

Town of Rocky Hill Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

Comprehensive Annual Financial Report

of the

Town of Rocky Hill Connecticut

Fiscal Year Ended June 30, 2014

Prepared by:
Finance Department
Director of Finance
John Mehr

TOWN OF ROCKY HILL, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section

TOWN OF ROCKY HILL, CONNECTICUT

JUNE 30, 2014

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

Acting Town Manager
Town Attorney
Town Clerk
Director of Finance
Assessor
Tax Collector
Town Treasurer
Director of Human Services
Director of Parks and Recreation
Town Engineer
Highway Superintendent
Town Planner
Economic Development
Building Official
Library Director
Police Chief
Fire Chief
Fire Marshal

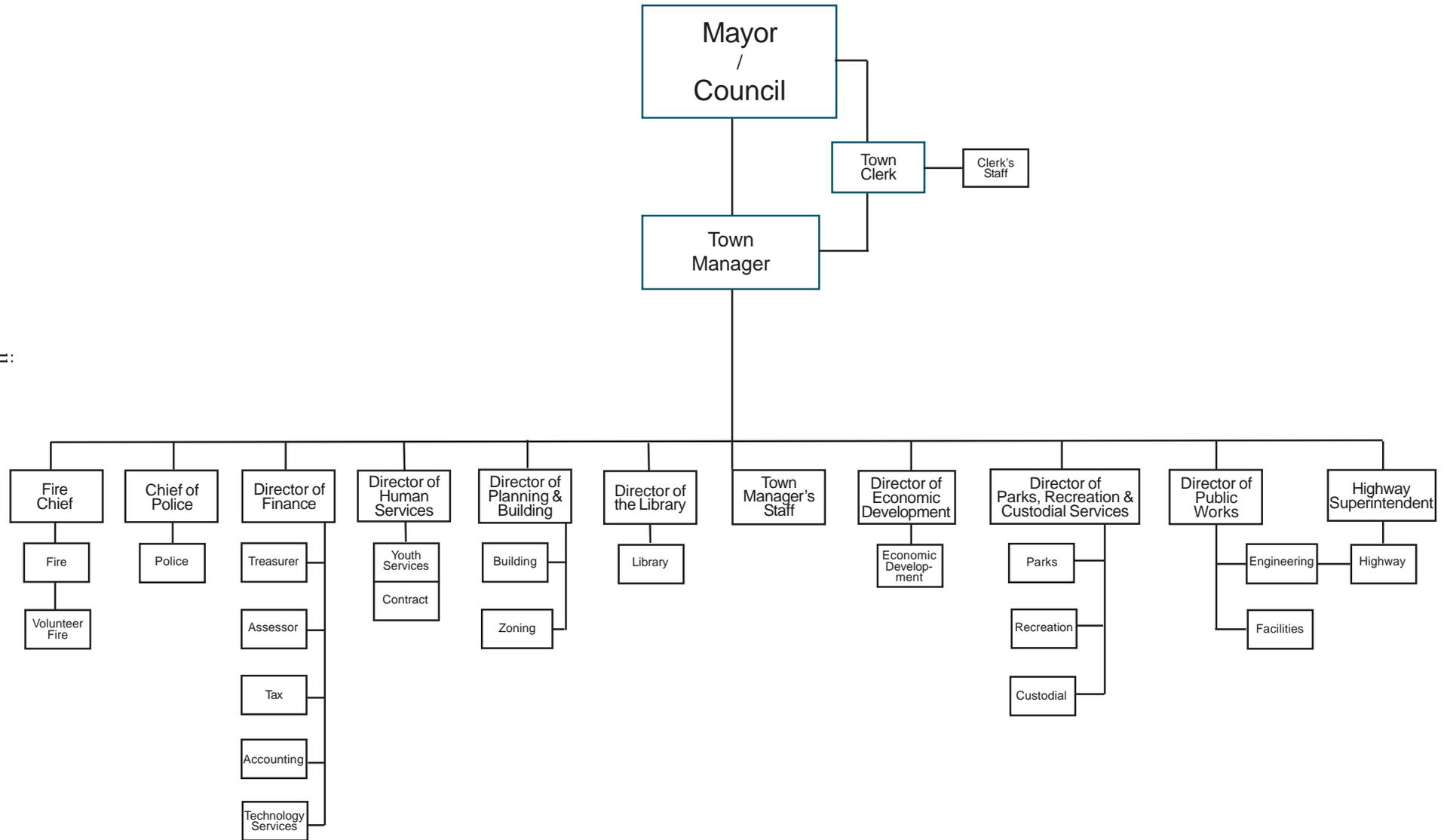
John Mehr
Rome McGuigan, P.C.
Ronald McNamara
John Mehr
Stuart Topliff
Elaine McKim
Mona McKim
Melissa Hicks
Lisa Zerio
James Sollmi
Glenn Parent
Kimberly Ricci
Raymond Carpentino
Peter Langlois
Mary Hogan
Michael Custer
Michael Garrahy
Richard Renstrom

EDUCATION

Superintendent of Schools
Director of Finance and Operations (interim)

Mark F. Zito, Ed.D.
Frank Connelly

ORGANIZATIONAL CHART



II:



Town of Rocky Hill

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

December 22, 2014

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, 2014.

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, 2014. 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 19,915. 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. 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 a mixture 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 11,126 for June 2014. The unemployment rate decreased from 6.1% to 4.8% in Rocky Hill while the Hartford region decreased from 8.2% to 6.5% for the same period from June 2013 to June 2014. During the past ten years, the unemployment rate increased from 4.4% in Rocky Hill to 4.8 % in June 2014. 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 2009 and 2013, the number of business establishments saw an increase of 6% while employment jumped 1.4%.

During the 2013 – 2014 fiscal year, the Rocky Hill business community has prospered and plans have emerged for continued growth. Development continues to take place in the Brook Street area of town, primarily on the property of a former nursery. Winstanley Enterprises has 189,000 square feet of flex space in three separate buildings. Burriss Refrigerated Logistics has completed phase I of its northeast distribution facility. Altere Apartments, a 144 unit market rate apartment complex is completed and currently being marketed. This also contains an 8,000 square feet of medical office building. 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 90,000 square feet of mixed-use residential/retail/office/restaurant space. This project is currently under construction with a target occupancy date in the fall of 2015. In addition to the 90,000 square feet of commercial space, 144 one and two bedroom rental apartments will be 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. Simoniz, wax and cleaning solvent company, purchased a 125,000 square foot building last year and has completed its build-out of the premise. In addition, Simoniz purchased the abutting four acre

parcel for future use. PDQ, an established Rocky Hill business that manufactures aircraft engine parts, has completed its expansion that doubled the current footprint. Arburg Inc., a German manufacturer currently located in Newington, is building in Rocky Hill its new 30,000 square foot headquarters and is scheduled for completion in the winter of 2014. On the real estate transaction ledger, KS Partners purchased properties located in Corporate Ridge Office Park and the I-91 Business Park from the New Boston Fund, and in October 2013, a subsidiary of JRK Property Holdings purchased Century Hills Towers luxury apartment complex. 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. Simoniz, LLC and Thirau, LLC received tax abatements to relocate in Rocky Hill. 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 has completed a comprehensive Town-wide Zoning Regulations and Zoning Map update that encouraged quality development and expansion of the tax base while preserving natural resources. Recently, the Town has started to update the Town's Plan of Conservation and Development Plan with a completion date of July 2015. During the year, 22 lots were created through subdivision approval process. The Town did issue permits for 18 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 6.94% 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 2014 -2015 budget, \$915,000 of unassigned fund balance was applied to the capital improvements budget.

Relevant Financial Policies

The State budget for FY 2014 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 continue through June 30, 2014, but then will revert back to \$1.10 per \$1,000. During this fiscal year, the Town received \$276,012 in conveyance tax. If the State had not passed this law, the Town would have received about \$154,600 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 does expect to receive legal challenges to the new assessed property values. 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 six union contracts and non bargaining employees 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 define contribution plan. The employee will contribute six (6) percent of their salary and the Town will match at three (3) percent of salary.

Major Initiatives

The Town has received a number of CT Small Town Economic Assistance Program (STEAP) State grants 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 in grant funds 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 recently received from the State a grant for \$444,000 for the replacement of field turf at the Rocky Hill High School football field, a grant for \$422,000 to continue the Silas Deane Streetscape project, and a grant for \$800,000 to construct a “miracle Field” for special needs children at Elm Ridge Park. In the 2013-2014 budget year, the Town did take delivery of two new Ford Police Intercepts, a new Ford F-250 Pickup Truck for the Highway Department and a new mini bus for the Human Services Department.

The Town received a \$700,000 Small Cities Community Development Block Grant for public housing modernization through the State of Connecticut Department of Economic and Community Development. This grant will be used to rehabilitate private residential senior housing located on Willow Road. Rehabilitation work on this project began in May 2012 with a completion projected to be in the Winter of 2014.

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 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 awarded a \$318 thousand contract for the installation of a microwave communication system that schedule for completion in early 2015.

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 the high school renovate as new a \$50 Million project. The construction documents have been completed and the Town has awarded bid packages for 21 trades in August 2014. The construction costs for this renovation is \$44.1 million with construction schedule to begin in the fall 2014. It is expected that this project will qualify for State of Connecticut School Construction Grants 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 scheduled for the winter of 2014. A \$10 million referendum for road improvements was passed on November 5, 2013. Road improvements began in the summer of 2014 with the Town awarding a contract of \$1.5 million for a bridge replacement over Goff Brook that is scheduled for completion in the fall of 2014 and \$2 million for various road improvements in which Phase One with seven miles of paving projects has been completed.

The Town of Rocky Hill issued general obligation (GO) refunding bonds for \$7.16 million in February 2013. All bond proceeds were used to refund the Town's outstanding 2004 Series B GO bonds. The Town received a net present value savings of \$837 thousand and the first portion of savings will begin in the 2013-2014 budget year. Standard & Poor's Rating Services reviewed the refunding bonds issue and assigned its 'AA' rating with a stable outlook. In addition, after Moody's Investor Service recalibrated its Global Scale Ratings, the Town's bond rating went to Aa2 from Aa3. In August 2013, the Town issued \$4.1 million in bond anticipated notes (BANS) that mature in May 2014. BAN proceeds are for the high school project and the acquisition of farmland development rights and/or passive open space. 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.

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, 2013. 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,



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, 2013

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, 2014, 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, 2014 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.

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 49 through 52, the schedules of changes in the net pension liability and related ratios on pages 53 through 56, the schedules of employer contributions on pages 57 through 60 and the schedule of investment returns on page 61 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, 2013 (not presented herein), and have issued our report thereon dated December 10, 2013, 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, 2013 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 2013 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2013 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, 2013.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2014 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 22, 2014

TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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, 2014. 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 decreased by \$548 thousand or 1.7%.
- During the year, the Town had expenses that were \$548 thousand more than the \$74.4 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$74.9 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$6.1 million.
- The resources available for appropriation were \$646 thousand higher than budgeted for in the General Fund and expenditures were \$183 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 decreased from \$32.1 million to \$31.5 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	
	2014	2013
Current and other assets	\$ 23,887,006	\$ 17,101,726
Capital assets, net of accumulated depreciation	47,174,502	46,915,760
Total assets	<u>71,061,508</u>	<u>64,017,486</u>
Long-term debt outstanding	23,976,417	24,308,778
Other liabilities	11,525,289	4,125,608
Total liabilities	<u>35,501,706</u>	<u>28,434,386</u>
Deferred inflows of resources	<u>4,022,569</u>	<u>3,497,379</u>
Net Position:		
Net investment in capital assets	34,660,436	32,976,165
Restricted	50,416	50,402
Unrestricted	<u>(3,173,619)</u>	<u>(940,846)</u>
Total Net Position	<u>\$ 31,537,233</u>	<u>\$ 32,085,721</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 (\$941 thousand) at June 30, 2013 to (\$3.2 million) at the end of this year.

Table 2
CHANGE IN NET POSITION

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 3,127,829	\$ 2,992,512
Operating grants and contributions	10,612,754	9,416,116
Capital grants and contributions	40,000	11,396
General revenues:		
Property taxes	57,992,275	56,303,034
Grants and contributions not restricted to specific purposes	1,958,535	1,805,935
Unrestricted investment earnings	38,600	15,006
Other general revenues	642,578	684,332
Total revenues	<u>74,412,571</u>	<u>71,228,331</u>
Program expenses:		
General government	12,123,214	12,338,980
Public safety	6,959,452	6,672,755
Public works	7,969,498	6,517,312
Health and human services	685,508	684,720
Parks, recreation and facilities	6,961,594	6,575,904
Library services	1,048,615	972,849
Education	38,741,366	37,299,006
Interest on long-term debt	471,812	477,834
Total program expenses	<u>74,961,059</u>	<u>71,539,360</u>
Change in Net Position	<u>\$ (548,488)</u>	<u>\$ (311,029)</u>

The Town's total revenues were \$74.4 million. The total cost of all programs and services was \$74.9 million. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

More than 78% of the Town's revenues were derived from property taxes, followed by 14% from operating grants and contributions.

