1,085,885
Tax interest	261,137	-	-	-	-	261,137
Leases	574,069	-	-	-	-	574,069
Accounts and Other	106,355	-	738,085	93,025	268,259	1,205,724
Intergovernmental	28,300	-	98,965	-	-	127,265
Gross Receivables	2,055,746	-	837,050	93,025	268,259	3,254,080
Less: Allowance for Collection Losses	31,916.0	-	-	2,868	1,837	36,621
Net Total Receivables	<u>\$ 2,023,830</u>	<u>\$ -</u>	<u>\$ 837,050</u>	<u>\$ 90,157</u>	<u>\$ 266,422</u>	<u>\$ 3,217,459</u>

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets**

Capital assets activity for the year ended June 30 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets not Being Depreciated or Amortized:					
Land	\$ 14,468,253	\$ -	\$ -	\$ -	\$ 14,468,253
Rights of Way	412,862	-	-	-	412,862
Construction in Progress	788,083	1,664,294	-	(37,651)	2,414,726
Total Capital Assets not Being Depreciated or Amortized	15,669,198	1,664,294	-	(37,651)	17,295,841
Capital Assets Being Depreciated and Amortized:					
Buildings and Improvements	174,646,872	-	-	-	174,646,872
Vehicles, Furniture, and Equipment	18,911,288	1,120,296	633,987	37,651	19,435,248
Right-to-Use Equipment	346,312	-	-	-	346,312
Infrastructure	50,032,444	828,368	719,375	-	50,141,437
Total Capital Assets Being Depreciated and Amortized	243,936,916	1,948,664	1,353,362	37,651	244,569,869
Less Accumulated Depreciation and Amortization for:					
Buildings and Improvements	70,437,426	3,014,325	-	-	73,451,751
Vehicles, Furniture, and Equipment	10,986,938	1,139,247	497,922	-	11,628,263
Right-to-Use Equipment	207,786	103,894	-	-	311,680
Infrastructure	35,541,398	899,016	719,375	-	35,721,039
Total Accumulated Depreciation and Amortization	117,173,548	5,156,482	1,217,297	-	121,112,733
Total Capital Assets Being Depreciated and Amortized, Net	126,763,368	(3,207,818)	136,065	37,651	123,457,136
Governmental Activities Capital Assets, Net	<u>\$ 142,432,566</u>	<u>\$ (1,543,524)</u>	<u>\$ 136,065</u>	<u>\$ -</u>	<u>\$ 140,752,977</u>
<b>Business-Type Activities:</b>					
Capital Assets not Being Depreciated:					
Land	\$ 50,858	\$ -	\$ -	\$ -	\$ 50,858
Total Capital Assets not Being Depreciated	50,858	-	-	-	50,858
Capital Assets Being Depreciated:					
Plant and Pumping stations	3,203,200	-	-	-	3,203,200
Water/Sewer Distribution System	10,794,761	-	24,459	-	10,770,302
Total Capital Assets Being Depreciated	13,997,961	-	24,459	-	13,973,502
Less Accumulated Depreciation for:					
Plant and Pumping Stations	1,932,868	105,652	-	-	2,038,520
Water/Sewer Distribution System	4,821,936	216,476	12,992	-	5,025,420
Total Accumulated Depreciation	6,754,804	322,128	12,992	-	7,063,940
Total Capital Assets Being Depreciated, Net	7,243,157	(322,128)	11,467	-	6,909,562
Business-Type Activities Capital Assets, Net	<u>\$ 7,294,015</u>	<u>\$ (322,128)</u>	<u>\$ 11,467</u>	<u>\$ -</u>	<u>\$ 6,960,420</u>

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets (Continued)**

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

Governmental Activities:		
General Government	\$	69,335
Development and Community Affairs		147,359
Public Works		2,243,376
Public Safety Services		330,174
Board of Education		2,366,238
Total Depreciation and Amortization Expense - Governmental Activities	\$	<u>5,156,482</u>
Business-Type Activities:		
Water	\$	91,621
Sewer		230,507
Total Depreciation Expense - Business-Type Activities	\$	<u>322,128</u>

**Construction Commitments**

The Town has active construction projects as of June 30, 2024. The projects include new construction. At year-end, the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Tolland Intermediate School Seclusion Room Updates	\$ -	\$ 63,965
Tolland Middle School Roof	-	45,000
Tolland Intermediate School Entrance Doors	-	32,382
Tolland Intermediate School Nurses Office Renovations	7,500	56,238
Birch Grove Non-Grant	227,907	49,070
Education Referendum 2016	6,175,675	3,424,325
Highway Truck Replacement	8,838	286,162
Highway Truck Replacement	-	295,000
Replacement of Ambulance 540	-	370,000
Replacement of ET-540	-	180,000
Pickleball Courts	-	415,000
Firehouse Improvements	2,460,205	2,539,795
2018 Referendum Bond Roads	3,280,888	1,719,112

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

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**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 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 13,249
Capital Projects	General Fund	158,352
		<u>\$ 171,601</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
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Transfers Out
Transfers Out:				
General Fund	\$ -	\$ 558,241	\$ 61,468	\$ 619,709
Sewer Fund	-	-	11,425	11,425
Nonmajor Governmental Funds	-	50,000	-	50,000
Internal Service Fund	537,082	-	-	537,082
Total Transfers In	<u>\$ 537,082</u>	<u>\$ 608,241</u>	<u>\$ 72,893</u>	<u>\$ 1,218,216</u>

**F. Long-Term Debt**

Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 32,335,000	\$ 4,965,000	\$ 3,665,000	\$ 33,635,000	\$ 3,730,000
Premium	1,669,271	247,168	359,568	1,556,871	-
Total Bonds and Notes Payable	34,004,271	5,212,168	4,024,568	35,191,871	3,730,000
Lease Payable	138,525	-	103,894	34,631	34,631
Notes Payable	7,375,713	-	803,748	6,571,965	815,135
Net OPEB Liability	1,389,363	-	218,760	1,170,603	-
Compensated Absences	1,242,447	5,864	46,307	1,202,004	72,474
Total Governmental Activities Long-Term Liabilities	<u>\$ 44,150,319</u>	<u>\$ 5,218,032</u>	<u>\$ 5,197,277</u>	<u>\$ 44,171,074</u>	<u>\$ 4,652,240</u>

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Debt (Continued)**

Changes in Long-Term Liabilities (Continued)

For the governmental activities, compensated absences are generally liquidated by the General Fund, and the Net OPEB liability is generally liquidated by the General Fund and the Health Insurance Internal Service 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.

