

Town of Rocky Hill Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

Comprehensive Annual Financial Report

of the

Town of Rocky Hill Connecticut

For the Year Ended June 30, 2015

Prepared by:
Finance Department
Director of Finance
John Mehr

TOWN OF ROCKY HILL, CONNECTICUT
TABLE OF CONTENTS
JUNE 30, 2015

Introductory Section		Page
	List of Principal Officials	i
	Organization Chart of Town Government	ii
	Letter of Transmittal	iii-viii
	Certificate of Achievement for Excellence in Financial Reporting	ix
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-11
Exhibit		
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
I	Statement of Net Position	12
II	Statement of Activities	13
	Fund Financial Statements:	
	Governmental Funds:	
III	Balance Sheet	14-15
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	16-17
	Fiduciary Funds:	
V	Statement of Fiduciary Net Position	18
VI	Statement of Changes in Net Position	19
	Notes to the Financial Statements	20-55
	Required Supplementary Information	
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	56-57
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	58-59
	Pension Trust Funds:	
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios - General Employees - Last Two Fiscal Years	60
RSI-4	Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Police Officers - Last Two Fiscal Years	61
RSI-5	Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters - Last Two Fiscal Years	62
RSI-6	Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Ambulance - Last Two Fiscal Years	63
RSI-7	Schedule of Employer Contributions - General Employees - Last Ten Fiscal Years	64
RSI-8	Schedule of Contributions - Police Officers - Last Ten Fiscal Years	65
RSI-9	Schedule of Contributions - Firefighters - Last Ten Fiscal Years	66
RSI-10	Schedule of Contributions - Ambulance - Last Ten Fiscal Years	67
RSI-11	Schedule of Investment Returns - Last Two Fiscal Years	68
RSI-12	Schedule of the Town's Proportionate Share of Net Pension Liability - Teachers Retirement Plan - Last Fiscal Year	69

		Page
Combining and Individual Fund Statements and Schedules:		
General Fund		
A-1	Comparative Balance Sheet	70
A-2	Report of Tax Collector	71
Nonmajor Governmental Funds:		
B-1	Combining Balance Sheet	72-74
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	75-77
Capital Projects Fund:		
C	Schedule of Expenditures - Actual vs. Appropriations	78
Fiduciary Funds:		
Trust Funds:		
D-1	Combining Statement of Net Position	79
D-2	Combining Statement of Changes in Net Position	80
Agency Funds:		
D-3	Combining Statement of Changes in Assets and Liabilities	81

Table	Statistical Section
--------------	----------------------------

Financial Trends:		
1	Net Position by Component	82
2	Changes in Net Position	83
3	Fund Balances, Governmental Funds	84
4	Changes in Fund Balances - Governmental Funds	85
Revenue Capacity:		
5	Assessed Value and Estimated Actual Value of Taxable Property	86
6	Property Tax Rates	87
7	Principal Property Taxpayers	88
8	Property Tax Levies and Collections	89
Debt Capacity:		
9	Ratios of Outstanding Debt by Type	90
10	Ratios of General Bonded Debt Outstanding	91
11	Direct and Overlapping Governmental Activities Debt	92
12	Schedule of Debt Limitation	93
13	Legal Debt Margin Information	94
Demographic and Economic Statistics:		
14	Demographic and Economic Statistics	95
15	Principal Employers	96
Operating Information:		
16	Full-Time Equivalent Town Government Employees by Function/Program	97
17	Operating Indicators by Function/Program	98
18	Capital Asset Statistics by Function/Program	99

Introductory Section

TOWN OF ROCKY HILL, CONNECTICUT

JUNE 30, 2015

PRINCIPAL OFFICIALS

TOWN COUNCIL

Henry Vasel, Mayor

Nadine Bell
Meg Casasanta
Guy Drapeau
Joe J. Kochanek

William MacDonald
Timothy Moriarty
Frank Szeps
Catherine Vargas

BOARD OF EDUCATION

Frank Morse, Chairman

Brian A. Dillon
Jennifer Allison
John J. Bedlack
Dilip D. Desai

Maria Mennella
James Moriarty
Danielle Plona
Rene Rivard

GENERAL GOVERNMENT

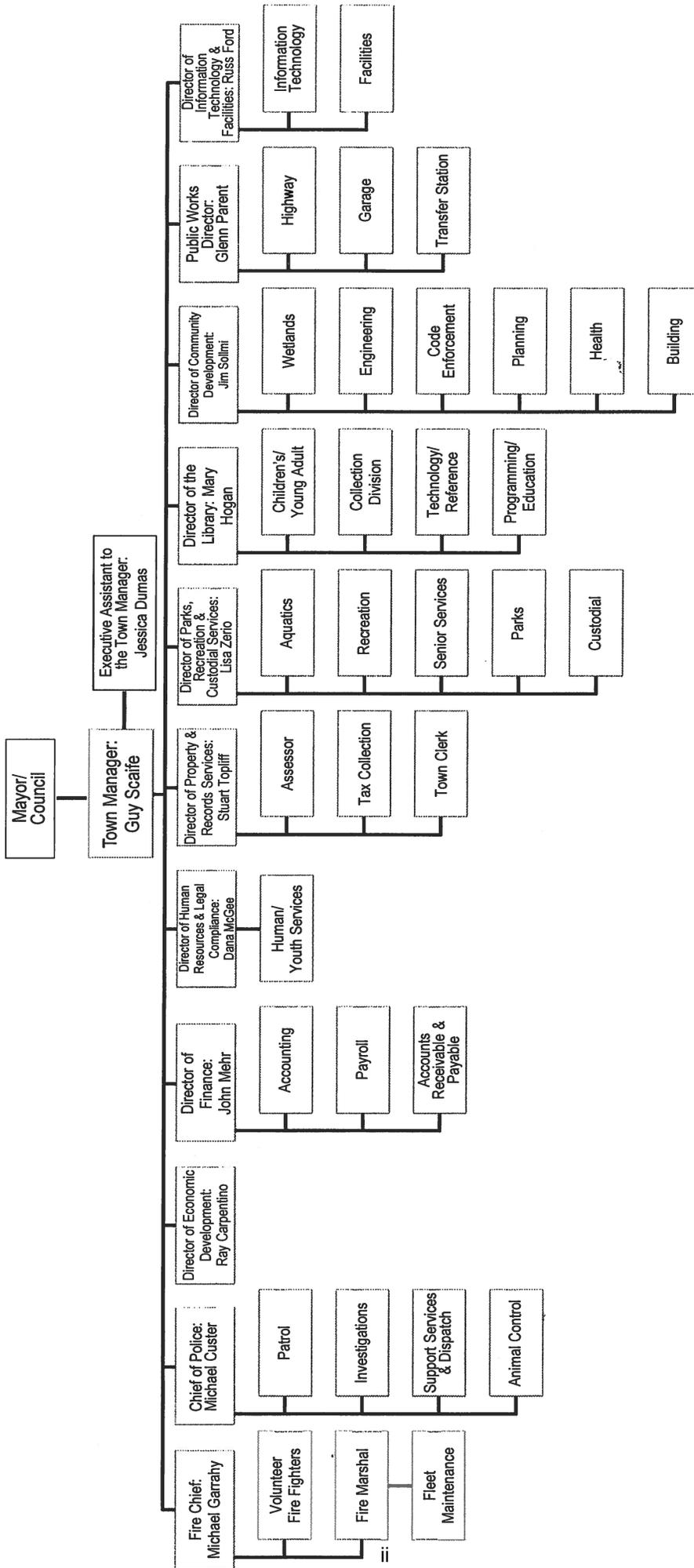
Town Manager
Town Attorney
Director of Finance
Town Treasurer
Town Clerk
Assessor
Tax Collector
Director of Human Resources and Legal Compliance
Director of Human Services
Economic Development
Director of Information Technology and Facilities
Director of Parks, Recreation, and Custodian Services
Director of Community Development Services
Town Engineer
Town Planner
Building Official
Public Works Director
Library Director
Police Chief
Fire Chief
Fire Marshal

Guy Scaife
Rome McGuigan, P.C.
John Mehr
Mona McKim
Stuart Topliff
Stuart Topliff
Elaine McKim
Dana McGee
Melissa Hicks
Raymond Carpentino
Russell Ford
Lisa Zerio
James Sollmi
Stephen Sopolak
Kimberly Ricci
Peter Langlois
Glenn Parent
Mary Hogan
Michael Custer
Michael Garrahy
Richard Renstrom

EDUCATION

Superintendent of Schools
Assistant Superintendent for Finance & Operations

Mark F. Zito, Ed.D.
Charles Zettergren





Town of Rocky Hill

761 OLD MAIN STREET • ROCKY HILL, CONNECTICUT 06067 • (860) 258-2700 • FAX (860) 258-7638

December 18, 2015

To the Town Manager, Finance Committee, Members of the Town Council, Board of Education, Superintendent of Schools, Director of Finance and Operations and the Citizens of The Town of Rocky Hill.

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Blum, Shapiro & Company, P.C., Certified Public Accountants, have issued an unmodified (clean) opinion on the Town of Rocky Hill's financial statements for the year ended June 30, 2015. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The Town of Rocky Hill was settled in 1650 as part of Wethersfield and was incorporated as a separate town in 1843. The Town covers an area of 13.9 square miles with a population of 20,094. It is situated on the west bank of the Connecticut River, eight miles south of Hartford. Major roads that traverse the Town are State Routes 3, 99 and 160 and Interstate 91. The Town is also accessible by water and air transportation. Contiguous towns are Berlin, Glastonbury, Wethersfield, Newington and Cromwell. The Town is empowered to levy a property tax on both real and personal property located within its boundaries. This includes motor vehicles which are garaged or registered as being in the Town.

The Town adopted a Council-Manager form of government in November 1966. The Town Council is the legislative and policy making body of the Town, and consists of nine members elected at-large for two-year terms. The Mayor, one of the nine Council members, is separately elected and presides over all meetings of the Town Council. The Mayor submits recommendations for appointments under the Council's jurisdiction and, as directed by the Council, appoints such special subcommittees of the Council as are needed to effectively conduct the Council's business. The Town's Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing the heads of the Town's departments.

The Town provides a full range of services, which include general government services such as Finance, Town Clerk, Tax Collection, Assessment; Public Safety, which includes fire and police protection; physical services for the management, care and maintenance of all public buildings, public roadways, town vehicles and various construction activities; environmental services, which includes the collection of solid waste and recyclable by a contract vendor; Parks and Recreation; Human and Youth Services; Engineering, Town Planning and Economic Development; Library; and Education, which is under the control of the elected Board of Education, and operates a high school, middle school and two elementary schools.

Upon completion of public hearings, the Town Council has to adopt a town budget and to fix the tax rate in mills by the third Monday in May. If the Town Council fails to adopt a budget by that date, the proposed budget and tax levy recommended by the Town Manager shall be the adopted budget for the town. The annual budget services as the foundation for the Town of Rocky Hill's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within their own department with the Town Manager's approval. Transfers between departments, however, need special approval from the Town Council.

Local Economy

Rocky Hill has many national/international companies located in the Town. It is home to the North American Headquarters of the German company Henkel's Loctite Corporation, an internationally known adhesive manufacturer. Also, SYSCO, a food distributor, has located a regional facility in Town. Other companies include Burriss Refrigerator Logistics, Sheraton, Paychex, ISGN (formerly FISERV), Walmart and Kohl's. Arburg, a German manufacturer of plastic mold injection machines, relocated to Rocky Hill in the September 2015. The Meredith Corporation local television station WFSB, the Hartford area CBS-TV affiliate, relocated to Rocky Hill from Hartford has been broadcasting from Rocky Hill since July of 2007. The Town has developed a 240 plus acre Industrial Park that has over one million square feet of manufacturing and distributor businesses. There is also a substantial commercial economic presence that includes a number of national retail facilities. Within the Town are fourteen quasi State agencies including the State of Connecticut Veterans Home and Hospital which has approximately 600 patients, the Connecticut State Lottery headquarters, and the Office of the Chief State's Attorney.

The Town's geographical location and access to major highways has helped with its growth. Employment data reflected a labor force of 11,474 for June 2015. The unemployment rate decreased from 4.8% to 3.9% in Rocky Hill while the Hartford region decreased from 6.5% to 5.4% for the same period from June 2014 to June 2015. During the past ten years, the unemployment rate increased from 3.5% in Rocky Hill to 3.9 % in June 2015. The number of business establishments and employment has increased steadily since 2001. Between 2001 and 2009, the number of business establishments increased by 16% while employment increased 2%. Between 2013 and 2014, the number of business establishments saw an increase of 3.5% while employment jumped 1.5%.

During the 2014 - 2015 fiscal year, the Rocky Hill business community has prospered and plans have emerged for continued growth. Winbrook Business Park has 189,000 square feet of flex space in three separate buildings. A business that located in this business park was Solar City, a manufacturer and service provider of solar energy products. Burriss Refrigerated Logistics has a northeast distribution facility. Altere Apartments, a 144 unit market rate apartment complex is completed and currently being occupied. A project that is endorsed by the Town's Redevelopment Agency is the Town Center West development project located on Cromwell Avenue and West Street. This development project is a 70,000 square feet of mixed-use residential/retail/office/restaurant space. This project is currently under construction with a target occupancy date in the spring of 2016. In addition to the 70,000 square feet of commercial space, 144 one and two bedroom luxury rental apartments are being constructed on site. The redevelopment of the former Connecticut Foundry property is underway. Now called River's

Edge, this will be a mixed use consisting of 77 condominium units and 8,000 square feet of retail, office and restaurant located along the banks of the Connecticut River. This development recently received Connecticut Department of Transportation approval to move forward with construction. Arburg Inc., a German manufacturer relocated from Newington, built in Rocky Hill its new 30,000 square foot headquarters and with completion in September of 2015. On the real estate transaction ledger, in July of 2014, the 250,000 square foot former Ames Department Stores corporate headquarters was auctioned. The new owners have plans to redevelop the property into a residential / commercial mixed use project.

The Town Council has implemented a business development incentive policy to encourage long-term investment in Rocky Hill by providing tax abatements to business that locate within the community or want to expand its operations. WFSB and Burris Refrigerator Logistics are both receiving tax abatements. Arburg Inc. received partial three year tax abatement for its new building. This program is helpful in attracting new industry and keeping existing businesses.

The Town is starting a comprehensive Town-wide Zoning Regulations and Zoning Map update that encouraged quality development and expansion of the tax base while preserving natural resources with a completion date in the summer of 2016. Recently, the Town has finished updating the Town's Plan of Conservation and Development in July of 2015. During the year, 19 lots were created through subdivision approval process. The Town did issue permits for 20 single family residences, which includes active adult units. Also, the Town has a number of apartment complexes with the largest being Century Hills with 940 apartments.

Long-Term Financial Planning

Unassigned fund balance in the general fund is 7.64% of total general fund expenditures and falls within the policy guidelines set by the Town Council for budgetary and planning purposes which must be no less than 5% of general fund expenditures. The Town Council has been using the general fund budgeting process to fund the Town's Capital Improvement Program. In February 2006, the Town Council passed a resolution that any funds in the unassigned fund balance from the preceding fiscal year that exceed 6% of general fund expenditures be applied to the capital improvement budget as determined by the Town Council. By budgeting for capital purchases on a yearly basis, the Town Council is trying to be less reliant on referendums. For the 2015 -2016 budget, \$622,000 of unassigned fund balance was applied to the capital improvements budget.

Relevant Financial Policies

The State budget for FY 2015 extended the conveyance tax rate on real estate sales paid to municipalities. After much debate, the rate of \$2.50 per \$1,000 of the real estate sales price will continued through June 30, 2015, but then will revert back to \$1.10 per \$1,000. During this fiscal year, the Town received \$371,967 in conveyance tax. If the State had not passed this law, the Town would have received about \$208,300 less in conveyance tax.

The Town will be implementing new assessed property values for the October 1, 2013 Grand List based on a State mandated revaluation which will be impacting the 2014 - 2015 Town Budget. After implementing the new assessed property values, the Town received 29 cases, 3 residential and 26 commercial, challenging the new assessed properties values in Superior Court. The assessment differences in dispute is \$29.5 million. The Town policy is to minimize the impact that any of these settlements would have on the current fiscal year. Any of these assessment appeals case that are settled in the current fiscal year, the settlement will be reflected on future grand lists. Therefore, as property value cases are settled, those grand list changes will affect future Town budgets.

As part of recent union contract negotiations, all Town five general employees' union contracts, non-bargaining employees, and the police union contract have in place a Defined Contribution Pension Plan for its employees. Depending on the date of hire, all newly hire employees will be put into the defined contribution plan. The general employees and non-bargaining employees will contribute six (6) percent of their salary and the Town will match at three (3) percent of salary. The police union employees will contribute seven (7) percent of their salary and the Town will match at five (5) percent of salary.

In November 2015, the voters of Rocky Hill approved a referendum for changes, amendments, and provisions made by the 2015 Charter Revision Commission to the Rocky Hill Town Charter and approved by the Town Council. The revised Town Charter takes effect on December 3, 2015. The last time the Town Charter was revised was December 1989.

Major Initiatives

The Town has received a number of CT Small Town Economic Assistance Program (STEAP) State grants that total \$1.7 million to assist with storefront improvements for businesses located on the Silas Deane Highway and for the Silas Deane Streetscape. The last grant was awarded in September of 2010 to the Town for \$250,000 to continue the Silas Deane Revitalization Project. The Town construction of Phase One of the Streetscape project for the Silas Deane / Old Main Street section of town was completed November of 2012. The Town has received from the State a grant for \$422,000 to start Phase 2 of the Silas Deane Streetscape project. The Town also received from the State a grant for \$444,000 for the replacement of field turf at the Rocky Hill High School football field that was completed in September of 2015 and a grant for \$800,000 to construct a "Miracle Field" for special needs children at Elm Ridge Park with completion in June of 2016. In the 2014-2015 budget year, the Town did take delivery of two new Ford Police Intercepts for patrol, two new Ford Fusions for the police administrators, two new Ford F-250 Pickup Trucks for the Parks Department and did improve the Town's network infrastructure with network switches upgrades.

The Town received a \$700,000 Small Cities Community Development Block Grant in 2012 for public housing modernization through the State of Connecticut Department of Economic and Community Development. This grant was used to rehabilitate private residential senior housing located on Willow Road and work was completed in the winter of 2014. The Town is beginning the process to apply for a 2016 Small Cities Community Development Block Grant for the rehabilitation of a second senior housing project located on School Street.

The Town discontinued pursuing, through exercising its power of eminent domain, the Foundry property, an 11 acre parcel of land along the Connecticut River, with the intent of making it a public park. However, the Town has signed an agreement with the owner/developer of the property to renovate the parcel as multi-use with residential development. The Town has committed \$670,000 towards the demolition of vacant buildings and the remediation of this property. Now called River's Edge, the developer has received all approvals from local land use boards and final plans have been filed in the land use records. The remediation work on this property started in January 2012 and is ongoing.

The Town Council approved entering into an agreement with Solar City to lease 15 acres in the Town's Industrial Park for Solar City to construct a 3 megawatt photo voltaic facility. Some of this solar power will be used by the Town and is projected to reduce its annual utility costs for electricity by as much as \$200,000 per year. The land lease payments from Solar City will generate \$90,000 of revenue per year.