Major revenue factors included:

The Town's mill rate increased by 0.7 mills over fiscal year 2013 mill rate with the Net Taxable Grand List increasing only by 0.26%. Property tax revenues for fiscal year 2014 increased 3.0% compared to fiscal year 2013.

Investment earnings remain the same as in the prior fiscal year as 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 2014.

Operating grants and contributions increased over the prior fiscal year due to the State of Connecticut increasing its on-behalf payments to the Connecticut State Teachers' Retirement System for Rocky Hill teachers over last fiscal year, funding of the Municipal Grant in Aid by the State, and an increase in Town Aid Road (TAR) funding to the Town from the State.

Grants and contributions not restricted to a specific programs increased over the prior fiscal year due to an increase of State-Owned Real Property Payment-In-Lieu of Taxes (PILOT) funding from the State.

Building department fees decreased 9% over fiscal year 2013. The collections of real estate conveyance tax decreased 34% over the prior fiscal year.

More than 51% of the Town's expenses relate to education, 9% to public safety, 9% to parks, recreation and facilities, 16% to general government and 10% to public works.

Major expense factors included:

Increases in employee wages from negotiated step and general wage increases. The cost of employee benefits remained flat due to a minimal increase in health insurance rates for fiscal year 2014.

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 December of 2013 through January of 2015. This has stabilized the Town's cost of electricity for its operations.

The Town did issue bond anticipation notes during the period to fund the design and construction documents phases of 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 did issue refunding bonds in fiscal year 2013 and the savings from this refunding did reduce long-term debt service in fiscal year 2014.

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 will affect the 2014 – 2015 budget.

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 been making yearly assessment payments but will make its final yearly assessment payment as determined by MIRMA's actuarial in the 2014 - 2015 fiscal years.

The Town replaced the gym floors at two elementary schools and the roof above one of the gyms. In addition, the Town initiated a major repair and maintenance program to the HVAC systems at a number of town buildings and schools.

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

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Education	\$ 38,741,366	\$ 37,299,006	\$ 28,362,505	\$ 28,125,723
General government	12,123,214	12,338,980	10,804,946	10,872,356
Public works	7,969,498	6,517,312	7,929,498	6,505,916
Public safety	6,959,452	6,672,755	5,997,859	5,760,567
Parks, recreation and facilities	6,961,594	6,575,904	6,191,958	5,874,770
All others	2,205,935	2,135,403	1,893,710	1,980,004
Total	\$ 74,961,059	\$ 71,539,360	\$ 61,180,476	\$ 59,119,336

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 \$7.5 million, which is a decrease from last year’s total of \$8.7 million. Included in this year’s total change in fund balance is an increase of \$268 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 decreased by \$1.4 million. This was the result of the Town spending \$1.3 million of expenditures for the road improvement program project.

General Fund Budgetary Highlights

Tax collections were unfavorable by \$5 thousand. Charges for Services were favorable by \$112 thousand due to the increase use of police private duty. Intergovernmental revenue was favorable by \$200 thousand due to the State of Connecticut increasing its payment for State tax-exempt property – in lieu of taxes, and a State of Connecticut Municipal Revenue Sharing Grant. Licenses and permits revenue was favorable by \$128 thousand due to the increase in the issuance of building permits.

Interest from investment was favorable by \$3 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.

A number of budgets were affected by the pay out of retirement benefits as the result of the retirements of twelve town employees.

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.

Higher motor fuel prices increase operating costs for town vehicles in the police, fire, and highway departments.

The Town budgets for unanticipated and unbudgeted expenditures that occurred during the budget year. For the 2013-2014 budget years, the Town budgeted \$598 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 \$6.1 million reported on Exhibit III differs from the General Fund’s budgetary fund balance of \$4.6 million reported in the budgetary comparison in the required supplementary information. This is principally because fund balance includes a \$638 thousand of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes and a \$914 thousand appropriation of fund balance to the 2014-2015 budget.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014, the Town had \$47.2 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 \$0.3 million or 0.6%, over last year.

**Table 4
CAPITAL ASSETS (Net of Depreciation)**

	Governmental Activities	
	2014	2013
Land	\$ 3,837,249	\$ 3,837,249
Buildings and improvements	21,230,120	21,902,307
Furniture, vehicles and equipment	959,289	949,637
Infrastructure	<u>19,557,619</u>	<u>20,226,567</u>
Total	<u><u>\$ 47,174,502</u></u>	<u><u>\$ 46,915,760</u></u>

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

New Police Vehicles, Pickup Truck, Mini Bus	\$.2
Various School Building Improvements	.5
Various Road Improvements	<u>.3</u>
Total	<u><u>\$ 1.0</u></u>

The Town’s fiscal year 2014-2015 capital budget calls for it to spend \$2.6 million for capital projects, principally for sidewalk improvements, vehicles for various departments, road improvements, town facilities improvements, school facilities improvements, funding towards new standards air packs for fire department, and funding towards police dispatch equipment.

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

Long-Term Debt

At June 30, 2014, the Town had \$11.7 million in bonds outstanding versus \$12.9 million last year - a decrease of 9.65% - as shown in Table 5.

Table 5
OUTSTANDING DEBT

	Governmental Activities	
	2014	2013
General Obligation Bonds (Backed by the Town)	\$ 11,660,000	\$ 12,905,000

The Town of Rocky Hill issued in February 2013 general obligation (GO) refunding bonds for \$7.16 million with all the proceeds being used to refund the Town's 2004 Series B GO bonds outstanding. Standard & Poor's Rating Services reviewed the refunding bonds issue and assigned its 'AA' rating with a stable outlook. Also in 2010, Moody's Investor Service recalibrated its Global Scale Ratings that resulted in the Town's bond rating going to Aa2 from Aa3. 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 \$405 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 2015 budget and tax rate. One of those factors is the economy and the community's ability to pay for municipal services. As of June 2014, the Town's labor force stood at 11,126 with its unemployment rate being 4.8% compared to 6.5% in the greater Hartford region and 6.4% for the State. The Rocky Hill unemployment rate has decreased from the June 2013 rate of 6.1% compared to the State rate that has decreased from 8.2% to 6.4%.

The consumer price index for June 2014 was 2.1% compared to 1.8% for June 2013 and 1.7% for June 2012. 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 2014-2015. Amounts available for appropriation in the General Fund are \$68,573,609, an increase of 3.5% over the 2013-2014 budget of \$66,263,669.

For 2014-2015, the Town's Net Taxable Grand List decreased by 8.02% from the prior year. This decrease is the result of implementing new assessed property values from a State mandated revaluation. The mill rate used by the Town was 29.7 mills, an increase of 3.1 mills compared to the mill rate used in the 2013-2014 budget year.

Starting in the 2014-2015 budget year, the responsibility for the operation and maintenance of all school facilities are being transferred back to the Board of Education. The Town will be transferring twenty-three employees and a school facilities budget of \$1.7 million to the Board of Education.

The Town appropriated \$914 thousand from fund balance to the 2014-2015 budget. This is a decrease of \$33 thousand from the prior year. All this use of fund balance, \$914 thousand, 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 8.9% of the Town's budget revenues are derived from revenues received from the State of Connecticut. About 59.1% 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 1.70% from July 1, 2014 to October 31, 2014. 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, 2014

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 22,198,156
Receivables, net	1,580,339
Inventory	7,154
Net pension assets	101,357
Capital assets not being depreciated	5,427,474
Capital assets being depreciated, net	41,747,028
Total assets	<u>71,061,508</u>
Liabilities:	
Accounts and other payables	3,073,300
Unearned revenue	351,989
Notes payable	8,100,000
Noncurrent liabilities:	
Due within one year	2,185,350
Due in more than one year	21,791,067
Total liabilities	<u>35,501,706</u>
Deferred Inflows of Resources:	
Deferred charge on refunding	4,685
Advance property tax collections	4,017,884
Total deferred inflows of resources	<u>4,022,569</u>
Net Position:	
Net investment in capital assets	34,660,436
Restricted for:	
Trust purposes:	
Nonexpendable	50,416
Unrestricted	<u>(3,173,619)</u>
Total Net Position	<u>\$ 31,537,233</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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 12,123,214	\$ 872,481	\$ 445,787	\$	\$ (10,804,946)
Public safety	6,959,452	927,606	33,987		(5,997,859)
Public works	7,969,498			40,000	(7,929,498)
Health and human services	685,508	58,998	52,296		(574,214)
Parks, recreation and facilities	6,961,594	750,697	18,939		(6,191,958)
Library services	1,048,615	36,057	1,226		(1,011,332)
Education	38,741,366	481,990	9,896,871		(28,362,505)
Debt service	471,812		163,648		(308,164)
Total Governmental Activities	<u>\$ 74,961,059</u>	<u>\$ 3,127,829</u>	<u>\$ 10,612,754</u>	<u>\$ 40,000</u>	<u>(61,180,476)</u>
General revenues:					
Property taxes					57,992,275
Grants and contributions not restricted to specific programs					1,958,535
Unrestricted investment earnings					38,600
Miscellaneous					642,578
Total general revenues					<u>60,631,988</u>
Change in net position					(548,488)
Net Position at Beginning of Year					<u>32,085,721</u>
Net Position at End of Year					<u>\$ 31,537,233</u>

The accompanying notes are an integral part of the financial statements

TOWN OF ROCKY HILL, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 16,307,602	\$ 4,098,910	\$ 1,791,644	\$ 22,198,156
Receivables, net	1,472,891		107,448	1,580,339
Due from other funds	361,512	5,323,760	358,751	6,044,023
Inventory			7,154	7,154
Total Assets	<u>\$ 18,142,005</u>	<u>\$ 9,422,670</u>	<u>\$ 2,264,997</u>	<u>\$ 29,829,672</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 1,306,961	\$ 1,388,233	\$ 228,922	\$ 2,924,116
Due to other funds	5,682,511		361,512	6,044,023
Unearned revenue	66,367		285,622	351,989
Notes payable		8,100,000		8,100,000
Total liabilities	<u>7,055,839</u>	<u>9,488,233</u>	<u>876,056</u>	<u>17,420,128</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	929,431			929,431
Advance property tax collections	4,017,884			4,017,884
Total deferred inflows of resources	<u>4,947,315</u>	<u>-</u>	<u>-</u>	<u>4,947,315</u>
Fund balances:				
Nonspendable			57,570	57,570
Restricted			151,839	151,839
Committed		2,743,008	1,179,532	3,922,540
Assigned	1,552,335			1,552,335
Unassigned	4,586,516	(2,808,571)		1,777,945
Total fund balances	<u>6,138,851</u>	<u>(65,563)</u>	<u>1,388,941</u>	<u>7,462,229</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,142,005</u>	<u>\$ 9,422,670</u>	<u>\$ 2,264,997</u>	<u>\$ 29,829,672</u>

(Continued on next page)

TOWN OF ROCKY HILL, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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)	\$ 7,462,229
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 107,727,467	
Less accumulated depreciation	<u>(60,552,965)</u>	
Net capital assets		47,174,502

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

Net pension asset	101,357
Property tax receivables greater than 60 days	740,210
Interest receivable on property taxes	189,221

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 obligation	(1,773,485)
Bonds payable	(11,660,000)
Interest payable on bonds and notes	(149,184)
Compensated absences	(4,210,947)
Capital lease	(303,170)
Bond premium	(550,896)
Deferred charge on refunding	(4,685)
Net OPEB obligation	<u>(5,477,919)</u>