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, 2024
General Purpose:						
General Obligation	9/1/12	9/1/27	1.5-3.0	\$ 1,145,310	Various	\$ 298,080
General Obligation Refunding	9/1/12	9/1/25	3.0-5.0	1,445,100	Various	127,000
General Obligation Refunding	10/1/14	8/1/24	2.0-4.0	2,117,715	Various	581,070
General Obligation	10/15/15	10/15/35	2.0-4.0	7,275,000	Various	4,354,000
General Obligation	5/15/18	5/15/43	3.0-5.0	7,169,908	Various	5,680,000
General Obligation	9/15/20	9/15/40	2.0-5.0	3,583,582	Various	3,042,000
General Obligation Refunding	9/15/20	8/1/30	4.0-5.0	855,000	Various	420,000
General Obligation	9/15/22	9/15/37	3.125-5.0	2,466,046	Various	2,298,000
General Obligation	9/6/23	9/15/43	4.0-5.0	332,618	Various	4,632,382
Total General Purpose						21,432,532
School:						
School Improvement	9/1/12	9/1/27	1.5-3.0	314,690	Various	81,920
School Improvement - Refunding	9/1/12	9/1/25	3.0-5.0	6,579,900	Various	1,493,000
School Improvement - Refunding	10/1/14	8/1/27	2.0-4.0	7,517,285	Various	1,673,930
School Improvement	10/15/15	10/15/35	2.0-4.0	290,000	Various	216,000
School Improvement	5/15/18	5/15/43	3.0-5.0	2,170,092	Various	1,710,000
School Improvement	9/15/20	9/15/40	2.0-5.0	6,986,418	Various	5,938,000
School Improvement Refunding	9/15/20	8/1/30	4.0-5.0	1,355,000	Various	595,000
School Improvement	9/15/22	9/15/37	3.125-5.0	173,954	Various	162,000
School Improvement	9/6/23	9/15/43	4.0-5.0	332,618	Various	332,618
Total School						12,202,468
Total Outstanding						\$ 33,635,000



**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Debt (Continued)**

General Obligation Bonds (Continued)

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

<u>Year Ending June 30,</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 3,730,000	\$ 1,051,238
2026	3,270,000	916,363
2027	2,545,000	811,163
2028	2,265,000	722,163
2029	1,855,000	645,463
2030-2034	8,875,000	2,364,083
2035-2039	7,280,000	1,136,951
2040-2044	3,815,000	278,250
Total	<u>\$ 33,635,000</u>	<u>\$ 7,925,674</u>

Bond Anticipation Notes

On September 14, 2023, the Town issued \$2,110,000 of bond anticipation notes for a variety of projects, which carried interest at 4.00% and are due September 13, 2024. The bond anticipation note activity for the year ended June 30, 2024 is summarized as follows:

Outstanding - Beginning of Year	\$ 9,170,000
New Borrowings	2,110,000
Repayments	<u>9,170,000</u>
Outstanding - End of Year	<u>\$ 2,110,000</u>

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2024 is \$6,985,668. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Debt (Continued)**

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	\$ 109,131,068	\$ 24,811,343	\$ 84,319,725
Schools	218,262,137	15,809,325	202,452,812
Sewers	181,885,114	-	181,885,114
Urban Renewal	157,633,765	-	157,633,765
Pension Deficit	145,508,091	-	145,508,091

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$339,518,879. 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.

Notes Payable

During 2011, the Town entered into a \$3,600,000 equipment taxable direct pay qualified energy conservation bond (QECB) note/purchase agreement. The note 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 note.

In October 2013, the Town entered into a \$9,598,157 equipment note to finance energy improvements across the Town's facilities to generate energy savings in the future. The note had an interest rate of 3.49% and matures on October 2, 2033. During 2017, the Town refinanced this note entering into a new note for \$9,572,000, to pay off the old note. The new note has an interest rate of 2.12% and matures on October 3, 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.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Debt (Continued)**

Notes Payable (Continued)

The future minimum notes payable obligation and the net present value of the minimum note payments as of June 30, 2024 were as follows:

<u>Fiscal Year Ending June 30,</u>	Governmental Activities
2025	\$ 967,001
2026	953,373
2027	676,487
2028	676,488
2029	676,488
Thereafter	3,382,439
Total Note Payments	7,332,276
Less: Amount Representing Interest	760,311
Present Value of Future Minimum Note Payments	<u>\$ 6,571,965</u>

Lease Liability

The Town leases equipment for various terms under long-term, noncancelable, lease agreements. These lease expire at various dates through October 2025. The future minimum lease payments under lease agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	Governmental Activities	
	Principal	Interest
2025	\$ 34,631	\$ 693
Total	<u>\$ 34,631</u>	<u>\$ 693</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Equipment	\$ 346,312
Less: Accumulated Depreciation	(311,680)
Total	<u>\$ 34,632</u>

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 4 FUND BALANCE**

The components of fund balance for the government funds at June 30, 2024 are as follows:

	General Fund	Emergency Declaration Fund	Capital Projects	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Inventory	\$ -	\$ -	\$ -	\$ 51,094	\$ 51,094
Permanent Fund Principal	-	-	-	313,063	313,063
Restricted for:					
Capital Projects	-	-	5,532,699	-	5,532,699
Unspent Grant Proceeds	-	503,805	-	514,825	1,018,630
Committed to:					
Debt Service	207,000	-	-	-	207,000
Sewer Capital Improvements					-
Capital Projects			-		-
Dog Warden	-	-	-	201,827	201,827
Open Space	-	-	-	142,063	142,063
Sewer Escrow	-	-	-	26,671	26,671
Lodge Furnishings	-	-	-	24,756	24,756
Business Park Improvements	-	-	-	19,165	19,165
Recreation	-	-	-	264,109	264,109
Water Assessments	-	-	-	245,962	245,962
Food Service	-	-	-	566,149	566,149
Education Programs	329,785	-	-	2,086,889	2,416,674
Municipal Stabilization	789,365	-	-	-	789,365
Cemeteries	-	-	-	12,179	12,179
Training Center Repair and Replacement	-	-	-	6,131	6,131
Field Maintenance	-	-	-	4,464	4,464
Veterans Memorial	-	-	-	2,761	2,761
Conservation	-	-	-	16,848	16,848
Library	-	-	-	122,978	122,978
Artificial Turf Operation	-	-	-	1,758	1,758
Agriculture	-	-	-	3,820	3,820
Debt Service	-	-	-	447,265	447,265
Senior Citizen Center	-	-	-	27,925	27,925
Youth Center	-	-	-	41,827	41,827
Emergencies	-	-	-	58,331	58,331
Sewer Assessments	-	-	-	817,049	817,049
Assigned to:					
Administration	75,446	-	-	-	75,446
Planning and Community Development	5,984	-	-	-	5,984
Community Services	7,217	-	-	-	7,217
Environmental Maintenance	312,906	-	-	-	312,906
Public Safety Services	150,596	-	-	-	150,596
Records and Financial Services	28,515	-	-	-	28,515
Contingency	1,283	-	-	-	1,283
Education	35,282	-	-	-	35,282
Contribution to Next Fiscal Budget	300,000	-	-	-	300,000
Unassigned	12,310,969	-	-	-	12,310,969
Total Fund Balances	<u>\$ 14,554,348</u>	<u>\$ 503,805</u>	<u>\$ 5,532,699</u>	<u>\$ 6,019,909</u>	<u>\$ 26,610,761</u>

Significant encumbrances of \$617,229 at June 30, 2024 are contained in the above table in the assigned category of the General Fund.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 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, 2024 was \$589,799 and represented 6% of covered payroll. The employees' required contributions were \$245,752 and represented 2.5% of covered payroll. The Town fully funded required employer's contributions and members who left the Town employment during a year have forfeiture assets in the amount of \$159,286 which will be available for future contributions.

