

# **Town of Rocky Hill Connecticut**



## **Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2017

# **Comprehensive Annual Financial Report**

of the

## **Town of Rocky Hill Connecticut**

For the Year Ended June 30, 2017

Prepared by:  
Finance Department  
Director of Finance  
John Mehr

**TOWN OF ROCKY HILL, CONNECTICUT**  
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**JUNE 30, 2017**

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# **Introductory Section**

**TOWN OF ROCKY HILL, CONNECTICUT**

**JUNE 30, 2017**

PRINCIPAL OFFICIALS

TOWN COUNCIL

Claudia Baio, Mayor

Nadine Bell  
John Emmanuel  
Joe Kochanek, Deputy Mayor  
Anthony LaRosa

William O'Sullivan  
Frank Szeps  
Catherine Vargas  
Henry Vasel

BOARD OF EDUCATION

Frank Morse, Chairman

Brian A. Dillon  
Jennifer Allison  
Laurie Boske  
Dilip D. Desai

Barry Goldberg  
Maria Mennella  
Danielle Plona  
Rene Rivard

GENERAL GOVERNMENT

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

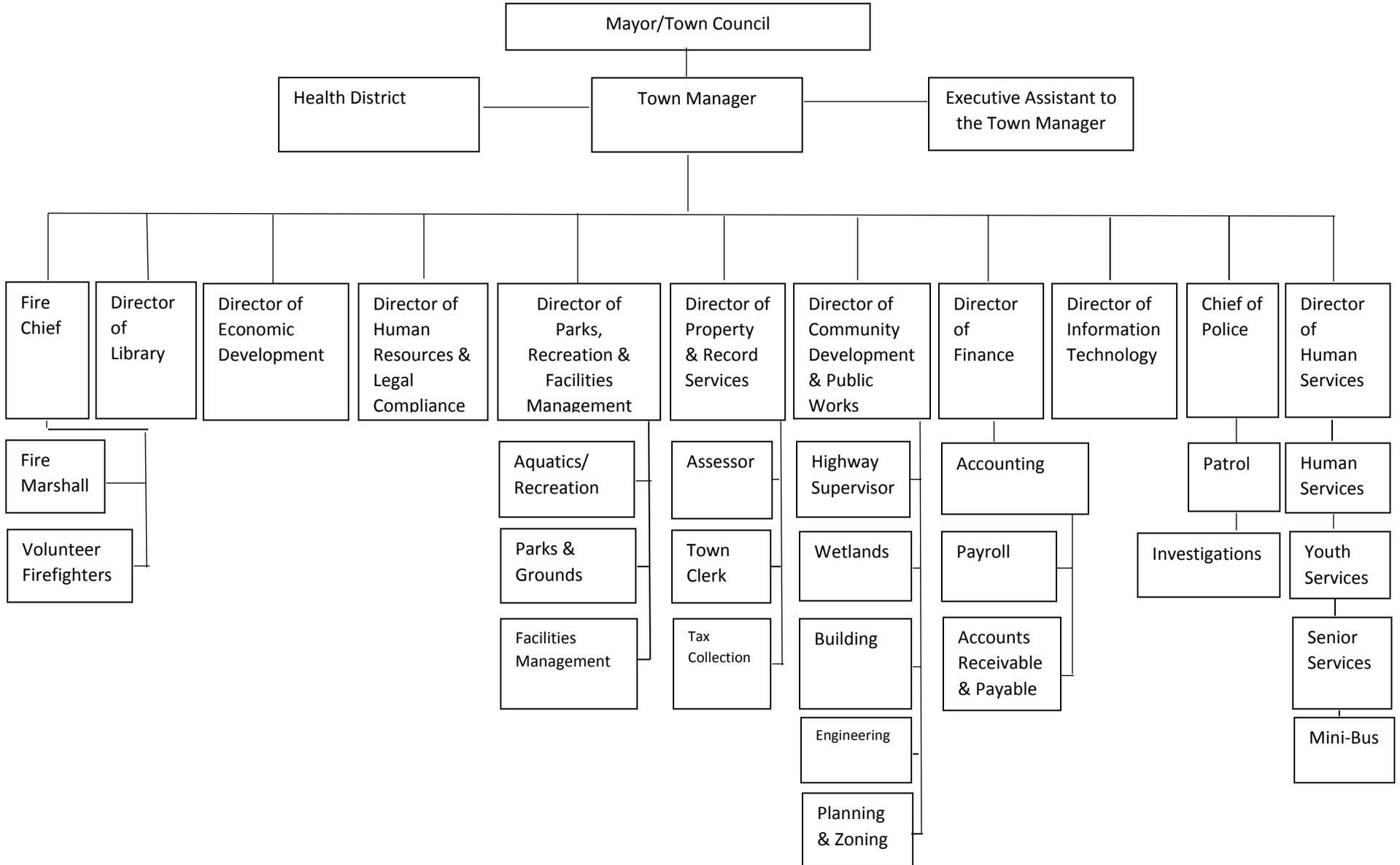
John Mehr  
Rome McGuigan, P.C.  
John Mehr  
Mona McKim  
Stuart Topliff  
Stuart Topliff  
Elaine McKim  
Dana McGee  
Melissa Hicks  
Raymond Carpentino  
John Nowakowski  
Lisa Zerio  
James Sollmi  
Stephen Sopolak  
Kimberly Ricci  
Peter Langlois  
James Sollmi  
Mary Hogan  
Michael Custer  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

EDUCATION

Superintendent of Schools  
Assistant Superintendent for Finance & Operations

Mark F. Zito, Ed.D.  
Charles Zettergren

# ORGANIZATIONAL CHART





# Town of Rocky Hill

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

December 22, 2017

To the 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, 2017.

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, 2017. The independent auditors' report is located at the front of the financial section of this report.

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

## *Profile of the Government*

The Town of Rocky Hill was settled in 1650 as part of Wethersfield and was incorporated as a separate town in 1843. The Town covers an area of 13.9 square miles with a population of 20,119. 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, Senior 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 Burris Refrigerator Logistics, Sheraton, Paychex, Walmart, Kohl's and Arburg, a German manufacturer of plastic mold injection machines, which relocated to Rocky Hill in the September 2015. The Meredith Corporation local television station WFSB, the Hartford area CBS-TV affiliate, relocated to Rocky Hill from Hartford has been broadcasting from Rocky Hill since July of 2007. The Town has developed a 240 plus acre Industrial Park that has over one million square feet of manufacturing and distributor businesses. There is also a substantial commercial economic presence that includes a number of national retail facilities. Within the Town are fourteen quasi State agencies including the State of Connecticut Veterans Home and Hospital which has approximately 600 patients, the Connecticut State Lottery headquarters, and the Office of the Chief State's Attorney.

The Town's geographical location and access to major highways has helped with its growth. Employment data reflected a labor force of 11,376 for June 2017. The unemployment rate remains stable, decreasing slightly from 4.6% in June 2016 to 4.1% in June 2017, shadowing the greater Hartford regions drop in the unemployment rate from 6.1% to 5.2% during the same time period. Rocky Hill's unemployment rate has steadily decreased from a high of 7.3% in 2010 to the current 4.1% in June 2017. According to the Connecticut Economic Resource Center (CERC), the number of business establishments increased from 1,298 employing 17,423 in 2016, to 1311 employing 18,454 in 2017, an increase of 1,031 or 5.9%.

Development has been taking place in the Brook Street/Cromwell Avenue area of town. Winbrook Business Park has 189,000 square feet of flex space in three separate buildings. Tesla/Solar City, a manufacturer and service provider of solar energy products, is currently developing a 3.9 MW solar farm that will provide solar generated energy. Burris Refrigerated Logistics has a northeast distribution facility. Altere Apartments, a 144 unit market rate apartment complex is completed and is fully occupied. A project that is endorsed by the Town's Redevelopment Agency is the Town Center West development project located on Cromwell Avenue and West Street. This development project is 70,000 square feet of mixed-use residential/retail/office/restaurant space which includes Montage Apartments, 144 of one and two bedroom luxury rental apartment complex that is nearly fully occupied. The commercial portion of the project is currently under construction. Phase 1 of the commercial portion of the project is complete and fully occupied with new businesses that includes a bank, an emergency medical facility, and a national coffee shop. Phase 2 will consist of an additional 40,000 square feet of additional retail/office/restaurant space. Two entities have submitted Letters of Intent with the developer. The redevelopment of the former Connecticut Foundry property is underway. Now called

River's Edge, this will be mixed-use consisting of 77 condominium units and 8,000 square feet of retail, office, and restaurant located along the banks of the Connecticut River. This development recently received Connecticut Department of Transportation approval to move forward with construction. Arburg, Inc. a German manufacturer relocated from Newington, built in Rocky Hill its new 30,000 square foot headquarters completed in September of 2015. On the real estate transaction ledger, in July of 2014, the 250,000 square foot former Ames Department Stores corporate headquarters was auctioned. The new owners have plans to redevelop the property into a residential/commercial mixed use project. In July 2017, the Planning and Zoning Commission approved new zoning regulations to direct the redevelopment of the Ames site and surrounding properties for mixed use development.

The Town Council has implemented a business development incentive policy to encourage long-term investment in Rocky Hill by providing tax abatements to businesses that locate within the community or want to expand its operations. Several businesses including WFSB, Burriss Refrigerator Logistics, Simoniz, and most recently a 90 room Hampton Inn / Suite are receiving tax abatements. This program is helpful in attracting new industry and keeping existing businesses.

The Town completed the Town's Plan of Conservation and Development in July of 2015. Subsequently, the Town 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 in July 2017. Of special note, during the past year, the Town approved a 90 room Hampton Inn & Suites, a 52,000 square foot distribution warehouse for Simoniz, a 47,000 square foot surgery center, an 88,000 square foot Capital Region Education Council (CREC) Science, Technology, Engineering, Math (STEM) Academy, while 16 residential lots were created through subdivision approval process. The Town did issue permits for 12 single family residences, which includes active adult units. Also, the Town has a number of apartment complexes with the largest being Century Hills with 940 apartments.

#### *Long-Term Financial Planning*

Unassigned fund balance in the general fund is 7.75% 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 2017 - 2018 budget, \$159 thousand of unassigned fund balance was applied to the capital improvements budget.

#### *Relevant Financial Policies*

The State budget for FY 2017 extended the conveyance tax rate on real estate sales paid to municipalities. After much debate, the rate of \$2.50 per \$1,000 of the real estate sales price will continued through June 30, 2017, but then will revert back to \$1.10 per \$1,000. During this fiscal year, the Town received \$212,018 in conveyance tax. If the State had not passed this law, the Town would have received about \$118,700 less in conveyance tax.

The Town has implemented new assessed property values for the October 1, 2013 Grand List based on a State mandated revaluation that impacted budgets starting with the 2014 - 2015 Town Budget. After implementing the new assessed property values, the Town received 29 cases, 3 residential and 26 commercial, challenging the new assessed properties values in Superior Court. The assessment differences in dispute is \$29.5 million. The Town has settled all but 3 cases with a remaining assessment difference of \$2.2 million. The Town policy is to minimize the impact that any of these settlements would have on the current fiscal year. Any of these assessment appeals case that are settled in the current fiscal year, the settlement will be reflected on future grand lists. Therefore, as property value cases are settled, those grand list changes will affect future Town budgets.

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

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

### *Major Initiatives*

The Town has received a number of CT Small Town Economic Assistance Program (STEAP) State grants that total \$1.7 million to assist with storefront improvements for businesses located on the Silas Deane Highway and for the Silas Deane Streetscape. The last grant was awarded in September of 2010 to the Town for \$250,000 to continue the Silas Deane Revitalization Project. The Town construction of Phase One of the Streetscape project for the Silas Deane / Old Main Street section of town was completed November of 2012. The Town has received from the State Department of Housing a Main Street Investment Grant for \$422,000 to start Phase 2 of the Silas Deane Streetscape project in the Spring of 2018. Phase 3 of the Silas Deane Streetscape project will be funded by Federal Transportation Alternative Program (TAP) grant in the amount of \$2.6 million. The Town also received from the State a grant for \$444,000 for the replacement of field turf at the Rocky Hill High School football field that was completed in September of 2015 and a grant for \$800,000 to construct a "Miracle Field" for special needs children at Elm Ridge Park with completion in September of 2016.

In the 2016-2017 budget year, the Town did take delivery of a new excavator and a new ten wheel dump truck for the Highway Department. The Town did set aside another \$250,000 towards the replacement of the municipal pool at Elm Ridge Park bring the balance to \$490,000 for this replacement project.

Every two years the Town has an Actuarial Valuation performed on the General Employees and Police Officers Defined Benefit Pension Plans. The actuarial valuations completed as of September 1, 2016 on these two plans resulted in the total recommended contribution for these plans for the 2016 – 2017 budget year be \$856,157. This is \$1,034,046 less than the amount the Town budgeted for in the 2016 – 2017 budget year based on the September 1, 2014 valuation. This reduction is a result of the Town making its yearly recommended pension contribution on a regular basis, of the pension plans assets growth, of the new hires going into a Defined Contribution Pension Plan, and of the changes in Actuarial Assumptions effective September 1, 2016.

The Town received a \$700,000 Small Cities Community Development Block Grant in 2012 for public housing modernization through the State of Connecticut Department of Economic and Community Development. This grant was used to rehabilitate private residential senior housing located on Willow Road and work was completed in the winter of 2014. The Town was awarded in 2016 an \$800,000 Small Cities Community Development Block Grant for the rehabilitation of a second senior housing project located on School Street. The project was completed in June 2017.

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

The Town Council approved entering into an agreement with Tesla/Solar City to lease 15 acres in the Town's Industrial Park for Solar City to construct a 3.9 megawatt photo voltaic facility. All of the solar power will be used by the Town and is projected to reduce its annual utility costs for electricity by as much as \$200,000 per year. The land lease payments from Tesla/Solar City will generate \$90,000 of revenue per year. The project is currently under construction and is anticipated to be on-line in February 2018.

The Town has been experiencing an increase student enrollment at its elementary schools. For the school year starting September 2017, the Town added two modular classrooms at one of its elementary school at a cost of \$339,000 to purchase and to install during the 2017 school summer break. For the school year starting September 2016, the Town leased four modular classrooms at one of its elementary school for four years. These modular classrooms were installed during the 2016 school summer break at a cost of \$520,000. During the 2016 – 2017 period, the Town also completed \$775,000 of the school improvement projects that included: phase one of a three phase project over the next three summer breaks to design, to purchase equipment and to install the equipment for an air conditioning system at the middle school; and the installation of new playground equipment at an elementary school. For public safety, in September of 2016, the Town completed the renovation of the police dispatch center with the installation of new furniture and radio equipment. In November 2016, the Town completed the upgrade of the police jail cells. The fire department has acquired \$434 thousand of self-contained breathing apparatus. The fire department is in the process of downsizing its fleet by acquiring six new fire trucks while disposing of nine fire trucks from its current fleet. As of June 2017, the fire department has taken delivery of four new trucks and had disposed of seven of older fire trucks from its fleet. These public safety projects are part of the November 2015 referendum for public safety appropriations approved by the voters of Rocky Hill.