The Town has initiated all day kindergarten (ADK) for the school year starting September 2014. In order to start ADK, the Town leased four modular classrooms at its two elementary schools for four years. The cost to install these modular classrooms was \$609 thousand. During the summer 2014 the

Town completed \$1.6 million of the school improvement projects that included: the installation of security camera at three schools; the replacement of intercom systems at two elementary schools; the installation of fire sprinklers at an elementary school; and the renovation of a lavatory and locker rooms at an elementary school. For public safety, the Town completed in April 2015 the installation its \$318 thousand microwave communication system.

In a referendum vote held in June 2012, the voters of Rocky Hill approved an appropriation in the amount of \$44.955 million for the modernization and expansion of the Rocky Hill High School. The Town has hired an architectural firm and a construction manager for this project. In February 2014, the State General Assembly passed a resolution approving up to \$5.045 million additional appropriation for the Rocky Hill High School Project. The Rocky Hill Town Council approved this Legislation thus making this a renovate as new high school project for \$50 million. The Town awarded 18 trade contracts and entered into a Guaranteed Maximum Price Agreement with Construction Manager O & G Industries, Inc. of Torrington, CT in the amount of \$44.1 million. Construction began in September 2014 with a scheduled completion date in September of 2017. It is expected that this project will qualify for State of Connecticut School Construction Grant of approximately \$22 million.

In addition, the voters approved an appropriation of \$10 million for the preservation of farmland and passive open space in a referendum vote in November 2012. In August 2014, the Town Council approved the purchase of the development rights of 44 acres of farmland for \$2 million to preserve the land for agriculture in perpetuity with a closing in the winter of 2014. The Town is working with the State Department of Agriculture to purchase three additional farms. A \$10 million referendum for road improvements was passed on November 5, 2013. Road improvements began in the summer of 2014 with a \$1.5 million bridge replacement over Goff Brook that was completed in the fall of 2014 and with \$2 million road improvements paving projects (Phase One) of seven miles that was completed in 2014. In the summer of 2015, Phase Two started with five miles of road paving projects being completed.

In November 2015, the voters of Rocky Hill did approved a referendum for public safety appropriations of \$6.45 million for fire department vehicles and equipment, and for the police department to replace its radio dispatch equipment and to make improvements to the police station.

In May 2014, the Town issued \$8.1 million in bond anticipated notes (BANS) that mature in October 2014 with the BAN proceeds being used for the high school project, land acquisition, and for the road improvement program. The Town of Rocky Hill did issued \$18.1 million 20 year general obligation (GO) bonds for these three capital projects in October 2014 at a 2.76% true interest costs. In addition, Standard and Poor's upgraded the Towns rating for this bond issue to AA+ / Stable. In June 2015, the Town issued \$14.5 million in bond anticipated notes (BANS) that mature in February 2016. BAN proceeds are for the high school project and for the road improvement program.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Rocky Hill for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Town Manager and especially to the Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Rocky Hill's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John R. Mehr". The signature is written in a cursive style with a large initial "J" and "M".

John R. Mehr
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Rocky Hill
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Town Council
Town of Rocky Hill, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Rocky Hill, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Rocky Hill, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Rocky Hill, Connecticut, as of June 30, 2015 and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 16 to the financial statements, during the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net position of the Town has been restated to recognize the net pension liability/asset required in implementing GASB No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 56 through 59, and the pension schedules on pages 60 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Rocky Hill, Connecticut, as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 22, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2014 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the Town of Rocky Hill, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rocky Hill, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 18, 2015

**TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

This discussion and analysis of the Town of Rocky Hill, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to VI.

Financial Highlights

- Net position of our governmental activities increased by \$3.1 million or 10.3%.
- During the year, the Town had expenses that were \$3.1 million less than the \$78.2 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$75.1 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$6.3 million.
- The resources available for appropriation were \$820 thousand higher than budgeted for in the General Fund and expenditures were \$419 thousand below spending limits.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to VI. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets and liabilities, are one way to measure the Town's financial health or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, public safety, public works, health and human services, parks, recreation and facilities, and general administration. Property taxes, charges for services and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town Council establishes many other funds to help control and manage financial activities for particular purposes (like the Recreation Program Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received for education from the state and federal governments). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Fiduciary Funds (Exhibits V and VI)* - The Town is the trustee, or fiduciary, for its employees' pension plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's governmental activities net position increased from \$29.8 million to \$32.8 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**Table 1
NET POSITION**

	Governmental Activities	
	2015	2014 (as Restated)
Current and other assets	\$ 40,821,672	\$ 25,209,894
Capital assets, net of accumulated depreciation	64,704,123	47,174,502
Total assets	<u>105,525,795</u>	<u>72,384,396</u>
Deferred outflows of resources	1,693,728	
Long-term debt outstanding	46,388,424	27,059,667
Other liabilities	20,561,312	11,525,289
Total liabilities	<u>66,949,736</u>	<u>38,584,956</u>
Deferred inflows of resources	7,436,519	4,022,569
Net Position:		
Net investment in capital assets	20,007,218	34,660,436
Restricted	50,427	50,416
Unrestricted	<u>12,775,623</u>	<u>(4,933,981)</u>
Total Net Position	<u>\$ 32,833,268</u>	<u>\$ 29,776,871</u>

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from (\$4.9 million) at June 30, 2014 to \$12.8 million at the end of this year.

Table 2
CHANGE IN NET POSITION

	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 3,299,128	\$ 3,127,829
Operating grants and contributions	9,720,493	10,612,754
Capital grants and contributions	2,841,905	40,000
General revenues:		
Property taxes	59,582,736	57,992,275
Grants and contributions not restricted to specific purposes	2,037,305	1,958,535
Unrestricted investment earnings	81,183	38,600
Other general revenues	603,783	642,578
Total revenues	<u>78,166,533</u>	<u>74,412,571</u>
Program expenses:		
General government	10,521,025	12,123,214
Public safety	6,271,410	6,959,452
Public works	8,114,377	7,969,498
Health and human services	599,029	685,508
Parks, recreation and facilities	4,970,391	6,961,594
Library services	971,305	1,048,615
Education	42,884,635	38,741,366
Interest on long-term debt	777,964	471,812
Total program expenses	<u>75,110,136</u>	<u>74,961,059</u>
Change in Net Position	3,056,397	(548,488)
Beginning Net Position	29,776,871	32,085,721
Restatement		<u>(1,760,362)</u>
Ending Net Position	<u>\$ 32,833,268</u>	<u>\$ 29,776,871</u>

The Town's total revenues were \$78.2 million. The total cost of all programs and services was \$75.1 million. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

More than 76% of the Town's revenues were derived from property taxes, followed by 12% from operating grants and contributions.

Major revenue factors included:

The Town's mill rate increased by 3.1 mills over fiscal year 2014 mill rate with the Net Taxable Grand List decreasing by 8.02% as the result of the Town implementing a State mandated revaluation of the 2013 grand list. Property tax revenues for fiscal year 2015 increased 2.7% compared to fiscal year 2014.

Investment earnings did doubled over the prior fiscal year despite the Federal Reserve continued its policies to have lower short-term interest rates. Investment earnings continue to be an insignificant part of the Town's revenue in fiscal year 2015.

Operating grants and contributions decreased over the prior fiscal year due to the State of Connecticut decreasing its on-behalf payments to the Connecticut State Teachers' Retirement System for Rocky Hill teachers over last fiscal year.

Capital Grants and contributions increased as result of school building grants progress payments from the State for the high school renovate as new project.

Building department fees increased 55% over fiscal year 2015. The collections of real estate conveyance tax increased 3% over the prior fiscal year.

More than 57% of the Town's expenses relate to education, 8% to public safety, 7% to parks, recreation and facilities, 14% to general government and 11% to public works.

Major expense factors included:

Increases in employee wages from negotiated step and general wage increases. The Town had increase overtime costs for snow removal due to the greater number of snow storms. The Town did add two school resource officers as part of increasing security at the schools. The cost of employee benefits remained flat due to a minimal increase in health insurance rates for fiscal year 2015.

The winter season turned out to be colder than past winters that resulted in higher than expected heating expenses compared to past fiscal years. Also, the Town has a third party supplier for "green power" electricity and locked in at a fixed kilowatt rate from January of 2014 through December of 2016. This has stabilized the Town's cost of electricity for its operations.

The Town issued \$18.1 of general obligation bonds to fund the high school renovation capital project, to fund acquisition of farmland development rights as part of the open space capital project, and to fund road improvements plus a bridge replacement as part of the road improvement program capital project. Also, the Town issued bond anticipation notes in June to continue to fund the high school renovation capital project and to continue road improvements capital project.

The Town's legal expenses were higher as the Town defended legal challenges from those property owners challenging their property values as the result of the Town implementing a State mandated revaluation of the 2013 grand list that affected the 2014 - 2015 fiscal years.

The Board of Education added all-day kindergarten (ADK) at the two elementary schools. To accommodate ADK, the Town installed and is leasing four (4) modular classrooms.

The Board of Education also took over fiscal responsibility for the cleaning and the day-to-day maintenance of the schools. Twenty-three (23) town facilities employees were transferred to the Board of Education.

The Town's previous workers compensation insurer, Municipal Interlocal Risk Management Agency (MIRMA), charged Rocky Hill and its other member towns an assessment for worker compensation claim run out for claims occurring from July 1, 2002 through June 30, 2009. The Town has made its final yearly assessment payment as determined by MIRMA's actuarial in the 2014 - 2015 fiscal years.

The Town did install fire sprinklers at one elementary school and upgraded a restroom at the other elementary school. In addition, the Town, as part repair and maintenance program, replaced roofs at two town buildings.

Table 3 presents the cost of each of the Town's five largest programs - education, general government, public works, public safety, and parks, recreation and facilities - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**Table 3
GOVERNMENTAL ACTIVITIES**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Education	\$ 42,884,635	\$ 38,741,366	\$ 30,876,467	\$ 28,362,505
General government	10,521,025	12,123,214	9,562,915	10,804,946
Public works	8,114,377	7,969,498	7,422,928	7,929,498
Public safety	6,271,410	6,959,452	4,948,044	5,997,859
Parks, recreation and facilities	4,970,391	6,961,594	4,227,867	6,191,958
All others	<u>2,348,298</u>	<u>2,205,935</u>	<u>2,210,389</u>	<u>1,893,710</u>
Total	<u>\$ 75,110,136</u>	<u>\$ 74,961,059</u>	<u>\$ 59,248,610</u>	<u>\$ 61,180,476</u>

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$11.8 million, which is an increase from last year's total of \$7.5 million. Included in this year's total change in fund balance is an increase of \$150 thousand in the Town's General Fund. The primary reasons for the General Fund's increase mirror the governmental activities analysis highlighted in Exhibit IV. In addition, these other changes in fund balances should be noted:

The fund balance of the Town of Rocky Hill's Capital Project Fund increased by \$3.3 million. This was the result of the Town issuing \$18.1 million of General Obligations Bonds to finance the high school project, the land acquisition project and the road improvement program project.

General Fund Budgetary Highlights

Tax collections were favorable by \$378 thousand. Charges for Services were favorable by \$270 thousand due to the increase use of police private duty. Intergovernmental revenue was unfavorable by \$190 thousand due to budgeting for higher than actual received from the State of Connecticut for Town Aid Road funding. Licenses and permits revenue was favorable by \$266 thousand due to the increase in the issuance of building permits.

Interest from investment was favorable by \$60 thousand despite the continuing of low short-term interest rates.

Legal expenses were higher than the original budget due to the Town implementing a revaluation of the 2013 grand list that property values are being challenged by certain property owners.

Police expenses were higher than the original budget due to the greater use police officers for private duty assignments. Increase request for private duty are coming from the surrounding towns.

Increased costs associated with snow removal due to the higher number of snow storms than normal.

The Town budgets for unanticipated and unbudgeted expenditures that occurred during the budget year. For the 2014-2015 budget years, the Town budgeted \$889 thousand for contingency. This provided the Town with a reserve to cover salary increases in labor agreements, retirement benefits, increased electric, heating and motor fuel costs and increases in overtime costs associated with snow removal.

The Town's General Fund balance of \$6.3 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$5.2 million reported in the budgetary comparison in the required supplementary information. This is principally because fund balance includes a \$463 thousand of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes and a \$612 thousand appropriation of fund balance to the 2015-2016 budget.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014, the Town had \$64.7 million invested in a broad range of capital assets, including land, buildings, park facilities, roads, vehicles and equipment - Table 4. This amount represents a net increase (including additions and deductions) of \$17.5 million or 37.1%, over last year.

Table 4
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	<u>2015</u>	<u>2014</u>
Land	\$ 5,837,249	\$ 3,837,249
Buildings and improvements	22,052,908	21,230,120
Furniture, vehicles and equipment	2,769,000	959,289
Infrastructure	18,863,803	19,557,619
Construction in progress	<u>15,181,163</u>	<u>1,590,225</u>
Total	<u>\$ 64,704,123</u>	<u>\$ 47,174,502</u>

This year's major additions included (in millions):

Land (Development Rights)	\$ 2.0
New Police Vehicles, Pickup Trucks	.2
Construction - Rocky Hill High School Project	13.9
Various School Building Improvements	.9
Various Road Improvements	<u>.5</u>
Total	<u>\$ 17.5</u>

The Town's fiscal year 2015-2016 capital budget calls for it to spend \$2.0 million for capital projects, principally for sidewalk improvements, vehicles for various departments, road improvements, town facilities improvements, school facilities improvements, and funding towards the replacement of the town pool.

Additional information on the Town's capital assets can be found in Note 5 of this report.

Long-Term Debt

At June 30, 2015, the Town had \$28.2 million in bonds outstanding versus \$11.7 million last year - an increase of 141.8% - as shown in Table 5.

**Table 5
OUTSTANDING DEBT**

	Governmental Activities	
	<u>2015</u>	<u>2014</u>
General Obligation Bonds (Backed by the Town)	\$ 28,190,000	\$ 11,660,000

The Town of Rocky Hill issued in October of 2014 general obligation (GO) bonds for \$18.1 million with the proceeds being used for the high school renovate as new project, land acquisition project, and the road improvement program project. Standard & Poor's Rating Services reviewed this bond issue and assigned its 'AA+' rating with a stable outlook. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$419 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal year 2016 budget and tax rate. One of those factors is the economy and the community's ability to pay for municipal services. As of June 2015, the Town's labor force stood at 11,474 with its unemployment rate being 3.9% compared to 5.4% in the greater Hartford region and 5.4% for the State. The Rocky Hill unemployment rate has decreased from the June 2014 rate of 4.8% compared to the State rate that has decreased from 6.4% to 5.4%.

The consumer price index for June 2015 was 0.1% compared to 2.1% for June 2014 and 1.8% for June 2013. The Town has a business development incentive policy that provides tax abatements to help bring new business into the community and retain existing businesses.

These indicators were taken into account when adopting the General Fund Budget for 2015-2016. Amounts available for appropriation in the General Fund are \$68,566,648, a zero percent increase over the 2014-2015 budget of \$68,573,609.

For 2015-2016, the Town's Net Taxable Grand List increased by 1.46% from the prior year. The mill rate used by the Town was 29.7 mills, the same mill rate that was used in the 2014-2015 budget year.

Starting in the 2014-2015 budget year, the responsibility for the operation and maintenance of all school facilities was transferred back to the Board of Education. Starting in the 2015-2016 budget year, the Board of Education is responsible in its operating budget for all the utilities costs associated with the school buildings that is budgeted for \$910 thousand.

The Town appropriated \$622 thousand from fund balance to the 2015-2016 budgets. This is a decrease of \$292 thousand from the prior year. The use of \$622 thousand of fund balance relates to the Town Council resolution that funds in the unassigned fund balance from the preceding fiscal year that exceed 6% of general fund expenditures be applied to the capital improvement budget in the next budget year.

The Town is concerned about any budget problems that the State of Connecticut might have and the impact balancing the State budget might have on the Town. Approximately 9.0% of the Town's budget revenues are derived from revenues received from the State of Connecticut. About 64.3% of the State revenues come to the Town in the form of Educational Cost Sharing Grants (ECS) which assists the Town's school system.

The Town is concerned about the United States as well as the global economy and both its impact on the equities market. Like most towns, Rocky Hill has its pension trusts assets invested with various mutual funds that hold investments in the stock market. The Town has seen these pension trusts assets decrease in value by 3.87% from July 1, 2015 to November 30, 2015. However, if the equities markets decline in value, the Town pension trusts have adequate amounts in fixed income account balances so that the trusts will be able to pay its pension obligations over the next couple of years without having to liquidate any of its mutual funds positions.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Rocky Hill, 761 Old Main Street, Rocky Hill, Connecticut 06067.

Basic Financial Statements

TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 38,065,064
Receivables, net	1,199,885
Inventory	8,884
Net pension assets	1,547,839
Capital assets not being depreciated	21,018,412
Capital assets being depreciated, net	43,685,711
Total assets	<u>105,525,795</u>
Deferred Outflows of Resources:	
Changes in pension actuarial experience	1,142,338
Changes in pension actuarial assumptions	551,390
Total deferred outflows of resources	<u>1,693,728</u>
Liabilities:	
Accounts and other payables	5,402,021
Unearned revenue	659,291
Notes payable	14,500,000
Noncurrent liabilities:	
Due within one year	2,864,954
Due in more than one year	43,523,470
Total liabilities	<u>66,949,736</u>
Deferred Inflows of Resources:	
Deferred charge on refunding	4,829
Advance property tax collections	6,788,455
Changes in pension actuarial experience	476,984
Changes in pension projected investment earnings	166,251
Total deferred inflows of resources	<u>7,436,519</u>
Net Position:	
Net investment in capital assets	20,007,218
Restricted for:	
Trust purposes:	
Nonexpendable	50,427
Unrestricted	<u>12,775,623</u>
Total Net Position	<u>\$ 32,833,268</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
General government	\$ 10,521,025	\$ 910,809	\$ 47,301	\$	\$ (9,562,915)
Public safety	6,271,410	1,242,149	81,217		(4,948,044)
Public works	8,114,377		581,363	110,086	(7,422,928)
Health and human services	599,029	49,544	47,117		(502,368)
Parks, recreation and facilities	4,970,391	561,460	181,064		(4,227,867)
Library services	971,305	33,017	8,231		(930,057)
Education	42,884,635	502,149	8,774,200	2,731,819	(30,876,467)
Interest on long-term debt	777,964				(777,964)
Total Governmental Activities	<u>\$ 75,110,136</u>	<u>\$ 3,299,128</u>	<u>\$ 9,720,493</u>	<u>\$ 2,841,905</u>	<u>(59,248,610)</u>
General revenues:					
Property taxes					59,582,736
Grants and contributions not restricted to specific programs					2,037,305
Unrestricted investment earnings					81,183
Miscellaneous					603,783
Total general revenues					<u>62,305,007</u>
Change in net position					3,056,397
Net Position at Beginning of Year, as Restated					<u>29,776,871</u>
Net Position at End of Year					<u>\$ 32,833,268</u>

The accompanying notes are an integral part of the financial statements

TOWN OF ROCKY HILL, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 34,690,657	\$ 2,099,120	\$ 1,275,287	\$ 38,065,064
Receivables, net	967,721		232,164	1,199,885
Due from other funds	528,638	18,738,980	2,064,854	21,332,472
Inventory			8,884	8,884
Total Assets	<u>\$ 36,187,016</u>	<u>\$ 20,838,100</u>	<u>\$ 3,581,189</u>	<u>\$ 60,606,305</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 1,542,004	\$ 3,082,959	\$ 148,888	\$ 4,773,851
Due to other funds	20,803,834		528,638	21,332,472
Unearned revenue	91,729		567,562	659,291
Notes payable		14,500,000		14,500,000
Total liabilities	<u>22,437,567</u>	<u>17,582,959</u>	<u>1,245,088</u>	<u>41,265,614</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	672,123			672,123
Advance property tax collections	6,788,455			6,788,455
Total deferred inflows of resources	<u>7,460,578</u>	<u>-</u>	<u>-</u>	<u>7,460,578</u>
Fund Balances:				
Nonspendable			59,311	59,311
Restricted			164,041	164,041
Committed		4,269,813	2,205,228	6,475,041
Assigned	1,084,837			1,084,837
Unassigned	5,204,034	(1,014,672)	(92,479)	4,096,883
Total fund balances	<u>6,288,871</u>	<u>3,255,141</u>	<u>2,336,101</u>	<u>11,880,113</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 36,187,016</u>	<u>\$ 20,838,100</u>	<u>\$ 3,581,189</u>	<u>\$ 60,606,305</u>