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. Connecticut Teachers Retirement System – Pension**

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiemployer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the state Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**B. Connecticut Teachers Retirement System – Pension (Continued)**

Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the three years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the state of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

**Employer (School Districts)**

School District employers are not required to make contributions to the plan.

The statutes require the state of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2024, the amount of "on-behalf" contributions made by the state was \$6,462,339 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**B. Connecticut Teachers Retirement System – Pension (Continued)**

**Employees**

Effective July 1, 1992, each teacher is required to contribute 6% of pensionable salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2024, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Town	69,647,764
Total	<u>\$ 69,647,764</u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2023. At June 30, 2024, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2024, the Town recognized pension expense and revenue of \$6,668,370 in Exhibit II.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increase	3.00% - 6.50%, Including Inflation
Investment Rate of Return	6.90% Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**B. Connecticut Teachers Retirement System – Pension (Continued)**

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

Cost-of-Living Allowance

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.



**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**B. Connecticut Teachers Retirement System – Pension (Continued)**

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return</u>	<u>Target Allocation</u>
Global Equity	6.80 %	37.00 %
Public Credit	2.90	2.00
Core Fixed Income	0.40	13.00
Liquidity Fund	(0.40)	1.00
Risk Mitigation	0.10	5.00
Private Equity	11.20	15.00
Private Credit	6.10	10.00
Real Estate	6.20	10.00
Infrastructure and Natural Resources	7.70	7.00
Total		<u>100.00 %</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that state contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the state of Connecticut.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**B. Connecticut Teachers Retirement System – Pension (Continued)**

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS**

**A. Retiree Medical Program**

**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 Postemployment Benefits Trust Fund. The plan does not issue a stand-alone financial report.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)**

**A. Retiree Medical Program (Continued)**

**Summary of Significant Accounting Policies (Continued)**

Plan Description (Continued)

Management of the postemployment benefits plan is vested with the Town manager and director of finance. Policy oversight is provided by the OPEB Trust Committee, which consists of four members: the Town manager, director of finance and records, Tolland superintendent of schools and business manager for the Board of Education.

At July 1, 2024 plan membership consisted of the following:

	Retiree Medical Program
Retired Members and Spouses of Retired Members	70
Active Plan Members	207
Total	<u>277</u>

Funding Policy

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

	Monthly Weighted Average Premiums	
	Employee	Spouse
Town HPHD/HSA	\$ 767.60	\$ 624.29
BOE HDHP/HAS	716.37	583.61
BlueScript F	807.62	807.62
Group Retiree Plan F	273.34	273.34

**Investments**

Investment Policy

OPEB Benefits Plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB Trust Committee by a majority vote of its members. It is the policy of the OPEB Trust Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Trust requires the funds to be invested in VantageCare RHS Employer Investment Program which is specifically designed to reach goals.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)**

**A. Retiree Medical Program (Continued)**

**Investments (Continued)**

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 10.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

The Town's net OPEB liability was measured as of June 30, 2024. The components of the net OPEB liability of the Town at June 30, 2024, were as follows:

Total OPEB Liability	\$ 3,059,386
Plan Fiduciary Net Position	<u>1,888,783</u>
Net OPEB Liability	<u>\$ 1,170,603</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	61.74%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary Increases	3.15% , Average, Including Inflation
Investment Rate of Return	6.0%, Net of investment-related and administrative expenses
Healthcare Cost Trend Rates	6.50% in 2022, Reducing 0.2% each Year to a final 4.4% in 2033 and later. Prior 6.50% in 2020 reducing 0.2% each year to a final 4.4% in 2031 and later

Mortality rates for teachers and administrators were based on the PUB-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed.

**TOWN OF TOLLAND, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)**

**A. Retiree Medical Program (Continued)**

**Investments (Continued)**

Actuarial Assumptions (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of July 1, 2022 are summarized in the following table:

Asset Class	Allocation	Rate of Return
U.S. Short Bonds	27.55 %	0.60 %
U.S. Large Caps	23.55	4.60
U.S. Core Fixed Income	19.10	1.20
U.S. High Yield Bonds	9.65	3.30
U.S. Inflation-Indexed Bonds	7.50	0.80
Foreign Developed Equity	6.35	5.80
U.S. Mid Caps	3.95	5.20
U.S. Small Caps	1.40	5.20
Emerging Markets Equity	0.95	7.55
Total	100.00 %	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Assumption changes since the prior year are as follows:

- Healthcare Cost Trend Rates – 6.5% in 2022, reducing by 0.2% each year to a final 4.4% per year rate for 2033 and later, prior 6.5% in 2020 reducing by 0.2% per year each year to a final 4.4% per year rate for 2031 and later

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)**

**A. Retiree Medical Program (Continued)**

**Investments (Continued)**

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2023	\$ 3,086,658	\$ 1,697,295	\$ 1,389,363
Changes for the Year:			
Service Cost	49,759	-	49,759
Interest on Total OPEB Liability	183,123	-	183,123
Differences between expected and Actual Experience	(88,914)	-	(88,914)
Changes in Assumptions	-	-	-
Employer Contributions	-	98,727	(98,727)
Contributions - TRB Subsidy	-	90,331	(90,331)
Net Investment Income	-	173,670	(173,670)
Benefit Payments	(171,240)	(171,240)	-
Net Changes	(27,272)	191,488	(218,760)
Balances as of June 30, 2024	\$ 3,059,386	\$ 1,888,783	\$ 1,170,603

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$ 1,438,782	\$ 1,170,603	\$ 935,834

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease Healthcare Cost Trend Rates	Current Rate Healthcare Cost Trend Rates	1% Increase Healthcare Cost Trend Rates
Net OPEB Liability	\$ 867,436	\$ 1,170,603	\$ 1,524,868

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)**

**A. Retiree Medical Program (Continued)**

**Investments (Continued)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Town recognized OPEB expense of \$(169,750). At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Earnings on OPEB Plan Investments	\$ 24,767	\$ -
Changes of Assumptions	17,148	355,704
Differences Between Expected and Actual Experience	46,833	495,299
Total	<u>\$ 88,748</u>	<u>\$ 851,003</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ 269,649
2026	111,632
2027	94,787
2028	101,383
2029	87,122
Thereafter	97,682

**B. Other Postemployment Benefit – Connecticut State Teachers Retirement Plan**

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at state schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiemployer defined benefit other postemployment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the state Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)**

**B. Other Postemployment Benefit – Connecticut State Teachers Retirement Plan  
(Continued)**

Benefit Provisions

There are two types of the health care benefits offered through the System. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A and B is eligible to continue health care coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$440 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A and B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A and B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the state pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplemental Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$220 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.



**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)**

**B. Other Postemployment Benefit – Connecticut State Teachers Retirement Plan  
(Continued)**

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, state employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions

*State of Connecticut*

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the state of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The state contributions are not currently actuarially funded. The state appropriates from the General Fund one third of the annual costs of the plan. Administrative costs of the plan are financed by the state. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut Statutes, it is assumed the state will pay for any long-term shortfall arising from insufficient active member contributions.