In a referendum vote held in June 2012, the voters of Rocky Hill approved an appropriation in the amount of \$44.955 million for the modernization and expansion of the Rocky Hill High School. The Town has hired an architectural firm and a construction manager for this project. In February 2014, the State General Assembly passed a resolution approving up to \$5.045 million additional appropriation for the Rocky Hill High School Project. The Rocky Hill Town Council approved this Legislation thus making this a renovate as new high school project for \$50 million. The Town awarded 18 trade contracts and entered into a Guaranteed Maximum Price Agreement with Construction Manager O & G Industries, Inc. of Torrington, CT in the amount of \$44.1 million. This project began in September 2014 and construction has been completed in September of 2017. The high school on been turned over to the Board of Education. This renovation project is currently in the punch list / close out phase. It is expected that this project will qualify for State of Connecticut School Construction Grant of approximately \$21 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 47 acres of farmland for \$2 million to preserve the land for agriculture in perpetuity with a closing in the winter of 2014. The Town is working with the State Department of Agriculture to purchase three additional farms. A \$10 million referendum for road improvements was passed on November 5, 2013. Road improvements began in the summer of 2014 with a \$1.5 million bridge replacement over Goff Brook that was completed in the fall of 2014 and with \$2 million road improvements paving projects (Phase One) of seven miles that was completed in 2014. In the summer of 2015, Phase Two started with five miles of road paving projects being completed. For the summer of 2016, the town completed eleven miles of road paving projects as part of Phase Three. For the summer of 2017, the town completed three miles of road paving projects as part of Phase Four.

On the November 2016 ballot, the voters of Rocky Hill did approved two referendum questions. The first is for a \$48.35 million appropriation and bond authorization (expected to be paid from an estimated \$17.25 million state grant and \$31.1 million Town general obligation bonds) for the construction of a new Intermediate School. The second is for a \$1.3 million appropriation to purchase street lights and poles in the Town to install energy efficient lighting and to finance the appropriation with general

obligation bonds, lease, or other financing available to the Town. In November 2015, the voters of Rocky Hill did approved a referendum for public safety appropriations of \$6.45 million for fire department vehicles and equipment, and for the police department to replace its radio dispatch equipment and to make improvements to the police station. There were no referendum questions on the November 2017 ballot,

In November 2016, the voters of Rocky Hill approved a referendum to appropriate \$48.35 million for the demolition of the former Moser School building and the construction of a new intermediate school for fourth and fifth grade students in its place. The Town has hired an architectural firm and a construction management company for this project. This project is nearing the completion of the demolition phase of the Moser School and the design phase of the intermediate school. In the spring of 2018 the design team is planning to go out for request for proposals (RFP) for the various construction trades. The target for the opening the new intermediate school is September 2019. The Town is estimating to receive \$16.5 million construction reimbursement from State of Connecticut School Construction Grant for the cost of the intermediate school project.

In November 2016, the Town issued \$29.0 million in bond anticipated notes (BANS) that matured in June 2017 to pay off \$29.0 million of BANS that were issued in February 2016. The BANS proceeds are being used for the high school project, public safety project, and for the road improvement program. The Town of Rocky Hill did issued \$28.95 million 20 year general obligation (GO) bonds for these three capital projects in June 2017 at a 2.49% true interest costs. In addition, Standard and Poor's maintained the Town's rating for this bond issue at 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, 2016. 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 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

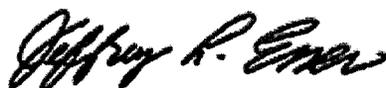
**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Rocky Hill  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**



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, 2017, 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, 2017 and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2017, the Town adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 54 through 57, and the pension and OPEB schedules on pages 58 through 71 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, 2016 (not presented herein), and have issued our report thereon dated December 22, 2016, 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, 2016 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 2016 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2016 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, 2016.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Rocky Hill, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rocky Hill, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 22, 2017

**TOWN OF ROCKY HILL, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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, 2017. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to VI.

**Financial Highlights**

- Net position of our governmental activities increased by \$7.5 million or 20.5%.
- During the year, the Town had expenses that were \$7.5 million less than the \$94.7 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$87.2 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$6.2 million.
- The resources available for appropriation were \$690 thousand higher than budgeted for in the General Fund and expenditures were \$664 thousand below spending limits.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

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

**Government-Wide Financial Analysis**

The Town's governmental activities net position increased from \$36.7 million to \$44.2 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**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 32,376,500	\$ 38,126,128
Capital assets, net of accumulated depreciation	101,333,661	83,999,079
Total assets	<u>133,710,161</u>	<u>122,125,207</u>
Deferred outflows of resources	-	8,472,347
Long-term debt outstanding	73,404,786	47,935,382
Other liabilities	5,248,240	34,771,507
Total liabilities	<u>78,653,026</u>	<u>82,706,889</u>
Deferred inflows of resources	14,265,883	11,222,378
Net Position:		
Net investment in capital assets	49,808,081	43,831,264
Restricted	70,738	50,439
Unrestricted	<u>(5,673,933)</u>	<u>(7,213,416)</u>
Total Net Position	<u>\$ 44,204,886</u>	<u>\$ 36,668,287</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 (\$7.2) million at June 30, 2016 to (\$5.7) million at the end of this year.

**Table 2**  
**CHANGE IN NET POSITION**

	<b>Governmental</b>	
	<b>Activities</b>	
	<b>2017</b>	<b>2016</b>
Revenues:		
Program revenues:		
Charges for services	\$ 3,800,185	\$ 2,836,171
Operating grants and contributions	14,910,918	11,447,526
Capital grants and contributions	8,530,339	4,988,276
General revenues:		
Property taxes	63,874,810	60,308,693
Grants and contributions not restricted to specific purposes	2,720,488	1,971,061
Unrestricted investment earnings	103,194	113,735
Other general revenues	772,900	776,337
Total revenues	<u>94,712,834</u>	<u>82,441,799</u>
Program expenses:		
General government	11,251,640	11,196,129
Public safety	8,458,475	7,774,227
Public works	9,791,346	6,951,726
Health and human services	696,899	605,933
Parks, recreation and facilities	4,953,042	4,949,078
Library services	1,067,126	1,173,539
Education	50,040,498	45,033,876
Interest on long-term debt	917,209	922,272
Total program expenses	<u>87,176,235</u>	<u>78,606,780</u>
Change in Net Position	7,536,599	3,835,019
Beginning Net Position	<u>36,668,287</u>	<u>32,833,268</u>
Ending Net Position	<u>\$ 44,204,886</u>	<u>\$ 36,668,287</u>

The Town's total revenues were \$94.7 million. The total cost of all programs and services was \$87.2 million. Our analysis below separately considers the operations of governmental activities.

**Governmental Activities**

More than 67% of the Town's revenues were derived from property taxes, followed by 16% from operating grants and contributions.

Major revenue factors included:

The Town's mill rate had a 1.3 mill increase over the fiscal year 2016 mill rate with the Net Taxable Grand List increasing by 0.74%. Property tax revenues for fiscal year 2017 increased 5.5% compared to fiscal year 2016.

Operating grants and contributions increased over the prior fiscal year due to the State of Connecticut's distribution formula for the Education Cost Sharing grant. Also, the State of Connecticut added a new revenue source, Municipal Revenue Sharing, to offset the impact that the new state formula has on municipalities ensuring that towns do not receive less than 5% in State grants that was received in the previous fiscal year from the State.

Building department fees reflected an increase of over 105% from fiscal year 2016 as a result of increased commercial development and building permit filings.

Other Revenues increased 34% with the major result being a yearly land/lease payment from Tesla/Solar Energy for the installation of solar panels in the Town's Industrial Park. The first lease payment was received in March 2017 and the Town will be receiving this annual revenue item for the next 20 years.

More than 57% of the Town's expenses relate to education, 9% to public safety, 5% to parks, recreation and facilities, 12% to general government and 11% to public works.

Major expense factors included:

Increases in employee wages are from negotiated step and general wage increases. The cost of employee benefits had a 15% increase in health insurance rates for fiscal year 2017. This cost was offset by a reduction in the Town's actuarial recommended contributions for general employees and police defined benefit pension plans for fiscal year 2017.

Town had a third party supplier for "green power" electricity and locked in at a fixed kilowatt rate from January of 2014 through December of 2016 as a method to stabilize the Town's cost of electricity for its operations. Upon termination of the third party purchasing contract, the Town switched over to the electric utility standard offer rate until the Tesla/Solar City solar project is completed and selling electricity to the electric utility. The Town's municipal buildings would pay a lower rate for its electricity through an arrangement with Tesla/Solar City and the utility. The Town is anticipating this electricity arrangement will be in effect by March 2018. Also, in the fall of 2016, LED lighting was installed throughout Town buildings for energy and cost savings measures.

Interest expense increased to fund the interest payment for the issuance of \$29 million of bond anticipation notes (BANS) that matured in June 2017. The BANS proceeds were used to fund the high school renovation capital project, to fund the road improvements and to fund the public safety referendum projects.

The Town's legal expenses were higher as the Town defended legal challenges from those property owners challenging their assessed property values as the result of the Town implementing a State mandated revaluation of the 2013 grand list that affected the 2016-17 fiscal years. Legal expenses also include labor counsel expenses for personnel matters and for labor union contract negotiations during 2016-17.

The Town completed the installation of four leased modular classrooms at West Hill School. Also, as part of the maintenance program, the Town started phase one of three to install air conditioning at the middle school and completed the replacement of the playground at West Hill. In addition, the Town purchased four police vehicles, three new fire apparatus and an excavator.

After the Actuarial Valuations, as of September 1, 2016, were completed for the General Employees and for the Police Officers Defined Benefit Pension Plans, the total recommended contribution for these plans for the 2016 – 2017 was reduced by 55% to the amount the Town budgeted for in the 2016 – 2017 budget year that was based on the September 1, 2014 valuation.

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**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Education	\$ 50,040,498	\$ 45,033,876	\$ 27,091,135	\$ 29,500,573
General government	11,251,640	11,196,129	10,199,841	10,458,818
Public works	9,791,346	6,951,726	9,108,640	6,941,162
Public safety	8,458,475	7,774,227	6,924,412	6,703,062
Parks, recreation and facilities	4,953,042	4,949,078	4,062,550	3,128,438
All others	<u>2,681,234</u>	<u>2,701,744</u>	<u>2,548,215</u>	<u>2,602,754</u>
Total	<u>\$ 87,176,235</u>	<u>\$ 78,606,780</u>	<u>\$ 59,934,793</u>	<u>\$ 59,334,807</u>

**Town Funds Financial Analysis**

**Governmental Funds**

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$16.7 million, which is an increase from last year's total of \$21.4 million. This increase in combined fund balance is the result of the Town issuing long term debt to pay off the short term borrowings that the Town had outstanding at the end of last fiscal year. Included in this year's total change in fund balance is an increase of \$182 thousand in the Town's General Fund. The primary reasons for the General Fund's increase mirror the governmental activities analysis highlighted in Exhibit IV. In addition, these other changes in fund balances should be noted:

The fund balance of the Town of Rocky Hill's Capital Project Fund increased by \$18.1 million. This is the result of the Town issuing long term bonds to pay off the maturing of \$29 million of Bond Anticipation Notes used to finance the high school project, public safety project and the road improvement program project.

**General Fund Budgetary Highlights**

Tax collections were favorable by \$402 thousand due to an improvement in collections in both current and past due accounts. Charges for Services were favorable by \$181 thousand due to the increase in recording fees and conveyance tax. Intergovernmental revenue was unfavorable by \$116 thousand due to decreased funding from the State of Connecticut for Education Cost Sharing after budget adoption. Licenses and permits revenue was favorable by \$189 thousand due to the increase in the issuance of building permits.

Legal expenses were higher than the original budget due to the Town implementing property value assessments for the revaluation of the 2013 grand list that are being challenged by certain property owners. Also, for legal counsel for labor issues and contract negotiations.

Increases in the Sanitation budget was due to the Sewer District increasing the Sewer Use Rates that it charges to member towns in the District.

The Town budgets for unanticipated and unbudgeted expenditures that occurred during the budget year. For the 2016-17 budget years, the Town budgeted \$600 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 \$6.2 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$5.6 million reported in the budgetary comparison in the required supplementary information. This is principally because fund balance includes \$382 thousand of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes and a \$160 thousand of appropriation of fund balance to the 2017-2018 budget.

**Capital Asset and Debt Administration**

**Capital Assets**

At June 30, 2017, the Town had \$101 million invested in a broad range of capital assets, including land, buildings, park facilities, roads, vehicles and equipment - Table 4. This amount represents a net increase (including additions and deductions) of \$17.3 million or 20.6%, over last year.

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

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Land	\$ 6,646,329	\$ 6,485,349
Buildings and improvements	22,862,692	23,006,475
Furniture, vehicles and equipment	6,712,937	2,071,780
Infrastructure	18,756,887	19,463,137
Construction in progress	<u>46,354,816</u>	<u>32,972,338</u>
<b>Total</b>	<b><u>\$ 101,333,661</u></b>	<b><u>\$ 83,999,079</u></b>

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

Land (Development Rights)	\$ .2
New Police Vehicles, Pickup Trucks, Fire SCBA tanks	.6
Construction - Rocky Hill High School Project	13.8
Various School Building Improvements	.6
Construction - Intermediate School	.5
Construction - Public Safety Upgrading Dispatch and Jail Cells	<u>1.6</u>
<b>Total</b>	<b><u>\$ 17.3</u></b>

The Town's fiscal year 2016-2017 capital budget calls for it to spend \$2.8 million for capital projects, principally for sidewalk improvements, vehicles for various departments, road improvements, town facilities improvements, school facilities improvements, and funding towards the replacement of the town pool.

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

## Long-Term Debt

At June 30, 2017, the Town had \$52.6 million in bonds outstanding versus \$25.9 million last year – an increase of 103.1% - as shown in Table 5.

**Table 5**  
**OUTSTANDING DEBT**

	Governmental Activities	
	2017	2016
General Obligation Bonds (Backed by the Town)	\$ 52,625,000	\$ 25,925,000

The Town of Rocky Hill issued in June of 2017 general obligation bonds (GO) for \$28.95 million with the proceeds being used for the high school renovate as new project, for the new intermediate school project, for public safety projects and for the road improvement program project. Standard & Poor's Global Rating Services reviewed this bond issue and assigned its 'AA+' rating with a stable outlook. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$446 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 2018 budget and tax rate. One of those factors is the economy and the community's ability to pay for municipal services. As of June 2017, the Town's labor force stood at 11,776 with its unemployment rate being 4.1% compared to 5.2% in the greater Hartford region and 5.1% for the State. The Rocky Hill unemployment rate has decreased from the June 2016 rate of 4.6% compared to the State rate that has also decreased from 5.4% to 5.1%.

The consumer price index for June 2017 was 1.6% compared to 1.0% for June 2016 and 0.1% for June 2015. 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 2017-2018. Amounts available for appropriation in the General Fund are \$74,259,993, a 2.04 percent increase over the 2016-2017 budget of \$72,778,087.

For 2017-2018, the Town's Net Taxable Grand List increased by 1.38% from the prior year. The mill rate used by the Town was 31.6 mills, an increase of 0.6 mills over 2016-2017 budget year.

The Town appropriated \$160 thousand from fund balance to the 2017-2018 budgets. This is a decrease of \$955 thousand from the prior year. The use of \$160 thousand of fund balance relates to the Town Council resolution that funds in the unassigned fund balance from the preceding fiscal year that exceed 6% of general fund expenditures be applied to the capital improvement budget in the next budget year.