Net Position of Governmental Activities (Exhibit I)	\$ <u><u>31,537,233</u></u>
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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, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes and assessments	\$ 57,822,637	\$	\$	\$ 57,822,637
Intergovernmental	10,206,932	40,000	2,298,033	12,544,965
Charges for services	1,378,617		1,304,841	2,683,458
Income on investments	23,823	210	14,567	38,600
Miscellaneous	995,991	5,043	152,239	1,153,273
Total revenues	<u>70,428,000</u>	<u>45,253</u>	<u>3,769,680</u>	<u>74,242,933</u>
Expenditures:				
Current:				
General government	2,388,003			2,388,003
Public safety	6,153,764		45,880	6,199,644
Public works	5,952,262			5,952,262
Health and human services	676,010		81,458	757,468
Parks, recreation and facilities	5,955,413		811,228	6,766,641
Library services	953,855		57,367	1,011,222
Education	35,566,626		2,276,885	37,843,511
Miscellaneous	7,596,307		575,594	8,171,901
Capital outlay	1,068,650	3,656,704		4,725,354
Debt service	1,671,560			1,671,560
Total expenditures	<u>67,982,450</u>	<u>3,656,704</u>	<u>3,848,412</u>	<u>75,487,566</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,445,550</u>	<u>(3,611,451)</u>	<u>(78,732)</u>	<u>(1,244,633)</u>
Other Financing Sources (Uses):				
Transfers in		2,177,382		2,177,382
Transfers out	(2,177,382)			(2,177,382)
Total other financing sources (uses)	<u>(2,177,382)</u>	<u>2,177,382</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	268,168	(1,434,069)	(78,732)	(1,244,633)
Fund Balances at Beginning of Year	<u>5,870,683</u>	<u>1,368,506</u>	<u>1,467,673</u>	<u>8,706,862</u>
Fund Balances at End of Year	<u>\$ 6,138,851</u>	<u>\$ (65,563)</u>	<u>\$ 1,388,941</u>	<u>\$ 7,462,229</u>

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TOWN OF ROCKY HILL, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

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)	\$ (1,244,633)
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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	1,959,803
Depreciation expense	(1,701,061)

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	168,817
Property tax interest and lien revenue - accrual basis change	821

Change in net pension assets	32,302
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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	1,245,000
Capital lease payments	124,342

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	146,180
Accrued interest	4,385
Amortization of deferred charge on refunding	(144)
Other	(101,139)
Amortization of bond premiums	51,646
Net pension obligation	18,329
OPEB obligations	<u>(1,253,136)</u>

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (548,488)</u>
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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, 2014

	Pension Trust Fund	Other Post Employment Benefits Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$	\$	\$ 832,861
Investments:			
Certificate of deposits			173,936
Mutual funds	<u>57,410,987</u>	<u>721,148</u>	<u>226,478</u>
Total assets	<u>57,410,987</u>	<u>721,148</u>	<u>\$ 1,233,275</u>
Liabilities:			
Deposits and amounts due to student groups and participants			\$ 1,224,367
Accounts payable			<u>8,908</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 1,233,275</u>
Net Position:			
Held in Trust for Pension and Other Benefits	<u>\$ 57,410,987</u>	<u>\$ 721,148</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, 2014

	Pension Trust Fund	Other Post Employment Benefits Trust Fund
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 2,139,241	\$ 532,235
Plan members	452,053	
Total contributions	<u>2,591,294</u>	<u>532,235</u>
Investment income:		
Net appreciation in fair value of investments	8,840,602	77,426
Interest and dividends	634,325	27,979
Total investment income	<u>9,474,927</u>	<u>105,405</u>
Less investment expense	222,732	6,390
Net investment income	<u>9,252,195</u>	<u>99,015</u>
Total additions	<u>11,843,489</u>	<u>631,250</u>
Deductions:		
Benefits	2,307,386	382,226
Other expenses	33,650	
Refunds	975	
Total deductions	<u>2,342,011</u>	<u>382,226</u>
Net Increase	9,501,478	249,024
Net Position - Beginning of Year	<u>47,909,509</u>	<u>472,124</u>
Net Position - End of Year	<u>\$ 57,410,987</u>	<u>\$ 721,148</u>

The accompanying notes are an integral part of the financial statements

TOWN OF ROCKY HILL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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 Pension Trust Fund accounts for the activities of the Town Pension Plans, which accumulates resources for pension benefit payments to qualified Town employees.

The Other Post Employment Benefits Trust Fund accounts for the activities of the Town Post Employment Benefits plans, which accumulates resources for 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.

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.

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 does not report any deferred outflows of resources in the current year.

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 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. 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. 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.

L. 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

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 departmental 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 reservations of fund balances 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 a reservation 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.

Deficit Fund Equity

The Capital Projects Fund has a fund balance deficit of \$65,563. The deficit will be funded through future debt issuances.

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.

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*, \$17,456,763 of the Town’s bank balance of \$18,920,559 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 15,602,880
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,853,883</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 17,456,763</u></u>

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, 2014, the Town's cash equivalents amounted to \$4,297,567. 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.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management - Cooperative Liquid Assets Securities System (CLASS)	AAAm
State Tax Exempt Proceeds Fund *	

* Not rated

Investments

Investments as of June 30, 2014 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	*	\$ 173,936	\$ <u>133,762</u>	\$ <u>40,174</u>	\$ <u>-</u>
Other investments:					
Pooled open-end mutual funds	N/A	<u>58,358,613</u>			
Total Investments		<u>\$ 58,532,549</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.

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, 2014, 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 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	\$ 189,221	\$	\$ 189,221
Taxes	904,956		904,956
Accounts	403,714	46,557	450,271
Intergovernmental		60,891	60,891
Gross receivables	<u>1,497,891</u>	<u>107,448</u>	<u>1,605,339</u>
Less allowance for uncollectibles	<u>(25,000)</u>		<u>(25,000)</u>
Net Total Receivables	<u>\$ 1,472,891</u>	<u>\$ 107,448</u>	<u>\$ 1,580,339</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 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	\$	\$	\$ 3,837,249
Construction in progress	<u>-</u>	<u>1,590,225</u>		<u>1,590,225</u>
Total capital assets not being depreciated	<u>3,837,249</u>	<u>1,590,225</u>	<u>-</u>	<u>5,427,474</u>
Capital assets being depreciated:				
Buildings and improvements	49,771,345			49,771,345
Furniture, vehicles and equipment	14,641,512	369,578	(22,500)	14,988,590
Infrastructure	<u>37,540,058</u>			<u>37,540,058</u>
Total capital assets being depreciated	<u>101,952,915</u>	<u>369,578</u>	<u>(22,500)</u>	<u>102,299,993</u>
Less accumulated depreciation for:				
Buildings and improvements	(27,869,038)	(672,187)		(28,541,225)
Furniture, vehicles and equipment	(13,691,875)	(359,926)	22,500	(14,029,301)
Infrastructure	<u>(17,313,491)</u>	<u>(668,948)</u>		<u>(17,982,439)</u>
Total accumulated depreciation	<u>(58,874,404)</u>	<u>(1,701,061)</u>	<u>22,500</u>	<u>(60,552,965)</u>
Total capital assets being depreciated, net	<u>43,078,511</u>	<u>(1,331,483)</u>	<u>-</u>	<u>41,747,028</u>
Governmental Activities Capital Assets, Net	<u>\$ 46,915,760</u>	<u>\$ 258,742</u>	<u>\$ -</u>	<u>\$ 47,174,502</u>

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

Governmental activities:	
General government	\$ 891,390
Public safety	71,083
Public works	313,548
Health and human services	15,499
Parks, recreation and facilities	165,822
Library services	21,702
Education	<u>222,017</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,701,061</u>

Construction Commitments

The Town has active construction projects as of June 30, 2014. The following is a summary of capital projects as of June 30, 2014.

	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Capital and nonrecurring	\$ 77,093,381	\$ 7,298,062	\$ 69,795,319

6. INTERFUND RECEIVABLE AND PAYABLE BALANCES

A summary of interfund balances at June 30, 2014 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 361,512
Capital Projects Fund	General Fund	5,323,760
Nonmajor Governmental	General Fund	<u>358,751</u>
Total		\$ <u><u>6,044,023</u></u>

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

Interfund transfers:

	<u>Transfers In</u> <u>Capital</u> <u>Projects Fund</u>
Transfers out:	
General Fund	\$ <u><u>2,177,382</u></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.

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	\$ 768,170
Less accumulated depreciation	<u>(469,163)</u>
Total	\$ <u><u>299,007</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, 2014:

Fiscal Year Ending June 30

2015	\$ 134,083
2016	114,996
2017	39,639
2018	<u>34,298</u>
Total future minimum lease payments	323,016
Interest on future lease payments	<u>(19,846)</u>
Principal Balance of Future Minimum Payments	<u>\$ 303,170</u>

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 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	\$ 12,905,000	\$ -	\$ (1,245,000)	\$ 11,660,000	\$ 1,570,000
Issuance premium	<u>602,542</u>	<u>-</u>	<u>(51,646)</u>	<u>550,896</u>	<u>-</u>
Total bonds payable	13,507,542	-	(1,296,646)	12,210,896	1,570,000
Capital leases	427,512		(124,342)	303,170	122,965
Net pension obligation	1,791,814		(18,329)	1,773,485	
Compensated absences	4,357,127	72,744	(218,924)	4,210,947	492,385
Net OPEB obligation	<u>4,224,783</u>	<u>1,253,136</u>	<u>-</u>	<u>5,477,919</u>	<u>-</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 24,308,778</u>	<u>\$ 1,325,880</u>	<u>\$ (1,658,241)</u>	<u>\$ 23,976,417</u>	<u>\$ 2,185,350</u>

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

Bonds payable amounting to \$11,660,000 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 2025.

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>
2015	\$ 1,570,000	\$ 387,275	\$ 1,957,275
2016	1,550,000	343,975	1,893,975
2017	1,350,000	289,375	1,639,375
2018	1,185,000	244,600	1,429,600
2019	1,130,000	204,675	1,334,675
2020-2024	4,310,000	438,812	4,748,812
2025	<u>565,000</u>	<u>8,475</u>	<u>573,475</u>
Total	\$ <u>11,660,000</u>	\$ <u>1,917,187</u>	\$ <u>13,577,187</u>

The Town is subject to the General Statutes of Connecticut, which limits the amount of debt outstanding at June 30, 2014 to the following:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 130,337,316	\$ 34,341,052	\$ 95,996,264
Schools	260,674,632	52,040,948	208,633,684
Sewers	217,228,860	37,573,156	179,655,704
Urban renewal	188,265,012		188,265,012
Pension deficit	173,783,088		173,783,088

Total debt outstanding may not exceed seven times annual receipts from taxation (\$405,493,872).

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, 2014 was \$650,054,601. The Town's share of the debt at June 30, 2014 was 5.78% or \$37,573,156. 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, 2014 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	\$ 3,812,800	\$ 40,000	\$ 51,104,200
Various improvements	<u>45,725,000</u>	<u>22,107,200</u>		<u>23,617,800</u>
Total	\$ <u>100,682,000</u>	\$ <u>25,920,000</u>	\$ <u>40,000</u>	\$ <u>74,722,000</u>

9. SHORT-TERM DEBT

The following is a summary of bond anticipation note activity for the year ended June 30, 2014:

<u>Project</u>	<u>Issue Date</u>	<u>Original Issue Amount</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Outstanding June 30, 2014</u>
High School Renovation	12/20/2012	\$ 2,000,000	1.25%	\$ 2,000,000	-	\$ 2,000,000	\$ -
High School Renovation	8/15/2013	2,000,000	1.00%	-	2,000,000	2,000,000	-
Land Acquisition	8/15/2013	2,100,000	1.00%	-	2,100,000	2,100,000	-
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
							<u>\$ 8,100,000</u>

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, 2014 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 7,154	\$ 7,154
Permanent funds			50,416	50,416
Restricted for:				
Grants			151,839	151,839
Committed to:				
General government			495,175	495,175
Recreation programs			372,902	372,902
Library services			11,298	11,298
Public safety			69,169	69,169
Health and human services			137,125	137,125
Education			93,863	93,863
Road improvements		322,455		322,455
Building renovations		1,803,303		1,803,303
Vehicle purchases		60,955		60,955
Drainage		6,000		6,000
Technology		388,456		388,456
Consultants - school projects		2,018		2,018
Foundry		49,828		49,828
Revaluation		33,093		33,093
Other general government capital projects		76,900		76,900
Assigned to:				
Subsequent year's budget	914,733			914,733
Education - encumbrances	556,765			556,765
General government - encumbrances	24,148			24,148
Public works - encumbrances	4,903			4,903
Public safety - encumbrances	27,277			27,277
Parks, recreation and facilities - encumbrances	22,919			22,919
Library services - encumbrances	1,590			1,590
Unassigned	4,586,516	(2,808,571)		1,777,945
Total Fund Balances	<u>\$ 6,138,851</u>	<u>\$ (65,563)</u>	<u>\$ 1,388,941</u>	<u>\$ 7,462,229</u>

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 affect 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, 2012, plan membership consisted of the following:

	<u>Town Plan</u>	<u>Board of Education Plan</u>
Active plan members	151	280
Retired members	47	34
Total Participants	<u>198</u>	<u>314</u>

B. Funding Policy

The Town's funding and payment of postemployment benefits for the year ended June 30, 2014 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.