*Employer (School Districts)*

School District employers are not required to make contributions to the plan.

For the year ended June 30, 2024, the amount of "on-behalf" contributions made by the state was \$87,940 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)**

**B. Other Postemployment Benefit – Connecticut State Teachers Retirement Plan  
(Continued)**

Contributions (Continued)

*Employees/Retirees*

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one-third of the plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related state support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's Proportionate Share of the Net OPEB Liability	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Town	6,525,039
Total	<u>\$ 6,525,039</u>

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2023. At June 30, 2024, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2024, the Town recognized OPEB expense of \$(768,692) in Exhibit II.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)**

**B. Other Postemployment Benefit – Connecticut State Teachers Retirement Plan  
(Continued)**

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health Care Costs Trend Rate	Known increased until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031
Salary Increases	3.00-6.50%, Including Inflation
Investment Rate of Return	3.00 % Net of OPEB Plan Investment Expense, Including Inflation
Year Fund Net Position will be Depleted	2028

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2023; valuation was based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 3.53% to 3.64%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.77%).

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)**

**B. Other Postemployment Benefit – Connecticut State Teachers Retirement Plan  
(Continued)**

Discount Rate

The discount rate used to measure the total OPEB liability was 3.64%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2023.

In addition to the actuarial methods and assumptions of the June 30, 2023, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual state contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2028 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the state of Connecticut.

OPEB Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report at [www.ct.gov](http://www.ct.gov).

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 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, 2024. 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 five 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 has advanced cash to ECHIP to fund claims on an ongoing basis. These amounts are held by ECHIP on behalf of the Town and are reported as Advance to plan administrator in the Internal Service Fund on the proprietary fund statement of net position.

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, 2023 and 2024, are as follows:

	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2022-2023	\$ 498,091	\$ 8,584,375	\$ 8,433,961	\$ 648,505
2023-2024	648,505	8,342,297	8,401,580	589,222

**TOWN OF TOLLAND, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7    OTHER INFORMATION (CONTINUED)**

**B. Contingent Liabilities**

The Town is periodically the subject of litigation by a variety of plaintiffs. The Town's management, based on the advice of counsel, believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES--  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Property Taxes:				
Current Year Levy	\$ 43,092,251	\$ 43,092,251	\$ 43,425,999	\$ 333,748
Prior Year Levy	310,076	310,076	422,365	112,289
Interest and Lien Fees	180,000	180,000	224,265	44,265
Motor Vehicle	5,900,549	5,900,549	5,656,897	(243,652)
Motor Vehicle Supplement	649,200	649,200	651,199	1,999
Suspense	3,000	3,000	5,576	2,576
Telecommunications Access Line	18,000	18,000	31,060	13,060
Total Property Taxes	50,153,076	50,153,076	50,417,361	264,285
Intergovernmental:				
Education:				
Adult Education	7,543	7,543	7,983	440
Education Equalization	8,930,150	8,930,150	9,131,160	201,010
Total Education	8,937,693	8,937,693	9,139,143	201,450
General Government:				
PILOT State-Owned Property	47,972	47,972	51,570	3,598
SDE/MH and AS/DEEP Grants	23,556	23,802	23,842	40
Civil Defense Grant	7,000	7,000	15,751	8,751
Miscellaneous Grants	35,000	35,000	41,290	6,290
Disability Grant	1,600	1,600	1,527	(73)
Veterans	6,000	6,000	6,520	520
MRSA: Mun Rev Sharg PA22-118	-	-	368,207	368,207
Town Clerk Preservation	5,500	5,500	5,500	-
MRSA: Municipal Projects	85,064	85,064	85,064	-
MRSA: Sales Tax Funds	322,977	322,977	322,977	-
State Muni Motor Vehicle Grant	804,079	804,079	804,079	-
Total General Government	1,338,748	1,338,994	1,726,327	387,333
Total Intergovernmental	\$ 10,276,441	\$ 10,276,687	\$ 10,865,470	\$ 588,783



**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES--  
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Charges for Services:				
Building Permit Fees	\$ 300,000	\$ 300,000	\$ 362,095	\$ 62,095
Fines, Fees, and Penalties	-	-	813	813
Pistol Permits	5,000	5,000	7,985	2,985
Zoning Permit Fees	9,000	9,000	7,307	(1,693)
General Permits	200	200	960	760
Town Clerk	25,000	25,000	21,735	(3,265)
Library Fees	2,000	2,000	2,552	552
Motor Vehicle Fine	16,000	16,000	17,508	1,508
Planning and Zoning and IWWC	5,000	5,000	4,880	(120)
Rents/PILOT	35,000	35,000	36,832	1,832
Property Conveyance Tax	200,000	200,000	187,311	(12,689)
Document Recording Fees	65,000	65,000	53,670	(11,330)
Map and Copy Sales	12,000	12,000	7,924	(4,076)
Notary Fees	1,000	1,000	1,220	220
Zoning Board of Appeals	1,000	1,000	826	(174)
Public Safety Services	500	500	742	242
Solid Waste Fees	-	-	-	-
Town Preservation	5,000	5,000	3,969	(1,031)
Ambulance	39,140	39,140	39,142	2
Total Charges for Services	720,840	720,840	757,471	36,631
Investment Income:				
General Fund	200,000	200,000	1,201,610	1,001,610
Other Revenues	1,000	1,000	7,797	6,797
Total Revenues	61,351,357	61,351,603	63,249,709	1,898,106
Other Financing Sources:				
Cancellation of Prior Year Encumbrances	-	-	80,485	80,485
Appropriation of Fund Balance	200,000	1,028,517	-	(1,028,517)
Transfers in	-	-	-	-
Total Other Financing Sources	200,000	1,028,517	80,485	(948,032)
Total Revenues and Other Financing Sources	\$ 61,551,357	\$ 62,380,120	63,330,194	\$ 950,074

**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES--  
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	
Pension Plan	\$ 6,462,339
OPEB Plan	87,940
The Town does not budget for Utility Service Fund transfers which are reported as an other financing source under GAAP	537,082
The Town budgets for certain revenues as credits to expenditure accounts which are reported as revenues under GAAP	1,024,161
Cancellation of prior year encumbrances are recognized as budgetary revenue	<u>(80,485)</u>