(Continued on next page)

TOWN OF ROCKY HILL, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015

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

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 11,880,113
--	---------------

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

Governmental capital assets	\$ 127,007,550	
Less accumulated depreciation	<u>(62,303,427)</u>	
Net capital assets		64,704,123

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

Net pension asset	1,547,839
Property tax receivables greater than 60 days	508,586
Interest receivable on property taxes	163,537
Deferred outflows related to pension actuarial experience	1,142,338
Deferred outflows related to changes in actuarial assumptions	551,390

Long-term liabilities, including bonds payable and deferred inflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability	(4,946,026)
Bonds payable	(28,190,000)
Interest payable on bonds and notes	(628,170)
Compensated absences	(4,604,832)
Capital lease	(348,944)
Bond premium	(1,653,132)
Deferred charge on refunding	(4,829)
Net OPEB obligation	(6,645,490)
Deferred inflows related to pension actuarial experience	(476,984)
Deferred inflows related to changes in projected pension investment earnings	<u>(166,251)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 32,833,268</u>
---	----------------------

The accompanying notes are an integral part of the financial statements

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes and assessments	\$ 59,840,044	\$	\$	\$ 59,840,044
Intergovernmental	9,434,186	3,270,480	1,834,861	14,539,527
Charges for services	1,848,848		1,161,536	3,010,384
Income on investments	80,802	210	171	81,183
Miscellaneous	815,311	38,497	98,895	952,703
Total revenues	<u>72,019,191</u>	<u>3,309,187</u>	<u>3,095,463</u>	<u>78,423,841</u>
Expenditures:				
Current:				
General government	2,369,390		17,797	2,387,187
Public safety	6,453,248		70,906	6,524,154
Public works	5,943,415			5,943,415
Health and human services	533,142		69,873	603,015
Parks, recreation and facilities	4,055,005		748,201	4,803,206
Library services	929,171		23,596	952,767
Education	38,973,084		2,100,898	41,073,982
Miscellaneous	7,392,445		62,873	7,455,318
Capital outlay	1,852,330	19,943,531		21,795,861
Debt service	1,962,439			1,962,439
Total expenditures	<u>70,463,669</u>	<u>19,943,531</u>	<u>3,094,144</u>	<u>93,501,344</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,555,522</u>	<u>(16,634,344)</u>	<u>1,319</u>	<u>(15,077,503)</u>
Other Financing Sources (Uses):				
Transfers in		1,655,502	50,000	1,705,502
Transfers out	(1,405,502)		(300,000)	(1,705,502)
Issuance of general obligation bonds		18,100,000		18,100,000
Bond premium proceeds			1,195,841	1,195,841
Issuance of capital lease		199,546		199,546
Total other financing sources (uses)	<u>(1,405,502)</u>	<u>19,955,048</u>	<u>945,841</u>	<u>19,495,387</u>
Net Change in Fund Balances	150,020	3,320,704	947,160	4,417,884
Fund Balances at Beginning of Year	<u>6,138,851</u>	<u>(65,563)</u>	<u>1,388,941</u>	<u>7,462,229</u>
Fund Balances at End of Year	<u>\$ 6,288,871</u>	<u>\$ 3,255,141</u>	<u>\$ 2,336,101</u>	<u>\$ 11,880,113</u>

(Continued on next page)

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 4,417,884
---	--------------

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	19,315,900
Depreciation expense	(1,786,279)

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:

Property tax receivable - accrual basis change	(231,624)
Property tax interest and lien revenue - accrual basis change	(25,684)
Changes in deferred outflows related to changes in pension actuarial experience	1,142,338
Changes in deferred outflows related to changes in actuarial assumptions	551,390
Change in net pension assets	123,594

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 has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	1,570,000
Capital lease issued	(199,546)
Capital lease payments	153,772
General obligation bonds issued	(18,100,000)
Premium on general obligation bonds	(1,195,841)

Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	(393,885)
Accrued interest	(478,986)
Amortization of deferred charge on refunding	(144)
Amortization of bond premiums	93,605
Net pension liability	(89,291)
OPEB obligations	(1,167,571)
Changes in deferred inflows related to changes in pension actuarial assumptions	(476,984)
Changes in deferred inflows related to changes in projected investment earnings	(166,251)

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,056,397</u>
--	---------------------

The accompanying notes are an integral part of the financial statements

**TOWN OF ROCKY HILL, CONNECTICUT
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2015**

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$	\$ 900,800
Investments:		
Certificate of deposits		174,208
Mutual funds	59,716,698	222,076
Accounts receivable	<u>150,000</u>	
Total assets	<u>59,866,698</u>	<u>\$ 1,297,084</u>
Liabilities:		
Deposits and amounts due to student groups and participants		\$ 1,288,176
Accounts payable		<u>8,908</u>
Total liabilities	<u>-</u>	<u>\$ 1,297,084</u>
Net Position:		
Held in Trust for Pension and Other Benefits	<u>\$ 59,866,698</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF ROCKY HILL, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 2,671,686
Plan members	483,643
Total contributions	<u>3,155,329</u>
Investment income:	
Net appreciation in fair value of investments	1,468,531
Interest and dividends	614,423
Total investment income	<u>2,082,954</u>
Less investment expense	243,443
Net investment income	<u>1,839,511</u>
Total additions	<u>4,994,840</u>
Deductions:	
Benefits	3,184,647
Other expenses	67,550
Refunds	8,080
Total deductions	<u>3,260,277</u>
Change in Net Position	1,734,563
Net Position at Beginning of Year	<u>58,132,135</u>
Net Position at End of Year	<u>\$ 59,866,698</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Rocky Hill (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 policies of the Town are described below.

A. Reporting Entity

Rocky Hill, settled in 1650 as part of Wethersfield, was incorporated as a separate Town in May 1843. The Town operates under a Council - Manager form of government. The Town Council is the legislative and policy making body of the Town, and consists of nine members elected at-large for two-year terms. The Mayor (one of the nine Council members) is separately elected and presides over all meetings of the Town Council. The Mayor submits recommendations for appointments under the Council jurisdiction and, as directed by the Council, appoints such special subcommittees of the Council as are needed to effectively conduct the Council's business.

The Town Manager is the Chief Executive and Administrative Officer of the Town and is responsible for the overall management of all departments of the Town except for the Board of Education. The Town Manager is directly responsible to the Town Council for the implementation of policies established by the Council and the appointment and supervision of all department heads and municipal employees, except for the Town Clerk, Clerk of the Town Council and the Town Attorney.

B. 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. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the pension trust 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. 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.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities.

Additionally, the Town reports the following fund types:

The Trust Fund accounts for the activities of the Town Pension Plans and Other Post Employment Benefits Plans, which accumulate resources for pension benefit and healthcare payments to qualified Town employees.

The Agency Funds account for monies from various self-funding school activity programs and surety bonds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the 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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

When both restricted and unrestricted resources are available for use, it is the Town'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.

D. Deposits and Investments

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.

Investments for the Town 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." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are assessed as of October 1 and billed at 70% of assessed value on the following July 1. Generally, taxes are due in two installments. Taxes not paid within 30 days of the due date are subject to an interest charge of 1½% per month. As of June 30, liens are placed upon delinquent accounts in accordance with the provisions of the Connecticut General Statutes.

In the governmental fund financial statements, property taxes are recognized when they are available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time does not exceed 60 days.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, except computer hardware (\$1,000), and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**TOWN OF ROCKY HILL, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

Property, plant and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	35
Buildings and improvements	25-50
Vehicles	3-5
Office equipment	3-5
Computer equipment	3-5

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to pension in the government-wide statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension 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 pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet as deferred inflows of resources. 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. In addition, the Town reports a deferred charge on refunding and deferred inflows related to pension 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 inflow of resources related to pension results from differences between expected and actual experience or other inputs. These amounts are deferred and included in pension 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 pension plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

I. Compensated Absences

Municipal

Employees earn 12 to 18 days of sick leave per year. Employees earn from 5 to 25 days of vacation depending on the bargaining unit per fiscal year. All vacation days must be used within the fiscal year, however, 10 days can be carried forward to be used within 6 months after the end of that fiscal year period. Upon termination, an employee is entitled to be paid for all unused vacation time. Depending on the employee date of hire, upon termination an employee could be entitled to be paid for unused sick time at 20% to 60% of its value depending on the employee's length of service.

Board of Education

Employees earn from 12.5 to 25 days of sick leave per year depending on their bargaining unit. Maximum sick leave accrual also varies by bargaining unit from 70 to 221 days. All employees, with exception of teachers, paraprofessionals and cafeteria workers, earn from 5 to 25 days of vacation leave per year. All vacation days must be used within the fiscal year earned except for five days, which may be carried forward to the next year. Upon termination of employment, employees are paid for all earned and unused vacation leave. Unused sick leave may also be paid subject to the terms and limits of each bargaining unit contract.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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 any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

K. Net Pension Liability (Asset)

The net pension liability (asset) is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability (asset) 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.

L. Fund 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 is restricted because restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council) by adoption of an ordinance prior to the end of the fiscal year. Amounts remain committed until action is taken by the Town Council to remove or revise the limitations.

Assigned Fund Balance

This represents amounts constrained for the intent to be used for a specific purpose by the Finance Director that has been delegated authority to assign amounts by the Town Charter. Assignments exist temporarily and an additional action is not required to be taken for the removal of an assignment.

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.

M. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The budget for the General Fund is authorized annually by the Town on a modified accrual basis of accounting except for encumbrances.

Unencumbered appropriations for the General Fund shall lapse at the end of the fiscal year, unless otherwise provided for by Council resolution. Additional appropriations, up to \$150,000 for each item, can be made by the Town Council. Additional appropriations over \$150,000 require the approval of the electors. The legal level of control on which expenditures may not exceed appropriations is on the functional level. Transfers between line items within a department may be made by the Town Manager. The Council may, by resolution, transfer any unencumbered appropriation balance or portion from one department, office or agency, except the Board of Education, to another. There were no additional appropriations approved during the fiscal year.

Budgetary accounting uses encumbrance accounting. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all budgeted governmental type funds. Encumbrances outstanding at year end are reported in the GAAP financial statements as assignments of fund balance since they do not constitute expenditures or liabilities.

The differences between the budgetary and GAAP basis of accounting are as follows:

- Encumbrances are recognized as valid and proper charges against budget appropriations in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year but are shown as an assignment of fund balance on a GAAP basis.
- State of Connecticut payments on behalf of Town of Rocky Hill teachers for the State Teachers' Retirement System are reported for GAAP purposes only.

B. Deficit Fund Equity

The Recreation Program Fund has a fund balance deficit of \$92,479. The deficit will be funded through future charges for services.

**TOWN OF ROCKY HILL, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

A. Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$30,828,248 of the Town’s bank balance of \$32,543,091 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 27,595,423
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>3,232,825</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 30,828,248</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

B. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2015, the Town's cash equivalents amounted to \$5,579,955. 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.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
State Tax Exempt Proceeds Fund *	

* Not rated

C. Investments

Investments as of June 30, 2015 in all funds are as follows:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)*</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 174,208	\$ <u>133,989</u>	\$ <u>40,219</u>	\$ <u>-</u>
Other investments:					
Pooled open-end mutual funds	N/A	<u>59,938,774</u>			
Total Investments		<u>\$ 60,112,982</u>			

* Subject to coverage by Federal Depository Insurance and collateralization

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.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices. The pooled open-end mutual funds accounts above are not rated by the nationally recognized statistical rating organizations.

Concentration of Credit Risk

The Town does not have an investment policy that allows for an investment in any one issuer that is in excess of 5% of the Town's total investments.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2015, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

Receivables as of year end for the Town's major funds and nonmajor governmental and fiduciary funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:			
Interest	\$ 163,537	\$	\$ 163,537
Taxes	630,983		630,983
Accounts	198,201	275,748	473,949
Intergovernmental		106,416	106,416
Gross receivables	<u>992,721</u>	<u>382,164</u>	<u>1,374,885</u>
Less allowance for uncollectibles	<u>(25,000)</u>	<u></u>	<u>(25,000)</u>
Net Total Receivables	<u>\$ 967,721</u>	<u>\$ 382,164</u>	<u>\$ 1,349,885</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,837,249	\$ 2,000,000	\$	\$ 5,837,249
Construction in progress	<u>1,590,225</u>	<u>15,908,136</u>	<u>(2,317,198)</u>	<u>15,181,163</u>
Total capital assets not being depreciated	<u>5,427,474</u>	<u>17,908,136</u>	<u>(2,317,198)</u>	<u>21,018,412</u>
Capital assets being depreciated:				
Buildings and improvements	49,771,345	1,527,840		51,299,185
Furniture, vehicles and equipment	14,988,590	2,197,122	(35,817)	17,149,895
Infrastructure	<u>37,540,058</u>			<u>37,540,058</u>
Total capital assets being depreciated	<u>102,299,993</u>	<u>3,724,962</u>	<u>(35,817)</u>	<u>105,989,138</u>
Less accumulated depreciation for:				
Buildings and improvements	(28,541,225)	(705,052)		(29,246,277)
Furniture, vehicles and equipment	(14,029,301)	(387,411)	35,817	(14,380,895)
Infrastructure	<u>(17,982,439)</u>	<u>(693,816)</u>		<u>(18,676,255)</u>
Total accumulated depreciation	<u>(60,552,965)</u>	<u>(1,786,279)</u>	<u>35,817</u>	<u>(62,303,427)</u>
Total capital assets being depreciated, net	<u>41,747,028</u>	<u>1,938,683</u>	<u>-</u>	<u>43,685,711</u>
Governmental Activities Capital Assets, Net	<u>\$ 47,174,502</u>	<u>\$ 19,846,819</u>	<u>\$ (2,317,198)</u>	<u>\$ 64,704,123</u>

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

Governmental activities:	
General government	\$ 302,562
Public safety	119,774
Public works	898,759
Health and human services	12,734
Parks, recreation and facilities	177,500
Library services	42,580
Education	<u>232,370</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,786,279</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Construction Commitments

The Town has active construction projects as of June 30, 2015. The following is a summary of capital projects as of June 30, 2015.

	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Capital and nonrecurring	\$ 78,673,948	\$ 26,876,372	\$ 51,797,576

6. INTERFUND RECEIVABLE AND PAYABLE BALANCES

A summary of interfund balances at June 30, 2015 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 528,638
Capital Projects Fund	General Fund	18,738,980
Nonmajor Governmental	General Fund	<u>2,064,854</u>
Total		<u>\$ 21,332,472</u>

Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions.

Interfund transfers:

	<u>Transfers In</u>		
	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental</u>	<u>Total Transfer out</u>
Transfers out:			
General Fund	\$ 1,355,502	\$ 50,000	\$ 1,405,502
Nonmajor Governmental	<u>300,000</u>		<u>300,000</u>
Total	<u>\$ 1,655,502</u>	<u>\$ 50,000</u>	<u>\$ 1,705,502</u>

Transfers are used to move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

7. LEASES

Capital Leases

The Town has entered into lease agreements as lessee for financing vehicles, equipment for several Town departments, computers and related equipment for the Board of Education. These lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Asset:		
Furniture, vehicle and equipment	\$	919,635
Less accumulated depreciation		<u>(634,547)</u>
Total	\$	<u><u>285,088</u></u>

The following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2015:

Fiscal Year Ending June 30

2016	\$	157,097
2017		87,377
2018		87,374
2019		22,853
2020		<u>17,141</u>
Total future minimum lease payments		371,842
Interest on future lease payments		<u>(22,898)</u>
Principal Balance of Future Minimum Payments	\$	<u><u>348,944</u></u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 11,660,000	\$ 18,100,000	\$ (1,570,000)	\$ 28,190,000	\$ 2,265,000
Issuance premium	550,896	1,195,841	(93,605)	1,653,132	
Total bonds payable	<u>12,210,896</u>	<u>19,295,841</u>	<u>(1,663,605)</u>	<u>29,843,132</u>	<u>2,265,000</u>
Capital leases	303,170	199,546	(153,772)	348,944	145,658
Net pension liability	4,856,735	89,291		4,946,026	
Compensated absences	4,210,947	547,172	(153,287)	4,604,832	454,296
Net OPEB obligation	<u>5,477,919</u>	<u>1,167,571</u>	<u></u>	<u>6,645,490</u>	<u></u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 27,059,667</u>	<u>\$ 21,299,421</u>	<u>\$ (1,970,664)</u>	<u>\$ 46,388,424</u>	<u>\$ 2,864,954</u>

Compensated absences are generally liquidated by the General Fund. Net pension liability and net OPEB obligation are liquidated by Pension Trust Fund and Other Post Employment Benefits Trust Fund, respectively.

Bonds payable amounting to \$28,190,000 are secured by the general revenue raising powers of the municipality. There are presently two issues outstanding that bear interest at rates ranging from 2% to 5% with annual maturities in varying amounts until 2034.

A summary of debt service requirements by year for long-term bonded debt is presented below:

<u>Fiscal Year Ending June 30</u>	<u>Principal Total</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 2,265,000	\$ 1,383,043	\$ 3,648,043
2017	2,250,000	946,338	3,196,338
2018	2,110,000	856,563	2,966,563
2019	2,055,000	770,387	2,825,387
2020	2,020,000	680,613	2,700,613
2021-2025	8,555,000	2,239,198	10,794,198
2026-2030	5,085,000	1,104,112	6,189,112
2031-2034	<u>3,850,000</u>	<u>297,189</u>	<u>4,147,189</u>
Total	<u>\$ 28,190,000</u>	<u>\$ 8,277,443</u>	<u>\$ 36,467,443</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

The Town is subject to the General Statutes of Connecticut, which limits the amount of debt outstanding at June 30, 2015 to the following:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 134,731,690	\$ 33,006,552	\$ 101,725,138
Schools	269,463,380	51,805,448	217,657,932
Sewers	224,552,816	34,600,773	189,952,043
Urban renewal	194,612,441		194,612,441
Pension deficit	179,642,253		179,642,253

Total debt outstanding may not exceed seven times annual receipts from taxation (\$419,165,257).

The Town is a member of the Metropolitan District Commission, a quasi-municipal corporation that provides water supply, sewerage collection and disposal facilities for members. Member towns are assessed a portion of the Metropolitan District's budget each year, based on the applicable town's property tax receipts. Total outstanding debt of the Metropolitan District Commission as of June 30, 2015 was \$601,752,572. The Town's share of the debt at June 30, 2015 was 5.75% or \$34,600,773. The estimated percentage is calculated based upon the proration of tax collection from the eight member towns.