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:

	<u>Town Retiree Healthcare Plan</u>	<u>Board of Education Retiree Healthcare Plan</u>
Annual required contribution (ARC)	\$ 1,653,224	\$ 164,998
Interest on net OPEB obligation	176,795	1,797
Adjustment to annual required contribution	(208,584)	(2,859)
Annual OPEB cost	<u>1,621,435</u>	<u>163,936</u>
Contributions made	(472,975)	(59,260)
Change in net OPEB obligation	<u>1,148,460</u>	<u>104,676</u>
Net OPEB obligation beginning of year	<u>4,198,427</u>	<u>26,356</u>
Net OPEB Obligation at End of Year	<u>\$ 5,346,887</u>	<u>\$ 131,032</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
6/30/2012	\$ 1,176,460	\$ 320,246	27.2%	\$ 3,082,659
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

Board of Education Employees				
Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2012	\$ 155,208	\$ 171,734	110.6%	\$ (29,029)
6/30/2013	158,533	103,148	65.3	26,356
6/30/2014	163,936	59,260	36.1	131,032

Schedule of Funding Progress

Town Employees						
Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial 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)
7/1/08	\$ -	\$ 9,153,251	\$ (9,153,251)	0.0%	\$ N/A	N/A
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)

Board of Education Employees						
Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial 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)
7/1/08	\$ -	\$ 1,526,950	\$ (1,526,950)	0.0%	N/A	N/A
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

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

Schedule of Employer Contributions

Town Employees		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2012	\$ 1,180,473	27.1%
2013	1,557,365	20.7
2014	1,653,224	28.6

Board of Education Employees		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2012	\$ 154,814	110.9%
2013	157,897	65.3
2014	164,998	35.9

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, 2014 and changes in net position for the year then ended.

	Town Retiree Healthcare Plan	Board of Education Retiree Healthcare Plan	Total Healthcare Trust Funds
Assets:			
Investments	\$ 721,148	\$ -	\$ 721,148
Net Position:			
Reserved for OPEB Benefits	\$ 721,148	\$ -	\$ 721,148

	Town Retiree Healthcare Plan	Board of Education Retiree Healthcare Plan	Total Healthcare Trust Funds
Additions:			
Contributions:			
Employer	\$ 472,975	\$ 59,260	\$ 532,235
Investment income:			
Net appreciation in fair value of investments	77,426		77,426
Interest and dividends	27,979		27,979
Total investment income	105,405	-	105,405
Less investment expense	6,390		6,390
Net investment income	99,015	-	99,015
Total additions	571,990	59,260	631,250
Deductions:			
Benefit payments	322,966	59,260	382,226
Net increase	249,024	-	249,024
Net Position Held in Trust for OPEB Benefits at Beginning of Year	472,124	-	472,124
Net Position Held in Trust for OPEB Benefits at End of Year	\$ 721,148	\$ -	\$ 721,148

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

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The 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%.

14. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Description

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;
- 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	115	22	20	7
Terminated plan members entitled to benefits but not yet receiving them	20		85	4
Current employees:				
Vested	142	25	35	16
Nonvested	32	4	31	20
Total	<u>309</u>	<u>51</u>	<u>171</u>	<u>47</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 2.5% of average monthly earnings multiplied by years of credited service (to a maximum of 28 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 7% of earnings; however, any employee who has been a participant for 28 years shall no longer be required to make a contribution.

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 market 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.

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, 2014:

Asset Class	Target Allocation	
	General Employee's & Police Officers	Firefighters
Large Value	10.00%	15.00%
Large Growth	10.00%	15.00%
Mid-Cap Growth	18.00%	20.00%
Small Growth	12.00%	15.00%
Foreign Large Blend	20.00%	15.00%
Money Market Taxable	30.00%	20.00%

Ambulance	
Asset Class	Target Allocation
Mutual funds	100.00%

Rate of Return: For the year ended June 30, 2014, 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.

	Annual Money-Weighted Rate of Return
General Employee's	19.11%
Police Officers	19.49%
Firefighters	20.81%
Ambulance	19.74%

E. Net Pension Liability of the Town

In accordance with Government Accounting Standards Board Statement No. 67, the components of the net pension liability of the Town at June 30, 2014, were as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>
Total pension liability	\$ 38,629,488	\$ 20,363,174	\$ 1,327,127	\$ 523,688
Plan fiduciary net position	<u>33,936,966</u>	<u>21,632,355</u>	<u>1,162,914</u>	<u>678,752</u>
Net Position Liability (Asset)	<u>\$ 4,692,522</u>	<u>\$ (1,269,181)</u>	<u>\$ 164,213</u>	<u>\$ (155,064)</u>
Plan fiduciary net position as a percentage of the total pension liability	87.85%	106.23%	87.63%	129.61%

The Town's net pension liability will be required to be recorded on the government wide statement of net position at June 30, 2015.

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:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>
Actuarial Valuation Date	9-1-12	9-1-12	7-1-12	7-1-13
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age
Amortization Method	Level Dollar	Level Dollar	Level Dollar	N/A
Remaining Amortization Period	30 Years Open	30 Years Open	30 Years Open	N/A
Asset Valuation Method	Fair Market Value of Assets	Fair Market Value of Assets	Fair Market Value of Assets	Fair Value
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

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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, 2014 (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
Russell 1000 Value TR USD	11.30%
Russell 1000 Growth TR USD	10.63%
Russell Mid Cap Growth TR USD	12.50%
Russell 2000 Growth TR USD	10.85%
MSCI EAFE GR USD	7.44%
USTREAS T-Bill Sec Mkt 3 Mon	2.94%

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.

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	\$ 8,670,393	\$ 4,692,522	\$ 1,267,010
Police Officer's Net Pension Liability (Asset)	1,271,704	(1,269,181)	(3,154,512)
Firefighters Net Pension Liability	343,570	164,213	17,009

F. Annual Pension Cost and Net Pension Obligation

In accordance with GASB Statement No. 27, the Town's annual pension cost and net pension obligation to the Town of Rocky Hill Pension Plans for the year ended June 30, 2014 were as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>
Annual required contribution	\$ 1,461,942	\$ 571,380	\$ 76,430	\$ 6,286
Interest on net pension obligation	109,476	24,910	(832)	(3,768)
Adjustment to annual required Contribution	(123,593)	(28,122)	1,631	(7,130)
Annual pension cost	1,447,825	568,168	77,229	(4,612)
Contributions made	1,462,942	571,380	76,500	28,419
Change in net pension obligation (asset)	(15,117)	(3,212)	729	(33,031)
Net pension obligation (asset) at beginning of year	1,459,685	332,129	(11,092)	(57,963)
Net Pension Obligation (Asset) at End of Year	\$ <u>1,444,568</u>	\$ <u>328,917</u>	\$ <u>(10,363)</u>	\$ <u>(90,994)</u>

*No inflation factor included

G. Trend Information

General Employees			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
11-12	\$ 1,192,081	101.0%	\$ 1,213,409
12-13	1,450,207	83.0	1,459,685
13-14	1,447,825	101.0	1,444,568

Police Officers			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
11-12	\$ 764,355	100.7%	\$ 535,512
12-13	566,201	135.9	332,129
13-14	568,168	100.6	328,917

Firefighters			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
11-12	\$ 70,866	98.4%	\$ (16,378)
12-13	77,611	93.2	(11,092)
13-14	77,229	99.1	(10,363)

Ambulance			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
11-12	\$ 9,729	332.3%	\$ (35,626)
12-13	8,291	369.4	(57,963)
13-14	(4,612)	616.2	(90,994)

H. Schedule of Funding Progress and Employer Contributions

Schedule of Funding Progress

General 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)
9/1/08	\$ 21,046,139	\$ 24,750,801	\$ (3,704,662)	85.0%	\$ 8,474,681	(43.7)%
9/1/10	22,758,265	28,654,640	(5,896,375)	79.4	9,046,134	(65.2)
9/1/12	24,438,531	32,954,792	(8,516,261)	74.2	9,418,330	(90.4)

Police Officers						
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)
9/1/08	\$ 13,869,702	\$ 18,028,640	\$ (4,158,938)	76.9%	\$ 2,441,653	170.3%
9/1/10	15,124,745	20,018,744	(4,893,999)	75.6	2,479,447	197.4
9/1/12	15,953,314	18,898,638	(2,945,324)	84.4	2,415,638	121.9

Firefighters						
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)
7/1/08	\$ 823,446	\$ 998,352	\$ (174,906)	82.5%	N/A	N/A
7/1/10	777,258	1,156,417	(379,159)	67.2	N/A	N/A
7/1/12	825,858	1,228,997	(403,139)	67.2	N/A	N/A

* As of July 1, 2006 the Actuarial Accrued Liability is determined using the entry age actuarial cost method as required by GASB Statement 50.

** Pay for volunteer firefighters is not available.

Ambulance						
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)
7/1/11	\$ 471,485	\$ 506,309	\$ (34,824)	93.12%	N/A	N/A
7/1/12	565,042	528,393	(36,649)	106.94	N/A	N/A
7/1/13	678,751	523,688	(155,063)	129.61	N/A	N/A

* Actuarial Accrued Liability is determined using the entry age actuarial cost method as required by GASB Statement 50.

** Pay for volunteer ambulance is not available.

Pension Trust Funds

The Town maintains four pension trust funds (Volunteer Ambulance Pension Plan, Firefighters' Pension Plan, General Employees' Pension Plan and Police Pension Plan) to account for its fiduciary responsibility. The following schedules present the net position held in trust for pension benefits at June 30, 2014 and the changes in net position for the year then ended.

	Pension Trust Funds				
	General Employees' Pension Plan	Police Pension Plan	Firefighters' Pension Plan	Volunteer Ambulance Pension Plan	Total Pension Trust Funds
Assets:					
Investments	\$ 33,936,966	\$ 21,632,355	\$ 1,162,914	\$ 678,752	\$ 57,410,987
Net Position:					
Reserved for Pension Plan Benefits	\$ 33,936,966	\$ 21,632,355	\$ 1,162,914	\$ 678,752	\$ 57,410,987
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	\$ 571,380	\$ 76,500	\$ 28,419	\$ 2,139,241
Employee	299,540	152,513			452,053
Total contributions	<u>1,762,482</u>	<u>723,893</u>	<u>76,500</u>	<u>28,419</u>	<u>2,591,294</u>
Investment income:					
Net appreciation in fair value of investments	5,148,443	3,389,568	192,975	109,616	8,840,602
Interest and dividends	383,189	235,274	10,278	5,584	634,325
Total investment income	<u>5,531,632</u>	<u>3,624,842</u>	<u>203,253</u>	<u>115,200</u>	<u>9,474,927</u>
Less investment expense	131,326	83,922	4,745	2,739	222,732
Net investment income	<u>5,400,306</u>	<u>3,540,920</u>	<u>198,508</u>	<u>112,461</u>	<u>9,252,195</u>
Total additions	<u>7,162,788</u>	<u>4,264,813</u>	<u>275,008</u>	<u>140,880</u>	<u>11,843,489</u>
Deductions:					
Benefit payments	1,337,825	882,022	61,619	25,920	2,307,386
Other expenses	15,100	11,800	5,500	1,250	33,650
Refunds	975				975
Total deductions	<u>1,353,900</u>	<u>893,822</u>	<u>67,119</u>	<u>27,170</u>	<u>2,342,011</u>
Net increase	5,808,888	3,370,991	207,889	113,710	9,501,478
Net Position Held in Trust for Pension Benefits at Beginning of Year	<u>28,128,078</u>	<u>18,261,364</u>	<u>955,025</u>	<u>565,042</u>	<u>47,909,509</u>
Net Position Held in Trust for Pension Benefits at End 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>

H. Teachers' Retirement System

All Town certified teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$18,120,333.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2014, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$4,492,304 as payments made by the State of Connecticut on behalf of the Town.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

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 \$285 for the year ended June 30, 2014.

16. SUBSEQUENT EVENT

On October 15, 2014, the Town issued \$18,100,000 of bonds maturing on April 15, 2034 at an interest rate of 3-5%.