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental - Exhibit IV	<u><u>\$ 71,361,231</u></u>
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**TOWN OF TOLLAND, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL**  
**(BUDGETARY BASIS)**  
**YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Administrative:				
Town Council	\$ 36,873	\$ 38,253	\$ 37,078	\$ 1,175
Town Manager	332,811	336,272	332,737	3,535
Economic Development Commission	4,001	246	-	246
HR Administrative Services	2,503,090	2,465,819	2,453,094	12,725
Miscellaneous Support Services	262,330	262,330	242,570	19,760
Information Technology and Telecommunications				-
Insurance	261,264	261,264	256,301	4,963
Legal Services	86,000	129,755	128,205	1,550
Probate Court	15,234	15,234	13,045	2,189
Total Administrative	3,501,603	3,509,173	3,463,030	46,143
Planning and Community Development:				
Building Inspection Services	151,910	153,746	153,560	186
Zoning Board of Appeals	3,950	3,950	1,670	2,280
Environmental Health Services	84,338	84,338	84,338	-
Planning and Zoning Services	213,036	204,907	202,741	2,166
Inland Wetlands Commission	3,560	3,560	2,941	619
Planning and Zoning Commission	8,570	8,570	4,696	3,874
Conservation Commission	2,985	2,985	1,267	1,718
Agricultural Commission	500	500	65	435
Total Planning and Community Development	468,849	462,556	451,278	11,278
Community Services:				
Elderly Services	101,506	102,102	101,947	155
Human Services	382,922	373,997	373,799	198
Library	450,569	423,971	423,822	149
Recreation and Adult Education	171,236	172,608	172,308	300
Total Community Services	1,106,233	1,072,678	1,071,876	802
Public Works:				
Engineering Services	74,669	74,669	30,234	44,435
Parks and Facilities	1,579,811	1,585,404	1,509,746	75,658
Refuse and Recycling Services	1,150,033	1,174,107	1,173,171	936
Streets and Roads	2,088,973	2,055,782	2,015,158	40,624
Total Public Works	4,893,486	4,889,962	4,728,309	161,653

**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL  
(BUDGETARY BASIS) (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Public Safety Services:				
Water Supply	\$ 110,091	\$ 110,091	\$ 104,119	\$ 5,972
Ambulance	531,237	535,916	532,036	3,880
Animal Control	61,154	61,154	61,154	-
Emergency Preparedness	17,410	17,410	17,308	102
Fire Prevention	88,588	85,190	85,110	80
Fire Suppression	712,602	731,873	722,943	8,930
Community Emergency Response Team	6,155	2,169	2,122	47
Law Enforcement	717,958	702,968	663,034	39,934
Total Public Safety Services	2,245,195	2,246,771	2,187,826	58,945
Record and Financial Services:				
Accounting Services	393,693	398,025	396,892	1,133
Assessment Services	298,260	300,688	299,621	1,067
Board of Assessment Appeals	600	600	316	284
Independent Audit	31,500	31,500	31,500	-
Registrar of Voters	68,355	82,493	81,176	1,317
Revenue Services	178,999	175,881	175,261	620
Town Clerk	152,828	155,178	152,854	2,324
Total Record and Financial Services	1,124,235	1,144,365	1,137,620	6,745
Contingency and Other	202,450	216,792	208,781	8,011
Board of Education	42,989,855	42,989,855	42,913,607	76,248
Debt Service	4,700,000	4,700,000	4,700,000	-
Total Expenditures	61,231,906	61,232,152	60,862,327	369,825
Other Financing Uses:				
Transfers Out:				
Transfers Out		741,717	741,717	-
Capital Improvements	319,451	406,251	406,251	-
Total Other Financing Uses	319,451	1,147,968	1,147,968	-
Total Expenditures and Other Financing Uses	\$ 61,551,357	\$ 62,380,120	\$ 62,010,295	\$ 369,825

**TOWN OF TOLLAND, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL  
(BUDGETARY BASIS) (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf contributions to the Connecticut State

Teachers' Retirement System for Town teachers are not budgeted:

Pension Plan

\$ 6,462,339

OPEB Plan

87,940

The Town budgets for transfers to the Education Reserve Fund and the

Tax Stabilization Fund which are consolidated into the General Fund

under GAAP

(599,413)

The Town budgets for certain revenues as credits to expenditure

accounts which are reported as expenditures under GAAP

1,024,161

The Town does not budget for Education Reserve Fund expenditures

500,730

The Town does not budget for expenditures related to Utility Service

Fund transfers which are reported as debt service under GAAP

537,082

Encumbrances for purchases and commitments ordered but not  
received are reported in the year the order is placed for budgetary  
purposes, but in the year received for financial reporting purposes

(86,312)

Total Expenditures and Other Financing Sources

as Reported on the Statement of Revenues, Expenditures

and Changes in Fund Balances - Governmental - Exhibit IV

\$ 69,936,822

**TOWN OF TOLLAND, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS RETIREMENT PLAN**  
**LAST TEN FISCAL YEARS\***

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net Pension Liability	-	-	-	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability Associated with the Town	<u>\$ 69,647,764</u>	<u>\$ 73,858,753</u>	<u>\$ 61,834,433</u>	<u>\$ 78,072,943</u>	<u>\$ 68,093,479</u>	<u>\$ 54,504,028</u>	<u>\$ 59,256,551</u>	<u>\$ 62,516,115</u>	<u>\$ 49,337,774</u>	<u>\$ 45,543,825</u>
Total	<u>\$ 69,647,764</u>	<u>\$ 73,858,753</u>	<u>\$ 61,834,433</u>	<u>\$ 78,072,943</u>	<u>\$ 68,093,479</u>	<u>\$ 54,504,028</u>	<u>\$ 59,256,551</u>	<u>\$ 62,516,115</u>	<u>\$ 49,337,774</u>	<u>\$ 45,543,825</u>
Town's Covered Payroll	\$ 19,068,288	\$ 18,967,627	\$ 18,179,180	\$ 17,593,194	\$ 17,698,053	\$ 17,279,176	\$ 16,181,359	\$ 16,928,720	\$ 17,285,173	\$ 17,474,844
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

## Notes to Schedule

Changes in Benefit Terms	None
Changes of Assumptions	None
Actuarial Cost Method	Entry age
Amortization Method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single Equivalent Amortization Period	27.8 years
Asset Valuation Method	Four-year smoothed fair value
Inflation	2.50%
Salary Increase	3.00%-6.50%, including inflation
Investment Rate of Return	6.90%, net of investment-related expense

## Notes:

- The measurement date is one year earlier than the employer's reporting date.

**TOWN OF TOLLAND, CONNECTICUT**  
**OPEB**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST EIGHT FISCAL YEARS\***