Bonds authorized and unissued as of June 30, 2015 are summarized below:

	<u>Authorization</u>	<u>Bonds Issued</u>	<u>Self-Funded Pay Down</u>	<u>Bonds Authorized Unissued</u>
School improvements	\$ 54,957,000	\$ 15,812,800	\$ 40,000	\$ 39,104,200
Various improvements	45,725,000	28,207,200		17,517,800
Total	<u>\$ 100,682,000</u>	<u>\$ 44,020,000</u>	<u>\$ 40,000</u>	<u>\$ 56,622,000</u>

9. SHORT-TERM DEBT

The following is a summary of bond anticipation note activity for the year ended June 30, 2015:

<u>Project</u>	<u>Issue Date</u>	<u>Original Issue Amount</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Outstanding June 30, 2015</u>
High School Renovation	5/15/2014	\$ 2,000,000	0.50%	\$ 2,000,000	\$	\$ 2,000,000	\$ -
Land Acquisition	5/15/2014	2,100,000	0.50%	2,100,000		2,100,000	-
Road Improvement	5/15/2014	4,000,000	0.50%	4,000,000		4,000,000	-
High School Renovation	6/29/2015	13,500,000	1.25%		13,500,000		13,500,000
Road Improvement	6/29/2015	1,000,000	1.25%		1,000,000		1,000,000
							<u>\$ 14,500,000</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

11. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2015 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 8,884	\$ 8,884
Permanent funds			50,427	50,427
Restricted for:				
Parks, recreation and facilities grants			6,011	6,011
Community development grants			152,148	152,148
Public safety grants			992	992
General government grants			4,890	4,890
Committed to:				
General government			587,446	587,446
Library services			17,325	17,325
Public safety			72,608	72,608
Health and human services			163,913	163,913
Education			168,095	168,095
Debt service payments			1,195,841	1,195,841
Road improvements		1,424,267		1,424,267
Land acquisition		39,094		39,094
Other general government capital projects		2,806,452		2,806,452
Assigned to:				
Subsequent year's budget	621,705			621,705
Education - encumbrances	341,282			341,282
General government - encumbrances	11,148			11,148
Public works - encumbrances	1,842			1,842
Public safety - encumbrances	27,938			27,938
Parks, recreation and facilities - encumbr	35,002			35,002
Other capital projects- encumbrances	45,920			45,920
Unassigned	<u>5,204,034</u>	<u>(1,014,672)</u>	<u>(92,479)</u>	<u>4,096,883</u>
 Total Fund Balances	 <u>\$ 6,288,871</u>	 <u>\$ 3,255,141</u>	 <u>\$ 2,336,101</u>	 <u>\$ 11,880,113</u>

Encumbrances of \$463,132 and \$64,696, at June 30, 2015 are contained in the above table in the assigned and committed categories of the General Fund and Nonmajor Governmental Funds, respectively.

12. CONTINGENT LIABILITIES

A number of claims are presently pending against the Town. It is the opinion of management and legal counsel that the final settlement of these matters will not have a material adverse effect on the financial condition of the Town.

13. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The Town provides postretirement health care benefits for Town and Board of Education employees, in accordance with various labor and personnel contracts, to employees meeting specific service and age requirements. The postretirement health care benefits program is considered to be part of the Town’s financial reporting entity and is included in the Town’s financial report as the Other Post Employment Benefits Trust Fund. The Town does not issue stand-alone financial statements for this program. The Town and Board of Education postretirement health care benefits plans are single-employer defined benefit plans administered by the Town.

At July 1, 2014, plan membership consisted of the following:

	Town Plan	Board of Education Plan
	<u> </u>	<u> </u>
Active plan members	107	284
Retired members	<u>42</u>	<u>25</u>
Total Participants	<u>149</u>	<u>309</u>

B. Funding Policy

The Town’s funding and payment of postemployment benefits for the year ended June 30, 2015 are accounted for in the Other Post Employment Benefits Trust Fund. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

C. Annual OPEB Cost and Net OPEB Obligations

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

	Town Retiree Healthcare Plan	Board of Education Retiree Healthcare Plan
Annual required contribution (ARC)	\$ 1,634,879	\$ 180,143
Interest on net OPEB obligation	213,875	5,242
Adjustment to annual required contribution	<u>(258,980)</u>	<u>(8,388)</u>
Annual OPEB cost	1,589,774	176,997
Contributions made	<u>(538,384)</u>	<u>(60,816)</u>
Change in net OPEB obligation	1,051,390	116,181
Net OPEB obligation at beginning of year	<u>5,346,887</u>	<u>131,032</u>
 Net OPEB Obligation at End of Year	 <u>\$ 6,398,277</u>	 <u>\$ 247,213</u>

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

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (asset) for the last three fiscal years is presented below.

Town Employees				
Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2013	\$ 1,538,238	\$ 422,470	27.5%	\$ 4,198,427
6/30/2014	1,621,435	472,975	29.2	5,346,887
6/30/2015	1,589,774	538,384	33.9	6,398,277
Board of Education Employees				
Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2013	\$ 158,533	\$ 103,148	65.3%	\$ 26,356
6/30/2014	163,936	59,260	36.1	131,032
6/30/2015	176,997	60,816	34.3	247,213

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

D. Schedule of Funding Progress

Town Employees						
Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/10	\$ 181,020	\$ 11,414,937	\$ (11,233,917)	1.6%	\$ 9,162,154	(122.61%)
7/1/12	321,287	13,948,210	(13,626,923)	2.3	9,832,453	(138.6)
7/1/14	721,148	16,225,361	(15,504,213)	4.4	9,515,627	(162.9)

Board of Education Employees						
Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/10	\$ -	\$ 1,319,431	\$ (1,319,431)	0.0%	N/A	N/A
7/1/12	-	1,296,253	(1,296,253)	0.0	N/A	N/A
7/1/14	-	1,471,384	(1,471,384)	0.0	N/A	N/A

*Data is only presented for three years because there are only three evaluations done since implementing the standard.

E. Schedule of Employer Contributions

Town Employees		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 995,621	17.7%
2011	1,154,905	24.8
2012	1,180,473	27.1
2013	1,557,365	20.7
2014	1,653,224	28.6
2015	1,634,879	32.9

Board of Education Employees		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 163,928	94.8%
2011	136,648	115.3
2012	154,814	110.9
2013	157,897	65.3
2014	164,998	35.9
2015	180,143	33.7

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The annual required contribution (ARC) reflects a 30-year open period, level amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 4% interest rate of return on investments, 2.5% inflation rate, participant annual salary increase of 3.5% and annual payroll growth rate of 2.5%. The annual healthcare cost trend rate is 9% initially with an ultimate rate of 5.0%.

F. Other Postemployment Healthcare Benefit Trust Funds

The Town maintains two postretirement health care benefit plans. The following schedules present the net position held in trust for other postemployment benefits at June 30, 2015 and changes in net position for the year then ended.

	Town Retiree Healthcare Plan	Board of Education Retiree Healthcare Plan	Total Healthcare Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Investments	\$ 736,796	\$	\$ 736,796
Accounts receivable	150,000		150,000
Total assets	<u>886,796</u>	<u>-</u>	<u>886,796</u>
Net Position:			
Reserved for OPEB Benefits	<u>\$ 886,796</u>	<u>\$ -</u>	<u>\$ 886,796</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

	<u>Town Retiree Healthcare Plan</u>	<u>Board of Education Retiree Healthcare Plan</u>	<u>Total Healthcare Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ 538,384	\$ 60,816	\$ 599,200
Investment income:			
Net depreciation in fair value of investments	(40,165)		(40,165)
Interest and dividends	62,370		62,370
Total investment income	22,205	-	22,205
Less investment expense	6,557		6,557
Net investment income	15,648	-	15,648
Total additions	554,032	60,816	614,848
Deductions:			
Benefit payments	388,384	60,816	449,200
Net increase	165,648	-	165,648
Net Position Held in Trust for OPEB Benefits at Beginning of Year	721,148	-	721,148
Net Position Held in Trust for OPEB Benefits at End of Year	\$ 886,796	\$ -	\$ 886,796

14. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Town Pension Plans

A. Plan Description and Benefits Provided

The Town is the administrator of four single-employer Public Retirement Systems (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS are considered to be part of the Town's financial reporting entity and are included in the Town's financial reports as Pension Trust Funds. The PERS do not issue stand-alone financial statements. The authority of the Town Council established these plans.

The overall responsibility for all four pension plans rest with the Town Council, which consists of nine publicly elected officials. The management duties of these four pension plans rest with the Trustee, which is the Town Manager. To assist and guide the Trustee in the interpretation and administration of three of the plans, the Town Manager appoints members to a Pension Committee for each plan to serve without compensation and meet on a regular schedule basis and/or on an as need basis. The makeup of the pension committee for each plan is as follows:

- General Employees - at least five members are appointed;

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

- Police Officers - at least three members are appointed;
- Firefighters - at least five members are appointed;

For the Ambulance plan, the Town Manager functions as the plan administrator. The primary responsibility of the administrator is to administer the Ambulance Plan for the benefit of the participants and their beneficiaries.

The PERS membership, as of the latest actuarial valuation, consisted of the following:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>
Retirees and beneficiaries currently receiving benefits	134	23	23	9
Terminated plan members entitled to benefits but not yet receiving them	18		107	6
Current employees:				
Vested	131	23	47	44
Nonvested	41	9	18	
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>324</u>	<u>55</u>	<u>195</u>	<u>59</u>

The Town's General Employee Pension System covers all full-time employees not covered under one of the other plans. Employees become participants on the first of September coinciding with or the next September following their completion of six full months of continuous service and attainment of age 18. The normal retirement date is the first day of the month coinciding with age 62 with 5 years of participation. The retirement benefit is 1.25% of average monthly earnings plus .6% of average monthly earnings in excess of \$650, all multiplied by years of credited service (to a maximum of 30 years). Certain employees designated by the Town Council shall receive 1.5% of average monthly earnings plus .6% of average monthly earnings in excess of \$500, all multiplied by years of credited service (to a maximum of 30 years). Average monthly earnings are the employee's earnings averaged for the highest five years of employment with the Town. The employee's rate of contribution is 3% of earnings.

The Town's Police Officers Pension System covers all full-time police officers. Employees become participants on the first of September coinciding with or next following their completion of six full months of continuous service and attainment of age 21. The normal retirement date is the first day of the month coinciding with age 45 with 25 years of continuous service, but no later than age 65. The retirement benefit is 2.8% of average monthly earnings multiplied by years of credited service (to a maximum of 25 years). Average monthly earnings are the employee's earnings averaged for the highest three years of employment with the Town. The employee's rate of contribution is 7% of earnings; however, any employee who has been a participant for 25 years shall no longer be required to make a contribution.

**TOWN OF ROCKY HILL, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

The Town's Firefighters Pension System covers all volunteer firefighters who have not attained age 42 at their first day of service. Employees become participants on the first day of service or, if later, attainment of age 19. The normal retirement date is the first day of the month coinciding with age 62 with 20 years of service. The retirement benefit shall be in accordance with the schedule below plus \$5 per month for each year of service in excess of 20 years:

<u>Service Years</u>	<u>Amount</u>
10 years	\$ 50
11 years - 14 years	75
15 years - 19 years	100
20 years or more	315

The Town's Ambulance Pension System covers all volunteer ambulance personnel who perform emergency medical services, administration, public relations or other related duties for the Town. All participants become eligible at the minimum age of 19. The normal retirement date of the plan is the first month following the participant's 62nd birthday or the 5th anniversary of joining the plan, if later. A participant who has reached normal retirement date shall be entitled to receive a retirement according to the following schedule plus \$5 for each year in excess of 20 years:

<u>Service Years</u>	<u>Monthly Benefit</u>
At least 10 years	\$ 50
11 years - 14 years	75
15 years - 19 years	100
20 years or more	315 (plus \$5.00 for each year in excess of 20)

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the four defined benefit pension plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

C. Funding Status and Progress

Employees covered under the General Employees and Police Officers plans are required to contribute 3% and 7% of earnings, respectively, to the PERS. The Firefighters and Ambulance plans are noncontributory. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees. The Town Council is the authoritative body governing all plans. Administrative costs for the General Employees, Police Officers and Firefighters plans are financed by each plan. Administrative costs for the Ambulance Pension plan are financed by the General Fund.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

D. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2015:

General Employees, Police Officers and Firefighters Plans:

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>General Employee's & Police Officers</u>	<u>Firefighters</u>
US Equity - Large Cap	20%	30%
US Equity - Small/Mid-Cap	30%	35%
Non-US Equity - Developed	20%	15%
US Treasuries (Cash Equivalents)	30%	20%

Ambulance:

<u>Asset Class</u>	<u>Target Allocation</u>
Mutual funds	100.00%

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for the General Employees, Police Officers, Firefighters and Ambulance pension plans are presented in the table below. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	<u>Annual Money-Weighted Rate of Return</u>
General Employee's	3.20%
Police Officers	3.21%
Firefighters	4.07%
Ambulance	3.97%

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Deferred Retirement Option Program (DROP)

The Police Officers Pension System offers a Deferred Retirement Option Program (DROP) to its bargaining unit employees upon completing the 25th year of service until the completion of 29 years of service. The DROP is intended to provide an alternative retirement option to police employees who are eligible to retire. An employee is considered eligible upon completing the 25th year of service until the completion of 29 years of service. During the DROP period, pension payments will be made monthly equal to 96% of the accrued benefit. Amounts held by the Police Officers Pension System DROP investments at June 30, 2015 were \$82,196.

E. Net Pension Liability (Asset) of the Town

The components of the net pension liability (asset) of the Town at June 30, 2015, were as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>
Total pension liability	\$ 39,797,353	\$ 20,600,592	\$ 1,460,604	\$ 519,540
Plan fiduciary net position	<u>35,097,376</u>	<u>21,979,832</u>	<u>1,214,555</u>	<u>688,139</u>
Net Pension Liability (Asset)	<u>\$ 4,699,977</u>	<u>\$ (1,379,240)</u>	<u>\$ 246,049</u>	<u>\$ (168,599)</u>
Plan fiduciary net position as a percentage of the total pension liability	88.19%	106.70%	83.15%	132.45%

Actuarial Assumptions

The Town's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation date as listed below using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>
Actuarial Valuation Date	9-1-14	9-1-14	7-1-14	7-1-14
Actuarial Assumptions:				
Investment rate of return	7.5%	7.5%	7.5%	7.5%
Projected salary increases	5.0%	5.0%	5.0%	N/A
Inflation	2.25%	2.25%	2.25%	0.0%
Mortality	IRS Combined Static Mortality Table 2014	SOA RP- 2014 Total Dataset Mortality with MP- 2014 Scaling	SOA RP- 2014 Total Dataset Mortality with MP- 2014 Scaling	1983 Group Annuity Mortality Table

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

The long-term expected rate of return on pension 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 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following tables:

General Employees / Police Officers / Firefighters	
Asset Class	Long-Term Expected Rate of Return
US Equity - Large Cap	7.81%
US Equity - Small/Mid-Cap	8.18%
Non-US Equity - Developed	8.07%
US Treasuries (Cash Equivalents)	3.11%

Ambulance	
Asset Class	Long-Term Expected Rate of Return
Mutual funds	7.50%

Discount Rate

The discount rate used to measure the total pension liabilities were as follows:

	Discount Rate
General Employee's	7.50%
Police Officers	7.50%
Firefighters	7.50%
Ambulance	6.50%

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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

F. Changes in Net Pension Liability

General Employees' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2014	\$ 38,629,488	\$ 33,936,966	\$ 4,692,522
Changes for the year:			
Service cost	1,035,972		1,035,972
Interest on total pension liability	2,914,496		2,914,496
Differences between expected and actual experience	(1,141,889)		(1,141,889)
Employer contributions		1,462,942	(1,462,942)
Employee contributions		301,208	(301,208)
Net investment income		1,066,924	(1,066,924)
Benefit payments, including refund to employee contributions	(1,640,714)	(1,640,714)	-
Administrative expenses		(29,950)	29,950
Net changes	<u>1,167,865</u>	<u>1,160,410</u>	<u>7,455</u>
Balances as of June 30, 2015	<u>\$ 39,797,353</u>	<u>\$ 35,097,376</u>	<u>\$ 4,699,977</u>

Police Officers' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2014	\$ 20,363,174	\$ 21,632,355	\$ (1,269,181)
Changes for the year:			
Service cost	455,914		455,914
Interest on total pension liability	1,524,104		1,524,104
Changes of benefit terms	(794,661)		(794,661)
Differences between expected and actual experience	(487,985)		(487,985)
Changes in assumptions	553,775		553,775
Employer contributions		523,044	(523,044)
Member contributions		182,435	(182,435)
Net investment income		683,677	(683,677)
Benefit payments, including refund to employee contributions	(1,013,729)	(1,013,729)	-
Administrative expenses		(27,950)	27,950
Net changes	<u>237,418</u>	<u>347,477</u>	<u>(110,059)</u>
Balances as of June 30, 2015	<u>\$ 20,600,592</u>	<u>\$ 21,979,832</u>	<u>\$ (1,379,240)</u>

Amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the SOA RP-2014 Total Dataset Mortality with MP-2014 Scaling for the purpose of developing mortality rates.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Firefighters' Pension Plan

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2014	\$ 1,327,127	\$ 1,162,914	\$ 164,213
Changes for the year:			
Service cost	18,274		18,274
Interest on total pension liability	98,621		98,621
Differences between expected and actual experience	(23,854)		(23,854)
Changes in assumptions	102,470		102,470
Employer contributions		76,500	(76,500)
Net investment income		46,075	(46,075)
Benefit payments, including refund to employee contributions	(62,034)	(62,034)	-
Administrative expenses		(8,900)	8,900
Net changes	<u>133,477</u>	<u>51,641</u>	<u>81,836</u>
Balances as of June 30, 2015	<u>\$ 1,460,604</u>	<u>\$ 1,214,555</u>	<u>\$ 246,049</u>

Amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the SOA RP-2014 Total Dataset Mortality with MP-2014 Scaling for the purpose of developing mortality rates.