**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, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property taxes:				
Revenues from property taxes	\$ 57,652,275	\$ 57,652,275	\$ 57,583,720	\$ (68,555)
Interest and liens fees	175,000	175,000	238,917	63,917
Total property taxes	<u>57,827,275</u>	<u>57,827,275</u>	<u>57,822,637</u>	<u>(4,638)</u>
Intergovernmental:				
Education:				
Education Cost Sharing Grant	3,534,001	3,534,001	3,526,702	(7,299)
School bond interest subsidy	339,800	339,800	163,648	(176,152)
Transportation			65,743	65,743
Total education	<u>3,873,801</u>	<u>3,873,801</u>	<u>3,756,093</u>	<u>(117,708)</u>
Other:				
Reimbursement - elderly, veterans and disability exemptions	119,344	119,344	124,307	4,963
State tax-exempt property - in lieu of taxes and Tobacco Grant	514,404	514,404	711,846	197,442
LOCIP and Town Aid Road	735,888	735,888	431,949	(303,939)
Pequot Grant	226,108	226,108	276,253	50,145
Municipal revenue sharing			367,137	367,137
Miscellaneous grants	45,000	45,000	47,043	2,043
Total other	<u>1,640,744</u>	<u>1,640,744</u>	<u>1,958,535</u>	<u>317,791</u>
Total intergovernmental	<u>5,514,545</u>	<u>5,514,545</u>	<u>5,714,628</u>	<u>200,083</u>
Licenses and permits:				
Building Department	375,000	375,000	497,083	122,083
Business licenses	3,000	3,000	2,569	(431)
Land Use Commission	15,000	15,000	19,877	4,877
Animal licenses	2,000	2,000	1,435	(565)
Other licenses and permits	6,000	6,000	8,471	2,471
Total licenses and permits	<u>401,000</u>	<u>401,000</u>	<u>529,435</u>	<u>128,435</u>
Investment income:				
Interest from investments	<u>21,000</u>	<u>21,000</u>	<u>23,823</u>	<u>2,823</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, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Charges for services:				
Real estate conveyance tax	\$ 255,000	\$ 255,000	\$ 276,012	\$ 21,012
Recording - legal instruments	115,000	115,000	51,784	(63,216)
Police charges	200,000	200,000	399,665	199,665
Recreation admission and fees	65,000	65,000	24,898	(40,102)
Vital statistics	25,000	25,000	26,476	1,476
Library fines and fees	20,000	20,000	11,073	(8,927)
Fire charges	1,000	1,000	2,268	1,268
All other	40,000	40,000	41,486	1,486
Total charges for services	721,000	721,000	833,662	112,662
Fines, forfeitures and penalties:				
Parking fines	11,000	11,000	15,520	4,520
Other revenues:				
Telephone access lines	60,000	60,000	62,497	2,497
Refunds and recoveries	20,000	20,000	61,701	41,701
Transit District	9,084	9,084	10,142	1,058
Sale of assets	3,000	3,000	660	(2,340)
Housing Authority PILOT	20,000	20,000	22,191	2,191
Recycling revenue	80,000	80,000	67,187	(12,813)
Health insurance - COBRA	65,000	65,000	59,997	(5,003)
Health insurance - employee co-pay	300,000	300,000	299,098	(902)
Workers comp insurance	20,000	20,000	12,893	(7,107)
Lease - Comm Towers	170,000	170,000	178,441	8,441
Other revenues	72,933	72,933	247,232	174,299
Total other revenues	820,017	820,017	1,022,039	202,022
Total Revenues	65,315,837	65,315,837	65,961,744	645,907
Other financing sources:				
Use of Fund Balance	947,832	947,832	-	(947,832)
Total	\$ 66,263,669	\$ 66,263,669	65,961,744	\$ (301,925)

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	4,492,304
Cancellation of prior year encumbrances are recognized as budgetary revenue	(26,048)

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV

\$ 70,428,000

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, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
Mayor and Town Council	\$ 58,011	\$ 59,011	\$ 58,796	\$ 215
Town Manager	299,541	325,799	316,250	9,549
Personnel Administration	63,550	57,078	56,807	271
Finance and Accounting	463,790	498,865	498,591	274
Tax Assessor	297,566	300,406	299,290	1,116
Tax Collector	241,335	232,528	229,051	3,477
Central Services	92,524	82,524	82,252	272
Legal expenditures	219,000	235,500	235,198	302
Probate Court	30,400	30,400	30,369	31
Registrars of Voters	87,600	69,000	62,419	6,581
Town Clerk	267,027	258,549	258,026	523
Open Space and Conservation Commission	6,058	6,058	5,603	455
Planning Boards and Commissions	7,150	7,150	4,994	2,156
Town Planner	140,840	145,526	141,522	4,004
Economic Development	98,250	107,960	107,835	125
Total general government	<u>2,372,642</u>	<u>2,416,354</u>	<u>2,387,003</u>	<u>29,351</u>
Public safety:				
Police	4,481,634	4,722,115	4,724,900	(2,785)
Fire Department	1,100,021	1,079,668	1,043,348	36,320
Building Department	238,030	246,139	245,826	313
Volunteer Ambulance Association	143,794	136,794	136,253	541
Total public safety	<u>5,963,479</u>	<u>6,184,716</u>	<u>6,150,327</u>	<u>34,389</u>
Public works:				
Highway Department	1,969,234	2,340,268	2,344,849	(4,581)
Engineering	399,198	429,146	425,125	4,021
Sanitation	3,137,901	3,187,901	3,187,191	710
Total public works	<u>5,506,333</u>	<u>5,957,315</u>	<u>5,957,165</u>	<u>150</u>
Health and human services:				
Public Health	92,600	92,600	92,501	99
Human Services	495,999	588,852	583,509	5,343
Total health and human services	<u>588,599</u>	<u>681,452</u>	<u>676,010</u>	<u>5,442</u>
Parks, recreation and facilities:				
Parks and Recreation	1,531,057	1,574,453	1,573,879	574
Facilities - Town	1,497,798	1,605,765	1,605,148	617
Facilities - Schools	2,636,619	2,745,819	2,745,529	290
Total parks, recreation and facilities	<u>5,665,474</u>	<u>5,926,037</u>	<u>5,924,556</u>	<u>1,481</u>
Library services:				
Cora Belden Public Library	<u>937,807</u>	<u>961,591</u>	<u>955,445</u>	<u>6,146</u>

(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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous:				
Insurance - employee benefits	\$ 6,473,290	\$ 6,426,787	\$ 6,426,072	\$ 715
Insurance - property and liability	1,184,253	1,165,753	1,162,776	2,977
Contingency	597,650			-
Miscellaneous	13,695	13,695	7,459	6,236
Total miscellaneous	<u>8,268,888</u>	<u>7,606,235</u>	<u>7,596,307</u>	<u>9,928</u>
Capital outlays:				
Capital outlay - Town	<u>3,617,127</u>	<u>1,189,725</u>	<u>1,093,196</u>	<u>96,529</u>
Debt service:				
Debt redemption - principal	1,245,000	1,245,000	1,245,000	-
Debt redemption - interest	438,726	426,626	426,560	66
Total debt service	<u>1,683,726</u>	<u>1,671,626</u>	<u>1,671,560</u>	<u>66</u>
Board of Education	<u>31,659,594</u>	<u>31,491,236</u>	<u>31,491,236</u>	<u>-</u>
Transfer to other funds		<u>2,177,382</u>	<u>2,177,382</u>	<u>-</u>
Total	<u>\$ 66,263,669</u>	<u>\$ 66,263,669</u>	66,080,187	<u>\$ 183,482</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			4,492,304	
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>(412,659)</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>\$ 70,159,832</u>	

TOWN OF ROCKY HILL, CONNECTICUT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

GENERAL EMPLOYEES

LAST FISCAL YEAR

	<u>2014</u>
Total pension liability:	
Service cost	\$ 1,048,535
Interest	2,669,474
Benefit payments, including refunds of member contributions	<u>(1,338,800)</u>
Net change in total pension liability	2,379,209
Total pension liability - beginning	<u>36,250,279</u>
Total pension liability - ending	<u>38,629,488</u>
Plan fiduciary net position:	
Contributions - employer	1,462,942
Contributions - member	299,540
Net investment income	5,400,306
Benefit payments, including refunds of member contributions	(1,338,800)
Administrative expense	<u>(15,100)</u>
Net change in plan fiduciary net position	5,808,888
Plan fiduciary net position - beginning	<u>28,128,078</u>
Plan fiduciary net position - ending	<u>33,936,966</u>
Town's Net Pension Liability - Ending	<u>\$ 4,692,522</u>
Plan fiduciary net position as a percentage of the total pension liability	87.85%
Covered-employee payroll	\$ 9,418,330
Town's net pension liability as a percentage of covered-employee payroll	49.82%

TOWN OF ROCKY HILL, CONNECTICUT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

POLICE OFFICERS

LAST FISCAL YEAR

	<u>2014</u>
Total pension liability:	
Service cost	\$ 387,545
Interest	1,424,973
Benefit payments, including refunds of member contributions	<u>(882,022)</u>
Net change in total pension liability	930,496
Total pension liability - beginning	<u>19,432,678</u>
Total pension liability - ending	<u>20,363,174</u>
Plan fiduciary net position:	
Contributions - employer	571,380
Contributions - member	152,513
Net investment income	3,540,920
Benefit payments, including refunds of member contributions	(882,022)
Administrative expense	<u>(11,800)</u>
Net change in plan fiduciary net position	3,370,991
Plan fiduciary net position - beginning	<u>18,261,364</u>
Plan fiduciary net position - ending	<u>21,632,355</u>
Town's Net Pension Asset - Ending	\$ <u><u>(1,269,181)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	106.23%
Covered-employee payroll	\$ 2,028,338
Town's net pension liability as a percentage of covered-employee payroll	-62.57%

TOWN OF ROCKY HILL, CONNECTICUT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

FIREFIGHTERS

LAST FISCAL YEAR

	<u>2014</u>
Total pension liability:	
Service cost	\$ 18,274
Interest	93,504
Benefit payments, including refunds of member contributions	<u>(61,619)</u>
Net change in total pension liability	50,159
Total pension liability - beginning	<u>1,276,968</u>
Total pension liability - ending	<u>1,327,127</u>
Plan fiduciary net position:	
Contributions - employer	76,500
Net investment income	198,508
Benefit payments, including refunds of member contributions	(61,619)
Administrative expense	<u>(5,500)</u>
Net change in plan fiduciary net position	207,889
Plan fiduciary net position - beginning	<u>955,025</u>
Plan fiduciary net position - ending	<u>1,162,914</u>
Town's Net Pension Liability - Ending	<u>\$ 164,213</u>
Plan fiduciary net position as a percentage of the total pension liability	87.63%
Covered-employee payroll *	\$ N/A
Town's net pension liability as a percentage of covered-employee payroll *	N/A

* Pay for volunteer firefighters is not available

TOWN OF ROCKY HILL, CONNECTICUT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

AMBULANCE

LAST FISCAL YEAR

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

* Pay for volunteer ambulance is not available

TOWN OF ROCKY HILL, CONNECTICUT

SCHEDULE OF CONTRIBUTIONS

GENERAL EMPLOYEES

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially determined contribution	\$ 745,948	\$ 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
Contributions in relation to the actuarially determined contribution	746,000	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
Contribution Deficiency (Excess)	\$ (52)	\$ 372,999	\$ 174,345	\$ -	\$ (160,389)	\$ -	\$ 180,850	\$ -	\$ 11,735	\$ (1,000)
Covered-employee payroll	\$ 7,116,916	\$ 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
Contributions as a percentage of covered-employee payroll	10.48%	8.94%	12.56%	14.73%	13.96%	12.07%	11.31%	13.31%	15.40%	15.53%

Notes to Schedule

Valuation date: September 1, 2012
Measurement date: June 30, 2014
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: Service Prorated Unit Credit Method
Amortization method: Level dollar payment
Remaining amortization period: 30 years
Asset valuation method: 5-year asset average, spreading investment gains and losses
Inflation: 2.40%
Salary increases: 5.00%
Investment rate of return: 7.50%
Retirement age: Normal Retirement Age
Mortality: IRS 2012 Combined Static Mortality Table

TOWN OF ROCKY HILL, CONNECTICUT

SCHEDULE OF CONTRIBUTIONS

POLICE OFFICERS

LAST TEN FISCAL YEARS

	<u>2005</u>	<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>
Actuarially determined contribution	\$ 281,218	\$ 485,918	\$ 686,764	\$ 686,764	\$ 686,764	\$ 704,704	\$ 704,704	\$ 769,584	\$ 571,380	\$ 571,380
Contributions in relation to the actuarially determined contribution	<u>281,000</u>	<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>
Contribution Deficiency (Excess)	\$ <u>218</u>	\$ <u>140,500</u>	\$ <u>200,846</u>	\$ <u>-</u>	\$ <u>(198,204)</u>	\$ <u>-</u>				
Covered-employee payroll	\$ 1,494,566	\$ 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
Contributions as a percentage of covered-employee payroll	18.80%	23.11%	28.54%	40.33%	28.13%	28.86%	28.42%	31.04%	31.86%	28.17%

Notes to Schedule

Valuation date: September 1, 2012
 Measurement date: June 30, 2014
 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 Service Prorated Unit Credit method
 Amortization method Level percentage of payroll, closed
 Remaining amortization period 30 years
 Asset valuation method Five-year asset average, spreading investment gains and losses
 Inflation 3.5%
 Salary increases 5.00%
 Investment rate of return 7.50%
 Retirement age Normal Retirement Age
 Mortality IRS 2012 Combined Static Mortality Table