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:								
Service Cost	\$ 49,759	\$ 68,338	\$ 65,458	\$ 70,900	\$ 98,441	\$ 130,972	\$ 137,121	\$ 129,359
Interest	183,123	188,068	190,186	212,230	202,455	294,142	289,134	287,531
Changes of Benefit Terms								
Differences Between Expected and Actual Experience	(88,914)	(148,725)	(98,121)	(313,276)	144,398	(279,634)	-	-
Changes of Assumptions	-	21,660	-	(189,595)	-	(1,309,039)	-	-
Benefit Payments	(171,240)	(214,517)	(177,437)	(107,996)	(397,455)	(268,458)	(402,893)	(393,092)
Net Change in Total OPEB Liability	(27,272)	(85,176)	(19,914)	(327,737)	47,839	(1,432,017)	23,362	23,798
Total OPEB Liability - Beginning	3,086,658	3,171,834	3,191,748	3,519,485	3,471,646	4,903,663	4,880,301	4,856,503
Total OPEB Liability - Ending	3,059,386	3,086,658	3,171,834	3,191,748	3,519,485	3,471,646	4,903,663	4,880,301
Plan Fiduciary Net Position:								
Contributions - Employer	98,727	137,995	133,709	116,417	434,552	325,723	444,283	473,839
Contributions - TRB Subsidy	90,331	91,702	56,685	65,947	64,947	-	-	-
Net Investment Income	173,670	101,350	(181,301)	234,653	55,519	61,219	45,139	71,772
Benefit Payments	(171,240)	(214,517)	(177,437)	(107,996)	(397,455)	(268,458)	(402,893)	(393,092)
Net Change in Plan Fiduciary Net Position	191,488	116,530	(168,344)	309,021	157,563	118,484	86,529	152,519
Plan Fiduciary Net Position - Beginning	1,697,295	1,580,765	1,749,109	1,440,088	1,282,525	1,164,041	1,077,512	924,993
Plan Fiduciary Net Position - Ending	1,888,783	1,697,295	1,580,765	1,749,109	1,440,088	1,282,525	1,164,041	1,077,512
Net OPEB Liability - Ending	\$ 1,170,603	\$ 1,389,363	\$ 1,591,069	\$ 1,442,639	\$ 2,079,397	\$ 2,189,121	\$ 3,739,622	\$ 3,802,789
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	61.74%	54.99%	49.84%	54.80%	40.92%	36.94%	23.74%	22.08%
Covered Payroll	\$ 16,489,406	\$ 15,985,852	\$ 17,091,640	\$ 17,091,640	\$ 16,895,065	\$ 16,323,734	\$ 16,323,734	\$ 16,844,405
Net OPEB Liability as a Percentage of Covered Payroll	7.10%	8.69%	9.31%	8.44%	12.31%	13.41%	22.91%	22.58%

\* Note: This schedule is intended to show information for 10 years.  
Additional years' information will be displayed as it becomes available.

**TOWN OF TOLLAND, CONNECTICUT  
OPEB  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution (1)	\$ 508,000	\$ 447,781	\$ 466,488	\$ 437,420	\$ 446,295	\$ 303,217	\$ 313,173	\$ 252,386	\$ 244,879	\$ 220,047
Contributions in Relation to the Actuarially Determined Contribution	<u>512,000</u>	<u>457,613</u>	<u>473,839</u>	<u>444,283</u>	<u>325,723</u>	<u>434,552</u>	<u>116,417</u>	<u>133,709</u>	<u>137,995</u>	<u>98,727</u>
Contribution Deficiency (Excess)	<u>\$ (4,000)</u>	<u>\$ (9,832)</u>	<u>\$ (7,351)</u>	<u>\$ (6,863)</u>	<u>\$ 120,572</u>	<u>\$ (131,335)</u>	<u>\$ 196,756</u>	<u>\$ 118,677</u>	<u>\$ 106,884</u>	<u>\$ 121,320</u>
Covered Payroll	\$ 22,286,770	\$ 16,844,405	\$ 16,844,405	\$ 16,323,734	\$ 16,323,734	\$ 16,895,065	\$ 17,091,640	\$ 17,630,027	\$ 15,985,852	\$ 16,489,406
Contributions as a Percentage of Covered Payroll	2.30%	2.72%	2.81%	2.72%	2.00%	2.57%	0.68%	0.76%	0.86%	0.60%

(1) Actuarially Determined Contributions prior to fiscal year ended June 30, 2017 are based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45.

Notes to Schedule

Valuation Date: July 1, 2022

Measurement Date: June 30, 2024

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Amortization Period	10 years
Asset Valuation Method	Actuarial value - 5-year smoothing period
Inflation	2.40%
Healthcare Cost Trend Rates	6.50% in 2020, reducing 0.2% each year to a final 4.4% per year rate for 2033 and later.
Salary Increases	Graded by service for Teachers and Administrators, and 3.15%, average, including inflation
Investment Rate of Return	6.00%, net of pension plan investment expense, including inflation
Retirement Age	Scale from 15% at age 59 with 20 years of service, to 100% at age 70 with 20 years of service.
Mortality	Teachers and Administrators: PUB-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021.



**TOWN OF TOLLAND, CONNECTICUT  
OPEB  
SCHEDULE OF INVESTMENT RETURNS  
LAST EIGHT FISCAL YEARS\***

	2024	2023	2022	2021	2020	2019	2018	2017
Annual Money-Weighted Rate of Return, Net of Investment Expense	10.20%	6.36%	-10.32%	16.21%	4.14%	5.05%	4.06%	7.39%

\* Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

**TOWN OF TOLLAND, CONNECTICUT  
OPEB  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHERS RETIREMENT PLAN  
LAST SEVEN FISCAL YEARS\***

	2024	2023	2022	2021	2020	2019	2018
Town's Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Town	6,525,039	6,468,333	6,736,748	11,644,582	10,619,563	10,495,900	15,251,964
Total	<u>\$ 6,525,039</u>	<u>\$ 6,468,333</u>	<u>\$ 6,736,748</u>	<u>\$ 11,644,582</u>	<u>\$ 10,619,563</u>	<u>\$ 10,495,900</u>	<u>\$ 15,251,964</u>
Town's Covered Payroll	\$ 19,068,288	\$ 18,967,627	\$ 18,179,180	\$ 17,593,194	\$ 17,698,053	\$ 17,279,176	\$ 16,181,359
Town's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

## Notes to Schedule

Changes in Benefit Terms

There were no changes to benefit terms since the prior Measurement Date

Changes of Assumptions

Based on the procedure described in GASB 74, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2023 was updated to equal the SEIR of 3.64% as of June 30, 2023;

Actuarial Cost Method

Entry age

Amortization Method

Level percent of payroll over an open period

Remaining Amortization Period

30 years

Asset Valuation Method

Fair value of assets

Investment Rate of Return

3.00%, net of investment related expense including price inflation

Price Inflation

2.50%

## Notes:

\* This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

- The measurement date is one year earlier than the employer's reporting date.

***Appendix B***

***Form of Opinion of Bond Counsel and Tax Matters***

## **Appendix B**

### **Form of Opinion of Bond Counsel and Tax Matters**

November 12, 2025

Town of Tolland  
21 Tolland Green  
Tolland, CT 06084

RE: Town of Tolland, Connecticut  
\$5,815,000 General Obligation Bond Anticipation Notes, dated November 12, 2025

Greetings:

We have acted as bond counsel to the Town of Tolland, Connecticut (the “Town”) in connection with the issuance by the Town of its \$5,815,000 General Obligation Bond Anticipation Notes, dated November 12, 2025 (the “Notes”).

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 Notes, in connection with the issuance and delivery of the Notes, without undertaking to verify the same by independent investigation.

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 Trust Company, National Association, the Notes will be the valid and binding general obligations of the Town.

2. The Notes 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 in the territory of the Town without limitation regarding rate or amount, except as to certain classified property. Pursuant to the Connecticut General Statutes, classified property includes, without limitation, certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts.