Volunteer Ambulance Pension Plan

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2014	\$ 523,688	\$ 678,752	\$ (155,064)
Changes for the year:			
Service cost	12,451		12,451
Interest on total pension liability	33,110		33,110
Differences between expected and actual experience	(22,659)		(22,659)
Employer contributions		10,000	(10,000)
Net investment income		27,187	(27,187)
Benefit payments, including refund to employee contributions	(27,050)	(27,050)	-
Administrative expenses		(750)	750
Net changes	<u>(4,148)</u>	<u>9,387</u>	<u>(13,535)</u>
Balances as of June 30, 2015	<u>\$ 519,540</u>	<u>\$ 688,139</u>	<u>\$ (168,599)</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

The following presents the net pension liability of the General Employees, Police Officers, Firefighters and Ambulance pension plans, calculated using the discount rate of 7.50%, 7.50%, 7.50% and 6.50%, respectively, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%, 6.50%, 6.50% and 5.50%, respectively) or 1 percentage point higher (8.50%, 8.50%, 8.50% and 7.50%, respectively) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
General Employees Net Pension Liability	\$ 8,896,544	\$ 4,699,977	\$ 1,089,344
Police Officer's Net Pension Liability (Asset)	1,265,788	(1,379,240)	(3,559,728)
Firefighters Net Pension Liability	454,144	246,049	77,148
Ambulance Net Pension Asset	(109,626)	(168,599)	(219,879)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Town recognized pension expense (revenue) of \$1,244,278, \$(384,269), \$64,881 and \$(19,323) for the General Employees, Police Officers, Firefighters and Volunteer Ambulance pension plans, respectively. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>General Employees</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,142,338	\$
Net difference between projected and actual earning on pension plan investments	<u> </u>	<u>916,219</u>
Total	<u>\$ 1,142,338</u>	<u>\$ 916,219</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

	Police Officers	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$		\$ 416,538
Changes of assumptions	472,695	
Net difference between projected and actual earning on pension plan investments	<u>741,097</u>	
Total	<u>\$ 1,213,792</u>	<u>\$ 416,538</u>

	Firefighters	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$		\$ 18,319
Changes of assumptions	78,695	
Net difference between projected and actual earning on pension plan investments	<u>33,080</u>	
Total	<u>\$ 111,775</u>	<u>\$ 18,319</u>

	Ambulance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$		\$ 42,127
Net difference between projected and actual earning on pension plan investments	<u>18,117</u>	<u>42,326</u>
Total	<u>\$ 18,117</u>	<u>\$ 84,453</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>
2016	\$ 59,914	\$ 194,907	\$ 26,510	\$ (11,420)
2017	59,914	194,907	26,510	(11,420)
2018	59,914	194,907	26,510	(11,422)
2019	59,916	194,907	13,926	2,688
2020	(13,539)	9,633		(1,841)
Thereafter		7,995		(32,921)

G. Pension Plan Fiduciary Net Position

	<u>Pension Trust Funds</u>				
	<u>General Employees' Pension Plan</u>	<u>Police Pension Plan</u>	<u>Firefighters' Pension Plan</u>	<u>Volunteer Ambulance Pension Plan</u>	<u>Total Pension Trust Funds</u>
Assets:					
Investments	\$ 35,097,376	\$ 21,979,832	\$ 1,214,555	\$ 688,139	\$ 58,979,902
Net Position:					
Reserved for Pension Plan Benefits	\$ 35,097,376	\$ 21,979,832	\$ 1,214,555	\$ 688,139	\$ 58,979,902

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

H. Changes in Pension Net Position

	Pension Trust Funds				
	General Employees' Pension Plan	Police Pension Plan	Firefighters' Pension Plan	Volunteer Ambulance Pension Plan	Total Pension Trust Funds
Additions:					
Contributions:					
Employer	\$ 1,462,942	\$ 523,044	\$ 76,500	\$ 10,000	\$ 2,072,486
Employee	301,208	182,435			483,643
Total contributions	<u>1,764,150</u>	<u>705,479</u>	<u>76,500</u>	<u>10,000</u>	<u>2,556,129</u>
Investment income:					
Net appreciation in fair value of investments	871,905	570,312	42,152	24,327	1,508,696
Interest and dividends	332,057	204,637	9,526	5,833	552,053
Total investment income	<u>1,203,962</u>	<u>774,949</u>	<u>51,678</u>	<u>30,160</u>	<u>2,060,749</u>
Less investment expense	137,038	91,272	5,603	2,973	236,886
Net investment income	<u>1,066,924</u>	<u>683,677</u>	<u>46,075</u>	<u>27,187</u>	<u>1,823,863</u>
Total additions	<u>2,831,074</u>	<u>1,389,156</u>	<u>122,575</u>	<u>37,187</u>	<u>4,379,992</u>
Deductions:					
Benefit payments	1,632,634	1,013,729	62,034	27,050	2,735,447
Other expenses	29,950	27,950	8,900	750	67,550
Refunds	8,080				8,080
Total deductions	<u>1,670,664</u>	<u>1,041,679</u>	<u>70,934</u>	<u>27,800</u>	<u>2,811,077</u>
Net increase	1,160,410	347,477	51,641	9,387	1,568,915
Net Position Held in Trust for Pension Benefits at Beginning of Year	<u>33,936,966</u>	<u>21,632,355</u>	<u>1,162,914</u>	<u>678,752</u>	<u>57,410,987</u>
Net Position Held in Trust for Pension Benefits at End of Year	<u>\$ 35,097,376</u>	<u>\$ 21,979,832</u>	<u>\$ 1,214,555</u>	<u>\$ 688,139</u>	<u>\$ 58,979,902</u>

Teachers' Retirement System

A. 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 multiple-employer 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.

B. 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 3 years of highest salary).

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 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.

C. 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.

Employees

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

**TOWN OF ROCKY HILL, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

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

At June 30, 2015, 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	<u>47,810,191</u>
Total	<u>\$ 47,810,191</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2015, the Town recognized pension expense and revenue of \$3,587,131 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.0%
Total	100.0%	

F. Discount Rate

The discount rate used to measure the total pension liability was 8.50%. 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.

G. 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.

H. 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 ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

15. DEFINED CONTRIBUTION PLAN

The Town provides pension benefits for its employees through a defined contribution plan, dependent on date of hire. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Town matches contributions into the plan on a discretionary basis. Town matching contributions were \$11,017 for the year ended June 30, 2015.

16. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27:

Net position balance at June 30, 2014, as previously reported \$ 31,537,233

Adjustments:

Eliminate net pension obligation reported per GASB No. 27	1,773,485
Eliminate net pension assets reported per GASB No. 27	(101,357)
Record starting net pension liability per GASB No. 68	(4,856,735)
Record starting net pension asset per GASB No. 68	<u>1,424,245</u>

Net Position Balance at July 1, 2014, as Restated \$ 29,776,871

**Required
Supplementary Information**

**TOWN OF ROCKY HILL, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Revenues from property taxes	\$ 59,237,002	\$ 59,237,002	\$ 59,564,303	\$ 327,301
Interest and liens fees	225,000	225,000	275,741	50,741
Total property taxes	<u>59,462,002</u>	<u>59,462,002</u>	<u>59,840,044</u>	<u>378,042</u>
Intergovernmental:				
Education:				
Education Cost Sharing Grant	3,587,753	3,587,753	3,588,811	1,058
School bond interest subsidy	283,000	283,000	96,822	(186,178)
School Building Construction Grants			55,966	55,966
Transportation	67,669	67,669	68,151	482
Total education	<u>3,938,422</u>	<u>3,938,422</u>	<u>3,809,750</u>	<u>(128,672)</u>
Other:				
Reimbursement - elderly, veterans and disability exemptions	119,344	119,344	132,229	12,885
State tax-exempt property - in lieu of taxes and Tobacco Grant	932,864	932,864	933,775	911
LOCIP and Town Aid Road	664,781	664,781	439,149	(225,632)
Pequot Grant	282,229	282,229	277,888	(4,341)
Municipal revenue sharing	48,507	48,507	208,037	159,530
Miscellaneous grants	51,423	51,423	46,227	(5,196)
Total other	<u>2,099,148</u>	<u>2,099,148</u>	<u>2,037,305</u>	<u>(61,843)</u>
Total intergovernmental	<u>6,037,570</u>	<u>6,037,570</u>	<u>5,847,055</u>	<u>(190,515)</u>
Licenses and permits:				
Building Department	500,000	500,000	773,973	273,973
Business licenses	3,000	3,000	2,376	(624)
Land Use Commission	20,000	20,000	15,809	(4,191)
Animal licenses	2,000	2,000	439	(1,561)
Other licenses and permits	8,000	8,000	6,739	(1,261)
Total licenses and permits	<u>533,000</u>	<u>533,000</u>	<u>799,336</u>	<u>266,336</u>
Investment income:				
Interest from investments	<u>21,000</u>	<u>21,000</u>	<u>80,802</u>	<u>59,802</u>

(Continued on next page)

TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services:				
Real estate conveyance tax	\$ 255,000	\$ 255,000	\$ 371,967	\$ 116,967
Recording - legal instruments	65,000	65,000	117,066	52,066
Police charges	300,000	300,000	435,055	135,055
Recreation admission and fees	65,000	65,000	15,100	(49,900)
Vital statistics	25,000	25,000	29,067	4,067
Library fines and fees	10,000	10,000	11,625	1,625
Fire charges	1,000	1,000	4,649	3,649
All other	40,000	40,000	46,955	6,955
Total charges for services	<u>761,000</u>	<u>761,000</u>	<u>1,031,484</u>	<u>270,484</u>
Fines, forfeitures and penalties:				
Parking fines	<u>11,000</u>	<u>11,000</u>	<u>18,028</u>	<u>7,028</u>
Other revenues:				
Telephone access lines	60,000	60,000	85,596	25,596
Refunds and recoveries	20,000	20,000	62,669	42,669
Transit District	8,958	8,958	7,900	(1,058)
Sale of assets	3,000	3,000	2,250	(750)
Housing Authority PILOT	20,000	20,000	21,876	1,876
Recycling revenue	80,000	80,000	58,212	(21,788)
Health insurance - COBRA	65,000	65,000	70,670	5,670
Health insurance - employee co-pay	300,000	300,000	275,879	(24,121)
Workers comp insurance	20,000	20,000	18,049	(1,951)
Lease - Comm Towers	170,000	170,000	200,752	30,752
Other revenues	86,346	86,346	58,308	(28,038)
Total other revenues	<u>833,304</u>	<u>833,304</u>	<u>862,161</u>	<u>28,857</u>
Total Revenues	67,658,876	67,658,876	68,478,910	820,034
Other financing sources:				
Use of Fund Balance	<u>914,733</u>	<u>914,733</u>		<u>(914,733)</u>
Total	<u>\$ 68,573,609</u>	<u>\$ 68,573,609</u>	68,478,910	<u>\$ (94,699)</u>
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			3,587,131	
Cancellation of prior year encumbrances are recognized as budgetary revenue			<u>(46,850)</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 72,019,191</u>	

**TOWN OF ROCKY HILL, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
Mayor and Town Council	\$ 50,011	\$ 50,011	\$ 45,313	\$ 4,698
Town Manager	289,276	238,051	200,944	37,107
Personnel Administration	56,100	56,100	124,794	(68,694)
Finance and Accounting	489,903	500,523	511,289	(10,766)
Tax Assessor	308,244	329,174	322,579	6,595
Tax Collector	251,777	254,307	222,841	31,466
Central Services	84,272	84,272	84,690	(418)
Legal expenditures	254,000	254,000	267,914	(13,914)
Probate Court	31,600	31,600	30,122	1,478
Registrars of Voters	87,600	87,600	81,493	6,107
Town Clerk	273,637	273,637	218,114	55,523
Open Space and Conservation Commission	6,058			-
Planning Boards and Commissions	6,750			-
Town Planner	147,304	156,054	154,152	1,902
Economic Development	98,070	106,235	105,145	1,090
Total general government	<u>2,434,602</u>	<u>2,421,564</u>	<u>2,369,390</u>	<u>52,174</u>
Public safety:				
Police	4,902,797	5,009,432	5,005,827	3,605
Fire Department	1,047,517	1,052,967	1,063,815	(10,848)
Building Department	248,083	253,333	246,231	7,102
Volunteer Ambulance Association	143,794	143,794	143,416	378
Total public safety	<u>6,342,191</u>	<u>6,459,526</u>	<u>6,459,289</u>	<u>237</u>
Public works:				
Highway Department	2,157,772	2,198,556	2,180,076	18,480
Engineering	434,712	448,567	457,787	(9,220)
Sanitation	3,230,631	3,293,387	3,302,491	(9,104)
Total public works	<u>5,823,115</u>	<u>5,940,510</u>	<u>5,940,354</u>	<u>156</u>
Health and human services:				
Public Health	97,000	97,000	96,869	131
Human Services	451,810	459,030	436,273	22,757
Total health and human services	<u>548,810</u>	<u>556,030</u>	<u>533,142</u>	<u>22,888</u>
Parks, recreation and facilities:				
Parks and Recreation	1,615,471	1,624,380	1,555,782	68,598
Facilities	2,677,691	2,662,097	2,534,224	127,873
Total parks, recreation and facilities	<u>4,293,162</u>	<u>4,286,477</u>	<u>4,090,006</u>	<u>196,471</u>
Library services:				
Cora Belden Public Library	934,446	934,446	929,171	5,275

(Continued on next page)

**TOWN OF ROCKY HILL, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous:				
Insurance - employee benefits	\$ 6,000,168	\$ 5,805,427	\$ 5,764,079	\$ 41,348
Insurance - property and liability	1,282,737	1,190,737	1,166,826	23,911
Contingency	889,000	466,814	454,491	12,323
Miscellaneous	14,122	14,122	7,049	7,073
Total miscellaneous	<u>8,186,027</u>	<u>7,477,100</u>	<u>7,392,445</u>	<u>84,655</u>
Capital outlays:				
Capital outlay - Town	<u>2,631,827</u>	<u>1,878,952</u>	<u>1,873,704</u>	<u>5,248</u>
Debt service:				
Debt redemption - principal	1,570,000	1,570,000	1,570,000	-
Debt redemption - interest	<u>488,526</u>	<u>444,526</u>	<u>392,439</u>	<u>52,087</u>
Total debt service	<u>2,058,526</u>	<u>2,014,526</u>	<u>1,962,439</u>	<u>52,087</u>
Board of Education	<u>35,320,903</u>	<u>35,198,976</u>	<u>35,198,976</u>	<u>-</u>
Transfer to other funds		<u>1,405,502</u>	<u>1,405,502</u>	<u>-</u>
Total	<u>\$ 68,573,609</u>	<u>\$ 68,573,609</u>	68,154,418	<u>\$ 419,191</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			3,587,131	
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			<u>127,622</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 71,869,171</u>	

TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES
LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2015</u>
Total pension liability:		
Service cost	\$ 1,048,535	\$ 1,035,972
Interest	2,669,474	2,914,496
Differences between expected and actual experience		(1,141,889)
Benefit payments, including refunds of member contributions	<u>(1,338,800)</u>	<u>(1,640,714)</u>
Net change in total pension liability	2,379,209	1,167,865
Total pension liability - beginning	<u>36,250,279</u>	<u>38,629,488</u>
Total pension liability - ending	<u>38,629,488</u>	<u>39,797,353</u>
Plan fiduciary net position:		
Contributions - employer	1,462,942	1,462,942
Contributions - member	299,540	301,208
Net investment income	5,400,306	1,066,924
Benefit payments, including refunds of member contributions	(1,338,800)	(1,640,714)
Administrative expense	<u>(15,100)</u>	<u>(29,950)</u>
Net change in plan fiduciary net position	5,808,888	1,160,410
Plan fiduciary net position - beginning	<u>28,128,078</u>	<u>33,936,966</u>
Plan fiduciary net position - ending	<u>33,936,966</u>	<u>35,097,376</u>
Town's Net Pension Liability - Ending	\$ <u>4,692,522</u>	\$ <u>4,699,977</u>
Plan fiduciary net position as a percentage of the total pension liability	87.85%	88.19%
Covered-employee payroll	\$ 9,418,330	\$ 9,669,472
Town's net pension liability as a percentage of covered-employee payroll	49.82%	48.61%

TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
POLICE OFFICERS
LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2015</u>
Total pension liability:		
Service cost	\$ 387,545	\$ 455,914
Interest	1,424,973	1,524,104
Changes of benefit terms		(794,661)
Differences between expected and actual experience		(487,985)
Changes of assumptions		553,775
Benefit payments, including refunds of member contributions	<u>(882,022)</u>	<u>(1,013,729)</u>
Net change in total pension liability	930,496	237,418
Total pension liability - beginning	<u>19,432,678</u>	<u>20,363,174</u>
Total pension liability - ending	<u>20,363,174</u>	<u>20,600,592</u>
Plan fiduciary net position:		
Contributions - employer	571,380	523,044
Contributions - member	152,513	182,435
Net investment income	3,540,920	683,677
Benefit payments, including refunds of member contributions	(882,022)	(1,013,729)
Administrative expense	<u>(11,800)</u>	<u>(27,950)</u>
Net change in plan fiduciary net position	3,370,991	347,477
Plan fiduciary net position - beginning	<u>18,261,364</u>	<u>21,632,355</u>
Plan fiduciary net position - ending	<u>21,632,355</u>	<u>21,979,832</u>
Town's Net Pension Asset - Ending	<u>\$ (1,269,181)</u>	<u>\$ (1,379,240)</u>
Plan fiduciary net position as a percentage of the total pension liability	106.23%	106.70%
Covered-employee payroll	\$ 2,028,338	\$ 2,446,151
Town's net pension liability as a percentage of covered-employee payroll	-62.57%	-56.38%

Notes to Schedule

Changes of assumptions. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the SOA RP-2014 Total Dataset Mortality with MP-2014 Scaling for the purpose of developing mortality rates.

TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS
LAST FISCAL TWO YEARS

	<u>2014</u>	<u>2015</u>
Total pension liability:		
Service cost	\$ 18,274	\$ 18,274
Interest	93,504	98,621
Differences between expected and actual experience		(23,854)
Changes of assumptions		102,470
Benefit payments, including refunds of member contributions	<u>(61,619)</u>	<u>(62,034)</u>
Net change in total pension liability	50,159	133,477
Total pension liability - beginning	<u>1,276,968</u>	<u>1,327,127</u>
Total pension liability - ending	<u>1,327,127</u>	<u>1,460,604</u>
Plan fiduciary net position:		
Contributions - employer	76,500	76,500
Net investment income	198,508	46,075
Benefit payments, including refunds of member contributions	(61,619)	(62,034)
Administrative expense	<u>(5,500)</u>	<u>(8,900)</u>
Net change in plan fiduciary net position	207,889	51,641
Plan fiduciary net position - beginning	<u>955,025</u>	<u>1,162,914</u>
Plan fiduciary net position - ending	<u>1,162,914</u>	<u>1,214,555</u>
Town's Net Pension Liability - Ending	<u>\$ 164,213</u>	<u>\$ 246,049</u>
Plan fiduciary net position as a percentage of the total pension liability	87.63%	83.15%
Covered-employee payroll *	\$ N/A	\$ N/A
Town's net pension liability as a percentage of covered-employee payroll *	N/A	N/A

* Pay for volunteer firefighters is not available

Notes to Schedule

Changes of assumptions. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the SOA RP-2014 Total Dataset Mortality with MP-2014 Scaling for the purpose of developing mortality rates.

TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
AMBULANCE
LAST FISCAL TWO YEARS

	<u>2014</u>	<u>2015</u>
Total pension liability:		
Service cost	\$ 11,777	\$ 12,451
Interest	34,346	33,110
Differences between expected and actual experience	(24,908)	(22,659)
Benefit payments, including refunds of member contributions	<u>(25,920)</u>	<u>(27,050)</u>
Net change in total pension liability	(4,705)	(4,148)
Total pension liability - beginning	<u>528,393</u>	<u>523,688</u>
Total pension liability - ending	<u>523,688</u>	<u>519,540</u>
Plan fiduciary net position:		
Contributions - employer	28,419	10,000
Net investment income	112,461	27,187
Benefit payments, including refunds of member contributions	(25,920)	(27,050)
Administrative expense	<u>(1,250)</u>	<u>(750)</u>
Net change in plan fiduciary net position	113,710	9,387
Plan fiduciary net position - beginning	<u>565,042</u>	<u>678,752</u>
Plan fiduciary net position - ending	<u>678,752</u>	<u>688,139</u>
Town's Net Pension Asset - Ending	<u>\$ (155,064)</u>	<u>\$ (168,599)</u>
Plan fiduciary net position as a percentage of the total pension liability	129.61%	132.45%
Covered-employee payroll *	N/A	N/A
Town's net pension liability as a percentage of covered-employee payroll *	N/A	N/A

* Pay for volunteer ambulance is not available

**TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,009,123	\$ 1,183,469	\$ 1,183,469	\$ 1,023,081	\$ 1,023,081	\$ 1,203,931	\$ 1,203,931	\$ 1,461,942	\$ 1,461,942	\$ 1,421,628
Contributions in relation to the actuarially determined contribution	636,124	1,009,124	1,183,469	1,183,470	1,023,081	1,023,081	1,203,931	1,450,207	1,462,942	1,462,942
Contribution Deficiency (Excess)	\$ <u>372,999</u>	\$ <u>174,345</u>	\$ <u>-</u>	\$ <u>(160,389)</u>	\$ <u>-</u>	\$ <u>180,850</u>	\$ <u>-</u>	\$ <u>11,735</u>	\$ <u>(1,000)</u>	\$ <u>(41,314)</u>
Covered-employee payroll	\$ 7,116,916	\$ 8,031,693	\$ 8,031,693	\$ 8,474,681	\$ 8,474,681	\$ 9,046,134	\$ 9,046,134	\$ 9,418,330	\$ 9,418,330	\$ 9,669,472
Contributions as a percentage of covered-employee payroll	8.94%	12.56%	14.73%	13.96%	12.07%	11.31%	13.31%	15.40%	15.53%	15.13%

Notes to Schedule

Valuation date: September 1, 2014
 Measurement date: June 30, 2015
 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 dollar payment
Remaining amortization period	30 years
Asset valuation method	5-year asset average, subject to a 20% corridor around the market value of assets
Inflation	2.25%
Salary increases	5.00%
Investment rate of return	7.5%, net of pension plan investment expenses
Retirement age	Normal Retirement Age
Mortality	IRS Combined Static Mortality Table for 2014

**TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 485,918	\$ 686,764	\$ 686,764	\$ 686,764	\$ 704,704	\$ 704,704	\$ 769,584	\$ 571,380	\$ 571,380	\$ 484,928
Contributions in relation to the actuarially determined contribution	<u>345,418</u>	<u>485,918</u>	<u>686,764</u>	<u>686,764</u>	<u>704,704</u>	<u>704,704</u>	<u>769,584</u>	<u>769,584</u>	<u>571,380</u>	<u>523,044</u>
Contribution Deficiency (Excess)	<u>\$ 140,500</u>	<u>\$ 200,846</u>	<u>\$ -</u>	<u>\$ (198,204)</u>	<u>\$ -</u>	<u>\$ (38,116)</u>				
Covered-employee payroll	\$ 1,494,566	\$ 1,702,761	\$ 1,702,761	\$ 2,441,653	\$ 2,441,653	\$ 2,479,447	\$ 2,479,447	\$ 2,415,638	\$ 2,028,338	\$ 2,446,151
Contributions as a percentage of covered-employee payroll	23.11%	28.54%	40.33%	28.13%	28.86%	28.42%	31.04%	31.86%	28.17%	21.38%

Notes to Schedule

Valuation date: September 1, 2014
 Measurement date: June 30, 2015
 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, with amortization bases created in accordance with the funding policy
Remaining amortization period	30 years
Asset valuation method	Five-year asset average, subject to a 20% corridor around the market value of assets
Inflation	2.25%
Salary increases	5.00%
Investment rate of return	7.50%
Retirement age	Normal Retirement Age
Mortality	SOA RP-2014 Total Dataset Mortality with MP-2014 scaling

**TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 54,557	\$ 54,958	\$ 54,958	\$ 41,594	\$ 41,594	\$ 69,719	\$ 69,719	\$ 76,430	\$ 76,430	\$ 49,697
Contributions in relation to the actuarially determined contribution	46,000	54,557	94,557	55,000	50,000	50,000	69,719	72,325	76,500	76,500
Contribution Deficiency (Excess)	\$ <u>8,557</u>	\$ <u>401</u>	\$ <u>(39,599)</u>	\$ <u>(13,406)</u>	\$ <u>(8,406)</u>	\$ <u>19,719</u>	\$ <u>-</u>	\$ <u>4,105</u>	\$ <u>(70)</u>	\$ <u>(26,803)</u>
Covered-employee payroll*	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Pay for volunteer firefighters is not available

Notes to Schedule

Valuation date: July 1, 2014
 Measurement date: June 30, 2015
 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 dollar amount, closed, with amortization bases created in accordance with funding policy
- Remaining amortization period: 30 years, open
- Asset valuation method: Five-year smoothed, subject to a 20% corridor around the market value of assets
- Inflation: 2.25%
- Salary increases: N/A
- Investment rate of return: 7.50%
- Retirement age: Normal Retirement Age
- Mortality: SOA RP-2014 Total Dataset Mortality with MP-2014 Scaling

**TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS
AMBULANCE
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 32,500	\$ 35,250	\$ 30,475	\$ 22,164	\$ 35,635	\$ 27,339	\$ 12,288	\$ 14,998	\$ 6,286	\$ -
Contributions in relation to the actuarially determined contribution	<u>32,500</u>	<u>35,250</u>	<u>30,475</u>	<u>23,605</u>	<u>35,635</u>	<u>35,635</u>	<u>32,339</u>	<u>30,628</u>	<u>28,419</u>	<u>10,000</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(1,441)</u>	\$ <u>-</u>	\$ <u>(8,296)</u>	\$ <u>(20,051)</u>	\$ <u>(15,630)</u>	\$ <u>(22,133)</u>	\$ <u>(10,000)</u>
Covered-employee payroll *	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Pay for volunteer ambulance is not available

Notes to Schedule

Valuation date: July 1, 2014

Measurement date: June 30, 2015

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
Asset valuation method	Market value
Investment rate of return	6.5% per annum
Retirement age	Normal retirement age
Mortality	1983 Group Annuity Mortality Table

**TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST TWO FISCAL YEARS**

	<u>2014</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense:		
General Employees	19.11%	3.20%
Police Officers	19.49%	3.21%
Firefighters	20.81%	4.07%
Ambulance	19.74%	3.97%

**TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR**

	<u>2015</u>
Town's proportion of the net pension liability	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>47,810,191</u>
Total	<u>\$ 47,810,191</u>
Town's covered-employee payroll	\$ 18,725,185
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	61.51%
Plan fiduciary net position as a percentage of the total pension liability	0.00%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

The account for resources traditionally associated with governments that are not required to be accounted for in another fund.

**TOWN OF ROCKY HILL, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 34,690,657	\$ 16,307,602
Property taxes receivable, net of allowance for doubtful accounts of \$25,000 in 2015 and 2014	605,983	879,956
Accounts receivable	198,201	403,714
Interest receivable	163,537	189,221
Due from other funds	<u>528,638</u>	<u>361,512</u>
Total Assets	<u>\$ 36,187,016</u>	<u>\$ 18,142,005</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued expenditures	\$ 1,542,004	\$ 1,306,961
Due to other funds	20,803,834	5,682,511
Unearned revenue	91,729	66,367
Total liabilities	<u>22,437,567</u>	<u>7,055,839</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	672,123	929,431
Advance property tax collections	<u>6,788,455</u>	<u>4,017,884</u>
Total deferred inflows of resources	<u>7,460,578</u>	<u>4,947,315</u>
Fund Balances:		
Assigned	1,084,837	1,552,335
Unassigned	<u>5,204,034</u>	<u>4,586,516</u>
Total fund balances	<u>6,288,871</u>	<u>6,138,851</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 36,187,016</u>	<u>\$ 18,142,005</u>

**TOWN OF ROCKY HILL, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2015**

Grand List as of October 1,	Uncollected Taxes July 1, 2014	Lawful Corrections		Transfers to Suspense	Adjustments	Net Amount Collectible	Collections				Uncollected Taxes June 30, 2015	
		Additions	Deductions				Taxes	Interest	Lien Fees	Suspense Taxes		Total
2013	\$ 59,523,985 *	\$ 300,776	\$ 484,191	\$	\$ (10,737)	\$ 59,329,833	\$ 58,987,538	\$ 118,217	\$ 8,737	\$	\$ 59,114,492	\$ 342,295
2012	604,110	22,772	10,418		(639)	615,825	421,470	90,838	6,373		518,681	194,355
2011	220,125	13,114	2,745	70,575	877	160,796	111,612	28,345	1,520	1,192	142,669	49,184
2010	47,261	426	1,399		23	46,311	23,014	14,772	192	8,983	46,961	23,297
2009	14,177	223				14,400	7,261	5,427	120	7,738	20,546	7,139
2008	5,142		330		30	4,842	2,302	716	11	3,648	6,677	2,540
2007	2,857					2,857	410	449	24	6,886	7,769	2,447
2006	1,928					1,928	340			8,735	9,075	1,588
2005	1,254					1,254				3,485	3,485	1,254
2004	1,432					1,432				2,091	2,091	1,432
2003	1,155					1,155				1,861	1,861	1,155
2002	1,125					1,125				1,577	1,577	1,125
2001	1,125					1,125				3,005	3,005	1,125
2000	1,029					1,029				1,479	1,479	1,029
1999	1,018					1,018				383	383	1,018
	<u>\$ 60,427,723</u>	<u>\$ 337,311</u>	<u>\$ 499,083</u>	<u>\$ 70,575</u>	<u>\$ (10,446)</u>	<u>\$ 60,184,930</u>	<u>\$ 59,553,947</u>	<u>\$ 258,764</u>	<u>\$ 16,977</u>	<u>\$ 51,063</u>	59,880,751	<u>\$ 630,983</u>

Property taxes receivable considered available:
 June 30, 2014 (138,104)
 June 30, 2015 97,397
Total Property Tax Revenue \$ 59,840,044

* Includes motor vehicle supplement in the amount of \$631,984

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each special revenue fund is as follows:

Fund	Funding source	Function
School Cafeteria	Sale of food and grants	School lunch programs
CDBG Small Cities	Federal grant	Income eligible individuals for housing activities
Federal and State School Programs	Federal and state grants	State and federal education prepayment grant
Industrial Park Development	Fees	Development of phase I and II industrial park
Recreation Program	User fee	Recreational activities
Insurance Loss	Claim reimbursements	Insurance property losses
Library Operating	Grants and donations	Library activities
Dog	Fees	Receipts and non-salary disbursements
Asset Forfeiture	Police operations	Drug related activities
Narcotics Enforcement	Grants	Drug enforcement programs (DEP) A20
Human Services	Donations	Volunteer care teams and services for chronically ill and at-risk residents
Miscellaneous Grants	State and federal grants	To account for miscellaneous state and federal grants
Youth Services	Fees and donations	Various youth activities administered through the Youth Services Department
Parks Grants	State grants	State DEP grants for the Parks Amphitheater, Ferry Landing and Skateboard Park projects
Economic Development Grants	State grants	Silas Deane Revitalization project
Town Clerk	Town clerk fees	Town clerk activities

Debt Service Fund

The debt service fund is used to account for bond premiums for the payment of future debt service interest payments.

Permanent Funds

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

- Abigail Williams - To account for funds donated from Abigail Williams
- Adelaide Wright - To account for funds donated from Adelaide Wright
- Ruth Wilcox - To account for funds donated from Ruth Wilcox
- Center Cemetery - To account for funds for the maintenance of the Center Cemetery
- Land Preservation Trust - To account for funding capital improvements and nonrecurring expenses on land acquisition

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015**

	Special Revenue								
	<u>School Cafeteria</u>	<u>CDBG Small Cities</u>	<u>Federal and State School Programs</u>	<u>Industrial Park Development</u>	<u>Recreation Program</u>	<u>Insurance Loss</u>	<u>Library Operating</u>	<u>Dog</u>	<u>Asset Forfeiture</u>
ASSETS									
Cash and cash equivalents	\$ 97,088	\$ 141,855	\$ 449,736	\$ 64,649	\$ 339,241	\$	\$	\$	\$
Accounts receivable		11,096							
Due from other governments	46,273		28,442						
Due from other funds	77,150					443,324	17,698	44,688	27,940
Inventory	8,884								
Total Assets	\$ 229,395	\$ 152,951	\$ 478,178	\$ 64,649	\$ 339,241	\$ 443,324	\$ 17,698	\$ 44,688	\$ 27,940
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued payroll	\$ 52,416	\$	\$ 64,696	\$	\$ 11,126	\$	\$ 373	\$ 20	\$
Due to other governments			495						
Due to other funds		803		35,992	266,019				
Unearned revenue			412,987		154,575				
Total liabilities	52,416	803	478,178	35,992	431,720	-	373	20	-
Fund balances:									
Nonspendable	8,884								
Restricted		152,148							
Committed	168,095			28,657		443,324	17,325	44,668	27,940
Unassigned					(92,479)				
Total fund balances	176,979	152,148	-	28,657	(92,479)	443,324	17,325	44,668	27,940
Total Liabilities and Fund Balances	\$ 229,395	\$ 152,951	\$ 478,178	\$ 64,649	\$ 339,241	\$ 443,324	\$ 17,698	\$ 44,688	\$ 27,940

(Continued on next page)

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2015**

	Special Revenue							Total
	Narcotics Enforcement	Human Services	Miscellaneous Grants	Youth Services	Parks Grants	Economic Development Grants	Town Clerk	
ASSETS								
Cash and cash equivalents	\$ 992	\$	\$	\$	\$	\$	\$	\$ 1,093,561
Accounts receivable			45,856		68,796			125,748
Due from other governments						31,701		106,416
Due from other funds		76,092		93,397			32,129	812,418
Inventory								8,884
Total Assets	\$ 992	\$ 76,092	\$ 45,856	\$ 93,397	\$ 68,796	\$ 31,701	\$ 32,129	\$ 2,147,027
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued payroll	\$	\$ 3,186	\$ 9,879	\$ 2,390	\$	\$ 4,307	\$	\$ 148,393
Due to other governments								495
Due to other funds			31,087		62,785	27,394		424,080
Unearned revenue								567,562
Total liabilities	-	3,186	40,966	2,390	62,785	31,701	-	1,140,530
Fund balances:								
Nonspendable								8,884
Restricted	992		4,890		6,011			164,041
Committed		72,906		91,007			32,129	926,051
Unassigned								(92,479)
Total fund balances	992	72,906	4,890	91,007	6,011	-	32,129	1,006,497
Total Liabilities and Fund Balances	\$ 992	\$ 76,092	\$ 45,856	\$ 93,397	\$ 68,796	\$ 31,701	\$ 32,129	\$ 2,147,027

(Continued on next page)

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2015**

	<u>Debt Service</u>	<u>Permanent</u>					<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Service</u>	<u>Abigail Williams</u>	<u>Adelaide Wright</u>	<u>Ruth Wilcox</u>	<u>Center Cemetery</u>	<u>Land Preservation Trust</u>		
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$ 154,974	\$	\$ 26,752	\$ 181,726	\$ 1,275,287
Accounts receivable							-	125,748
Due from other governments							-	106,416
Due from other funds	1,195,841	18,369	5,306		32,920		56,595	2,064,854
Inventory							-	8,884
Total Assets	<u>\$ 1,195,841</u>	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 154,974</u>	<u>\$ 32,920</u>	<u>\$ 26,752</u>	<u>\$ 238,321</u>	<u>\$ 3,581,189</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued payroll	\$	\$	\$	\$	\$	\$	\$ -	\$ 148,393
Due to other governments							-	495
Due to other funds				104,558			104,558	528,638
Unearned revenue							-	567,562
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,558</u>	<u>-</u>	<u>-</u>	<u>104,558</u>	<u>1,245,088</u>
Fund balances:								
Nonspendable		18,369	5,306			26,752	50,427	59,311
Restricted							-	164,041
Committed	1,195,841			50,416	32,920		83,336	2,205,228
Unassigned							-	(92,479)
Total fund balances	<u>1,195,841</u>	<u>18,369</u>	<u>5,306</u>	<u>50,416</u>	<u>32,920</u>	<u>26,752</u>	<u>133,763</u>	<u>2,336,101</u>
Total Liabilities and Fund Balances	<u>\$ 1,195,841</u>	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 154,974</u>	<u>\$ 32,920</u>	<u>\$ 26,752</u>	<u>\$ 238,321</u>	<u>\$ 3,581,189</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue								
	School Cafeteria	CDBG Small Cities	Federal and State School Programs	Industrial Park Development	Recreation Program	Insurance Loss	Library Operating	Dog	Asset Forfeiture
Revenues:									
Intergovernmental revenues	\$ 333,689		\$ 1,196,418				\$ 8,231		\$ 6,633
Charges for services	502,149				546,360		21,392	10,444	
Investment income		139		6					
Miscellaneous		18,619				18,598			
Total revenues	<u>835,838</u>	<u>18,758</u>	<u>1,196,418</u>	<u>6</u>	<u>546,360</u>	<u>18,598</u>	<u>29,623</u>	<u>10,444</u>	<u>6,633</u>
Expenditures:									
Current:									
General government									
Public safety								7,671	5,967
Health and human services									
Parks, recreation and facilities					711,741				
Library services							23,596		
Education	759,876		1,196,418						
Miscellaneous		7,095				18,044			
Total expenditures	<u>759,876</u>	<u>7,095</u>	<u>1,196,418</u>	<u>-</u>	<u>711,741</u>	<u>18,044</u>	<u>23,596</u>	<u>7,671</u>	<u>5,967</u>
Excess (Deficiency) of Revenues over Expenditures	<u>75,962</u>	<u>11,663</u>	<u>-</u>	<u>6</u>	<u>(165,381)</u>	<u>554</u>	<u>6,027</u>	<u>2,773</u>	<u>666</u>
Other Financing Sources (Uses):									
Transfer in						50,000			
Transfer out					(300,000)				
Bond premium proceeds									
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	75,962	11,663	-	6	(465,381)	50,554	6,027	2,773	666
Fund Balances at Beginning of Year	<u>101,017</u>	<u>140,485</u>	<u>-</u>	<u>28,651</u>	<u>372,902</u>	<u>392,770</u>	<u>11,298</u>	<u>41,895</u>	<u>27,274</u>
Fund Balances at End of Year	<u>\$ 176,979</u>	<u>\$ 152,148</u>	<u>\$ -</u>	<u>\$ 28,657</u>	<u>\$ (92,479)</u>	<u>\$ 443,324</u>	<u>\$ 17,325</u>	<u>\$ 44,668</u>	<u>\$ 27,940</u>

(Continued on next page)

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue							Total
	Narcotics Enforcement	Human Services	Miscellaneous Grants	Youth Services	Parks Grants	Economic Development Grants	Town Clerk	
Revenues:								
Intergovernmental revenues	\$	\$	\$ 217,058	\$ 6,171	\$ 36,460	\$ 30,201	\$	\$ 1,834,861
Charges for services				49,544			31,647	1,161,536
Investment income								145
Miscellaneous		40,946	2,130				1,502	81,795
Total revenues	<u>-</u>	<u>40,946</u>	<u>219,188</u>	<u>55,715</u>	<u>36,460</u>	<u>30,201</u>	<u>33,149</u>	<u>3,078,337</u>
Expenditures:								
Current:								
General government			16,777				1,020	17,797
Public safety			57,268					70,906
Health and human services		24,070		45,803				69,873
Parks, recreation and facilities					36,460			748,201
Library services								23,596
Education			144,604					2,100,898
Miscellaneous						30,201		55,340
Total expenditures	<u>-</u>	<u>24,070</u>	<u>218,649</u>	<u>45,803</u>	<u>36,460</u>	<u>30,201</u>	<u>1,020</u>	<u>3,086,611</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>16,876</u>	<u>539</u>	<u>9,912</u>	<u>-</u>	<u>-</u>	<u>32,129</u>	<u>(8,274)</u>
Other Financing Sources (Uses):								
Transfer in								50,000
Transfer out								(300,000)
Bond premium proceeds								-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>
Net Change in Fund Balances	-	16,876	539	9,912	-	-	32,129	(258,274)
Fund Balances at Beginning of Year	992	56,030	4,351	81,095	6,011	-	-	1,264,771
Fund Balances at End of Year	<u>\$ 992</u>	<u>\$ 72,906</u>	<u>\$ 4,890</u>	<u>\$ 91,007</u>	<u>\$ 6,011</u>	<u>\$ -</u>	<u>\$ 32,129</u>	<u>\$ 1,006,497</u>

(Continued on next page)

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Debt Service</u>	<u>Permanent</u>					<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Service</u>	<u>Abigail Williams</u>	<u>Adelaide Wright</u>	<u>Ruth Wilcox</u>	<u>Center Cemetery</u>	<u>Land Preservation Trust</u>		
Revenues:								
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,834,861
Charges for services	-	-	-	-	-	-	-	1,161,536
Investment income	-	-	-	15	-	11	26	171
Miscellaneous	-	-	-	-	17,100	-	17,100	98,895
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>17,100</u>	<u>11</u>	<u>17,126</u>	<u>3,095,463</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	17,797
Public safety	-	-	-	-	-	-	-	70,906
Health and human services	-	-	-	-	-	-	-	69,873
Parks, recreation and facilities	-	-	-	-	-	-	-	748,201
Library services	-	-	-	-	-	-	-	23,596
Education	-	-	-	-	-	-	-	2,100,898
Miscellaneous	-	-	-	-	7,533	-	7,533	62,873
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,533</u>	<u>-</u>	<u>7,533</u>	<u>3,094,144</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>9,567</u>	<u>11</u>	<u>9,593</u>	<u>1,319</u>
Other Financing Sources (Uses):								
Transfer in	-	-	-	-	-	-	-	50,000
Transfer out	-	-	-	-	-	-	-	(300,000)
Bond premium proceeds	1,195,841	-	-	-	-	-	-	1,195,841
Total other financing sources (uses)	<u>1,195,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>945,841</u>
Net Change in Fund Balances	1,195,841	-	-	15	9,567	11	9,593	947,160
Fund Balances at Beginning of Year	<u>-</u>	<u>18,369</u>	<u>5,306</u>	<u>50,401</u>	<u>23,353</u>	<u>26,741</u>	<u>124,170</u>	<u>1,388,941</u>
Fund Balances at End of Year	<u>\$ 1,195,841</u>	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 50,416</u>	<u>\$ 32,920</u>	<u>\$ 26,752</u>	<u>\$ 133,763</u>	<u>\$ 2,336,101</u>

**Capital
Projects Fund**

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for acquisition or construction of major capital facilities.