TOWN OF ROCKY HILL, CONNECTICUT

SCHEDULE OF CONTRIBUTIONS

FIREFIGHTERS

LAST TEN FISCAL YEARS

	<u>2005</u>	<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>
Actuarially determined contribution	\$ 54,557	\$ 54,557	\$ 54,958	\$ 54,958	\$ 41,594	\$ 41,594	\$ 69,719	\$ 69,719	\$ 76,430	\$ 76,430
Contributions in relation to the actuarially determined contribution	<u>46,000</u>	<u>46,000</u>	<u>54,557</u>	<u>94,557</u>	<u>55,000</u>	<u>50,000</u>	<u>50,000</u>	<u>69,719</u>	<u>72,325</u>	<u>76,500</u>
Contribution Deficiency (Excess)	\$ <u>8,557</u>	\$ <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>
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, 2012
 Measurement date: June 30, 2014
 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 Collective aggregate cost method
 Amortization method Level dollar amount
 Remaining amortization period 30 years, open
 Asset valuation method Five-year asset average, spreading investment gains and losses
 Inflation 2.40%
 Salary increases N/A
 Investment rate of return 7.50%
 Retirement age Normal Retirement Age
 Mortality IRS 2012 Combined Static Mortality Table

TOWN OF ROCKY HILL, CONNECTICUT

SCHEDULE OF CONTRIBUTIONS

AMBULANCE

LAST TEN FISCAL YEARS

	<u>2005</u>	<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>
Actuarially determined contribution	\$ 33,885	\$ 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>33,885</u>	<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>
Contribution Deficiency (Excess)	<u>\$ -</u>	<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>
Covered-employee payroll *	\$ 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

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Notes to Schedule

Valuation date: July 1, 2013
 Measurement date: June 30, 2014

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 FISCAL YEAR****2014**

Annual money-weighted rate of return, net of investment expense:

General Employees	19.11%
Police Officers	19.49%
Firefighters	20.81%
Ambulance	19.74%

**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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 16,307,602	\$ 9,603,743
Property taxes receivable, net of allowance for doubtful accounts of \$25,000 in 2014 and 2013	879,956	814,556
Accounts receivable	403,714	462,721
Interest receivable	189,221	188,400
Due from other funds	<u>361,512</u>	<u>792,511</u>
Total Assets	<u>\$ 18,142,005</u>	<u>\$ 11,861,931</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued expenditures	\$ 1,306,961	\$ 1,366,764
Due to other funds	5,682,511	360,711
Unearned revenue	66,367	11,162
Total liabilities	<u>7,055,839</u>	<u>1,738,637</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	929,431	759,773
Advance property tax collections	<u>4,017,884</u>	<u>3,492,838</u>
Total deferred inflows of resources	<u>4,947,315</u>	<u>4,252,611</u>
Fund Balances:		
Assigned	1,552,335	1,198,823
Unassigned	<u>4,586,516</u>	<u>4,671,860</u>
Total fund balances	<u>6,138,851</u>	<u>5,870,683</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,142,005</u>	<u>\$ 11,861,931</u>

TOWN OF ROCKY HILL, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2014

Grand List as of October 1,	Uncollected Taxes July 1, 2013	Lawful Corrections		Transfers to Suspense	Adjustments	Net Amount Collectible	Collections				Uncollected Taxes June 30, 2014	
		Additions	Deductions				Taxes	Interest	Lien Fees	Suspense Taxes		Total
2012	\$ 57,818,485 *	\$ 77,358	\$ 121,376	\$		\$ 57,774,467	\$ 57,170,357	\$ 96,149	\$ 1,161	\$	\$ 57,267,667	\$ 604,110
2011	532,107	26,001	9,032			549,076	328,951	74,241	1,521		404,713	220,125
2010	224,664	21,966	1,430	82,721	11	162,490	115,229	24,730	576	8,612	149,147	47,261
2009	33,476	626				34,102	19,925	6,320	183	12,782	39,210	14,177
2008	14,850	385				15,235	10,093	6,342	144	5,691	22,270	5,142
2007	11,418	300				11,718	8,861	6,353	96	3,336	18,646	2,857
2006	8,306	230				8,536	6,608	6,698	24	1,976	15,306	1,928
2005	5,697					5,697	4,443	133	24	1,536	6,136	1,254
2004	1,156	276				1,432				937	937	1,432
2003	1,155					1,155					-	1,155
2002	1,125					1,125				351	351	1,125
2001	1,125					1,125				418	418	1,125
2000	1,029					1,029				697	697	1,029
1999	1,018					1,018				981	981	1,018
1998	1,218					1,218				1,217	1,217	1,218
	<u>\$ 58,656,829</u>	<u>\$ 127,142</u>	<u>\$ 131,838</u>	<u>\$ 82,721</u>	<u>\$ 11</u>	<u>\$ 58,569,423</u>	<u>\$ 57,664,467</u>	<u>\$ 220,966</u>	<u>\$ 3,729</u>	<u>\$ 38,534</u>	<u>57,927,696</u>	<u>\$ 904,956</u>
Property taxes receivable considered available:												
June 30, 2013												(243,163)
June 30, 2014												<u>138,104</u>
Total Property Tax Revenue												<u>\$ 57,822,637</u>

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* Includes motor vehicle supplement in the amount of \$499,585

**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
DECD Willow Road	Federal grants	Federal grant for the renovation of Willow Road

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, 2014

	<u>Special Revenue</u>								
	<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	\$ 65,776	\$ 128,012	\$ 358,917	\$ 64,643	\$ 528,255	\$ 463,349	\$	\$	\$
Accounts receivable		14,221							
Due from other governments	37,072		22,319						
Due from other funds	41,278						15,741	48,806	27,274
Inventory	7,154								
Total Assets	<u>\$ 151,280</u>	<u>\$ 142,233</u>	<u>\$ 381,236</u>	<u>\$ 64,643</u>	<u>\$ 528,255</u>	<u>\$ 463,349</u>	<u>\$ 15,741</u>	<u>\$ 48,806</u>	<u>\$ 27,274</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued payroll	\$ 50,263	\$ 945	\$ 120,119	\$	\$ 26,649	\$	\$ 4,443	\$ 6,911	\$
Due to other funds		803		35,992	128,704	70,579			
Unearned revenue			260,622						
Total liabilities	<u>50,263</u>	<u>1,748</u>	<u>381,236</u>	<u>35,992</u>	<u>155,353</u>	<u>70,579</u>	<u>4,443</u>	<u>6,911</u>	<u>-</u>
Fund balances:									
Nonspendable	7,154								
Restricted		140,485							
Committed	93,863			28,651	372,902	392,770	11,298	41,895	27,274
Total fund balances	<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>
Total Liabilities and Fund Balances	<u>\$ 151,280</u>	<u>\$ 142,233</u>	<u>\$ 381,236</u>	<u>\$ 64,643</u>	<u>\$ 528,255</u>	<u>\$ 463,349</u>	<u>\$ 15,741</u>	<u>\$ 48,806</u>	<u>\$ 27,274</u>

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TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2014

	Special Revenue							Total
	Narcotics Enforcement	Human Services	Miscellaneous Grants	Youth Services	Parks Grants	Economic Development Grants	DECD Willow Road	
ASSETS								
Cash and cash equivalents	\$ 992							\$ 1,609,944
Accounts receivable					32,336			46,557
Due from other governments						1,500		60,891
Due from other funds		59,310	29,431	89,478				311,318
Inventory								7,154
Total Assets	\$ 992	\$ 59,310	\$ 29,431	\$ 89,478	\$ 32,336	\$ 1,500	\$ -	\$ 2,035,864
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued payroll		\$ 3,280	\$ 80	\$ 8,383	\$ 6,949			\$ 228,022
Due to other funds					19,376	1,500		256,954
Unearned revenue			25,000					285,622
Total liabilities	-	3,280	25,080	8,383	26,325	1,500	-	771,093
Fund balances:								
Nonspendable								7,154
Restricted	992		4,351		6,011			151,839
Committed		56,030		81,095				1,105,778
Total fund balances	992	56,030	4,351	81,095	6,011	-	-	1,264,771
Total Liabilities and Fund Balances	\$ 992	\$ 59,310	\$ 29,431	\$ 89,478	\$ 32,336	\$ 1,500	\$ -	\$ 2,035,864

(Continued on next page)

TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2014

	Permanent					Total Nonmajor Governmental Funds	
	Abigail Williams	Adelaide Wright	Ruth Wilcox	Center Cemetery	Land Preservation Trust		Total
ASSETS							
Cash and cash equivalents	\$	\$	\$ 154,959	\$	\$ 26,741	\$ 181,700	\$ 1,791,644
Accounts receivable						-	46,557
Due from other governments						-	60,891
Due from other funds	18,369	5,306		23,758		47,433	358,751
Inventory						-	7,154
Total Assets	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 154,959</u>	<u>\$ 23,758</u>	<u>\$ 26,741</u>	<u>\$ 229,133</u>	<u>\$ 2,264,997</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued payroll	\$	\$	\$	\$ 405	\$	\$ 405	\$ 228,427
Due to other funds			104,558			104,558	361,512
Unearned revenue						-	285,622
Total liabilities	<u>-</u>	<u>-</u>	<u>104,558</u>	<u>405</u>	<u>-</u>	<u>104,963</u>	<u>876,056</u>
Fund balances:							
Nonspendable	18,369	5,306			26,741	50,416	57,570
Restricted						-	151,839
Committed			50,401	23,353		73,754	1,179,532
Total fund balances	<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>
Total Liabilities and Fund Balances	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 154,959</u>	<u>\$ 23,758</u>	<u>\$ 26,741</u>	<u>\$ 229,133</u>	<u>\$ 2,264,997</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, 2014

	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	\$ 288,059		\$ 1,524,063				\$ 1,226		\$ 1,816
Charges for services	481,990				725,799		24,984	13,070	
Investment income		14,529		6					
Miscellaneous		8,554				77,361			
Total revenues	<u>770,049</u>	<u>23,083</u>	<u>1,524,063</u>	<u>6</u>	<u>725,799</u>	<u>77,361</u>	<u>26,210</u>	<u>13,070</u>	<u>1,816</u>
Expenditures:									
Current:									
Public safety								9,543	8,258
Health and human services									
Parks, recreation and facilities					792,289				
Library services							57,367		
Education	752,822		1,524,063						
Miscellaneous		3,585				125,085			
Total expenditures	<u>752,822</u>	<u>3,585</u>	<u>1,524,063</u>	<u>-</u>	<u>792,289</u>	<u>125,085</u>	<u>57,367</u>	<u>9,543</u>	<u>8,258</u>
Excess (Deficiency) of Revenues over Expenditures	17,227	19,498	-	6	(66,490)	(47,724)	(31,157)	3,527	(6,442)
Fund Balances at Beginning of Year	<u>83,790</u>	<u>120,987</u>	<u>-</u>	<u>28,645</u>	<u>439,392</u>	<u>440,494</u>	<u>42,455</u>	<u>38,368</u>	<u>33,716</u>
Fund Balances at End 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>

(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, 2014

Special Revenue

	<u>Narcotics Enforcement</u>	<u>Human Services</u>	<u>Miscellaneous Grants</u>	<u>Youth Services</u>	<u>Parks Grants</u>	<u>Economic Development Grants</u>	<u>DECD Willow Road</u>	<u>Total</u>
Revenues:								
Intergovernmental revenues	\$	\$	\$ 25,793	\$	\$ 18,939	\$ 35,623	\$ 402,514	\$ 2,298,033
Charges for services				58,998				1,304,841
Investment income	2							14,537
Miscellaneous		52,296	6,378					144,589
Total revenues	<u>2</u>	<u>52,296</u>	<u>32,171</u>	<u>58,998</u>	<u>18,939</u>	<u>35,623</u>	<u>402,514</u>	<u>3,762,000</u>
Expenditures:								
Current:								
Public safety			28,079					45,880
Health and human services		35,222		46,236				81,458
Parks, recreation and facilities					18,939			811,228
Library services								57,367
Education								2,276,885
Miscellaneous						35,623	402,514	566,807
Total expenditures	<u>-</u>	<u>35,222</u>	<u>28,079</u>	<u>46,236</u>	<u>18,939</u>	<u>35,623</u>	<u>402,514</u>	<u>3,839,625</u>
Excess (Deficiency) of Revenues over Expenditures	2	17,074	4,092	12,762	-	-	-	(77,625)
Fund Balances at Beginning of Year	<u>990</u>	<u>38,956</u>	<u>259</u>	<u>68,333</u>	<u>6,011</u>	<u>-</u>	<u>-</u>	<u>1,342,396</u>
Fund Balances at End of Year	<u>\$ 992</u>	<u>\$ 56,030</u>	<u>\$ 4,351</u>	<u>\$ 81,095</u>	<u>\$ 6,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,264,771</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, 2014