3. Interest on the Notes is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Notes may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

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 Notes in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

4. Interest on the Notes 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.

The rights of the holders of the Notes and the enforceability of the Notes are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding the accuracy, adequacy, or completeness of the Preliminary Official Statement dated October 20, 2025, the final Official Statement dated October 28, 2025, or any other offering material relating to the Notes.

Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligations to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

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 Notes in order that interest on the Notes 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 Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes, 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 Notes, contains certain representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Notes 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 Notes 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 Notes is excludable 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; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations.

Ownership of the Notes 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 Notes. The foregoing is not intended to be an exhaustive list of potential tax consequences. Prospective purchasers of the Notes, 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 Notes.

### ***State Taxes***

In the opinion of Bond Counsel, based on existing statutes, interest on the Notes 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 Notes 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 Notes 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 Notes are advised to consult their own tax advisors regarding other state and local tax consequences of ownership and disposition of the Notes.

### ***Original Issue Discount***

With respect to any of the Notes where the initial public offering price of such Notes is less than the amount payable on those Notes at maturity (the “OID Notes”), the difference between the initial public offering price to the public (excluding bond houses and brokers) at which a substantial amount of the OID Notes is sold and the amount payable on such OID Notes at maturity will constitute original issue discount (“OID”). The offering price relating to the yield set forth on the cover page of the Official Statement for the OID Notes are expected to be the initial offering price to the public at which the OID Notes are sold. Under existing law, OID on the Notes accrued and properly allocable to the owners thereof under the Code is not includable in gross income of the owners of the Notes for federal income tax purposes if interest on the Notes is not included in gross income for federal income tax purposes. Accrued original issue discount on an OID Note is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable 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.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any note during each day it is owned is added to the adjusted basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such notes by such owner. Original issue discount on any note is treated as accruing on the basis of economic accrual, computed by a constant semiannual compounding method using the yield to maturity on such note, and the adjusted basis of such OID Note acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. Owners of the OID Notes are advised to consult with their tax advisors with respect to the federal, state and local tax consequences of owning the OID Notes.

Prospective purchasers of OID Notes 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 Notes purchasing such Notes after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Notes.

### ***Original Issue Premium***

With respect to any of the Notes where the initial public offering price of such Notes is greater than the amount payable on those Notes at maturity (the “OIP Notes”), the excess of the price paid by the first owner of an OIP Note over the principal amount payable at maturity of such OIP Note constitutes original issue premium. Original issue premium on any note is treated as amortizing on the basis of the taxpayer’s yield to maturity using the taxpayer’s adjusted basis and a constant semiannual compounding method. The portion of such premium amortizing over the period the OIP Note is held by the owner does not reduce taxable income for purposes of either the federal income tax or the Connecticut income tax on individuals, trusts and estates and does not reduce 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, but it does reduce the owner’s adjusted basis in the OIP Note for purposes of determining gain or loss on its disposition. Prospective purchasers of OIP Notes 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 Notes, gain from the sale or other disposition of the Notes, the market value of the Notes, or the marketability of the Notes, or otherwise prevent the owners of the Notes 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 Notes for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Notes or the market price for, or marketability of, the Notes. No assurance can be given with respect to the impact of future legislation on the Notes. Prospective purchasers of the Notes 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 Notes may affect the tax status of interest on the Notes. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Notes will not have an adverse effect on the tax-exempt status or market price of the Notes or will not change the effect of other federal tax law consequences discussed above of owning and disposing of the Notes. 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 Notes 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 Notes, 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 12<sup>th</sup> day of November, 2025 by the Town of Tolland, Connecticut (the “Town”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$5,815,000 General Obligation Bond Anticipation Notes, dated November 12, 2025 (the “Notes”), for the benefit of the beneficial owners from time to time of the Notes.

#### **Section 1. Definitions.**

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

“Listed Events” means any of the events listed in Section 2 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 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. 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 Notes, 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 Notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes, 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;
- (n) appointment of a successor or additional trustee or the change of name of trustee, if material;

- (o) the incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect securities holders, if material; and
- (p) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

Note to clauses (o) and (p): For the purposes of the events identified in clauses (o) and (p) above, the term “financial obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii) but shall not include municipal securities as to which a final official statement has been provided to MSRB consistent with the Rule.

### **Section 3. Use of Agents.**

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 4. 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 Notes, or (ii) such time as the Town ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

### **Section 5. Enforcement.**

The Town acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. 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 five (5) business days) from the time the Town Manager receives written notice from any beneficial owner of the Notes 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 Notes 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 Notes.

**Section 6. 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 Notes. 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 Notes or an approving vote by the holders of not less than 66 2/3% of the aggregate principal amount of the Notes then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the Repository in electronic format.

TOWN OF TOLLAND, CONNECTICUT

By: \_\_\_\_\_  
BRIAN FOLEY  
Town Manager

By: \_\_\_\_\_  
JOLITA LAZAUSKAS  
Director of Finance and Records/Treasurer

***Appendix D***

***Notice of Sale***

## Appendix D – Notice of Sale

### NOTICE OF SALE

#### TOWN OF TOLLAND, CONNECTICUT

#### **\$5,815,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

PROPOSALS will be received by the TOWN OF TOLLAND, CONNECTICUT (the “Town”), by ELECTRONIC BID via PARITY® at the Hicks Memorial Municipal Center, Town Council Chambers, 21 Tolland Green, Tolland, Connecticut 06084, until 11:30 A.M. (Eastern Time) on TUESDAY,

OCTOBER 28, 2025

for the purchase, when issued, of all, or any part of, the Town’s \$5,815,000 General Obligation Bond Anticipation Notes, dated November 12, 2025 and due November 11, 2026 (the “Notes”).

The Notes are due and payable as to both principal and interest at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are **not** subject to redemption prior to maturity.

**Nature of Obligation.** The Notes 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 Notes when due. Unless paid from other sources, the Notes are payable from ad valorem taxes levied against all taxable property subject to taxation by 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 and of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended.

**Bank Qualification.** The Notes **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 Notes.

**Delivery Date and Payment.** The Notes will be delivered against payment in immediately available federal funds through the facilities of The Depository Trust Company, New York, New York on November 12, 2025.

**Book-Entry.** The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate 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 Notes in principal amounts of \$5,000, or any integral multiples thereof, with transfers of ownership affected 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 Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. 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 Notes directly to DTC so long as DTC or its nominee, Cede & Co, is the noteholder.

**Bid Terms and Basis of Award.** Except as otherwise provided herein, bidders may submit proposals for all or any part of the Notes, but any proposal for a part must be for a minimum of \$100,000 of principal amount or integral multiples of \$5,000 in excess thereof. A separate proposal is required for each part of the Notes for which a separate stated interest rate is bid. Bidders are to name one rate of interest in a multiple of one hundredths (1/100ths) of one per cent for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest cost to the Town, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest cost, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified. No bid for less than par and accrued interest, if any, will be considered. The Town reserves the right to award to any bidder all or any part of the Notes bid in its proposal. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to four places. The right is reserved to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

**Electronic Proposals Bidding Procedure.** Electronic bids for the purchase of the Notes must be submitted through the facilities of **PARITY®** by 11:30 A.M. (Eastern Time) on Tuesday, October 28, 2025. Any prospective bidder must be a subscriber of Ipreo's BiDCOMP competitive bidding system. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, c/o Ipreo LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: [parity@ihsmarkit.com](mailto:parity@ihsmarkit.com)). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe. All bids shall be deemed to incorporate the provisions of this Notice.