TOWN OF ROCKY HILL, CONNECTICUT
 CAPITAL PROJECTS FUND
 SCHEDULE OF EXPENDITURES - ACTUAL VS. APPROPRIATIONS
 FOR THE YEAR ENDED JUNE 30, 2015

Fiscal Year	Department	Project Name	Amended Budget	Expended Current Year	Total All Years	Open Purchase Orders	Total Expended	Project Balance
Capital and Nonrecurring - Fund 40:								
1999	Engineering	Sidewalks	\$ 441,919	\$ 1,665	\$ 328,419	\$	\$ 328,419	\$ 113,500
1999	Human Services	Elderly/Disable Bus	118,973		58,018		58,018	60,955
2000	Highway	Road Improvements	863,153	15,278	861,679		861,679	1,474
2004	Fire	Fire Department Training Center	124,768	3,336	92,564		92,564	32,204
2005	Town Council	Real Property Acquisition by the Town	62,550		9,613		9,613	52,937
2007	Facilities	Schools - Portable Classrooms	376,918	13,050	335,173		335,173	41,745
2007	Finance	Consultants - School Projects and GASB 43 & 45	137,082	1,600	137,082		137,082	-
2009	BOE	Repairs and Improvements to Schools	906,170	53,603	864,638		864,638	41,532
2010	Facilities	Repairs and Improvements to Cora Belden Library	84,741		58,588		58,588	26,153
2010	Engineering	Road Improvement Project - Old Main Street Goff Brook Bridge	332,747	6,971	332,322		332,322	425
2010	Facilities	Schools Communication Systems	75,552	18,512	75,552		75,552	-
2011	Facilities	Repairs and Improvements to Town Buildings	147,148	92,873	134,018	3,895	137,913	9,235
2012	Assessor	Revaluation - October 2018 Grand List	35,791	20,876	23,574		23,574	12,217
2012	Town Council	Foundry	719,963		670,135		670,135	49,828
2013	Town Council	Façade Improvement Program	16,143	16,143	16,143		16,143	-
2013	Public Safety	Online Electric Permitting	46,019	14,500	26,750		26,750	19,269
2013	Parks	Grounds Improvements - McVicar Field	200,000		-		-	200,000
2013	Town Council	Streetscape Project - Silas Deane	170,000		-		-	170,000
2014	BOE	School Improvements - Griswold, West Hill Stevens Air Conditioners	161,926	157,199	161,926		161,926	-
2014	BOE	School Improvements - West Hill Fire Sprinklers	1,027,320	632,887	1,011,615		1,011,615	15,705
2014	BOE	School Improvements - Security Upgrades	301,650	217,714	221,164		221,164	80,486
2014	Fire	Fire Department Expenditures	26,900	26,677	26,677		26,677	223
2014	BOE	Repairs and Improvements to Schools	168,358	96,094	96,094		96,094	72,264
2014	Police	Police Microwave Transmitter Communication System	370,000	370,000	370,000		370,000	-
2014	Planner	Updating Plan of Conservation	75,000	47,000	47,000		47,000	28,000
2014	Police	Police Department - Electronic Speed Signs	13,798	13,798	13,798		13,798	-
2015	Facilities	Building Improvements to Academy Hall	29,632		-		-	29,632
2015	Facilities	LOCIP From Town Clerk Fees	94,236	77,570	77,570		77,570	16,666
2015	Facilities	Building Improvements - Telephone System - VOIP	43,000		-		-	43,000
2015	Fire	Fire Department - Airpacks	162,000		-		-	162,000
2015	Parks	Parks Department - Elm Ridge Pool Upgrade	100,000		-		-	100,000
2015	Facilities	Building Improvements - Kennedy House Improvements	7,500	5,660	5,660		5,660	1,840
2015	Facilities	Building Improvements - Library Carpet Replacement	65,000		-		-	65,000
2015	Parks	Parks Department - Special Recreation Funds	300,000	5,000	5,000		5,000	295,000
2015	BOE	School Improvements - Stevens School Sprinklers	618,064		-		-	618,064
2015	BOE	School Improvements - West Hill Restroom Upgrades	121,927		-		-	121,927
2015	BOE	School Improvements - Griswold Boilers Replacement	13,000		-		-	13,000
2015	Police	Police Department - Dispatch Equipment	60,000		-		-	60,000
2015	Police	Police Department - Impound Lot	55,000		-		-	55,000
Total Capital and Nonrecurring - Fund 40			8,673,948	1,908,006	6,060,772	3,895	6,064,667	2,609,281
Road Improvements Fund - Fund 45:								
2014	Highway	Road Improvements	10,000,000	1,871,465	3,157,096		3,157,096	6,842,904
Land Acquisition Fund - Fund 51:								
2014	Town Council	Land Acquisition Open Space	10,000,000	2,028,956	2,060,906		2,060,906	7,939,094
Rocky Hill High School Renovation - Fund 56:								
2013	Facilities	Renovation as New - Rocky Hill High School	50,000,000	13,935,558	15,593,703		15,593,703	34,406,297
Total Capital Projects Fund			\$ 78,673,948	\$ 19,743,985	\$ 26,872,477	\$ 3,895	\$ 26,876,372	\$ 51,797,576

Fiduciary Funds

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent.

TRUST FUNDS

Healthcare Trust Funds Plan - To account for the receipts and disbursements for other post-employment benefits for Town and Board of Education employees.

Pension Trust Funds - To account for the receipts and disbursements for the general employees', police, firefighters', and volunteer ambulance pension plans.

AGENCY FUNDS

Surety Bonds - To account for cash bonds posted by contractors, developers and others.

School Activity Funds - To account for revenues and expenditures relating to the various student functions and activities.

**TOWN OF ROCKY HILL, CONNECTICUT
 COMBINING STATEMENT OF NET POSITION - TRUST FUNDS
 JUNE 30, 2015**

	<u>Trust Funds</u>		
	<u>Healthcare Trust Funds</u>	<u>Pension Trust Funds</u>	<u>Total</u>
Assets:			
Investments:			
Mutual funds	\$ 736,796	\$ 58,979,902	\$ 59,716,698
Accounts receivable	150,000		150,000
Total assets	<u>886,796</u>	<u>58,979,902</u>	<u>59,866,698</u>
Net Position:			
Held in Trust for Pension and Other Benefits	<u>\$ 886,796</u>	<u>\$ 58,979,902</u>	<u>\$ 59,866,698</u>

**TOWN OF ROCKY HILL, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN NET POSITION - TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Trust Funds		
	Healthcare Trust Funds	Pension Trust Funds	Total
Additions:			
Contributions:			
Employer	\$ 599,200	\$ 2,072,486	\$ 2,671,686
Plan members		483,643	483,643
Total contributions	<u>599,200</u>	<u>2,556,129</u>	<u>3,155,329</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	(40,165)	1,508,696	1,468,531
Interest and dividends	62,370	552,053	614,423
Total investment income	<u>22,205</u>	<u>2,060,749</u>	<u>2,082,954</u>
Less investment expense	6,557	236,886	243,443
Net investment income	<u>15,648</u>	<u>1,823,863</u>	<u>1,839,511</u>
Total additions	<u>614,848</u>	<u>4,379,992</u>	<u>4,994,840</u>
Deductions:			
Benefits	449,200	2,735,447	3,184,647
Other expenses		67,550	67,550
Refunds		8,080	8,080
Total deductions	<u>449,200</u>	<u>2,811,077</u>	<u>3,260,277</u>
Change in Net Position	165,648	1,568,915	1,734,563
Net Position at Beginning of Year	<u>721,148</u>	<u>57,410,987</u>	<u>58,132,135</u>
Net Position at End of Year	<u>\$ 886,796</u>	<u>\$ 58,979,902</u>	<u>\$ 59,866,698</u>

**TOWN OF ROCKY HILL, CONNECTICUT
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Surety Bonds				
Assets:				
Cash and cash equivalents	\$ 571,944	\$ 115,259	\$ 10,926	\$ 676,277
Liabilities:				
Deposits	\$ 563,036	\$ 115,259	\$ 10,926	\$ 667,369
Accounts payable	8,908			8,908
Total Liabilities	\$ 571,944	\$ 115,259	\$ 10,926	\$ 676,277
School Activity				
Assets:				
Cash and cash equivalents	\$ 260,917	\$ 1,116,457	\$ 1,152,851	\$ 224,523
Investments	400,414	178,152	182,282	396,284
Total Assets	\$ 661,331	\$ 1,294,609	\$ 1,335,133	\$ 620,807
Liabilities:				
Due to student groups	\$ 661,331	\$ 1,294,609	\$ 1,335,133	\$ 620,807
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 832,861	\$ 1,231,716	\$ 1,163,777	\$ 900,800
Investments	400,414	178,152	182,282	396,284
Total Assets	\$ 1,233,275	\$ 1,409,868	\$ 1,346,059	\$ 1,297,084
Liabilities:				
Deposits and amounts due to student groups and participants	\$ 1,224,367	\$ 1,409,868	\$ 1,346,059	\$ 1,288,176
Accounts payable	8,908	-	-	8,908
Total Liabilities	\$ 1,233,275	\$ 1,409,868	\$ 1,346,059	\$ 1,297,084

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

**TOWN OF ROCKY HILL, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)**

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities:										
Net investment in capital assets	\$ 20,007	\$ 34,661	\$ 32,976	\$ 32,807	\$ 32,265	\$ 31,870	\$ 29,246	\$ 28,540	\$ 27,904	\$ 26,250
Restricted	50	50	50	50	51	132	141	147	147	127
Unrestricted	<u>12,776</u>	<u>(4,934)</u>	<u>(941)</u>	<u>(461)</u>	<u>(628)</u>	<u>(397)</u>	<u>1,397</u>	<u>1,916</u>	<u>2,838</u>	<u>4,946</u>
Total Governmental Activities Net Position	<u>\$ 32,833</u>	<u>\$ 29,777</u>	<u>\$ 32,085</u>	<u>\$ 32,396</u>	<u>\$ 31,688</u>	<u>\$ 31,605</u>	<u>\$ 31,323</u>	<u>\$ 33,959</u>	<u>\$ 28,259</u>	<u>\$ 31,280</u>

Note:

Schedule prepared on the accrual basis of accounting.

TOWN OF ROCKY HILL, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental activities:										
General government	\$ 10,521	\$ 12,123	\$ 12,339	\$ 11,296	\$ 10,208	\$ 10,548	\$ 8,941	\$ 8,704	\$ 8,170	\$ 7,325
Public safety	6,271	6,959	6,673	6,269	6,541	6,540	6,719	6,570	6,445	5,812
Public works	8,114	7,969	6,517	6,214	6,079	5,657	6,647	6,393	5,513	6,214
Health and human services	599	686	684	658	686	603	632	599	565	551
Parks, recreation and facilities	4,970	6,962	6,576	6,091	6,340	6,123	6,105	6,656	6,094	5,784
Library services	971	1,049	973	912	917	900	933	943	892	855
Education	42,885	38,741	37,299	35,706	33,983	33,005	30,795	38,311	28,596	26,670
Interest on long-term debt	778	472	478	586	636	726	860	932	1,005	1,073
Total governmental activities expenses	75,109	74,961	71,539	67,732	65,390	64,102	61,632	69,108	57,280	54,284
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	911	872	934	1,433	600	567	763	833	749	878
Parks, recreation and facilities	561	751	688	658	708	764	772	707	669	625
Education	502	482	481	544	541	585	546	562	543	577
Other	1,325	1,023	890	503	615	465	590	1,061	855	1,045
Operating grants and contributions	9,720	10,613	9,416	9,277	7,973	8,502	7,404	15,762	6,243	5,544
Capital grants and contributions	2,842	40	11	78	185	1,477	67	537	56	1,275
Total governmental activities program revenues	15,861	13,781	12,420	12,493	10,622	12,360	10,142	19,462	9,115	9,944
Net Expense:										
Governmental activities	(59,248)	(61,180)	(59,119)	(55,239)	(54,768)	(51,742)	(51,490)	(49,646)	(48,165)	(44,340)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	59,583	57,992	56,303	53,080	52,636	50,427	49,055	46,698	44,606	40,098
Grants and contributions not restricted to specific purposes	2,037	1,958	1,806	2,203	1,576	1,523	1,821	1,627	1,796	1,531
Unrestricted investment earnings	81	39	15	15	27	47	159	536	771	565
Other general revenues	604	643	684	650	612	566	636	499	558	446
Total governmental activities general revenues and other changes in net position	62,305	60,632	58,808	55,948	54,851	52,563	51,671	49,360	47,731	42,640
Changes in Net Position:										
Governmental Activities	\$ 3,057	\$ (548)	\$ (311)	\$ 709	\$ 83	\$ 821	\$ 181	\$ (286)	\$ (434)	\$ (1,700)

Note:

Schedule prepared on the accrual basis of accounting.

**TOWN OF ROCKY HILL, CONNECTICUT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)**

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$ 210	\$ 250	\$ 201	\$ 313	\$ 158
Unreserved						3,808	3,962	3,995	4,480	3,998
Assigned	1,085	1,552	1,199	246	755					
Unassigned	5,204	4,587	4,672	4,055	3,494					
Total General Fund	\$ <u>6,289</u>	\$ <u>6,139</u>	\$ <u>5,871</u>	\$ <u>4,301</u>	\$ <u>4,249</u>	\$ <u>4,018</u>	\$ <u>4,212</u>	\$ <u>4,196</u>	\$ <u>4,793</u>	\$ <u>4,156</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$ 5	\$ 8	\$ 7	\$ 6	\$ 33
Unreserved, reported in:										
Special revenue funds						998	890	890	920	915
Capital projects funds						1,163	1,876	1,699	1,788	2,301
Permanent funds						132	141	147	147	133
Nonspendable	59	58	57	57	57					
Restricted	164	152	128	132	106					
Committed	6,475	3,922	3,281	1,279	1,149					
Assigned				1,975	1,430					
Unassigned	(1,107)	(2,809)	(630)							
Total All Other Governmental Funds	\$ <u>5,591</u>	\$ <u>1,323</u>	\$ <u>2,836</u>	\$ <u>3,443</u>	\$ <u>2,742</u>	\$ <u>2,298</u>	\$ <u>2,915</u>	\$ <u>2,743</u>	\$ <u>2,861</u>	\$ <u>3,382</u>

Notes:

(1) Schedule prepared on the modified accrual basis of accounting.

(2) The Town began to report new fund categories when it implemented GASB Statement No. 54 in fiscal year 2011.

TOWN OF ROCKY HILL, CONNECTICUT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Taxes and assessments	\$ 59,840	\$ 57,823	\$ 56,454	\$ 53,019	\$ 52,382	\$ 50,446	\$ 48,912	\$ 46,816	\$ 45,423	\$ 41,265
Intergovernmental	14,540	12,545	11,110	11,432	9,700	11,334	9,462	17,954	8,230	7,743
Charges for services	3,010	2,683	2,756	2,167	24,146	2,203	2,256	2,829	2,619	2,881
Income on investments	81	39	15	15	27	47	159	535	770	565
Miscellaneous	953	1,153	1,045	1,747	1,000	865	1,124	951	859	768
Total revenues	<u>78,424</u>	<u>74,243</u>	<u>71,380</u>	<u>68,380</u>	<u>87,255</u>	<u>64,895</u>	<u>61,913</u>	<u>69,085</u>	<u>57,901</u>	<u>53,222</u>
Expenditures:										
General government	2,387	2,388	2,400	2,464	2,270	2,313	2,066	1,943	1,924	1,793
Public safety	6,524	6,200	5,896	5,527	5,665	5,425	5,291	5,179	5,048	4,848
Public works	5,944	5,953	5,574	5,353	5,257	5,018	5,138	5,015	4,795	4,589
Health and human services	603	757	662	634	654	621	601	581	546	535
Parks, recreation and facilities	4,803	6,767	6,251	5,993	6,115	5,929	5,864	6,413	6,336	5,675
Library services	953	1,011	947	897	931	1,475	1,116	939	889	836
Education	41,074	37,844	35,802	35,068	33,401	32,863	30,871	38,357	27,707	26,384
Miscellaneous	7,455	8,172	7,955	7,660	6,667	6,440	6,731	6,545	5,797	5,122
Capital outlay	21,796	4,725	3,001	1,688	1,746	2,830	1,212	2,009	2,376	2,659
Debt service:										
Debt redemption - principal	1,555	1,555	1,555	1,765	1,735	1,985	1,995	2,015	1,795	1,365
Debt redemption - interest	407	116	680	620	627	910	872	942	1,012	1,294
Total expenditures	<u>93,501</u>	<u>75,488</u>	<u>70,723</u>	<u>67,669</u>	<u>65,068</u>	<u>65,809</u>	<u>61,757</u>	<u>69,938</u>	<u>58,225</u>	<u>55,100</u>
Excess of Revenue over (under) Expenditures	<u>(15,077)</u>	<u>(1,245)</u>	<u>657</u>	<u>711</u>	<u>22,187</u>	<u>(914)</u>	<u>156</u>	<u>(853)</u>	<u>(324)</u>	<u>(1,878)</u>
Other Financing Sources (Uses):										
Payment to refunded bond escrow			(7,676)			(7,316)				
Proceeds from capital leases	200		202	42	491		32	139	440	396
Proceeds from bond issues	19,296					7,420				
Proceeds from refunding bond issues			7,160							
Premium on sale of refunding bonds			620							
Transfers in	1,706	2,177	649	498	544	330	200	380	297	90
Transfers out	(1,706)	(2,177)	(649)	(498)	(544)	(330)	(200)	(380)	(297)	(90)
Total other financing sources	<u>19,496</u>	<u>-</u>	<u>306</u>	<u>42</u>	<u>491</u>	<u>104</u>	<u>32</u>	<u>139</u>	<u>440</u>	<u>396</u>
Net Change in Fund Balances	<u>\$ 4,419</u>	<u>\$ (1,245)</u>	<u>\$ 963</u>	<u>\$ 753</u>	<u>\$ 22,678</u>	<u>\$ (810)</u>	<u>\$ 188</u>	<u>\$ (714)</u>	<u>\$ 116</u>	<u>\$ (1,482)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>2.1%</u>	<u>2.2%</u>	<u>3.2%</u>	<u>3.5%</u>	<u>3.7%</u>	<u>4.6%</u>	<u>4.7%</u>	<u>4.3%</u>	<u>5.0%</u>	<u>5.1%</u>

Note: Schedule prepared on the modified accrual basis of accounting.