The Town is concerned about any budget problems that the State of Connecticut might have and the impact balancing the State budget might have on the Town. Approximately 9.2% of the Town's budget revenues are derived from revenues received from the State of Connecticut. About 67.1% of the State revenues come to the Town in the form of Educational Cost Sharing Grant (ECS) and Special Education Grant 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 increase in value by 5.44% from July 1, 2017 to November 30, 2017. However, if the equities markets decline in value, the Town pension trusts have adequate amounts of US Treasuries account balances so that the trusts will be able to pay its pension obligations over a six month period 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, 2017**

	<b>Governmental Activities</b>
Assets:	
Cash and cash equivalents	\$ 29,694,047
Receivables, net	1,585,675
Inventory	7,605
Net pension assets	1,089,173
Capital assets not being depreciated	53,001,145
Capital assets being depreciated, net	48,332,516
Total assets	<u>133,710,161</u>
Deferred Outflows of Resources:	
Deferred outflows related to pension	<u>3,413,634</u>
Liabilities:	
Accounts and other payables	4,297,162
Unearned revenue	951,078
Noncurrent liabilities:	
Due within one year	2,827,739
Due in more than one year	70,577,047
Total liabilities	<u>78,653,026</u>
Deferred Inflows of Resources:	
Deferred charge on refunding	5,117
Advance property tax collections	8,879,145
Deferred inflows related to pension	5,381,621
Total deferred inflows of resources	<u>14,265,883</u>
Net Position:	
Net investment in capital assets	49,808,081
Restricted for:	
Trust purposes:	
Nonexpendable	70,738
Unrestricted	<u>(5,673,933)</u>
Total Net Position	<u>\$ 44,204,886</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, 2017**

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	\$ 11,251,640	\$ 942,130	\$ 109,669	\$ (10,199,841)	
Public safety	8,458,475	1,459,784	74,279	(6,924,412)	
Public works	9,791,346	25,832	656,874	(9,108,640)	
Health and human services	696,899	41,788	52,825	(602,286)	
Parks, recreation and facilities	4,953,042	754,482	131,860	4,150	(4,062,550)
Library services	1,067,126	31,745	6,661	(1,028,720)	
Education	50,040,498	544,424	13,878,750	8,526,189	(27,091,135)
Interest on long-term debt	917,209			(917,209)	
<b>Total Governmental Activities</b>	<b>\$ 87,176,235</b>	<b>\$ 3,800,185</b>	<b>\$ 14,910,918</b>	<b>\$ 8,530,339</b>	<b>(59,934,793)</b>
General revenues:					
Property taxes				63,874,810	
Grants and contributions not restricted to specific programs				2,720,488	
Unrestricted investment earnings				103,194	
Miscellaneous				772,900	
Total general revenues				<u>67,471,392</u>	
Change in net position				7,536,599	
Net Position at Beginning of Year				<u>36,668,287</u>	
Net Position at End of Year				<u>\$ 44,204,886</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF ROCKY HILL, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 25,976,936	\$ 2,099,540	\$ 1,617,571	\$ 29,694,047
Receivables, net	1,284,419		301,256	1,585,675
Due from other funds	594,351	6,211,075	4,892,746	11,698,172
Inventory			7,605	7,605
Total Assets	<u>\$ 27,855,706</u>	<u>\$ 8,310,615</u>	<u>\$ 6,819,178</u>	<u>\$ 42,985,499</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts and contracts payable	\$ 959,136	\$ 2,184,747	\$ 891,183	\$ 4,035,066
Due to other funds	11,103,821	147,166	447,185	11,698,172
Unearned revenue			951,078	951,078
Total liabilities	<u>12,062,957</u>	<u>2,331,913</u>	<u>2,289,446</u>	<u>16,684,316</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	728,949			728,949
Advance property tax collections	8,879,145			8,879,145
Total deferred inflows of resources	<u>9,608,094</u>	<u>-</u>	<u>-</u>	<u>9,608,094</u>
Fund Balances:				
Nonspendable			78,343	78,343
Restricted			107,771	107,771
Committed		5,978,702	4,343,618	10,322,320
Assigned	542,330			542,330
Unassigned	5,642,325			5,642,325
Total fund balances	<u>6,184,655</u>	<u>5,978,702</u>	<u>4,529,732</u>	<u>16,693,089</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,855,706</u>	<u>\$ 8,310,615</u>	<u>\$ 6,819,178</u>	<u>\$ 42,985,499</u>

(Continued on next page)

**TOWN OF ROCKY HILL, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2017**

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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)	\$ 16,693,089
--	---------------

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

Governmental capital assets	\$ 165,900,477	
Less accumulated depreciation	<u>(64,566,816)</u>	
Net capital assets		101,333,661

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

Net pension asset	1,089,173
Property tax receivables greater than 60 days	556,186
Interest receivable on property taxes	172,763
Deferred outflows related to pension	3,413,634

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

Net pension liability	(2,494,343)
Bonds payable	(52,625,000)
Interest payable on bonds and notes	(262,096)
Compensated absences	(4,181,826)
Capital lease	(730,746)
Bond premium	(4,143,419)
Deferred charge on refunding	(5,117)
Net OPEB obligation	(9,229,452)
Deferred inflows related to pension	<u>(5,381,621)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 44,204,886</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, 2017**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes and assessments	\$ 63,824,640	\$	\$	\$ 63,824,640
Intergovernmental	14,250,686	8,548,748	3,127,342	25,926,776
Charges for services	1,310,171		2,070,514	3,380,685
Income on investments	102,915	210	69	103,194
Miscellaneous	1,132,793	89,183	205,393	1,427,369
Total revenues	<u>80,621,205</u>	<u>8,638,141</u>	<u>5,403,318</u>	<u>94,662,664</u>
Expenditures:				
Current:				
General government	2,618,786		12,650	2,631,436
Public safety	6,198,790		620,226	6,819,016
Public works	6,121,363		643,989	6,765,352
Health and human services	575,603		46,444	622,047
Parks, recreation and facilities	3,582,333		735,198	4,317,531
Library services	1,002,004		22,458	1,024,462
Education	46,278,174		2,344,062	48,622,236
Miscellaneous	6,437,077		573,003	7,010,080
Capital outlay	1,830,361	22,346,734		24,177,095
Debt service	3,260,660		156,773	3,417,433
Total expenditures	<u>77,905,151</u>	<u>22,346,734</u>	<u>5,154,803</u>	<u>105,406,688</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,716,054</u>	<u>(13,708,593)</u>	<u>248,515</u>	<u>(10,744,024)</u>
Other Financing Sources (Uses):				
Transfers in		2,533,987		2,533,987
Transfers out	(2,533,987)			(2,533,987)
Issuance of general obligation bonds		28,950,000		28,950,000
Premium on bonds			2,862,586	2,862,586
Issuance of capital lease		359,000		359,000
Total other financing sources (uses)	<u>(2,533,987)</u>	<u>31,842,987</u>	<u>2,862,586</u>	<u>32,171,586</u>
Net Change in Fund Balances	182,067	18,134,394	3,111,101	21,427,562
Fund Balances at Beginning of Year	<u>6,002,588</u>	<u>(12,155,692)</u>	<u>1,418,631</u>	<u>(4,734,473)</u>
Fund Balances at End of Year	<u>\$ 6,184,655</u>	<u>\$ 5,978,702</u>	<u>\$ 4,529,732</u>	<u>\$ 16,693,089</u>

(Continued on next page)

**TOWN OF ROCKY HILL, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

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)	\$ 21,427,562
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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	21,290,977
Depreciation expense	(3,956,395)

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	45,833
Property tax interest and lien revenue - accrual basis change	4,337
Changes in deferred outflows related to pension	(5,058,713)
Change in net pension assets	1,063,727

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	2,250,000
Capital lease issued	(359,000)
Capital lease payments	171,857
General obligation bonds issued	(28,950,000)
Premium on general obligation bonds	(2,862,586)

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	155,954
Accrued interest	(7,346)
Amortization of deferred charge on refunding	(144)
Amortization of bond premiums	257,714
Net pension liability	5,357,351
OPEB obligations	(1,490,694)
Changes in deferred inflows related to pension	(1,803,835)

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>7,536,599</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, 2017**

	<b>Pension and OPEB Trust Funds</b>	<b>Agency Funds</b>
Assets:		
Cash and cash equivalents	\$ 1,358,650	\$ 784,328
Mutual funds	64,372,274	183,949
Due from other funds	1,000	
Accounts receivable		20,569
	<u>65,731,924</u>	<u>20,569</u>
Total assets	<u>65,731,924</u>	<u>\$ 988,846</u>
Liabilities:		
Deposits and amounts due to student groups and participants		\$ 988,846
Due to other funds	7,500	
	<u>7,500</u>	<u>988,846</u>
Total liabilities	<u>7,500</u>	<u>\$ 988,846</u>
Net Position:		
Net position restricted for pensions and OPEB benefits	<u>\$ 65,724,424</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, 2017**

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	<b>Pension and OPEB Trust Funds</b>
Additions:	
Contributions:	
Employer	\$ 1,549,100
Plan members	587,734
Total contributions	<u>2,136,834</u>
Investment income:	
Net change in fair value of investments	4,333,944
Interest and dividends	3,786,953
Total investment income	<u>8,120,897</u>
Less investment expense	176,824
Net investment income	<u>7,944,073</u>
Total additions	<u>10,080,907</u>
Deductions:	
Benefits	3,748,487
Other expenses	99,575
Total deductions	<u>3,848,062</u>
Change in Net Position	6,232,845
Net Position at Beginning of Year	<u>59,491,579</u>
Net Position at End of Year	<u>\$ 65,724,424</u>

The accompanying notes are an integral part of the 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.

**TOWN OF ROCKY HILL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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.

**TOWN OF ROCKY HILL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**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. The Town did not report any prepaid items in the current year.

**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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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 reports deferred outflows related to pension in the government-wide statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet as deferred inflows of resources. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. In addition, the Town reports a deferred charge on refunding and deferred inflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred inflow of resources related to pension results from differences between expected and actual experience or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

## **I. Compensated Absences**

### **Municipal**

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

### **Board of Education**

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

## **J. Long-Term Obligations**

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

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

## **K. Net OPEB Obligation**

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the City's contributions to the plan. These amounts are calculated on an actuarial basis and are recorded as noncurrent liabilities in the government-wide financial statements.

## **L. Net Pension Liability (Asset)**

The net pension liability (asset) is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability (asset) is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

## **M. 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."

**TOWN OF ROCKY HILL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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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.

**N. 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.

**O. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

Unencumbered appropriations for the General Fund shall lapse at the end of the fiscal year, unless otherwise provided for by Council resolution. Additional appropriations, up to \$300,000 for each item, can be made by the Town Council. Additional appropriations over \$300,000 require the approval of the electors. The legal level of control on which expenditures may not exceed appropriations is on the Functional level. Transfers between line items within a department may be made by the Town Manager. The Council may, by resolution, transfer any unencumbered appropriation balance or portion from one department, office or agency, except the Board of Education, to another. There were no additional appropriations of fund balance approved during the fiscal year. The Public Works function was over expended during the year by \$1,129.

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

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

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

## **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.

**TOWN OF ROCKY HILL, CONNECTICUT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2017**

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

**A. Deposits**

**Deposit Custodial Credit Risk**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$25,647,237 of the Town’s bank balance of \$27,840,875 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 22,909,968
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>2,737,269</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 25,647,237</u>

**B. Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2017, the Town’s cash equivalents amounted to \$3,109,176. 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.

	<b>Standard &amp; Poor’s</b>
State Short-Term Investment Fund (STIF)	AAAm

**TOWN OF ROCKY HILL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**C. Investments**

Investments as of June 30, 2017 in all funds are as follows:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Other investments:		
Pooled open-end mutual funds	N/A	\$ <u>64,556,223</u>
Total Investments		\$ <u><u>64,556,223</u></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, 2017, 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.

**Fair Value Disclosure**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
Mutual funds	\$ <u>64,556,223</u>	\$ <u>64,556,223</u>	\$ <u>-</u>	\$ <u>-</u>

Mutual funds are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**TOWN OF ROCKY HILL, CONNECTICUT  
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**4. RECEIVABLES**

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

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:			
Interest	\$ 172,763	\$	\$ 172,763
Taxes	759,832		759,832
Accounts	376,824	178,041	554,865
Intergovernmental		143,784	143,784
Gross receivables	<u>1,309,419</u>	<u>321,825</u>	<u>1,631,244</u>
Less allowance for uncollectibles	<u>(25,000)</u>		<u>(25,000)</u>
Net Total Receivables	<u>\$ 1,284,419</u>	<u>\$ 321,825</u>	<u>\$ 1,606,244</u>

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 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	\$ 6,485,349	\$ 160,980	\$	\$ 6,646,329
Construction in progress	<u>32,972,338</u>	<u>16,669,851</u>	<u>(3,287,373)</u>	<u>46,354,816</u>
Total capital assets not being depreciated	<u>39,457,687</u>	<u>16,830,831</u>	<u>(3,287,373)</u>	<u>53,001,145</u>
Capital assets being depreciated:				
Buildings and improvements	53,003,515	633,303		53,636,818
Furniture, vehicles and equipment	16,452,201	7,114,216	(3,149,545)	20,416,872
Infrastructure	38,845,642			38,845,642
Total capital assets being depreciated	<u>108,301,358</u>	<u>7,747,519</u>	<u>(3,149,545)</u>	<u>112,899,332</u>
Less accumulated depreciation for:				
Buildings and improvements	(29,997,040)	(777,086)		(30,774,126)
Furniture, vehicles and equipment	(14,380,421)	(2,473,059)	3,149,545	(13,703,935)
Infrastructure	(19,382,505)	(706,250)		(20,088,755)
Total accumulated depreciation	<u>(63,759,966)</u>	<u>(3,956,395)</u>	<u>3,149,545</u>	<u>(64,566,816)</u>
Total capital assets being depreciated, net	<u>44,541,392</u>	<u>3,791,124</u>	<u>-</u>	<u>48,332,516</u>
Governmental Activities Capital Assets, Net	<u>\$ 83,999,079</u>	<u>\$ 20,621,955</u>	<u>\$ (3,287,373)</u>	<u>\$ 101,333,661</u>

**TOWN OF ROCKY HILL, CONNECTICUT  
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Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General government	\$ 435,380
Public safety	1,112,108
Public works	925,011
Health and human services	11,136
Parks, recreation and facilities	236,457
Library services	40,478
Education	<u>1,195,825</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u>3,956,395</u>

**Construction Commitments**

The Town has active construction projects as of June 30, 2017. The following is a summary of capital projects as of June 30, 2017.

	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Capital and nonrecurring	\$ 7,885,861	\$ 4,771,342	\$ 3,114,519
Fire apparatus	3,864,000	3,099,720	764,280
Road improvements	10,000,000	8,706,263	1,293,737
Land acquisition	10,000,000	2,247,166	7,752,834
Rocky Hill High School renovation	50,000,000	45,262,833	4,737,167
Police referendum	2,586,000	2,550,529	35,471
Intermediate school construction	<u>48,350,000</u>	<u>535,846</u>	<u>47,814,154</u>
 Total Capital Projects	 \$ <u>132,685,861</u>	 \$ <u>67,173,699</u>	 \$ <u>65,512,162</u>

**6. INTERFUND RECEIVABLE AND PAYABLE BALANCES**

A summary of interfund balances at June 30, 2017 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 147,166
General Fund	Nonmajor Governmental	447,185
Capital Projects Fund	General Fund	6,211,075
Nonmajor Governmental	General Fund	<u>4,892,746</u>
 Total		 \$ <u>11,698,172</u>

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

**TOWN OF ROCKY HILL, CONNECTICUT  
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Interfund transfers:

	<b>Transfers In</b>
	<b>Capital Projects</b>
	<b>Fund</b>
Transfers out:	
General Fund	\$ <u>2,533,987</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	\$ 1,730,850
Less accumulated depreciation	<u>(1,037,301)</u>
Total	\$ <u>693,549</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, 2017:

**Fiscal Year Ending June 30,**

2018	\$ 273,373
2019	208,852
2020	180,452
2021	<u>95,247</u>
Total future minimum lease payments	757,924
Interest on future lease payments	<u>(27,178)</u>
Principal Balance of Future Minimum Payments	\$ <u>730,746</u>

**TOWN OF ROCKY HILL, CONNECTICUT  
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**8. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2017 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	\$ 25,925,000	\$ 28,950,000	\$ (2,250,000)	\$ 52,625,000	\$ 2,110,000
Issuance premium	<u>1,538,547</u>	<u>2,862,586</u>	<u>(257,714)</u>	<u>4,143,419</u>	<u>2,110,000</u>
Total bonds payable	27,463,547	31,812,586	(2,507,714)	56,768,419	2,110,000
Capital leases	543,603	359,000	(171,857)	730,746	260,932
Net pension liability	7,851,694		(5,357,351)	2,494,343	
Compensated absences	4,337,780	55,902	(211,856)	4,181,826	456,807
Net OPEB obligation	<u>7,738,758</u>	<u>1,490,694</u>	<u></u>	<u>9,229,452</u>	<u></u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 47,935,382</u>	<u>\$ 33,718,182</u>	<u>\$ (8,248,778)</u>	<u>\$ 73,404,786</u>	<u>\$ 2,827,739</u>

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

Bonds payable amounting to \$52,625,000 are secured by the general revenue raising powers of the municipality. There are presently three issues outstanding that bear interest at rates ranging from 2% to 5% with annual maturities in varying amounts until 2037.