	Permanent					Total	Total Nonmajor Governmental Funds
	Abigail Williams	Adelaide Wright	Ruth Wilcox	Center Cemetery	Land Preservation Trust		
Revenues:							
Intergovernmental revenues	\$	\$	\$	\$	\$	-	\$ 2,298,033
Charges for services						-	1,304,841
Investment income			16		14	30	14,567
Miscellaneous				7,650		7,650	152,239
Total revenues	<u>-</u>	<u>-</u>	<u>16</u>	<u>7,650</u>	<u>14</u>	<u>7,680</u>	<u>3,769,680</u>
Expenditures:							
Current:							
Public safety						-	45,880
Health and human services						-	81,458
Parks, recreation and facilities						-	811,228
Library services						-	57,367
Education						-	2,276,885
Miscellaneous				8,787		8,787	575,594
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,787</u>	<u>-</u>	<u>8,787</u>	<u>3,848,412</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	16	(1,137)	14	(1,107)	(78,732)
Fund Balances at Beginning of Year	<u>18,369</u>	<u>5,306</u>	<u>50,385</u>	<u>24,490</u>	<u>26,727</u>	<u>125,277</u>	<u>1,467,673</u>
Fund Balances at End of Year	<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>

**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, 2014

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	\$ 421,409	\$ 5,258	\$ 326,754	\$ -	\$ 326,754	\$ 94,655
1999	Human Services	Elderly/Disable Bus	118,973	40,680	58,018	-	58,018	60,955
2000	Highway	Road Improvements	863,153	106,666	846,402	-	846,402	16,751
2004	Fire	Fire Department Training Center	124,768	30,838	89,228	-	89,228	35,540
2005	Engineering	Drainage	8,000	-	2,000	-	2,000	6,000
2005	Town Council	Real Property Acquisition by the Town	62,550	-	9,613	-	9,613	52,937
2007	Facilities	Schools - Portable Classrooms	354,518	4,625	322,123	-	322,123	32,395
2007	Finance	Consultants - School Projects and GASB 43 & 45	137,500	-	135,482	-	135,482	2,018
2008	Parks	Improvements to Athletic Fields and Recreation Facilities	71,388	-	71,388	-	71,388	-
2009	BOE	Repairs and Improvements to Schools	913,581	496,639	811,035	-	811,035	102,546
2010	Facilities	Repairs and Improvements to Cora Belden Library	60,320	-	58,588	-	58,588	1,732
2010	Engineering	Road Improvement Project - Old Main Street Goff Brook Bridge	366,400	159,308	325,351	-	325,351	41,049
2010	Highway	Delivery Van for the Board of Education	21,106	-	21,106	-	21,106	-
2010	Facilities	Schools Communication Systems	57,796	5,000	57,040	-	57,040	756
2011	Facilities	Repairs and Improvements to Town Buildings	125,202	13,372	41,145	-	41,145	84,057
2011	Facilities	Town and School Buildings Roofs	79,333	-	79,333	-	79,333	-
2012	Assessor	Revaluation - October 2018 Grand List	35,791	-	2,698	-	2,698	33,093
2012	Town Council	Foundry	719,963	-	670,135	-	670,135	49,828
2013	Town Council	Façade Improvement Program	16,143	-	-	-	-	16,143
2013	Public Safety	Online Electric Permitting	29,950	12,250	12,250	-	12,250	17,700
2013	Facilities	Repairs and Improvements to Fire Stations	45,000	40,256	40,256	-	40,256	4,744
2013	Parks	Grounds Improvements - McVicar Field	200,000	-	-	-	-	200,000
2013	Police	Police Department Vehicle	9,435	9,435	9,435	-	9,435	-
2013	Town Council	Streetscape Project - Silas Deane	170,000	-	-	-	-	170,000
2014	BOE	School Improvements - Griswold, West Hill Stevens Air Conditioner	152,724	4,727	4,727	-	4,727	147,997
2014	BOE	School Improvements - West Hill Fire Sprinklers	1,027,320	378,728	352,816	-	352,816	674,504
2014	BOE	School Improvements - Security Upgrades	285,800	3,450	3,450	-	3,450	282,350
2014	Fire	Fire Department Expenditures	26,900	-	-	-	-	26,900
2014	BOE	Repairs and Improvements to Schools	168,358	-	-	-	-	168,358
2014	Police	Police Microwave Transmitter Communication System	370,000	-	-	-	-	370,000
2014	Planner	Updating Plan of Conservation	50,000	-	-	-	-	50,000
Total Capital and Nonrecurring - Fund 40			7,093,381	1,311,232	4,350,373	-	4,350,373	2,743,008
Road Improvements Fund - Fund 45:								
2014	Highway	Road Improvements	10,000,000	1,285,631	1,257,594	-	1,257,594	8,742,406
Land Acquisition Fund - Fund 51								
2014	Town Council	Land Acquisition Open Space	10,000,000	31,950	31,950	-	31,950	9,968,050
Rocky Hill High School Renovation - Fund 56:								
2013	Facilities	Renovation as New - Rocky Hill High School	50,000,000	1,027,891	1,658,145	-	1,658,145	48,341,855
Total Capital Projects Fund			\$ 77,093,381	\$ 3,656,704	\$ 7,298,062	\$ -	\$ 7,298,062	\$ 69,795,319

Fiduciary Funds

FIDUCIARY FUNDS

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

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

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2014

	<u>Surety Bonds</u>	<u>School Activity</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 571,944	\$ 260,917	\$ 832,861
Investments	<u> </u>	<u>400,414</u>	<u>400,414</u>
Total Assets	<u>\$ 571,944</u>	<u>\$ 661,331</u>	<u>\$ 1,233,275</u>
Liabilities:			
Deposits and amounts due to student groups and participants	\$ 563,036	\$ 661,331	\$ 1,224,367
Accounts payable	<u>8,908</u>	<u> </u>	<u>8,908</u>
Total Liabilities	<u>\$ 571,944</u>	<u>\$ 661,331</u>	<u>\$ 1,233,275</u>

TOWN OF ROCKY HILL, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Surety Bonds				
Assets:				
Cash and cash equivalents	\$ 750,083	\$ 423,526	\$ 601,665	\$ 571,944
Liabilities:				
Deposits	\$ 725,439	\$ 423,526	\$ 585,929	\$ 563,036
Accounts payable	24,644		15,736	8,908
Total Liabilities	\$ 750,083	\$ 423,526	\$ 601,665	\$ 571,944
School Activity				
Assets:				
Cash and cash equivalents	\$ 196,497	\$ 588,840	\$ 524,420	\$ 260,917
Investments	389,513	29,145	18,244	400,414
Total Assets	\$ 586,010	\$ 617,985	\$ 542,664	\$ 661,331
Liabilities:				
Due to student groups	\$ 586,010	\$ 617,985	\$ 542,664	\$ 661,331
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 946,580	\$ 1,012,366	\$ 1,126,085	\$ 832,861
Investments	389,513	29,145	18,244	400,414
Total Assets	\$ 1,336,093	\$ 1,041,511	\$ 1,144,329	\$ 1,233,275
Liabilities:				
Deposits and amounts due to student groups and participants	\$ 1,311,449	\$ 1,041,511	\$ 1,128,593	\$ 1,224,367
Accounts payable	24,644	-	15,736	8,908
Total Liabilities	\$ 1,336,093	\$ 1,041,511	\$ 1,144,329	\$ 1,233,275

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Net investment in capital assets	\$ 34,661	\$ 32,976	\$ 32,807	\$ 32,265	\$ 31,870	\$ 29,246	\$ 28,540	\$ 27,904	\$ 26,250	\$ 27,998
Restricted	50	50	50	51	132	141	147	147	127	127
Unrestricted	<u>(3,174)</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>	<u>5,834</u>
Total Governmental Activities Net Position	<u>\$ 31,537</u>	<u>\$ 32,085</u>	<u>\$ 32,396</u>	<u>\$ 31,688</u>	<u>\$ 31,605</u>	<u>\$ 30,784</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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
Governmental activities:										
General government	\$ 12,123	\$ 12,339	\$ 11,296	\$ 10,208	\$ 10,548	\$ 8,941	\$ 8,704	\$ 8,170	\$ 7,325	\$ 6,788
Public safety	6,959	6,673	6,269	6,541	6,540	6,719	6,570	6,445	5,812	5,707
Public works	7,969	6,517	6,214	6,079	5,657	6,647	6,393	5,513	6,214	5,864
Health and human services	686	684	658	686	603	632	599	565	551	537
Parks, recreation and facilities	6,962	6,576	6,091	6,340	6,123	6,105	6,656	6,094	5,784	5,336
Library services	1,049	973	912	917	900	933	943	892	855	840
Education	38,741	37,299	35,706	33,983	33,005	30,795	38,311	28,596	26,670	24,341
Interest on long-term debt	472	478	586	636	726	860	932	1,005	1,073	1,222
Total governmental activities expenses	<u>74,961</u>	<u>71,539</u>	<u>67,732</u>	<u>65,390</u>	<u>64,102</u>	<u>61,632</u>	<u>69,108</u>	<u>57,280</u>	<u>54,284</u>	<u>50,635</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	872	934	1,433	600	567	763	833	749	878	706
Parks, recreation and facilities	751	688	658	708	764	772	707	669	625	586
Education	482	481	544	541	585	546	562	543	577	536
Other	1,023	890	503	615	465	590	1,061	855	1,045	636
Operating grants and contributions	10,613	9,416	9,277	7,973	8,502	7,404	15,762	6,243	5,544	4,288
Capital grants and contributions	40	11	78	185	1,477	67	537	56	1,275	7,276
Total governmental activities program revenues	<u>13,781</u>	<u>12,420</u>	<u>12,493</u>	<u>10,622</u>	<u>12,360</u>	<u>10,142</u>	<u>19,462</u>	<u>9,115</u>	<u>9,944</u>	<u>14,028</u>
Net Expense:										
Governmental activities	<u>(61,180)</u>	<u>(59,119)</u>	<u>(55,239)</u>	<u>(54,768)</u>	<u>(51,742)</u>	<u>(51,490)</u>	<u>(49,646)</u>	<u>(48,165)</u>	<u>(44,340)</u>	<u>(36,607)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	57,992	56,303	53,080	52,636	50,427	49,055	46,698	44,606	40,098	39,979
Grants and contributions not restricted to specific purposes	1,958	1,806	2,203	1,576	1,523	1,821	1,627	1,796	1,531	1,512
Unrestricted investment earnings	39	15	15	27	47	159	536	771	565	386
Other general revenues	643	684	650	612	566	636	499	558	446	430
Total governmental activities general revenues and other changes in net position	<u>60,632</u>	<u>58,808</u>	<u>55,948</u>	<u>54,851</u>	<u>52,563</u>	<u>51,671</u>	<u>49,360</u>	<u>47,731</u>	<u>42,640</u>	<u>42,307</u>
Changes in Net Position:										
Governmental Activities	<u>\$ (548)</u>	<u>\$ (311)</u>	<u>\$ 709</u>	<u>\$ 83</u>	<u>\$ 821</u>	<u>\$ 181</u>	<u>\$ (286)</u>	<u>\$ (434)</u>	<u>\$ (1,700)</u>	<u>\$ 5,700</u>