**TOWN OF ROCKY HILL, CONNECTICUT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value As a Percentage of Actual Taxable Value
	Residential	Commercial	Industrial							
2015(a)	\$ 1,158,076,430	\$ 458,778,710	\$ 111,735,820	\$ 117,595,150	\$ 159,711,790	\$ 17,395,540	\$ 1,988,502,360	29.7	\$ 2,840,717,657	70%
2014	1,322,398,835	450,838,960	131,081,650	118,465,065	157,276,509	18,133,665	2,161,927,354	26.6	3,088,467,649	70%
2013	1,316,944,405	448,547,310	132,822,760	116,887,995	161,670,930	20,538,675	2,156,334,725	25.9	3,080,478,179	70%
2012	1,312,431,885	461,887,329	130,400,970	119,688,923	151,233,698	19,774,679	2,155,868,126	24.5	3,079,811,609	70%
2011	1,305,769,606	513,034,291	133,000,560	120,705,074	146,961,011	19,268,062	2,200,202,480	23.8	3,143,146,400	70%
2010(a)	1,297,344,609	520,267,119	133,573,470	117,172,251	145,262,619	17,177,165	2,196,442,903	22.9	3,137,775,576	70%
2009	991,603,105	348,982,656	77,807,510	106,940,222	146,588,667	15,125,843	1,656,796,317	29.2	2,366,851,881	70%
2008	983,266,190	340,419,825	78,854,310	103,420,525	145,334,447	15,506,911	1,635,788,386	28.4	2,336,840,551	70%
2007	966,457,300	337,036,243	78,617,860	92,917,372	140,842,106	12,579,667	1,603,291,214	28.0	2,251,218,829	70%
2006	955,552,380	322,570,220	79,947,910	97,052,660	133,196,940	12,466,930	1,575,853,180	25.8	2,190,530,457	70%

Source: Town of Rocky Hill, Department of Finance, Office of Tax Assessor

(a) Revaluation year

**TOWN OF ROCKY HILL, CONNECTICUT
PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Town Direct Rates			
	General Town Government Rate	Board of Education Rate	Debt Service Rate	Total Direct Rate
2015 (a)	13.510	15.298	0.892	29.700
2014	13.215	12.709	0.676	26.600
2013	12.276	12.142	1.482	25.900
2012	11.575	11.953	0.972	24.500
2011	11.350	11.497	0.953	23.800
2010 (a)	10.839	10.960	1.102	22.900
2009	14.041	13.713	1.446	29.200
2008	13.827	13.130	1.443	28.400
2007	13.583	12.922	1.495	28.000
2006	12.125	12.262	1.413	25.800

Note: Town of Rocky Hill has no Overlapping Property Tax Rates.

(a) Revaluation year

Source: Town of Rocky Hill, Finance Department

**TOWN OF ROCKY HILL, CONNECTICUT
PRINCIPAL PROPERTY TAX PAYERS
2013 AND 2004
(In Thousands)**

Taxpayer	October 1, 2013			October 1, 2004		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value (a)	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value (b)
Century Hills Property Owner LLC	\$ 38,500	1	1.94%	\$ 36,276	1	2.30%
RP Glenbrook LLC	28,193	2	1.42%			
MKS 500 Enterprise LLC	24,888	3	1.25%	24,137	3	1.53%
Burriss Logistics Inc.	23,798	4	1.20%			
Henkel (Loctite Corporation)	19,821	5	1.00%	24,294	2	1.54%
Connecticut Light & Power	14,829	6	0.75%	11,716	5	0.74%
Sysco Corporation	13,342	7	0.67%	17,615	4	1.12%
Auxxi Horizon Commons LLC	13,111	8	0.66%			
Acadia Town Line LLC	11,183	9	0.56%			
Rocky Hill Holdings LLC	11,007	10	0.55%			
Connecticut Natural Gas Corporation				10,662	6	0.68%
Corporate Ridge D/D Hotel Limited Prtshp.				10,276	7	0.65%
LM Rocky Hill Land Holdings LP				9,526	8	0.60%
New Boston Fifty-Five Capital LLC				8,888	9	0.56%
Wiremold Company (c)				7,450	10	0.47%
Total	\$ 198,672		9.99%	\$ 160,840		10.21%

Source: Town of Rocky Hill, Office of Tax Assessor

(a) Based on Net Taxable Grand List of \$1,988,502,360 (amount not rounded)

(b) Based on Net Taxable Grant List of \$1,575,853,180 (amount not rounded)

(c) Left Rocky Hill in August, 2005

TABLE 8

**TOWN OF ROCKY HILL, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year Ended June 30,	Tax Rate In Mills	Taxes Levied For This Fiscal Year	Collected Within The Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	29.700	\$ 59,330	\$ 58,987	99.42%	\$	\$ 58,987	99.42%
2014	26.600	57,774	57,170	98.95%	421	57,591	99.68%
2013	25.900	56,110	55,562	99.02%	329	55,891	99.61%
2012	24.500	52,769	52,276	99.07%	434	52,710	99.89%
2011	23.800	52,851	51,728	97.88%	484	52,212	98.79%
2010	22.900	50,645	49,919	98.57%	339	50,258	99.24%
2009	29.200	49,207	48,453	98.47%	452	48,905	99.39%
2008	28.400	46,974	46,421	98.82%	324	46,745	99.51%
2007	28.000	45,277	45,037	99.47%	239	45,276	100.00%
2006	25.800	41,211	40,710	98.78%	224	40,934	99.33%

TOWN OF ROCKY HILL, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Thousands, except per capita)

Fiscal Year	General Obligation Bonds	Capital Leases	Total Primary Government	(a) Ratio of Debt to Taxable Assessed Value	(b) Debt Per Capita	(c) Debt Per Personal Income
2015	\$ 29,843	\$ 349	\$ 30,192	1.52%	\$ 1,503	\$ 459
2014	12,211	303	12,514	0.58%	628	228
2013	13,512	428	13,940	0.65%	707	275
2012	14,993	364	15,357	0.70%	779	348
2011	16,775	450	17,225	0.78%	872	391
2010	18,524	68	18,592	1.12%	988	422
2009	20,501	244	20,745	1.27%	1,100	471
2008	22,485	470	22,955	1.56%	1,220	521
2007	24,484	598	26,559	1.69%	1,332	602
2006	26,260	239	27,755	1.81%	1,416	630

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(a) See Table 5 for taxable assessed value

(b) See Table 14 for population figures

(c) See Table 14 for total personal income

(#) revaluation year

**TOWN OF ROCKY HILL, CONNECTICUT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Thousands, except per capita amount)**

Fiscal Year	General Obligation Bonds	(b) Percentage of Estimated Actual Taxable Value of Property	(a) Debt Per Capita
2015	\$ 29,843	1.05%	\$ 1,485
2014	12,211	0.40%	613
2013	13,512	0.44%	685
2012	14,993	0.48%	760
2011	16,775	0.53%	849
2010	18,524	0.78%	984
2009	20,501	0.88%	1,087
2008	22,485	1.07%	1,196
2007	24,484	1.69%	1,302
2006	26,260	1.81%	1,416

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(a) See Table 14 for population figures

(b) See Table 5 for estimated actual taxable value of property

(#) revaluation year

**TOWN OF ROCKY HILL, CONNECTICUT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015
(In Thousands)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Estimated Shares of Direct and Overlapping Debt</u>
Overlapping debt:			
Metropolitan District	\$ 601,753	5.75%	\$ 34,601
Town direct debt	30,192	100.00%	<u>30,192</u>
Total			\$ <u><u>64,793</u></u>

Note: Metropolitan District overlapping debt for each member town is divided among the member towns in proportion to the total revenue each received from property taxation, as averaged over the prior three years. Rocky Hill reports overlapping debt on a net basis.

Source: The Metropolitan District, Hartford, Connecticut and Town of Rocky Hill Finance Department

**TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2015**

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2015	\$ 59,880,751
Reimbursement for revenue loss on: Tax relief for elderly - freeze	<u>-</u>
Base	<u>\$ 59,880,751</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2-1/4 times base	\$ 134,731,690				
4-1/2 times base		\$ 269,463,380			
3-3/4 times base			\$ 224,552,816		
3-1/4 times base				\$ 194,612,441	
3 times base					\$ 179,642,253
Total debt limitation	<u>134,731,690</u>	<u>269,463,380</u>	<u>224,552,816</u>	<u>194,612,441</u>	<u>179,642,253</u>
Indebtedness:					
Bonds payable	15,488,752	12,701,248			
Bonds authorized - unissued	17,517,800	39,104,200			
Overlapping debt			34,600,773		
Total indebtedness	<u>33,006,552</u>	<u>51,805,448</u>	<u>34,600,773</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 101,725,138</u>	<u>\$ 217,657,932</u>	<u>\$ 189,952,043</u>	<u>\$ 194,612,441</u>	<u>\$ 179,642,253</u>

Note 1: In no case shall total indebtedness exceed \$419,165,257 or seven times annual receipts from taxation.

Note 2: The Town is a member of the Metropolitan District Commission, a regional sewer and water authority. Total outstanding debt of the Metropolitan District Commission as of June 30, 2015 was \$601,752,572. The Town's share of the debt at June 30, 2015 was 5.75% or \$34,600,773. The estimated percentage is calculated based upon the proration of the tax collection from the eight member towns.

**TOWN OF ROCKY HILL, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)**

	FISCAL YEAR									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt limitation	\$ 419,165	\$ 405,494	\$ 395,178	\$ 370,325	\$ 366,828	\$ 352,762	\$ 342,710	\$ 327,439	\$ 327,439	\$ 318,162
Total net debt applicable to limit	<u>119,413</u>	<u>123,955</u>	<u>104,895</u>	<u>85,913</u>	<u>34,912</u>	<u>31,730</u>	<u>29,002</u>	<u>28,946</u>	<u>28,946</u>	<u>28,887</u>
Legal Debt Margin	<u>\$ 299,752</u>	<u>\$ 281,539</u>	<u>\$ 290,283</u>	<u>\$ 284,412</u>	<u>\$ 331,916</u>	<u>\$ 321,032</u>	<u>\$ 313,708</u>	<u>\$ 298,493</u>	<u>\$ 298,493</u>	<u>\$ 257,802</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.49%	30.57%	26.54%	23.20%	9.52%	8.99%	8.46%	8.84%	8.84%	10.72%

Source: Comprehensive annual financial report - Schedule of Debt Limitation

Note: See Table 12 for calculation of current year debt limitation.

**TOWN OF ROCKY HILL, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population (1)	Per Capita Income (2)	Total Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2015	20,094	\$ 42,229	\$ 65,814	43.4	2,608	3.9%
2014	19,915	39,785	63,343	43.7	2,487	4.8%
2013	19,729	38,180	61,161	44.0	2,422	6.1%
2012	19,723	36,021	55,798	44.0	2,464	5.9%
2011	19,754	29,701	44,090	40.6	2,532	7.3%
2010	18,827	29,701	44,090	40.6	2,590	7.5%
2009	18,852	29,701	44,090	40.6	2,640	6.6%
2008	18,808	29,701	44,090	40.6	2,622	4.7%
2007	18,835	29,701	44,090	40.6	2,621	3.9%
2006	18,760	29,701	44,090	40.6	2,587	3.6%

(1) Source: State of Connecticut, Department of Public Health, Office of Policy, Planning and Evaluation

(2) Source: Department of Commerce, U.S. Census Bureau - American FactFinder

(3) Source: Town of Rocky Hill, Board of Education Academic Year Basis

(4) Source: State of Connecticut Department of Labor

**TOWN OF ROCKY HILL, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	Nature of Business	2015			2006		
		Employees	Rank	Percentage of Total Town Employment(a)	Employees	Rank	Percentage of Total Town Employment(b)
Henkel Corporation (Loctite)	Adhesives and Sealants	500	1	4.36%	365	3	3.41%
Town of Rocky Hill	Municipality	458	2	3.99%	420	2	3.92%
SYSCO Food Services	Food Distribution Warehouse	350	3	3.05%	520	1	4.86%
ISGN (formerly Fiserv and Integrated Loan Serv)	Finance - Loan Processing	340	4	2.96%			
State Veterans Home and Hospital	Hospital	335	5	2.92%	350	4	3.27%
Wal-Mart Store	Retail Store	208	6	1.81%	208	5	1.94%
Burris Logistics	Refrigerated Logistics Warehouse	200	7	1.74%			
McKesson Drug Company	Pharmaceuticals, Warehouse	185	8	1.61%	180	6	1.68%
Paychex	Financial Services	141	9	1.23%			
Connecticut Lottery	State of CT - Lottery	138	10	1.20%			
Nationwide	Insurance				175	7	1.63%
Metropolitan Property & Casualty	Insurance				174	8	1.63%
Connecticut Student Loan	State of CT - Finance				159	9	1.49%
Sheraton Hotel (formerly a Marriott)	Hotel				121	10	1.13%
Total		<u>2,855</u>		<u>24.88%</u>	<u>2,672</u>		<u>24.96%</u>

Source: Town of Rocky Hill, Economic Development Department

(a) State of Connecticut, Department of Labor - Town employment of 11,474

(b) State of Connecticut, Department of Labor - Town employment of 10,705

**TOWN OF ROCKY HILL, CONNECTICUT
 FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>FISCAL YEAR</u>									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government	18.5	18.5	18	18	18	22	22	22	21	21
Police	46	44	44	43	43	44	44	44	44	44
Fire	4.5	4.5	4	4	4	4	4	4	4	4
Building Department	3	3	3	3	3	3	3	3	3	3
Public Works:										
Engineering	4	4	4	4	4	4	4	4	4	4
Highway	15	16	16	15	15	15	15	15	15	15
Human Services	5	6	6	6	6	6	6	6	6	6
Parks and Recreation	13	12	12	12	12	12	12	12	12	13
Facilities:										
Town	10	10	11	9.5	9.5	9.5	9.5	9.5	9.5	10
Schools (b)		24	23	24.5	24.5	25.5	25.5	25.5	25.5	26
Library	11	11	11	10	10	10	10	10	10	10
Education (a)	<u>328</u>	<u>298</u>	<u>296</u>	<u>292</u>	<u>291</u>	<u>291</u>	<u>286</u>	<u>286</u>	<u>285</u>	<u>279</u>
Total	<u>458</u>	<u>451</u>	<u>448</u>	<u>441</u>	<u>440</u>	<u>446</u>	<u>441</u>	<u>441</u>	<u>439</u>	<u>434</u>

Source: Town of Rocky Hill, Finance Department

(a) Town of Rocky Hill, Board of Education

(b) The Town transferred responsibilities for 23 facilities/custodians positions to the Board of Education.

**TOWN OF ROCKY HILL, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Building Department:										
Permits Issued	1,373	1,252	1,319	1,424	1,245	1,153	896	1,287	1,537	1,615
Certificates of Occupancy	139	108	114	146	143	143	112	162	120	163
Number of Inspections	1,986	1,783	2,051	1,953	2,352	1,689	1,706	2,348	2,460	2,764
Police:										
Total Criminal Arrests	544	518	447	379	381	370	349	440	456	541
Total Town Tickets Issued	585	471	301	415	376	335	667	430	550	811
Medical Calls	2,729	2,878	2,722	2,813	2,734	2,503	2,421	2,404	2,594	2,403
Animal Complaints	273	305	256	307	267	274	213	270	323	314
Police Training Hours	3,414	4,805	3,462	2,427	3,498	3,753	3,216	4,782	5,067	2,671
Fire:										
Emergency responses	646	575	639	756	759	616	600	678	687	755
Inspections	809	698	672	958	571	573	500	647	535	750
Fire Training Man-hours	5,047	5,860	5,735	5,686	7,601	8,412	8,800	8,300	7,480	7,628
Sanitation:										
Commercial Solid Waste (tons)	6,244	6,547	7,440	5,322	4,879	4,839	5,203	6,592	7,326	7,792
Residential Solid Waste (tons)	5,540	5,620	5,592	5,748	5,975	6,232	6,198	6,602	6,762	6,812
Bulky waste (tons)	762	705	592	960	927	936	950	966	881	835
Highway Department:										
Snow and Ice Callouts	35	23	20	9	38	26	26	20	15	17
Leaf Pickups (Cubic Yards)	6,475	6,056	6,887	2,832	7,096	7,204	6,725	6,695	6,735	5,480
Catch Basin Repairs	40	26	31	21	34	27	27	39	13	22
Parks and Recreation:										
Number of Programs Offered	1,005	995	985	985	975	975	970	960	950	525
Number of Participants	10,150	10,100	10,100	10,100	10,000	10,000	9,700	9,600	9,500	9,000
Library:										
Volumes in Collection	59,134	58,769	59,678	61,235	62,621	65,377	64,369	63,984	70,911	68,240
Total Volumes Borrowed	244,820	253,340	252,186	246,833	261,324	267,098	271,041	284,833	283,483	256,190
Human Services:										
Number Elderly/Disabled: Individual Bus Trips	10,374	10,797	10,229	10,928	10,003	9,667	9,799	9,868	10,158	7,841

Source: Town of Rocky Hill various Town Departments

**TOWN OF ROCKY HILL, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police:										
Station	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Apparatus	11	11	11	11	11	11	11	11	11	11
Fire Rescue Boat	1	1	1	1	1	1	1	1	1	1
Highway Department										
Streets (miles)	66	66	66	66	66	66	66	66	66	66
Dump Trucks plus Equipment	41	41	40	40	40	40	40	40	40	40
Parks and Recreation:										
Acreage Maintained	180	180	180	180	180	180	180	180	180	180
Number of Parks	7	7	7	7	7	7	7	7	7	7
Baseball Fields	12	12	12	12	12	12	12	12	12	12
Soccer Fields	9	9	9	9	9	9	9	9	9	9
Football Field	1	1	1	1	1	1	1	1	1	1
Skatepark	1	1	1	1	1	1	1	1	1	1
Lacrosse Field	1	1	1	1	1	1	1	0	0	0
Number of Pools	2	2	2	2	2	2	2	2	2	2
Amphitheater	1	1	1	1	1	1	1	1	1	1
Facilities:										
Number of Town Buildings	15	15	15	15	15	14	14	14	14	14
Number of Schools	4	4	4	4	4	5	5	5	5	5
Human Services:										
Mini-buses	3	3	3	4	4	4	3	3	3	3

Source: Town of Rocky Hill, various Town Departments