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 Notes via **PARITY®**, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes 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 Notes 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 Notes. 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 Notes, 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 sealed proposals bidding procedure and the electronic proposals bidding procedure, the time maintained on *PARITY*® shall constitute the official time.

**Certifying Agent, Registrar, Paying Agent and Transfer Agent.** The Notes will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut. U.S. Bank Trust Company, National Association will also act as Registrar, Paying Agent and Transfer Agent.

**Bond Counsel Opinion.** The legality of the issue will be passed upon by Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form attached as Appendix B to the Official Statement. The opinion will appear on each Note certificate and will state that the Notes 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 Notes that the purchaser of such Notes deliver to it a completed "issue price" certificate regarding public offering prices with respect to the Notes awarded to such bidder, as described below under "Establishment of Issue Price".

**Establishment of Issue Price.** In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Notes an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public (the "Initial Offering Price") or the actual sales price or prices

of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Michael P. Botelho, Esq., Updike, Kelly & Spellacy, P.C., 225 Asylum Street, 20th Floor, Hartford, CT 06103, Telephone: (860) 548-2637, E-mail: [mbotelho@uks.com](mailto:mbotelho@uks.com) and (2) the Municipal Advisor at Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Milford, Connecticut 06460, Telephone: (203) 283-1110, E-mail: [bbernabe@muniadvisors.com](mailto:bbernabe@muniadvisors.com) (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town and the Municipal Advisor may act on behalf of the Town.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

By submitting a bid, a bidder represents to the Town that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Notes, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Notes, and understands that upon award by the Town that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Town.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

***Notification of Contact Information of Winning Bidder.*** Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

***Competitive Sale Rule.*** The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Rule”) because:

- (1) the Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;

- (3) the Town anticipates receiving bids from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest net interest cost (“NIC”), as set forth in this Notice of Sale.

***Competitive Sale Rule Met.*** The Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed “ISSUE PRICE CERTIFICATE” in the form attached hereto as Attachment A.

***Competitive Sale Rule Not Met.*** In the event that the Competitive Sale Rule is not satisfied, the Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder. The Town may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Notes (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Notes as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 3:30 p.m. (Eastern Time) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (A)(I) of the first price at which ten percent (10%) of each Maturity of Notes has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities of the Notes that satisfy the Actual Sales Rule as of the Sale Date, and (B) those Maturities of the Notes that the winning bidder is purchasing for its own account and not with a view to distribution or resale of such Maturity to the Public. After such receipt, the Town, or Bond Counsel on behalf of the Town, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Notes shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Notes subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Notes, (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Notes to the Public on or before the date of award at the Initial Offering Prices, and (iii) agree, on behalf of each Underwriter participating in the purchase of the Notes, that each Underwriter will neither offer nor sell unsold Notes of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public, and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public, and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

***Definitions.*** For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

**Official Statement.** For more information regarding the Notes or the Town, reference is made to the Preliminary Official Statement dated October 20, 2025 (the “Official Statement”) describing the Notes and the financial condition of the Town. The Official Statement is available in electronic format at [www.i-dealprospectus.com](http://www.i-dealprospectus.com), and such electronic access is being provided as a matter of convenience only. Copies of the Official Statement may be obtained from the Municipal Advisor. 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. The Town will make available to the purchaser five (5) copies of the final Official Statement at the Town’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Notes or by the seventh (7th) business day after the day bids on the Notes are received. If the Town’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 noon on the day after the Sale Date, the copies of the final 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 Notes, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

**Continuing Disclosure.** As required by the Rule, the Town will undertake, pursuant to a Continuing Disclosure Agreement, to provide notice of the occurrence of certain events with respect to the Notes within ten (10) business days of the occurrence of such events. The Continuing Disclosure Agreement will be substantially in the form attached as Appendix C to the Official Statement. The winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to delivery of the Notes, an executed copy of the Continuing Disclosure Agreement.

**Delivery, Payment and Closing Requirements.** The Notes will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer (“FAST”) on or about November 12, 2025. At or prior to the delivery of the Notes, the winning bidder shall be furnished, without cost, with (a) the approving opinion of Updike, Kelly & Spellacy, P.C. of Hartford, Connecticut (see “Bond Counsel Opinion” above); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes 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 note issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement, (e) an executed copy of the Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes.

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town’s costs of issuance except to the extent specifically stated in this Notice of Sale. The purchaser will be responsible for the clearance or exemption with respect to the status of the Notes for sale under securities or “Blue Sky” laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

**CUSIP Numbers.** The deposit of the Notes with DTC under book-entry system requires the assignment of CUSIP numbers prior to delivery. The Town’s Municipal Advisor will apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, 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 Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid 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 assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

TOWN OF TOLLAND, CONNECTICUT

By: BRIAN FOLEY  
Town Manager

By: JOLITA LAZAUSKAS  
Director of Finance and Records/Treasurer

October 20, 2025

## **ATTACHMENT A**

### **ISSUE PRICE CERTIFICATE**

Town of Tolland, Connecticut  
\$5,815,000 General Obligation Bond Anticipation Notes  
Dated and Issued November 12, 2025

The undersigned, on behalf of [Underwriter] (“[Short Name of Underwriter]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Notes”).

1. ***Due Authorization.*** The undersigned is a duly authorized representative of [Short Name of Underwriter], the purchaser of the Notes.

2. ***Purchase Price.*** The Town of Tolland, Connecticut (the “Issuer”) sold to [Short Name of Underwriter], for delivery on or about November 12, 2025 (the “Issue Date”), the Notes at a price of par (\$[Par]), plus an aggregate net premium of \$\_\_\_\_\_ and less an underwriter’s discount of \$\_\_\_\_\_, resulting in an aggregate net purchase price of \$\_\_\_\_\_.

3. ***Reasonably Expected Initial Offering Price.***

(a) As of October 28, 2025 (the “Sale Date”), the reasonably expected initial offering price(s) of the Notes to the Public by [Short Name of Underwriter] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Notes used by [Short Name of Underwriter] in formulating its bid to purchase the Notes. Attached as **Schedule B** is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the Notes.

(b) [Short Name of Underwriter] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the Notes.

4. ***Defined Terms.***

(a) “Maturity” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.



(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of the selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

5. ***Representations and Information.*** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Notes under the Code and with respect to compliance with the federal income tax rules affecting the Notes. Updike, Kelly & Spellacy, P.C., bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Notes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Notes. Except as set forth above, no third-party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of November 12, 2025.

[UNDERWRITER]

By: \_\_\_\_\_  
Name:  
Title:

**Schedule A to Issue Price Certificate**

Maturity <u>Date</u>	<u>Principal Amount (\$)</u>	Interest <u>Rate (%)</u>	Price <u>(\$, not Yield)</u>
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**Schedule B to Issue Price Certificate**

[Copy of Bid]

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