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>
2018	\$ 2,110,000	\$ 856,562	\$ 2,966,562
2019	3,170,000	2,587,110	5,757,110
2020	3,135,000	1,743,887	4,878,887
2021	3,080,000	1,600,462	4,680,462
2022	3,095,000	1,458,512	4,553,512
2023-2027	14,495,000	5,348,948	19,843,948
2028-2032	13,290,000	2,651,260	15,941,260
2033-2037	<u>10,250,000</u>	<u>715,312</u>	<u>10,965,312</u>
Total	<u>\$ 52,625,000</u>	<u>\$ 16,962,053</u>	<u>\$ 69,587,053</u>

**TOWN OF ROCKY HILL, CONNECTICUT  
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The Town is subject to the General Statutes of Connecticut, which limits the amount of debt outstanding at June 30, 2017 to the following:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 143,509,426	\$ 43,927,800	\$ 99,581,626
Schools	287,018,852	91,169,200	195,849,652
Sewers	239,182,376	56,374,537	182,807,839
Urban renewal	207,291,393		207,291,393
Pension deficit	191,345,901		191,345,901

Total debt outstanding may not exceed seven times annual receipts from taxation (\$446,473,769).

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, 2017 was \$949,066,285. The Town's share of the debt at June 30, 2017 was 5.94% or \$56,374,537. 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, 2017 are summarized below:

	<u>Authorization</u>	<u>Bonds Issued</u>	<u>Self-Funded Pay Down</u>	<u>Bonds Authorized Unissued</u>
School improvements	\$ 103,307,000	\$ 34,812,800	\$ 40,000	\$ 68,454,200
Various improvements	52,175,000	38,157,200		14,017,800
Total	<u>\$ 155,482,000</u>	<u>\$ 72,970,000</u>	<u>\$ 40,000</u>	<u>\$ 82,472,000</u>

**9. SHORT-TERM DEBT**

The following is a summary of bond anticipation note activity for the year ended June 30, 2017:

<u>Project</u>	<u>Issue Date</u>	<u>Original Issue Amount</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Outstanding June 30, 2017</u>
High School Renovation	2/25/2016	\$ 24,000,000	2.00%	\$ 24,000,000	\$ -	\$ 24,000,000	\$ -
Road Improvement	2/25/2016	2,000,000	2.00%	2,000,000	-	2,000,000	-
Public Safety	2/25/2016	3,000,000	2.00%	3,000,000	-	3,000,000	-
							<u>\$ -</u>

**TOWN OF ROCKY HILL, CONNECTICUT  
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**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, 2017 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 7,605	\$ 7,605
Permanent funds			70,738	70,738
Restricted for:				
Parks, recreation and facilities grants			6,011	6,011
Community development grants			85,874	85,874
General government grants			15,886	15,886
Committed to:				
General government			636,501	636,501
Recreation programs			116,633	116,633
Library services			25,343	25,343
Public safety			265,187	265,187
Health and human services			236,728	236,728
Education			200,640	200,640
Debt service payments			2,862,586	2,862,586
Other general government capital projects		5,978,702		5,978,702
Assigned to:				
Subsequent year's budget	159,731			159,731
Education - encumbrances	317,955			317,955
Public safety - encumbrances	1,412			1,412
Parks, recreation and facilities - encumbrances	2,290			2,290
Other capital projects - encumbrances	60,942			60,942
Unassigned	<u>5,642,325</u>			<u>5,642,325</u>
<b>Total Fund Balances</b>	<b>\$ <u>6,184,655</u></b>	<b>\$ <u>5,978,702</u></b>	<b>\$ <u>4,529,732</u></b>	<b>\$ <u>16,693,089</u></b>

Encumbrances of \$382,599 at June 30, 2017 are contained in the above table in the assigned category of the General Fund.

**12. CONTINGENT LIABILITIES**

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

**13. OTHER POSTEMPLOYMENT BENEFITS**

**A. Plan Description**

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

Management of the post employment benefits plan is vested with the Town Manager and Director of Finance. Policy oversight is provided by the Town Council.

At July 1, 2016, plan membership consisted of the following:

	<u>Town Plan</u>	<u>Board of Education Plan</u>
Active plan members	134	314
Retired members	47	17
Total Participants	<u>181</u>	<u>331</u>

**B. Funding Policy**

The Town’s funding and payment of postemployment benefits for the year ended June 30, 2017 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. Investments**

**Investment Policy**

OPEB Benefits Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Town Manager and the Finance Director. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio through a balance of asset classes through the use of mutual funds. The 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.

**Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 15.15% for the Town Retiree Healthcare Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested

**TOWN OF ROCKY HILL, CONNECTICUT  
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**D. Net OPEB Liability of the Town**

During the year, the Town implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

	<u>Town Retiree Healthcare Plan</u>	<u>Board of Education Retiree Healthcare Plan*</u>
Total OPEB liability	\$ 24,896,753	\$ 935,645
Plan fiduciary net position	<u>1,454,696</u>	<u>-</u>
 Net OPEB Liability	 <u>\$ 23,442,057</u>	 <u>\$ 935,645</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 5.84%	 0.00%

\*The Town did not fund the Board of Education Retiree Healthcare Plan during the year ended June 30, 2017. The Town intends to fund the Board of Education healthcare Plan during the next year, and the additional disclosures will be included then.

The Town’s net OPEB liability will be required to be recorded on the government-wide financial statement of net position at June 30, 2018.

**Actuarial assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.5%, average, including inflation
Investment rate of return	3.13%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	For Town Retirees 8.0% decreasing to 4.75% after 7 years, and for Board of Education Retirees 9.0% decreasing to 5.0% after 5 years.

Mortality rates were based on the RP-2014 total Dataset Mortality table projected with projection scale MP-2016.

The actuarial assumptions used in the July 1, 2016 valuation were based on general assumptions for the plan, as an actuarial experience study has not been performed to date.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.13%. The discount rate was based on the S&P Municipal Bond 20 Year High Grade Index.

**TOWN OF ROCKY HILL, CONNECTICUT  
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**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13%) or 1 percentage point higher (4.13%) than the current discount rate:

	<u>1% Decrease (2.13%)</u>	<u>Current Discount Rate (3.13%)</u>	<u>1% Increase (4.13%)</u>
Net OPEB liability (asset)			
Town Retiree Healthcare Plan	\$ 28,696,661	\$ 23,442,057	\$ 19,365,418

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

The following presents the net OPEB liability of the Town Retiree Healthcare Plan, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0% decreasing to 3.75%) or 1 percentage point higher (9.0% decreasing to 5.75%) than the current healthcare cost trend rates:

	<u>1% Decrease (7.0% decreasing to 3.75%)</u>	<u>Healthcare cost Trend Rates (8.0% decreasing to 4.75%)</u>	<u>(9.0% decreasing to 5.75%)</u>
Net OPEB liability (asset)	\$ 18,643,787	\$ 23,442,057	\$ 29,973,703

**E. 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)	\$ 2,071,627	\$ 139,217
Interest on net OPEB obligation	294,790	14,759
Adjustment to annual required contribution	<u>(369,771)</u>	<u>(32,383)</u>
Annual OPEB cost	1,996,646	121,593
Contributions made	<u>(592,917)</u>	<u>(34,628)</u>
Change in net OPEB obligation	1,403,729	86,965
Net OPEB obligation at beginning of year	<u>7,369,743</u>	<u>369,015</u>
Net OPEB Obligation at End of Year	<u>\$ 8,773,472</u>	<u>\$ 455,980</u>

**TOWN OF ROCKY HILL, CONNECTICUT  
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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.

<b>Town Employees</b>				
<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2015	\$ 1,589,774	\$ 538,384	33.9%	\$ 6,398,277
6/30/2016	1,664,245	692,779	41.6	7,369,743
6/30/2017	1,996,646	592,917	29.7	8,773,472

<b>Board of Education Employees</b>				
<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2015	\$ 176,997	\$ 60,816	34.3%	\$ 247,213
6/30/2016	182,003	60,201	33.1	369,015
6/30/2017	121,593	34,628	28.5	455,980

**F. Schedule of Funding Progress**

<b>Town Employees</b>						
<b>Actuarial Valuation Date*</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Percentage Funded (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
7/1/12	\$ 181,020	\$ 13,948,210	\$ (11,233,917)	1.6%	\$ 9,162,154	(122.6%)
7/1/14	321,287	16,225,361	(13,626,923)	2.3	9,832,453	(138.6)
7/1/16	1,085,020	19,533,598	(18,448,578)	5.6	10,290,332	(179.3)

<b>Board of Education Employees</b>						
<b>Actuarial Valuation Date*</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Percentage Funded (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
7/1/12	\$ -	\$ 1,296,253	\$ (1,296,253)	0.0%	N/A	N/A
7/1/14	-	1,471,384	(1,471,384)	0.0	N/A	N/A
7/1/16	-	872,736	(872,736)	0.0	N/A	N/A

**TOWN OF ROCKY HILL, CONNECTICUT  
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**G. 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, 2017 and changes in net position for the year then ended.

	<b>Town Retiree Healthcare Plan</b>	<b>Board of Education Retiree Healthcare Plan</b>	<b>Total Healthcare Trust Funds</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Assets:			
Investments	\$ 1,454,696	\$	\$ 1,454,696
Net Position:			
Restricted for OPEB Benefits	\$ 1,454,696	\$ -	\$ 1,454,696
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<b>Town Retiree Healthcare Plan</b>	<b>Board of Education Retiree Healthcare Plan</b>	<b>Total Healthcare Trust Funds</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Additions:			
Contributions:			
Employer	\$ 592,917	\$ 34,628	\$ 627,545
Investment income:			
Net depreciation in fair value of investments	108,159		108,159
Interest and dividends	80,481		80,481
Total investment income	188,640	-	188,640
Less investment expense	18,964		18,964
Net investment income	169,676	-	169,676
Total additions	762,593	34,628	797,221
Deductions:			
Benefit payments	392,917	34,628	427,545
Net increase	369,676	-	369,676
Net Position Restricted for OPEB Benefits at Beginning of Year	1,085,020		1,085,020
Net Position Restricted for OPEB Benefits at End of Year	\$ 1,454,696	\$ -	\$ 1,454,696

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**14. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**Town Pension Plans**

**A. Plan Description and Benefits Provided**

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

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

- General Employees - at least five members are appointed;
- 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	148	27	23	8
Terminated plan members entitled to benefits but not yet receiving them	21		99	7
Current employees:				
Vested	111	21	26	14
Nonvested	43	11	40	24
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>323</u>	<u>59</u>	<u>188</u>	<u>53</u>

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

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

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

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

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

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

**B. Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting**

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

**Method Used to Value Investments**

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

**C. Funding Status and Progress**

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

**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, 2017:

<u>Asset Class</u>	<u>Target Allocation General Employee's, Firefighters, Ambulance and Police Officers</u>
U.S. Equity - Large Cap	22.00%
U.S. Equity - Small/Mid-Cap	11.50%
Non-U.S. Equity - Developed	13.50%
Non-U.S. Equity - Emerging	6.50%
U.S. Corporate Bonds - Core	16.00%
U.S. Corporate Bonds - High Yield	4.50%
Non-U.S. Debt - Developed	2.00%
Real Estate	7.00%
Hedge Funds	14.50%
Commodities	2.50%

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**Rate of Return**

For the year ended June 30, 2017, 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.

	<b>Annual Money- Weighted Rate of Return</b>
General Employee's	13.58%
Police Officers	13.56%
Firefighters	13.51%
Ambulance	13.59%

**Deferred Retirement Option Program (DROP)**

The Police Officers Pension System offers a Deferred Retirement Option Program (DROP) to its bargaining unit employees upon completing the 25<sup>th</sup> year of service until the completion of 29 years of service. The DROP is intended to provide an alternative retirement option to police employees who are eligible to retire. An employee is considered eligible upon completing the 25<sup>th</sup> year of service until the completion of 29 years of service. During the DROP period, pension payments will be made monthly equal to 96% of the accrued benefit. Amounts held by the Police Officers Pension System DROP investments at June 30, 2017 were \$393,929.

**E. Net Pension Liability (Asset) of the Town**

The components of the net pension liability (asset) of the Town at June 30, 2017, were as follows:

	<b>General Employees</b>	<b>Police Officers</b>	<b>Firefighters</b>	<b>Ambulance</b>
Total pension liability	\$ 40,580,579	\$ 22,837,502	\$ 1,636,828	\$ 619,989
Plan fiduciary net position	<u>38,381,575</u>	<u>23,830,997</u>	<u>1,341,489</u>	<u>715,667</u>
Net Pension Liability (Asset)	<u>\$ 2,199,004</u>	<u>\$ (993,495)</u>	<u>\$ 295,339</u>	<u>\$ (95,678)</u>
Plan fiduciary net position as a percentage of the total pension liability	94.58%	104.35%	81.96%	115.43%

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**Actuarial Assumptions**

The Town's net pension liability (asset) was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation date as listed below using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>
Actuarial Valuation Date	9-1-16	9-1-16	7-1-16	7-1-16
Actuarial Assumptions:				
Investment rate of return	7.0%	7.0%	7.0%	7.0%
Projected salary increases	3.00%	4.5%	N/A	N/A
Inflation	2.25%	2.25%	2.25%	2.25%
Mortality	SOA RP- 2014 Total Dataset Mortality with MP-2016 Scaling	SOA RP- 2014 Total Dataset Mortality with MP- 2016 Scaling	SOA RP- 2014 Total Dataset Mortality with MP- 2016 Scaling	SOA RP- 2014 Total Dataset Mortality with MP- 2016 Scaling

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, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following tables:

<b>General Employees / Police Officers / Firefighters / Ambulance</b>	
<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
U.S. Equity - Large Cap	7.83%
U.S. Equity - Small/Mid-Cap	8.40%
Non-U.S. Equity - Developed	7.64%
Non-U.S. Equity - Emerging	8.69%
U.S. Corporate Bonds - Core	4.42%
U.S. Corporate Bonds - High Yield	6.20%
Non-U.S. Debt - Developed	3.47%
Real Estate	6.69%
Hedge Funds	5.97%
Commodities	5.02%

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**Discount Rate**

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

	<u>Discount Rate</u>
General Employee's	7.00%
Police Officers	7.00%
Firefighters	7.00%
Ambulance	7.00%

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.