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									
	<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>	<u>2005</u>
General Fund:										
Reserved	\$	\$	\$	\$	\$ 210	\$ 250	\$ 201	\$ 313	\$ 158	\$ 136
Unreserved					3,808	3,962	3,995	4,480	3,998	4,179
Assigned	1,552	1,199	246	755						
Unassigned	<u>4,587</u>	<u>4,672</u>	<u>4,055</u>	<u>3,494</u>						
Total General Fund	<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>	<u>\$ 4,315</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$ 5	\$ 8	\$ 7	\$ 6	\$ 33	\$ 7
Unreserved, reported in:										
Special revenue funds					998	890	890	920	915	918
Capital projects funds					1,163	1,876	1,699	1,788	2,301	3,653
Permanent funds					132	141	147	147	133	127
Nonspendable	58	57	57	57						
Restricted	152	128	132	106						
Committed	3,922	3,281	1,279	1,149						
Assigned			1,975	1,430						
Unassigned	<u>(2,809)</u>	<u>(630)</u>								
Total All Other Governmental Funds	<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>	<u>\$ 4,705</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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Taxes and assessments	\$ 57,823	\$ 56,454	\$ 53,019	\$ 52,382	\$ 50,446	\$ 48,912	\$ 46,816	\$ 45,423	\$ 41,265	\$ 40,491
Intergovernmental	12,545	11,110	11,432	9,700	11,334	9,462	17,954	8,230	7,743	7,862
Charges for services	2,683	2,756	2,167	24,146	2,203	2,256	2,829	2,619	2,881	2,277
Income on investments	39	15	15	27	47	159	535	770	565	386
Miscellaneous	1,153	1,045	1,747	1,000	865	1,124	951	859	768	851
Total revenues	<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>	<u>51,867</u>
Expenditures:										
General government	2,388	2,400	2,464	2,270	2,313	2,066	1,943	1,924	1,793	1,856
Public safety	6,200	5,896	5,527	5,665	5,425	5,291	5,179	5,048	4,848	4,851
Public works	5,953	5,574	5,353	5,257	5,018	5,138	5,015	4,795	4,589	4,405
Health and human services	757	662	634	654	621	601	581	546	535	519
Parks, recreation and facilities	6,767	6,251	5,993	6,115	5,929	5,864	6,413	6,336	5,675	5,763
Library services	1,011	947	897	931	1,475	1,116	939	889	836	809
Education	37,844	35,802	35,068	33,401	32,863	30,871	38,357	27,707	26,384	24,151
Miscellaneous	8,172	7,955	7,660	6,667	6,440	6,731	6,545	5,797	5,122	4,788
Capital outlay	4,725	3,001	1,688	1,746	2,830	1,212	2,009	2,376	2,659	4,396
Debt service:										
Debt redemption - principal	1,555	1,555	1,765	1,735	1,985	1,995	2,015	1,795	1,365	1,430
Debt redemption - interest	116	680	620	627	910	872	942	1,012	1,294	781
Total expenditures	<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>	<u>53,749</u>
Excess of Revenue over (under) Expenditures	<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>	<u>(1,882)</u>
Other Financing Sources (Uses):										
Payment to refunded bond escrow		(7,676)			(7,316)					
Proceeds from capital leases		202	42	491		32	139	440	396	
Proceeds from bond issues					7,420					10,900
Proceeds from refunding bond issues		7,160								
Premium on sale of refunding bonds		620								
Transfers in	2,177	649	498	544	330	200	380	297	90	219
Transfers out	(2,177)	(649)	(498)	(544)	(330)	(200)	(380)	(297)	(90)	(219)
Total other financing sources	<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>	<u>10,900</u>
Net Change in Fund Balances	<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>	<u>\$ 9,018</u>
Debt Service as a Percentage of Noncapital Expenditures	<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>	<u>4.5%</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							
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	2,290,416,020	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	2,251,218,829	70%
2005(a)	934,003,310	316,141,360	76,335,670	95,916,190	124,389,870	13,415,080	1,533,371,320	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
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
2005 (a)	12.179	12.376	1.245	25.800

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

(a) Revaluation year

Source: Town of Rocky Hill, Finance Department

TABLE 7

TOWN OF ROCKY HILL, CONNECTICUT

PRINCIPAL PROPERTY TAX PAYERS

2012 AND 2003
(In Thousands)

Taxpayer	October 1, 2012			October 1, 2003		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value (a)	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value (b)
Gallery-Towers Apartments (Century Hills)	\$ 28,700	1	1.33%	\$ 36,276	1	2.37%
Five Hundred Enterprise Drive Trust	26,410	2	1.22%	24,883	2	1.62%
Burris Logistics Inc.	25,227	3	1.17%			
Henkel (Loctite Corporation)	25,068	4	1.16%	22,709	3	
RP Glenbrook LLC	18,205	5	0.84%			
Connecticut Light & Power	14,441	6	0.67%	11,552	4	0.75%
Acadia Town Line LLC	13,300	7	0.62%	7,838	10	
Rocky Hill Holdings LLC	12,967	8	0.60%			
Sysco Corporation	12,446	9	0.58%	11,469	5	0.75%
Auxxi Horizon Commons LLC	12,257	10	0.57%			
Corporate Ridge D/D Hotel Limited Prtshp.				10,903	6	0.71%
Connecticut Natural Gas Corporation				9,898	7	0.65%
New Boston Fifty-Five Capital LLC				8,888	9	0.58%
LM Rocky Hill Land Holdings LP				9,526	8	0.62%
Total	\$ 189,021		8.74%	\$ 153,942		10.04%

Source: Town of Rocky Hill, Office of Tax Assessor

(a) Based on Net Taxable Grand List of \$2,161,927,354 (amount not rounded)

(b) Based on Net Taxable Grant List of \$1,533,371,320 (amount not rounded)

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
2014	26.600	\$ 57,774	\$ 57,170	98.95%	\$	\$ 57,170	98.95%
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%
2005	25.800	39,843	39,640	99.49%	202	39,842	100.00%

TABLE 9

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
2014	\$ 12,211	\$ 303	\$ 12,514	0.58%	\$ 628	\$ 198
2013	13,512	428	13,940	0.65%	707	228
2012	14,993	364	15,357	0.71%	779	275
2011	16,775	450	17,225	0.78%	872	391
2010	18,524	68	18,592	0.85%	988	422
2009	20,501	244	20,745	1.25%	1,100	471
2008	22,485	470	22,955	1.40%	1,220	521
2007	24,484	598	25,082	1.56%	1,332	569
2006	26,260	239	26,559	1.69%	1,416	602
2005	27,603	70	27,755	1.81%	1,491	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

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
2014	\$ 12,211	0.40%	\$ 613
2013	13,512	0.44%	685
2012	14,993	0.49%	760
2011	16,775	0.53%	849
2010	18,524	0.59%	984
2009	20,501	0.87%	1,087
2008	22,485	0.96%	1,196
2007	24,484	1.07%	1,302
2006	26,260	1.69%	1,416
2005	27,603	1.81%	1,491

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

TOWN OF ROCKY HILL, CONNECTICUT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2014
(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	\$ 650,055	5.78%	\$ 37,573
Town direct debt	12,514	100.00%	<u>12,514</u>
Total			<u>\$ 50,087</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, 2014

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2014	\$ 57,927,696
Reimbursement for revenue loss on:	
Tax relief for elderly - freeze	<u>-</u>
Base	<u>\$ 57,927,696</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	\$ 130,337,316				
4-1/2 times base		\$ 260,674,632			
3-3/4 times base			\$ 217,228,860		
3-1/4 times base				\$ 188,265,012	
3 times base					\$ 173,783,088
Total debt limitation	<u>130,337,316</u>	<u>260,674,632</u>	<u>217,228,860</u>	<u>188,265,012</u>	<u>173,783,088</u>
Indebtedness:					
Bonds payable	10,723,252	936,748			
Bonds authorized - unissued	23,617,800	51,104,200			
Overlapping debt			<u>37,573,156</u>		
Total indebtedness	<u>34,341,052</u>	<u>52,040,948</u>	<u>37,573,156</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 95,996,264</u>	<u>\$ 208,633,684</u>	<u>\$ 179,655,704</u>	<u>\$ 188,265,012</u>	<u>\$ 173,783,088</u>

Note 1: In no case shall total indebtedness exceed \$405,493,872 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, 2014 was \$650,054,601. The Town's share of the debt at June 30, 2014 was 5.78% or \$37,573,156. 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>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>	<u>2005</u>
Debt limitation	\$ 405,494	\$ 395,178	\$ 370,325	\$ 366,828	\$ 352,762	\$ 342,710	\$ 327,439	\$ 327,439	\$ 318,162	\$ 288,726
Total net debt applicable to limit	<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>	<u>30,924</u>
Legal Debt Margin	<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>\$ 289,275</u>	<u>\$ 257,802</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	30.57%	26.54%	23.20%	9.52%	8.99%	8.46%	8.84%	8.84%	9.08%	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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Total Personal Income (2)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
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%
2005	18,620	29,701	44,090	40.6	2,557	4.1%

(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	2014			2005		
		Employees	Rank	Percentage of Total Town Employment(a)	Employees	Rank	Percentage of Total Town Employment(b)
Henkel Corporation (Loctite)	Adhesives and Sealants	500	1	4.49%	365	3	3.50%
Town of Rocky Hill	Municipality	451	2	4.05%	420	2	4.02%
SYSCO Food Services	Food Distribution Warehouse	350	3	3.15%	520	1	4.98%
ISGN (formerly Fiserv and Integrated Loan Serv)	Finance - Loan Processing	340	4	3.06%			
State Veterans Home and Hospital	Hospital	335	5	3.01%	350	4	3.35%
Wal-Mart Store	Retail Store	208	6	1.87%	208	5	1.99%
Burriss Logistics	Refrigerated Logistics Warehouse	200	7	1.80%			
McKesson Drug Company	Pharmaceuticals, Warehouse	185	8	1.66%	180	6	1.72%
Paychex	Financial Services	150	9	1.35%			
Connecticut Lottery	State of CT - Lottery	138	10	1.24%			
Nationwide	Insurance				175	7	1.68%
Metropolitan Property & Casualty	Insurance				174	8	1.67%
Connecticut Student Loan	State of CT - Finance				159	9	1.52%
Sheraton Hotel (formerly the Marriott Hotel)	Hotel				121	10	1.16%
Total		2,857		25.68%	2,672		25.61%

Source: Town of Rocky Hill, Economic Development Department

(a) State of Connecticut, Department of Labor - Town employment of 10,342

(b) State of Connecticut, Department of Labor - Town employment of 9,857

TOWN OF ROCKY HILL, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government	18.5	18	18	18	22	22	22	21	21	22
Police	44	44	43	43	44	44	44	44	44	45
Fire	4.5	4	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	16	16	15	15	15	15	15	15	15	14
Human Services	6	6	6	6	6	6	6	6	6	6
Parks and Recreation	12	12	12	12	12	12	12	12	13	13
Facilities:										
Town	10	11	9.5	9.5	9.5	9.5	9.5	9.5	10	10
Schools	24	23	24.5	24.5	25.5	25.5	25.5	25.5	26	26
Library	11	11	10	10	10	10	10	10	10	10
Education (a)	<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>	<u>275</u>
Total	<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>	<u>431</u>

Source: Town of Rocky Hill, Finance Department

(a) Town of Rocky Hill, Board of Education

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

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Building Department:										
Permits Issued	1,252	1,319	1,424	1,245	1,153	896	1,287	1,537	1,615	1,387
Certificates of Occupancy	108	114	146	143	143	112	162	120	163	130
Number of Inspections	1,783	2,051	1,953	2,352	1,689	1,706	2,348	2,460	2,764	3,334
Police:										
Total Criminal Arrests	518	447	379	381	370	349	440	456	541	465
Total Town Tickets Issued	471	301	415	376	335	667	430	550	811	487
Medical Calls	2,878	2,722	2,813	2,734	2,503	2,421	2,404	2,594	2,403	2,390
Animal Complaints	305	256	307	267	274	213	270	323	314	183
Police Training Hours	4,805	3,462	2,427	3,498	3,753	3,216	4,782	5,067	2,671	2,483
Fire:										
Emergency responses	575	639	756	759	616	600	678	687	755	755
Inspections	698	672	958	571	573	500	647	535	750	750
Fire Training Man-hours	5,860	5,735	5,686	7,601	8,412	8,800	8,300	7,480	7,628	5,280
Sanitation:										
Commercial Solid Waste (tons)	6,547	7,440	5,322	4,879	4,839	5,203	6,592	7,326	7,792	6,981
Residential Solid Waste (tons)	5,620	5,592	5,748	5,975	6,232	6,198	6,602	6,762	6,812	6,595
Bulky waste (tons)	705	592	960	927	936	950	966	881	835	739
Highway Department:										
Snow and Ice Callouts	23	20	9	38	26	26	20	15	17	25
Leaf Pickups (Cubic Yards)	6,056	6,887	2,832	7,096	7,204	6,725	6,695	6,735	5,480	6,321
Catch Basin Repairs	26	31	21	34	27	27	39	13	22	17
Parks and Recreation:										
Number of Programs Offered	995	985	985	975	975	970	960	950	525	490
Number of Participants	10,100	10,100	10,100	10,000	10,000	9,700	9,600	9,500	9,000	7,000
Library:										
Volumes in Collection	58,769	59,678	61,235	62,621	65,377	64,369	63,984	70,911	68,240	69,542
Total Volumes Borrowed	253,340	252,186	246,833	261,324	267,098	271,041	284,833	283,483	256,190	254,610
Human Services:										
Number Elderly/Disabled:										
Individual Bus Trips	10,797	10,229	10,928	10,003	9,667	9,799	9,868	10,158	7,841	7,841

Source: Town of Rocky Hill various Town Department:

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

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
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	65
Dump Trucks plus Equipment	41	40	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	0
Lacrosse Field	1	1	1	1	1	1	0	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	14	14	14	14	14	14
Number of Schools	4	4	4	4	5	5	5	5	5	5
Human Services:										
Mini-buses	3	3	4	4	4	3	3	3	3	3

Source: Town of Rocky Hill, various Town Departments