**F. Changes in Net Pension Liability**

	<u>General Employees' Pension Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances as of June 30, 2016	\$ 41,687,915	\$ 34,968,325	\$ 6,719,590
Changes for the year:			
Service cost	937,961		937,961
Interest on total pension liability	2,915,241		2,915,241
Differences between expected and actual experience	(2,952,420)		(2,952,420)
Employer contributions		526,785	(526,785)
Employee contributions		280,589	(280,589)
Net investment income (loss)		4,652,994	(4,652,994)
Benefit payments, including refund to employee contributions	(2,008,118)	(2,008,118)	-
Administrative expenses		(39,000)	39,000
Net changes	<u>(1,107,336)</u>	<u>3,413,250</u>	<u>(4,520,586)</u>
Balances as of June 30, 2017	<u>\$ 40,580,579</u>	<u>\$ 38,381,575</u>	<u>\$ 2,199,004</u>

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**Police Officers' Pension Plan**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of June 30, 2016	\$ 22,374,654	\$ 21,569,643	\$ 805,011
Changes for the year:			
Service cost	445,450		445,450
Interest on total pension liability	1,560,520		1,560,520
Differences between expected and actual experience	(317,608)		(317,608)
Employer contributions		341,085	(341,085)
Member contributions		307,145	(307,145)
Net investment income (loss)		2,874,438	(2,874,438)
Benefit payments, including refund to employee contributions	(1,225,514)	(1,225,514)	-
Administrative expenses		(35,800)	35,800
Net changes	<u>462,848</u>	<u>2,261,354</u>	<u>(1,798,506)</u>
Balances as of June 30, 2017	<u>\$ 22,837,502</u>	<u>\$ 23,830,997</u>	<u>\$ (993,495)</u>

**Firefighters' Pension Plan**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of June 30, 2016	\$ 1,538,963	\$ 1,211,870	\$ 327,093
Changes for the year:			
Service cost	17,550		17,550
Interest on total pension liability	106,814		106,814
Differences between expected and actual experience	35,751		35,751
Employer contributions		47,740	(47,740)
Net investment income (loss)		159,761	(159,761)
Benefit payments, including refund to employee contributions	(62,250)	(62,250)	-
Administrative expenses		(15,632)	15,632
Net changes	<u>97,865</u>	<u>129,619</u>	<u>(31,754)</u>
Balances as of June 30, 2017	<u>\$ 1,636,828</u>	<u>\$ 1,341,489</u>	<u>\$ 295,339</u>

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**Volunteer Ambulance Pension Plan**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2016	\$ 631,275	\$ 656,721	\$ (25,446)
Changes for the year:			
Service cost	13,293		13,293
Interest on total pension liability	44,258		44,258
Differences between expected and actual experience	(43,777)		(43,777)
Employer contributions		5,945	(5,945)
Member contributions			-
Net investment income (loss)		87,204	(87,204)
Benefit payments, including refund to employee contributions	(25,060)	(25,060)	-
Administrative expenses		(9,143)	9,143
Net changes	(11,286)	58,946	(70,232)
Balances as of June 30, 2017	\$ 619,989	\$ 715,667	\$ (95,678)

**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 7.00%, 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 (6.00%), or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00)%	1% Increase (8.00)%
General Employees Net Pension Liability	\$ 6,853,250	\$ 2,199,004	\$ 1,751,587
Police Officer's Net Pension Liability (Asset)	2,104,817	(993,495)	(3,536,708)
Firefighters Net Pension Liability	535,114	295,339	101,298
Ambulance Net Pension Asset	(3,076)	(95,678)	(171,255)

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

For the year ended June 30, 2017, the Town recognized pension expense of \$694,003, \$561,859, \$93,233 and \$13,930 for the General Employees, Police Officers, Firefighters and Volunteer Ambulance pension plans, respectively. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>				
	<b>General Employees</b>	<b>Police Officers</b>	<b>Firefighters</b>	<b>Ambulance</b>	<b>Total</b>
Differences between expected and actual experience	\$	\$	\$ 30,792	\$ 31,809	\$ 62,601
Changes in assumptions	1,739,310	1,029,366	93,867	49,690	2,912,233
Net difference between projected and actual earning on pension plan investments	<u>207,007</u>	<u>221,729</u>	<u>10,064</u>	<u>—</u>	<u>438,800</u>
Total	<u>\$ 1,946,317</u>	<u>\$ 1,251,095</u>	<u>\$ 134,723</u>	<u>\$ 81,499</u>	<u>\$ 3,413,634</u>

	<b>Deferred Inflows of Resources</b>				
	<b>General Employees</b>	<b>Police Officers</b>	<b>Firefighters</b>	<b>Ambulance</b>	<b>Total</b>
Differences between expected and actual experience	\$ 4,663,293	\$ 572,665	\$ 55,255	\$ 78,428	\$ 5,369,641
Net difference between projected and actual earning on pension plan investments	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,980</u>	<u>11,980</u>
	<u>\$ 4,663,293</u>	<u>\$ 572,665</u>	<u>\$ 55,255</u>	<u>\$ 90,408</u>	<u>\$ 5,381,621</u>

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

	<b>General Employees</b>	<b>Police Officers</b>	<b>Firefighters</b>	<b>Ambulance</b>
2018	\$ (511,959)	\$ 316,122	\$ 37,031	\$ (7,768)
2019	(511,957)	316,123	24,447	6,343
2020	(585,410)	130,846	10,522	1,811
2021	(1,027,235)	(190,667)	(7,580)	(7,134)
2022	(80,415)	78,451	7,615	1,308
Thereafter		27,555	7,433	(3,469)

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**G. Pension Plan Fiduciary Net Position**

	Pension Trust Funds				
	General Employees' Pension Plan	Police Pension Plan	Firefighters' Pension Plan	Volunteer Ambulance Pension Plan	Total Pension Trust Funds
Assets:					
Cash and cash equivalents	\$ 772,209	\$ 526,702	\$ 53,792	\$ 5,947	\$ 1,358,650
Investments	37,616,866	23,303,295	1,287,697	709,720	62,917,578
Due from other funds		1,000			1,000
Total Assets	<u>38,389,075</u>	<u>23,830,997</u>	<u>1,341,489</u>	<u>715,667</u>	<u>64,277,228</u>
Liabilities:					
Due to other funds	<u>7,500</u>				<u>7,500</u>
Net Position:					
Restricted for Pensions	<u>\$ 38,381,575</u>	<u>\$ 23,830,997</u>	<u>\$ 1,341,489</u>	<u>\$ 715,667</u>	<u>\$ 64,269,728</u>

**H. Changes in Pension Net Position**

	Pension Trust Funds				
	General Employees' Pension Plan	Police Pension Plan	Firefighters' Pension Plan	Volunteer Ambulance Pension Plan	Total Pension Trust Funds
Additions:					
Contributions:					
Employer	\$ 526,785	\$ 341,085	\$ 47,740	\$ 5,945	\$ 921,555
Employee	280,589	307,145			587,734
Total contributions	<u>807,374</u>	<u>648,230</u>	<u>47,740</u>	<u>5,945</u>	<u>1,509,289</u>
Investment income:					
Net depreciation in fair value of investments	2,504,654	1,618,216	59,358	43,557	4,225,785
Interest and dividends	2,242,582	1,314,480	103,962	45,448	3,706,472
Total investment income (loss)	<u>4,747,236</u>	<u>2,932,696</u>	<u>163,320</u>	<u>89,005</u>	<u>7,932,257</u>
Less investment expense	94,242	58,258	3,559	1,801	157,860
Net investment income (loss)	<u>4,652,994</u>	<u>2,874,438</u>	<u>159,761</u>	<u>87,204</u>	<u>7,774,397</u>
Total additions	<u>5,460,368</u>	<u>3,522,668</u>	<u>207,501</u>	<u>93,149</u>	<u>9,283,686</u>
Deductions:					
Benefit payments	2,008,118	1,225,514	62,250	25,060	3,320,942
Other expenses	39,000	35,800	15,632	9,143	99,575
Total deductions	<u>2,047,118</u>	<u>1,261,314</u>	<u>77,882</u>	<u>34,203</u>	<u>3,420,517</u>
Net increase	3,413,250	2,261,354	129,619	58,946	5,863,169
Net Position Restricted for Pensions at Beginning of Year	<u>34,968,325</u>	<u>21,569,643</u>	<u>1,211,870</u>	<u>656,721</u>	<u>58,406,559</u>
Net Position Restricted for Pensions at End of Year	<u>\$ 38,381,575</u>	<u>\$ 23,830,997</u>	<u>\$ 1,341,489</u>	<u>\$ 715,667</u>	<u>\$ 64,269,728</u>

## **Teachers' Retirement System**

### **A. Plan Description**

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

### **B. Benefit Provisions**

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

#### **Normal Retirement**

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

#### **Early Retirement**

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

#### **Disability Retirement**

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

### **C. Contributions**

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

#### *Employer (School Districts)*

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

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

#### *Employees*

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

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

At June 30, 2017, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>70,061,472</u>
Total	<u>\$ 70,061,472</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2017, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$7,640,455 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**E. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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

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

**TOWN OF ROCKY HILL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (Non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
Total	<u>100.0%</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

**H. Other Information**

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

**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 \$40,796 for the year ended June 30, 2017.

**16. SUBSEQUENT EVENTS**

On December 6, 2017 the Town of Rocky Hill issued \$4,000,000 of General Obligation Bond anticipation notes due August 1, 2018 with an interest rate of 2.25%. Proceeds will be used to fund payments related to the Rocky Hill High School project while waiting for the proceeds from the Town's State of Connecticut School Construction Grant.

**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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Revenues from property taxes	\$ 63,196,743	\$ 63,196,743	\$ 63,661,262	\$ 464,519
Interest and liens fees	225,000	225,000	163,378	(61,622)
Total property taxes	<u>63,421,743</u>	<u>63,421,743</u>	<u>63,824,640</u>	<u>402,897</u>
Intergovernmental:				
Education:				
Education Cost Sharing Grant	<u>4,374,933</u>	<u>4,374,933</u>	<u>4,259,510</u>	<u>(115,423)</u>
Other:				
Reimbursement - elderly, veterans and disability exemptions	132,229	132,229	124,742	(7,487)
State tax-exempt property - in lieu of taxes and Tobacco Grant	780,648	780,648	774,861	(5,787)
LOCIP and Town Aid Road	727,513	727,513	736,141	8,628
Pequot Grant	268,992	268,992	268,992	-
Municipal revenue sharing	405,872	405,872	405,872	-
Miscellaneous grants	36,194	36,194	40,113	3,919
Total other	<u>2,351,448</u>	<u>2,351,448</u>	<u>2,350,721</u>	<u>(727)</u>
Total intergovernmental	<u>6,726,381</u>	<u>6,726,381</u>	<u>6,610,231</u>	<u>(116,150)</u>
Licenses and permits:				
Building Department	560,000	560,000	754,111	194,111
Business licenses	400	400	488	88
Land Use Commission	20,000	20,000	15,463	(4,537)
Animal licenses	1,400	1,400	1	(1,399)
Other licenses and permits	7,300	7,300	8,215	915
Total licenses and permits	<u>589,100</u>	<u>589,100</u>	<u>778,278</u>	<u>189,178</u>
Investment income:				
Interest from investments	<u>100,500</u>	<u>100,500</u>	<u>102,915</u>	<u>2,415</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services:				
Real estate conveyance tax	\$ 215,000	\$ 215,000	\$ 212,018	\$ (2,982)
Recording - legal instruments	75,000	75,000	165,234	90,234
Vital statistics	27,000	27,000	33,581	6,581
Library fines and fees	8,000	8,000	10,107	2,107
Fire charges	1,500	1,500	1,909	409
All other	20,000	20,000	105,054	85,054
Total charges for services	<u>346,500</u>	<u>346,500</u>	<u>527,903</u>	<u>181,403</u>
Fines, forfeitures and penalties:				
Parking fines	<u>2,500</u>	<u>2,500</u>	<u>3,990</u>	<u>1,490</u>
Other revenues:				
Telephone access lines	64,600	64,600	66,535	1,935
Refunds and recoveries	15,000	15,000	71,546	56,546
Transit District	8,900	8,900	9,548	648
Sale of assets	7,000	7,000	260	(6,740)
Housing Authority PILOT	22,000	22,000	23,181	1,181
Recycling revenue	32,580	32,580	30,343	(2,237)
Workers comp insurance	10,000	20,000	11,848	(8,152)
Lease - Comm Towers	207,514	207,514	198,331	(9,183)
Solar energy	90,000	90,000	90,000	-
Other revenues	19,000	19,000	14,299	(4,701)
Total other revenues	<u>476,594</u>	<u>486,594</u>	<u>515,891</u>	<u>29,297</u>
Total Revenues	71,663,318	71,673,318	72,363,848	690,530
Other financing sources:				
Use of Fund Balance	<u>1,114,769</u>	<u>1,114,769</u>		<u>(1,114,769)</u>
Total	<u>\$ 72,778,087</u>	<u>\$ 72,788,087</u>	72,363,848	<u>\$ (424,239)</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	7,640,455
The Town budgets for certain revenues as credits to expenditure accounts which are reported as revenues under GAAP	486,609
Cancellation of prior year encumbrances are recognized as budgetary revenue	(37,351)
The Town does not budget for certain Education donations	<u>167,644</u>

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

\$ 80,621,205

**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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General government:				
Mayor and Town Council	\$ 31,500	\$ 31,500	\$ 30,642	\$ 858
Town Manager	256,793	181,793	111,156	70,637
Personnel Administration	172,300	208,300	208,276	24
Finance and Accounting	523,829	562,829	562,049	780
Tax Assessor	345,172	358,672	358,284	388
Tax Collector	246,052	265,052	342,302	(77,250)
Central Services	71,949	71,949	66,047	5,902
Legal expenditures	200,000	401,750	400,896	854
Probate Court	31,000	31,000	30,779	221
Registrars of Voters	100,100	100,100	76,602	23,498
Town Clerk	163,628	163,628	150,990	12,638
Town Planner	114,571	143,571	143,274	297
Economic Development	112,680	112,680	108,749	3,931
Total general government	<u>2,369,574</u>	<u>2,632,824</u>	<u>2,590,046</u>	<u>42,778</u>
Public safety:				
Police	4,809,449	4,788,150	4,786,201	1,949
Fire Department	987,586	1,033,126	993,162	39,964
Building Department	305,041	311,541	311,419	122
Volunteer Ambulance Association	114,250	120,195	108,008	12,187
Total public safety	<u>6,216,326</u>	<u>6,253,012</u>	<u>6,198,790</u>	<u>54,222</u>
Public works:				
Highway Department	2,108,261	2,153,011	2,152,155	856
Engineering	464,410	464,410	466,482	(2,072)
Sanitation	3,491,713	3,502,813	3,502,726	87
Total public works	<u>6,064,384</u>	<u>6,120,234</u>	<u>6,121,363</u>	<u>(1,129)</u>
Health and human services:				
Public Health	105,494	105,494	105,494	-
Human Services	468,474	471,574	470,109	1,465
Total health and human services	<u>573,968</u>	<u>577,068</u>	<u>575,603</u>	<u>1,465</u>
Parks, recreation and facilities:				
Parks and Recreation	1,752,422	1,752,422	1,709,249	43,173
Facilities	2,048,842	1,993,842	1,861,670	132,172
Total parks, recreation and facilities	<u>3,801,264</u>	<u>3,746,264</u>	<u>3,570,919</u>	<u>175,345</u>
Library services:				
Cora Belden Public Library	954,948	1,002,448	1,002,004	444

(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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous:				
Insurance - employee benefits	\$ 5,755,687	\$ 4,981,997	\$ 4,709,224	\$ 272,773
Insurance - property and liability	1,050,900	1,050,900	1,008,715	42,185
Contingency	600,000	284,600	232,529	52,071
Total miscellaneous	<u>7,406,587</u>	<u>6,317,497</u>	<u>5,950,468</u>	<u>367,029</u>
Capital outlays:				
Capital outlay - Town	<u>972,164</u>	<u>1,572,164</u>	<u>1,551,919</u>	<u>20,245</u>
Debt service:				
Debt redemption - principal	2,250,000	2,250,000	2,250,000	-
Debt redemption - interest	872,956	1,010,660	1,010,660	-
Total debt service	<u>3,122,956</u>	<u>3,260,660</u>	<u>3,260,660</u>	<u>-</u>
Board of Education	<u>38,761,929</u>	<u>38,761,929</u>	38,757,929	<u>4,000</u>
Transfers to other funds:				
Transfer to other funds	<u>2,533,987</u>	<u>2,533,987</u>	<u>2,533,987</u>	<u>-</u>
Total	<u>\$ 72,778,087</u>	<u>\$ 72,778,087</u>	72,113,688	<u>\$ 664,399</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	7,640,455
The Town budgets for certain revenues as credits to expenditure accounts which are reported as revenues under GAAP	486,609
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>198,386</u>

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 80,439,138

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 937,961	\$ 1,002,384	\$ 1,035,972	\$ 1,048,535
Interest	2,915,241	2,980,336	2,914,496	2,669,474
Differences between expected and actual experience	(2,952,420)	(2,983,587)	(1,141,889)	
Changes of assumptions		2,850,690		
Benefit payments, including refunds of member contributions	(2,008,118)	(1,959,261)	(1,640,714)	(1,338,800)
Net change in total pension liability	(1,107,336)	1,890,562	1,167,865	2,379,209
Total pension liability - beginning	41,687,915	39,797,353	38,629,488	36,250,279
Total pension liability - ending	<u>40,580,579</u>	<u>41,687,915</u>	<u>39,797,353</u>	<u>38,629,488</u>
Plan fiduciary net position:				
Contributions - employer	526,785	1,340,000	1,462,942	1,462,942
Contributions - member	280,589	293,620	301,208	299,540
Net investment income	4,652,994	229,847	1,066,924	5,400,306
Benefit payments, including refunds of member contributions	(2,008,118)	(1,959,261)	(1,640,714)	(1,338,800)
Administrative expense	(39,000)	(33,257)	(29,950)	(15,100)
Net change in plan fiduciary net position	3,413,250	(129,051)	1,160,410	5,808,888
Plan fiduciary net position - beginning	34,968,325	35,097,376	33,936,966	28,128,078
Plan fiduciary net position - ending	<u>38,381,575</u>	<u>34,968,325</u>	<u>35,097,376</u>	<u>33,936,966</u>
Town's Net Pension Liability - Ending	<u>\$ 2,199,004</u>	<u>\$ 6,719,590</u>	<u>\$ 4,699,977</u>	<u>\$ 4,692,522</u>
Plan fiduciary net position as a percentage of the total pension liability	94.58%	83.88%	88.19%	87.85%
Covered-employee payroll	\$ 8,772,402	\$ 8,438,036	\$ 9,669,472	\$ 9,418,330
Town's net pension liability as a percentage of covered-employee payroll	25.07%	79.63%	48.61%	49.82%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**Notes to Schedule**

*Changes of assumptions.* In 2016, amounts reported as changes of assumptions resulted primarily from a decrease in the discount rate from 7.50% to 7.00%, a decrease in projected salary increases from 5.00% per year to 3.00% per year, and adjustments to assumed life expectancies as a result of adopting the SOA RP-2014 Total Dataset Mortality with MP-2016 Scaling for the purpose of developing mortality rates.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 445,450	490,958	\$ 455,914	\$ 387,545
Interest	1,560,520	1,534,059	1,524,104	1,424,973
Changes of benefit terms			(794,661)	
Differences between expected and actual experience	(317,608)	(34,994)	(487,985)	
Changes of assumptions		973,735	553,775	
Benefit payments, including refunds of member contributions	<u>(1,225,514)</u>	<u>(1,189,696)</u>	<u>(1,013,729)</u>	<u>(882,022)</u>
Net change in total pension liability	462,848	1,774,062	237,418	930,496
Total pension liability - beginning	<u>22,374,654</u>	<u>20,600,592</u>	<u>20,363,174</u>	<u>19,432,678</u>
Total pension liability - ending	<u>22,837,502</u>	<u>22,374,654</u>	<u>20,600,592</u>	<u>20,363,174</u>
Plan fiduciary net position:				
Contributions - employer	341,085	559,822	523,044	571,380
Contributions - member	307,145	224,786	182,435	152,513
Net investment income	2,874,438	32,949	683,677	3,540,920
Benefit payments, including refunds of member contributions	(1,225,514)	(1,189,696)	(1,013,729)	(882,022)
Administrative expense	<u>(35,800)</u>	<u>(38,050)</u>	<u>(27,950)</u>	<u>(11,800)</u>
Net change in plan fiduciary net position	2,261,354	(410,189)	347,477	3,370,991
Plan fiduciary net position - beginning	<u>21,569,643</u>	<u>21,979,832</u>	<u>21,632,355</u>	<u>18,261,364</u>
Plan fiduciary net position - ending	<u>23,830,997</u>	<u>21,569,643</u>	<u>21,979,832</u>	<u>21,632,355</u>
Town's Net Pension Liability (Asset) - Ending	<u>\$ (993,495)</u>	<u>\$ 805,011</u>	<u>\$ (1,379,240)</u>	<u>\$ (1,269,181)</u>
Plan fiduciary net position as a percentage of the total pension liability	104.35%	96.40%	106.70%	106.23%
Covered-employee payroll	\$ 3,283,573	\$ 3,249,728	\$ 2,446,151	\$ 2,028,338
Town's net pension liability as a percentage of covered-employee payroll	-30.26%	24.77%	-56.38%	-62.57%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**Notes to Schedule**

*Changes of assumptions.* In 2016, amounts reported as changes of assumptions resulted primarily from a decrease in the discount rate from 7.50% to 7.00%, a decrease in projected salary increases from 5.00% per year to 4.50% per year, and adjustments to assumed life expectancies as a result of adopting the SOA RP-2014 Total Dataset Mortality with MP-2016 Scaling for the purpose of developing mortality rates.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 17,550	\$ 15,979	\$ 18,274	\$ 18,274
Interest	106,814	108,315	98,621	93,504
Differences between expected and actual experience	35,751	(65,336)	(23,854)	
Changes of assumptions		85,364	102,470	
Benefit payments, including refunds of member contributions	(62,250)	(65,963)	(62,034)	(61,619)
Net change in total pension liability	<u>97,865</u>	<u>78,359</u>	<u>133,477</u>	<u>50,159</u>
Total pension liability - beginning	<u>1,538,963</u>	<u>1,460,604</u>	<u>1,327,127</u>	<u>1,276,968</u>
Total pension liability - ending	<u>1,636,828</u>	<u>1,538,963</u>	<u>1,460,604</u>	<u>1,327,127</u>
Plan fiduciary net position:				
Contributions - employer	47,740	81,500	76,500	76,500
Net investment income	159,761	478	46,075	198,508
Benefit payments, including refunds of member contributions	(62,250)	(65,963)	(62,034)	(61,619)
Administrative expense	(15,632)	(18,700)	(8,900)	(5,500)
Net change in plan fiduciary net position	<u>129,619</u>	<u>(2,685)</u>	<u>51,641</u>	<u>207,889</u>
Plan fiduciary net position - beginning	<u>1,211,870</u>	<u>1,214,555</u>	<u>1,162,914</u>	<u>955,025</u>
Plan fiduciary net position - ending	<u>1,341,489</u>	<u>1,211,870</u>	<u>1,214,555</u>	<u>1,162,914</u>
Town's Net Pension Liability - Ending	<u>\$ 295,339</u>	<u>\$ 327,093</u>	<u>\$ 246,049</u>	<u>\$ 164,213</u>
Plan fiduciary net position as a percentage of the total pension liability	81.96%	78.75%	83.15%	87.63%
Covered-employee payroll **	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Town's net pension liability as a percentage of covered-employee payroll **	N/A	N/A	N/A	N/A

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

\*\* Pay for volunteer firefighters is not available

**Notes to Schedule**

*Changes of assumptions.* In 2016, amounts reported as changes of assumptions resulted primarily from a decrease in the discount rate from 7.50% to 7.00%, and adjustments to assumed life expectancies as a result of adopting the SOA RP-2014 Total Dataset Mortality with MP-2016 Scaling for the purpose of developing mortality rates.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 13,293	\$ 11,691	\$ 12,451	\$ 11,777
Interest	44,258	31,978	33,110	34,346
Differences between expected and actual experience	(43,777)	37,229	(22,659)	(24,908)
Changes of assumptions		58,156		
Benefit payments, including refunds of member contributions	<u>(25,060)</u>	<u>(27,319)</u>	<u>(27,050)</u>	<u>(25,920)</u>
Net change in total pension liability	(11,286)	111,735	(4,148)	(4,705)
Total pension liability - beginning	<u>631,275</u>	<u>519,540</u>	<u>523,688</u>	<u>528,393</u>
Total pension liability - ending	<u>619,989</u>	<u>631,275</u>	<u>519,540</u>	<u>523,688</u>
Plan fiduciary net position:				
Contributions - employer	5,945		10,000	28,419
Net investment income (loss)	87,204	(2,599)	27,187	112,461
Benefit payments, including refunds of member contributions	(25,060)	(27,319)	(27,050)	(25,920)
Administrative expense	<u>(9,143)</u>	<u>(1,500)</u>	<u>(750)</u>	<u>(1,250)</u>
Net change in plan fiduciary net position	58,946	(31,418)	9,387	113,710
Plan fiduciary net position - beginning	<u>656,721</u>	<u>688,139</u>	<u>678,752</u>	<u>565,042</u>
Plan fiduciary net position - ending	<u>715,667</u>	<u>656,721</u>	<u>688,139</u>	<u>678,752</u>
Town's Net Pension Asset - Ending	<u>\$ (95,678)</u>	<u>\$ (25,446)</u>	<u>\$ (168,599)</u>	<u>\$ (155,064)</u>
Plan fiduciary net position as a percentage of the total pension liability	115.43%	104.03%	132.45%	129.61%
Covered-employee payroll *	N/A	N/A	N/A	N/A
Town's net pension liability as a percentage of covered-employee payroll **	N/A	N/A	N/A	N/A

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

\*\* Pay for volunteer ambulance is not available

**Notes to Schedule**

*Changes of assumptions.* In 2016, amounts reported as changes of assumptions resulted primarily from a decrease in the discount rate from 5.50% to 7.00%, and adjustments to assumed life expectancies as a result of adopting the SOA RP-2014 Total Dataset Mortality with MP-2016 Scaling for the purpose of developing mortality rates.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 674,581	\$ 1,414,908	\$ 1,421,628	\$ 1,461,942	\$ 1,461,942	\$ 1,203,931	\$ 1,203,931	\$ 1,023,081	\$ 1,023,081	\$ 1,183,469
Contributions in relation to the actuarially determined contribution	<u>526,785</u>	<u>1,340,000</u>	<u>1,462,942</u>	<u>1,462,942</u>	<u>1,450,207</u>	<u>1,203,931</u>	<u>1,023,081</u>	<u>1,023,081</u>	<u>1,183,470</u>	<u>1,183,469</u>
Contribution Deficiency (Excess)	\$ <u>147,796</u>	\$ <u>74,908</u>	\$ <u>(41,314)</u>	\$ <u>(1,000)</u>	\$ <u>11,735</u>	\$ <u>-</u>	\$ <u>180,850</u>	\$ <u>-</u>	\$ <u>(160,389)</u>	\$ <u>-</u>
Covered-employee payroll	\$ 8,772,402	\$ 8,438,036	\$ 9,669,472	\$ 9,418,330	\$ 9,418,330	\$ 9,046,134	\$ 9,046,134	\$ 8,474,681	\$ 8,474,681	\$ 8,031,693
Contributions as a percentage of covered-employee payroll	6.01%	15.88%	15.13%	15.53%	15.40%	13.31%	11.31%	12.07%	13.96%	14.73%

**Notes to Schedule**

Valuation date: September 1, 2016  
Measurement date: June 30, 2017  
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed, with amortization bases created in accordance with the funding policy
Remaining amortization period	27 years
Asset valuation method	5-year asset average, subject to a 20% corridor around the market value of assets
Inflation	2.25%
Salary increases	3.00%
Investment rate of return	7.0%, net of pension plan investment expenses
Retirement age	Graduated rates ages 62-70
Mortality	SOA RP-2014 Total Dataset Mortality with MP-2016 scaling

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 355,298	\$ 499,336	\$ 484,928	\$ 571,380	\$ 571,380	\$ 769,584	\$ 704,704	\$ 704,704	\$ 686,764	\$ 686,764
Contributions in relation to the actuarially determined contribution	<u>341,085</u>	<u>559,822</u>	<u>523,044</u>	<u>571,380</u>	<u>769,584</u>	<u>769,584</u>	<u>704,704</u>	<u>704,704</u>	<u>686,764</u>	<u>686,764</u>
Contribution Deficiency (Excess)	<u>\$ 14,213</u>	<u>\$ (60,486)</u>	<u>\$ (38,116)</u>	<u>\$ -</u>	<u>\$ (198,204)</u>	<u>\$ -</u>				
Covered-employee payroll	\$ 3,283,573	\$ 3,249,728	\$ 2,446,151	\$ 2,028,338	\$ 2,415,638	\$ 2,479,447	\$ 2,479,447	\$ 2,441,653	\$ 2,441,653	\$ 1,702,761
Contributions as a percentage of covered-employee payroll	10.39%	17.23%	21.38%	28.17%	31.86%	31.04%	28.42%	28.86%	28.13%	40.33%

**Notes to Schedule**

Valuation date: September 1, 2016  
Measurement date: June 30, 2017  
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed, with amortization bases created in accordance with the funding policy
Remaining amortization period	27 years
Asset valuation method	Five-year asset average, subject to a 20% corridor around the market value of assets
Inflation	2.25%
Salary increases	4.50%
Investment rate of return	7.00%
Retirement age	Normal Retirement Age
Mortality	SOA RP-2014 Total Dataset Mortality with MP-2016 scaling

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 44,740	\$ 49,697	\$ 49,697	\$ 76,430	\$ 76,430	\$ 69,719	\$ 69,719	\$ 41,594	\$ 41,594	\$ 54,958
Contributions in relation to the actuarially determined contribution	<u>47,740</u>	<u>81,500</u>	<u>76,500</u>	<u>76,500</u>	<u>72,325</u>	<u>69,719</u>	<u>50,000</u>	<u>50,000</u>	<u>55,000</u>	<u>94,557</u>
Contribution Deficiency (Excess)	\$ <u>(3,000)</u>	\$ <u>(31,803)</u>	\$ <u>(26,803)</u>	\$ <u>(70)</u>	\$ <u>4,105</u>	\$ <u>-</u>	\$ <u>19,719</u>	\$ <u>(8,406)</u>	\$ <u>(13,406)</u>	\$ <u>(39,599)</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, 2016  
Measurement date: June 30, 2017  
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar amount, closed, with amortization bases created in accordance with funding policy
Remaining amortization period	27 years, closed
Asset valuation method	Five-year smoothed, subject to a 20% corridor around the market value of assets
Inflation	2.25%
Salary increases	N/A
Investment rate of return	7.00%
Retirement age	Normal Retirement Age
Mortality	SOA RP-2014 Total Dataset Mortality with MP-2016 Scaling

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 5,945	\$ -	\$ -	\$ 6,286	\$ 14,998	\$ 12,288	\$ 27,339	\$ 35,635	\$ 22,164	\$ 30,475
Contributions in relation to the actuarially determined contribution	<u>5,945</u>	<u>-</u>	<u>10,000</u>	<u>28,419</u>	<u>30,628</u>	<u>32,339</u>	<u>35,635</u>	<u>35,635</u>	<u>23,605</u>	<u>30,475</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ (22,133)</u>	<u>\$ (15,630)</u>	<u>\$ (20,051)</u>	<u>\$ (8,296)</u>	<u>\$ -</u>	<u>\$ (1,441)</u>	<u>\$ -</u>
Covered-employee payroll *	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* Pay for volunteer ambulance is not available

**Notes to Schedule**

Valuation date: July 1, 2016

Measurement date: June 30, 2017

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, closed, with amortization bases created in accordance with funding policy
Remaining amortization period	30 years, open
Asset valuation method	Market value
Inflation	2.25%
Investment rate of return	7.0% per annum
Retirement age	Normal retirement age
Mortality	SOA RP-2014 Total Dataset Mortality with MP-2016 scaling

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

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense:				
General Employees	13.58%	0.68%	3.20%	19.11%
Police Officers	13.56%	0.17%	3.21%	19.49%
Firefighters	13.51%	0.13%	4.07%	20.81%
Ambulance	13.59%	-0.15%	3.97%	19.74%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>70,061,472</u>	<u>51,725,859</u>	<u>47,810,191</u>
Total	<u>\$ 70,061,472</u>	<u>\$ 51,725,859</u>	<u>\$ 47,810,191</u>
Town's covered-employee payroll	\$ 20,294,620	\$ 19,584,545	\$ 18,725,185
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	52.26%	59.50%	61.51%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015. During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

**TOWN OF ROCKY HILL, CONNECTICUT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
TOWN RETIREE HEALTHCARE PLAN  
LAST FISCAL YEAR\***

	<u>2017</u>
Total OPEB liability:	
Service cost	\$ 1,109,463
Interest	817,864
Benefit payments	<u>(392,917)</u>
Net change in total OPEB liability	1,534,410
Total OPEB liability - beginning	<u>23,362,343</u>
Total OPEB liability - ending	<u>24,896,753</u>
Plan fiduciary net position:	
Contributions - employer	592,917
Net investment income (loss)	169,676
Benefit payments	<u>(392,917)</u>
Net change in plan fiduciary net position	369,676
Plan fiduciary net position - beginning	<u>1,085,020</u>
Plan fiduciary net position - ending	<u>1,454,696</u>
Net OPEB Liability - Ending	<u>\$ 23,442,057</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.84%
Covered-employee payroll	\$ 10,290,332
Net OPEB liability as a percentage of covered-employee payroll	227.81%

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

**TOWN OF ROCKY HILL, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TOWN RETIREE HEALTHCARE PLAN  
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution (1)	\$ 947,138	\$ 995,621	\$ 1,154,905	\$ 1,180,473	\$ 1,557,365	\$ 1,653,224	\$ 1,634,879	\$ 1,725,195	\$ 2,071,627
Contributions in relation to the actuarially determined contribution	<u>203,285</u>	<u>176,609</u>	<u>286,424</u>	<u>320,246</u>	<u>422,470</u>	<u>1,621,435</u>	<u>1,589,774</u>	<u>1,664,245</u>	<u>592,917</u>
Contribution Deficiency (Excess)	<u>\$ 743,853</u>	<u>\$ 819,012</u>	<u>\$ 868,481</u>	<u>\$ 860,227</u>	<u>\$ 1,134,895</u>	<u>\$ 31,789</u>	<u>\$ 45,105</u>	<u>\$ 60,950</u>	<u>\$ 1,478,710</u>
Covered-employee payroll	\$ N/A	\$ N/A	\$ 9,162,154	\$ 9,162,154	\$ 9,832,453	\$ 9,832,453	\$ 9,515,627	\$ 9,515,627	\$ 10,290,332
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	3.13%	3.50%	4.30%	16.49%	16.71%	17.49%	5.76%

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

Notes to Schedule

Valuation date: July 1, 2016

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
Amortization method	Projected Unit Credit, closed
Amortization period	23.45 years
Asset valuation method	Market value of assets
Inflation	2.50%
Healthcare cost trend rates	8.0% initial, decreasing to an ultimate rate of 4.75% after 7 years
Salary increases	3.50%, average, including inflation
Investment rate of return	3.13%, net of pension plan investment expense, including inflation
Retirement age	Retirement rates are for Town employees start at 2% at age 55 increasing to 100% at age 70 and above, for Police the retirement rates start at 50% at age 46 increasing to 100% at age 65 and above.
Mortality	RPH-2014 total dataset mortality table projected with projection scale MP-2016

Other Information:

The mortality table has been updated to the RPH-2014 total dataset mortality table projected using scale MP-2016. The healthcare cost trend was reset to 8.0% in 2016, grading down to an ultimate rate of 4.75% in years 2022 and later.

**TOWN OF ROCKY HILL, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
TOWN RETIREE HEALTHCARE PLAN  
LAST FISCAL YEAR\***

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**2017**

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

15.15%

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

**TOWN OF ROCKY HILL, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
BOARD OF EDUCATION RETIREE HEALTHCARE PLAN  
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution (1)	\$ 164,140	\$ 163,928	\$ 136,648	\$ 154,814	\$ 157,897	\$ 164,998	\$ 180,143	\$ 188,380	\$ 139,217
Contributions in relation to the actuarially determined contribution	<u>164,100</u>	<u>155,404</u>	<u>157,527</u>	<u>171,734</u>	<u>103,148</u>	<u>59,260</u>	<u>60,816</u>	<u>60,201</u>	<u>34,624</u>
Contribution Deficiency (Excess)	\$ <u>40</u>	\$ <u>8,524</u>	\$ <u>(20,879)</u>	\$ <u>(16,920)</u>	\$ <u>54,749</u>	\$ <u>105,738</u>	\$ <u>119,327</u>	\$ <u>128,179</u>	\$ <u>104,593</u>
Covered-employee payroll	\$ 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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

# **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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 25,976,936	\$ 32,073,752
Property taxes receivable, net of allowance for doubtful accounts of \$25,000 in 2017 and 2016	734,832	646,327
Accounts receivable	376,824	704,795
Interest receivable	172,763	168,425
Due from other funds	<u>594,351</u>	<u>1,197,928</u>
Total Assets	<u>\$ 27,855,706</u>	<u>\$ 34,791,227</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued expenditures	\$ 959,136	\$ 1,479,254
Due to other funds	11,103,821	18,652,267
Unearned revenue	<u>338,720</u>	<u>338,720</u>
Total liabilities	<u>12,062,957</u>	<u>20,470,241</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	728,949	678,779
Advance property tax collections	<u>8,879,145</u>	<u>7,639,619</u>
Total deferred inflows of resources	<u>9,608,094</u>	<u>8,318,398</u>
Fund Balances:		
Assigned for:		
Subsequent year's budget	159,731	1,114,769
Encumbrances	382,599	618,336
Unassigned	<u>5,642,325</u>	<u>4,269,483</u>
Total fund balances	<u>6,184,655</u>	<u>6,002,588</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,855,706</u>	<u>\$ 34,791,227</u>

**TOWN OF ROCKY HILL, CONNECTICUT  
GENERAL FUND  
REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2017**

Grand List as of October 1,	Uncollected Taxes July 1, 2016	Lawful Corrections		Transfers to Suspense	Net Amount Collectible	Collections				Uncollected Taxes June 30, 2017	
		Additions	Deductions			Taxes	Interest	Lien Fees	Suspense Taxes		Total
2015	\$ 63,450,925 *	\$ 272,047	\$ 181,041	\$ 2,164	\$ 63,539,767	\$ 63,081,494	\$ 92,987	\$ 870	\$	\$ 63,175,351	\$ 458,273
2014	407,203	123,854	19,213	2,940	508,904	310,042	42,133	5,637		357,812	198,862
2013	166,837	147,306	28,719	66,597	218,827	167,373	16,814	2,070	2,575	188,832	51,454
2012	43,849	16,729	11,428	3,299	45,851	18,240	1,817	24	12,796	32,877	27,611
2011	30,423	28,332	19,835	2,993	35,927	19,968	930	24	1,170	22,092	15,959
2010	5,302	205		2,831	2,676	42		48	578	668	2,634
2009	4,148	81		2,470	1,759			24	1,116	1,140	1,759
2008	2,124			577	1,547				49	49	1,547
2007	3,075		628	1,307	1,140					-	1,140
2006	1,589	160		1,271	478	161			351	512	317
2005	1,145			1,145	-				1,978	1,978	-
2004	1,331			1,055	276				332	332	276
2003	1,055			1,055	-				264	264	-
2002	1,114			1,114	-					-	-
2001	1,114			1,114	-				60	60	-
	<u>\$ 64,121,234</u>	<u>\$ 588,714</u>	<u>\$ 260,864</u>	<u>\$ 91,932</u>	<u>\$ 64,357,152</u>	<u>\$ 63,597,320</u>	<u>\$ 154,681</u>	<u>\$ 8,697</u>	<u>\$ 21,269</u>	<u>63,781,967</u>	<u>\$ 759,832</u>
Property taxes receivable considered available:											
June 30, 2016											(135,973)
June 30, 2017											<u>178,646</u>
Total Property Tax Revenue											<u>\$ 63,824,640</u>

\* Includes motor vehicle supplement in the amount of \$783,868

**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
Local Transportation Capital Improvement Program	State grants	Pavement rehabilitation for Old Forge Road
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
Police Private Duty	Police Operations	Highway Construction Safety
Town Clerk	Town clerk fees	Town clerk activities

### Debt Service Fund

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

### Permanent Funds

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

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

**TOWN OF ROCKY HILL, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017**

	<b>Special Revenue</b>									
	<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>	<u>Narcotics Enforcement</u>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 158,278	\$ 84,800	\$ 709,682	\$	\$ 481,999	\$	\$	\$	\$	\$ 992
Accounts receivable		1,877			14,403					
Due from other governments	66,217		20,589							
Due from other funds	69,925			28,666		529,505	26,338	43,404	31,669	
Inventory	7,605									
<b>Total Assets</b>	<b>\$ 302,025</b>	<b>\$ 86,677</b>	<b>\$ 730,271</b>	<b>\$ 28,666</b>	<b>\$ 496,402</b>	<b>\$ 529,505</b>	<b>\$ 26,338</b>	<b>\$ 43,404</b>	<b>\$ 31,669</b>	<b>\$ 992</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable and accrued payroll	\$ 70,350	\$	\$ 68,761	\$	\$ 15,221	\$	\$ 995	\$ 7,555	\$	\$
Due to other funds		803			244,991					992
Unearned revenue	23,430		661,510		119,557					
<b>Total liabilities</b>	<b>93,780</b>	<b>803</b>	<b>730,271</b>	<b>-</b>	<b>379,769</b>	<b>-</b>	<b>995</b>	<b>7,555</b>	<b>-</b>	<b>992</b>
Fund balances:										
Nonspendable	7,605									
Restricted		85,874								
Committed	200,640			28,666	116,633	529,505	25,343	35,849	31,669	
<b>Total fund balances</b>	<b>208,245</b>	<b>85,874</b>	<b>-</b>	<b>28,666</b>	<b>116,633</b>	<b>529,505</b>	<b>25,343</b>	<b>35,849</b>	<b>31,669</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 302,025</b>	<b>\$ 86,677</b>	<b>\$ 730,271</b>	<b>\$ 28,666</b>	<b>\$ 496,402</b>	<b>\$ 529,505</b>	<b>\$ 26,338</b>	<b>\$ 43,404</b>	<b>\$ 31,669</b>	<b>\$ 992</b>

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**TOWN OF ROCKY HILL, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2017**

	Special Revenue								Total	
	Human Services	Miscellaneous Grants	Youth Services	Local Transportation Capital Improv. Program	Parks Grants	Economic Development Grants	Town Clerk	Police Private Duty		Harold Murphy Senior Housing Project
<b>ASSETS</b>										
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	1,435,751
Accounts receivable					44,873				96,319	157,472
Due from other governments						56,978				143,784
Due from other funds	138,125	17,608	99,235	776,209			15,310	197,669		1,973,663
Inventory										7,605
<b>Total Assets</b>	<b>\$ 138,125</b>	<b>\$ 17,608</b>	<b>\$ 99,235</b>	<b>\$ 776,209</b>	<b>\$ 44,873</b>	<b>\$ 56,978</b>	<b>\$ 15,310</b>	<b>\$ 197,669</b>	<b>\$ 96,319</b>	<b>\$ 3,718,275</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable and accrued payroll	\$	\$	632	631,350	\$	\$	\$	\$	96,319	891,183
Due to other funds					38,862	56,978				342,626
Unearned revenue		1,722		144,859						951,078
<b>Total liabilities</b>	<b>-</b>	<b>1,722</b>	<b>632</b>	<b>776,209</b>	<b>38,862</b>	<b>56,978</b>	<b>-</b>	<b>-</b>	<b>96,319</b>	<b>2,184,887</b>
Fund balances:										
Nonspendable										7,605
Restricted		15,886			6,011					107,771
Committed	138,125		98,603				15,310	197,669		1,418,012
<b>Total fund balances</b>	<b>138,125</b>	<b>15,886</b>	<b>98,603</b>	<b>-</b>	<b>6,011</b>	<b>-</b>	<b>15,310</b>	<b>197,669</b>	<b>-</b>	<b>1,533,388</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 138,125</b>	<b>\$ 17,608</b>	<b>\$ 99,235</b>	<b>\$ 776,209</b>	<b>\$ 44,873</b>	<b>\$ 56,978</b>	<b>\$ 15,310</b>	<b>\$ 197,669</b>	<b>\$ 96,319</b>	<b>\$ 3,718,275</b>

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**TOWN OF ROCKY HILL, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2017**

	<u>Debt Service</u>		<u>Permanent</u>				<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Service</u>	<u>Abigail Williams</u>	<u>Adelaide Wright</u>	<u>Ruth Wilcox</u>	<u>Center Cemetery</u>	<u>Land Preservation Trust</u>		
<b>ASSETS</b>								
Cash and cash equivalents	\$	\$	\$	\$ 155,005	\$	\$ 26,815	\$ 181,820	\$ 1,617,571
Accounts receivable							-	157,472
Due from other governments							-	143,784
Due from other funds	2,862,586	18,369	5,306		32,822		56,497	4,892,746
Inventory							-	7,605
<b>Total Assets</b>	<b>\$ 2,862,586</b>	<b>\$ 18,369</b>	<b>\$ 5,306</b>	<b>\$ 155,005</b>	<b>\$ 32,822</b>	<b>\$ 26,815</b>	<b>\$ 238,317</b>	<b>\$ 6,819,178</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued payroll	\$	\$	\$	\$	\$	\$	\$ -	\$ 891,183
Due to other funds				104,558		1	104,559	447,185
Unearned revenue							-	951,078
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,558</b>	<b>-</b>	<b>1</b>	<b>104,559</b>	<b>2,289,446</b>
Fund balances:								
Nonspendable		18,369	5,306		20,249	26,814	70,738	78,343
Restricted							-	107,771
Committed	2,862,586			50,447	12,573		63,020	4,343,618
<b>Total fund balances</b>	<b>2,862,586</b>	<b>18,369</b>	<b>5,306</b>	<b>50,447</b>	<b>32,822</b>	<b>26,814</b>	<b>133,758</b>	<b>4,529,732</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,862,586</b>	<b>\$ 18,369</b>	<b>\$ 5,306</b>	<b>\$ 155,005</b>	<b>\$ 32,822</b>	<b>\$ 26,815</b>	<b>\$ 238,317</b>	<b>\$ 6,819,178</b>

**TOWN OF ROCKY HILL, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue									
	School Cafeteria	CDBG Small Cities	Federal and State School Programs	Industrial Park Development	Recreation Program	Insurance Loss	Library Operating	Dog	Asset Forfeiture	Narcotics Enforcement
Revenues:										
Intergovernmental revenues	\$ 333,745	\$	\$ 1,477,396	\$	\$	\$	\$ 6,661	\$	\$ 8,837	\$
Charges for services	544,424				754,482		21,638	12,025		
Investment income				4						
Miscellaneous		10				136,638				
Total revenues	<u>878,169</u>	<u>10</u>	<u>1,477,396</u>	<u>4</u>	<u>754,482</u>	<u>136,638</u>	<u>28,299</u>	<u>12,025</u>	<u>8,837</u>	<u>-</u>
Expenditures:										
Current:										
General government										
Public safety								17,205	2,914	
Public works										
Health and human services										
Parks, recreation and facilities					603,338					
Library services							22,458			
Education	866,666		1,477,396							
Debt service										
Miscellaneous		52,631				45,047				
Total expenditures	<u>866,666</u>	<u>52,631</u>	<u>1,477,396</u>	<u>-</u>	<u>603,338</u>	<u>45,047</u>	<u>22,458</u>	<u>17,205</u>	<u>2,914</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>11,503</u>	<u>(52,621)</u>	<u>-</u>	<u>4</u>	<u>151,144</u>	<u>91,591</u>	<u>5,841</u>	<u>(5,180)</u>	<u>5,923</u>	<u>-</u>
Other Financing Sources (Uses):										
Bond premium proceeds										
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	11,503	(52,621)	-	4	151,144	91,591	5,841	(5,180)	5,923	-
Fund Balances at Beginning of Year	196,742	138,495	-	28,662	(34,511)	437,914	19,502	41,029	25,746	-
Fund Balances at End of Year	<u>\$ 208,245</u>	<u>\$ 85,874</u>	<u>\$ -</u>	<u>\$ 28,666</u>	<u>\$ 116,633</u>	<u>\$ 529,505</u>	<u>\$ 25,343</u>	<u>\$ 35,849</u>	<u>\$ 31,669</u>	<u>\$ -</u>

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**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, 2017**

	Special Revenue									Total
	Human Services	Miscellaneous Grants	Youth Services	Local Transportation Capital Improv. Program	Parks Grants	Economic Development Grants	Town Clerk	Police Private Duty	Harold Murphy Senior Housing Project	
Revenues:										
Intergovernmental revenues	\$	\$ 55,768	\$	634,315	\$ 131,860	\$ 9,674	\$ 3,000	\$	\$ 466,086	\$ 3,127,342
Charges for services			41,776				8,420	687,749		2,070,514
Investment income										4
Miscellaneous	52,837	4,150					1,408			195,043
Total revenues	<u>52,837</u>	<u>59,918</u>	<u>41,776</u>	<u>634,315</u>	<u>131,860</u>	<u>9,674</u>	<u>12,828</u>	<u>687,749</u>	<u>466,086</u>	<u>5,392,903</u>
Expenditures:										
Current:										
General government							12,650			12,650
Public safety		58,903						541,204		620,226
Public works				634,315		9,674				643,989
Health and human services	10,593		35,851							46,444
Parks, recreation and facilities					131,860					735,198
Library services										22,458
Education										2,344,062
Debt service										-
Miscellaneous									466,086	563,764
Total expenditures	<u>10,593</u>	<u>58,903</u>	<u>35,851</u>	<u>634,315</u>	<u>131,860</u>	<u>9,674</u>	<u>12,650</u>	<u>541,204</u>	<u>466,086</u>	<u>4,988,791</u>
Excess (Deficiency) of Revenues over Expenditures	<u>42,244</u>	<u>1,015</u>	<u>5,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178</u>	<u>146,545</u>	<u>-</u>	<u>404,112</u>
Other Financing Sources (Uses):										
Bond premium proceeds										-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	42,244	1,015	5,925	-	-	-	178	146,545	-	404,112
Fund Balances at Beginning of Year	95,881	14,871	92,678	-	6,011	-	15,132	51,124	-	1,129,276
Fund Balances at End of Year	<u>\$ 138,125</u>	<u>\$ 15,886</u>	<u>\$ 98,603</u>	<u>\$ -</u>	<u>\$ 6,011</u>	<u>\$ -</u>	<u>\$ 15,310</u>	<u>\$ 197,669</u>	<u>\$ -</u>	<u>\$ 1,533,388</u>

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**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, 2017**

	<u>Debt Service</u>	<u>Permanent</u>						<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Service</u>	<u>Abigail Williams</u>	<u>Adelaide Wright</u>	<u>Ruth Wilcox</u>	<u>Center Cemetery</u>	<u>Land Preservation Trust</u>	<u>Total</u>	
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$ 3,127,342
Charges for services								2,070,514
Investment income				15		50	65	69
Miscellaneous					10,350		10,350	205,393
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>10,350</u>	<u>50</u>	<u>10,415</u>	<u>5,403,318</u>
Expenditures:								
Current:								
General government								- 12,650
Public safety								- 620,226
Public works								- 643,989
Health and human services								- 46,444
Parks, recreation and facilities								- 735,198
Library services								- 22,458
Education								- 2,344,062
Debt service	156,773							- 156,773
Miscellaneous					9,239		9,239	573,003
Total expenditures	<u>156,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,239</u>	<u>-</u>	<u>9,239</u>	<u>5,154,803</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(156,773)</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>1,111</u>	<u>50</u>	<u>1,176</u>	<u>248,515</u>
Other Financing Sources (Uses):								
Bond premium proceeds	2,862,586							2,862,586
Total other financing sources (uses)	<u>2,862,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,862,586</u>
Net Change in Fund Balances	2,705,813	-	-	15	1,111	50	1,176	3,111,101
Fund Balances at Beginning of Year	156,773	18,369	5,306	50,432	31,711	26,764	132,582	1,418,631
Fund Balances at End of Year	<u>\$ 2,862,586</u>	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 50,447</u>	<u>\$ 32,822</u>	<u>\$ 26,814</u>	<u>\$ 133,758</u>	<u>\$ 4,529,732</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, 2017

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	\$ 544,485	\$ 7,618	\$ 390,565	\$ -	\$ 390,565	\$ 153,920
1999	Human Services	Elderly / Disable Bus	118,974	-	58,018	-	58,018	60,956
2000	Highway	Road Improvements	888,724	20,565	882,481	-	882,481	6,243
2004	Fire	Fire Department Training Center	124,991	20,414	117,592	-	117,592	7,399
2007	Facilities	Schools - Portable Classrooms	406,328	-	335,173	-	335,173	71,155
2012	Assessor	Revaluation - October 2018 Grand List	85,791	-	23,573	-	23,573	62,218
2012	Town Council	Foundry	719,963	-	670,135	-	670,135	49,828
2013	Public Safety	Online Electric Permitting	46,019	-	29,000	-	29,000	17,019
2013	Parks	Grounds Improvements - McVicar Field	200,000	120,440	200,000	-	200,000	-
2013	Town Council	Streetscape Project - Silas Deane	170,000	6,256	6,256	-	6,256	163,744
2014	BOE	Repairs and Improvements to Schools	205,014	34,860	197,874	-	197,874	7,140
2014	Planner	Updating Plan of Conservation	75,000	7,000	75,000	-	75,000	-
2015	Facilities	Building Improvements to Academy Hall	43,775	14,143	43,775	-	43,775	-
2015	Facilities	LOCIP From Town Clerk Fees	106,719	-	82,364	-	82,364	24,355
2015	Facilities	Building Improvements - Telephone System - VOIP	43,000	-	41,732	-	41,732	1,268
2015	Parks	Parks Department - Elm Ridge Pool Upgrade	500,000	950	9,643	-	9,643	490,357
2015	Parks	Parks Department - Special Recreation Funds	300,000	178,004	183,004	-	183,004	116,996
2015	BOE	School Improvements - Stevens School Sprinklers	531,113	-	508,913	-	508,913	22,200
2015	BOE	School Improvements - Griswold Boilers Replacement	57,715	4,184	6,184	-	6,184	51,531
2016	Police	Police Department - Dispatch Equipment	60,000	25,288	50,586	-	50,586	9,414
2016	Police	Police Department - Impound Lot	56,472	20,382	56,472	-	56,472	-
2016	Engineering	Engineering Department - MS4 Storm Water Study	22,500	22,500	22,500	-	22,500	-
2016	Police	Police Department - Parking Lot	87,000	87,000	87,000	-	87,000	-
2016	Parks	Parks Department - Field Use Improvements	57,685	-	-	-	-	57,685
2016	BOE	School Improvements - Capital Improvement Projects - 2016	128,122	128,121	128,121	-	128,121	1
2016	BOE	School Improvements - Surplus for Improvements	55,779	34,675	34,675	-	34,675	21,104
2017	Facilities	Facilities - Leasing Storage Space	6,900	6,900	6,900	-	6,900	-
2017	Facilities	Repairs and Improvements to Town Buildings	13,000	-	-	-	-	13,000
2017	Econ Dev	Economic Development - Industry Study	12,000	12,000	12,000	-	12,000	-
2017	Highway	Town Vehicles and Equipment	22,000	-	-	-	-	22,000
2017	BOE	School Improvements - Griswold Air Conditioning	742,040	511,806	511,806	-	511,806	230,234
2017	BOE	School Improvements - RHHS Outdoor Storage Buildings	143,752	-	-	-	-	143,752
2017	CIP	RHHS Renovation Project - Reserve for Project	600,000	-	-	-	-	600,000
2017	CIP	RHHS Renovation Project - FF&E and Technology (Priority 2)	111,000	-	-	-	-	111,000
2017	CIP	RHHS Renovation Project - Construction Costs (Priority 2)	100,000	-	-	-	-	100,000
2017	Town Council	Capital Improvement Projects (CIP) - Undesignated	185,000	-	-	-	-	185,000
2017	Town Council	State Budget Reserve - for 2017-2018 Budget Year	315,000	-	-	-	-	315,000
		Total Capital and Nonrecurring - Fund 40	7,885,861	1,263,106	4,771,342	-	4,771,342	3,114,519
		Fire Apparatus - Fund 43						
2016	Fire	Fire Apparatus	3,864,000	2,714,230	3,099,720	-	3,099,720	764,280
		Road Improvements Fund - Fund 45:						
2014	Highway	Road Improvements	10,000,000	1,802,853	8,706,263	-	8,706,263	1,293,737
		Land Acquisition Fund - Fund 51:						
2014	Town Council	Land Acquisition Open Space	10,000,000	181,360	2,247,166	-	2,247,166	7,752,834
		Rocky Hill High School Renovation - Fund 56:						
2013	Facilities	Renovation as New - Rocky Hill High School	50,000,000	13,745,542	45,262,833	-	45,262,833	4,737,167
		Police Referendum Fund - Fund 57						
2016	Police	Police Referendum	2,586,000	1,744,797	2,550,529	-	2,550,529	35,471
		Rocky Hill Intermediate School - Fund 58						
2016	Facilities	Facilities project	48,350,000	535,846	535,846	-	535,846	47,814,154
		Total Capital Projects Fund	\$ 132,685,861	\$ 21,987,734	\$ 67,173,699	\$ -	\$ 67,173,699	\$ 65,512,162

**Fiduciary Funds**

## **FIDUCIARY FUNDS**

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

### **TRUST FUNDS**

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

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

### **AGENCY FUNDS**

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

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

**TOWN OF ROCKY HILL, CONNECTICUT  
 COMBINING STATEMENT OF NET POSITION - TRUST FUNDS  
 JUNE 30, 2017**

	<b>Trust Funds</b>		
	<b>Healthcare Trust Funds</b>	<b>Pension Trust Funds</b>	<b>Total</b>
Assets:			
Investments:			
Cash and cash equivalents	\$	\$ 1,358,650	\$ 1,358,650
Mutual funds	1,454,696	62,917,578	64,372,274
Due from other funds		1,000	1,000
Total assets	<u>1,454,696</u>	<u>64,277,228</u>	<u>65,731,924</u>
Liabilities:			
Due to other funds		<u>7,500</u>	<u>7,500</u>
Net Position:			
Held in Trust for Pension and Other Benefits	<u>\$ 1,454,696</u>	<u>\$ 64,269,728</u>	<u>\$ 65,724,424</u>

**TOWN OF ROCKY HILL, CONNECTICUT  
COMBINING STATEMENT OF CHANGES IN NET POSITION - TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Trust Funds</b>		
	<b>Healthcare Trust Funds</b>	<b>Pension Trust Funds</b>	<b>Total</b>
Additions:			
Contributions:			
Employer	\$ 627,545	\$ 921,555	\$ 1,549,100
Plan members		587,734	587,734
Total contributions	<u>627,545</u>	<u>1,509,289</u>	<u>2,136,834</u>
Investment income:			
Net depreciation in fair value of investments	108,159	4,225,785	4,333,944
Interest and dividends	80,481	3,706,472	3,786,953
Total investment income	<u>188,640</u>	<u>7,932,257</u>	<u>8,120,897</u>
Less investment expense	18,964	157,860	176,824
Net investment income	<u>169,676</u>	<u>7,774,397</u>	<u>7,944,073</u>
Total additions	<u>797,221</u>	<u>9,283,686</u>	<u>10,080,907</u>
Deductions:			
Benefits	427,545	3,320,942	3,748,487
Other expenses		99,575	99,575
Total deductions	<u>427,545</u>	<u>3,420,517</u>	<u>3,848,062</u>
Change in Net Position	369,676	5,863,169	6,232,845
Net Position at Beginning of Year	<u>1,085,020</u>	<u>58,406,559</u>	<u>59,491,579</u>
Net Position at End of Year	<u>\$ 1,454,696</u>	<u>\$ 64,269,728</u>	<u>\$ 65,724,424</u>

**TOWN OF ROCKY HILL, CONNECTICUT**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>Surety Bonds</b>				
Assets:				
Cash and cash equivalents	\$ 356,369	\$ 341,969	\$ 371,739	\$ 326,599
Accounts receivable	<u>20,569</u>	<u>                    </u>	<u>                    </u>	<u>20,569</u>
Total Assets	<u>\$ 376,938</u>	<u>\$ 341,969</u>	<u>\$ 371,739</u>	<u>\$ 347,168</u>
Liabilities:				
Deposits	<u>\$ 376,938</u>	<u>\$ 341,969</u>	<u>\$ 371,739</u>	<u>\$ 347,168</u>
<b>School Activity</b>				
Assets:				
Cash and cash equivalents	\$ 437,514	\$ 627,894	\$ 607,679	\$ 457,729
Investments	<u>177,255</u>	<u>18,565</u>	<u>11,871</u>	<u>183,949</u>
Total Assets	<u>\$ 614,769</u>	<u>\$ 646,459</u>	<u>\$ 619,550</u>	<u>\$ 641,678</u>
Liabilities:				
Due to student groups	<u>\$ 614,769</u>	<u>\$ 646,459</u>	<u>\$ 619,550</u>	<u>\$ 641,678</u>
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 793,883	\$ 969,863	\$ 979,418	\$ 784,328
Investments	177,255	18,565	11,871	183,949
Accounts receivable	<u>20,569</u>	<u>                    </u>	<u>                    </u>	<u>20,569</u>
Total Assets	<u>\$ 991,707</u>	<u>\$ 988,428</u>	<u>\$ 991,289</u>	<u>\$ 988,846</u>
Liabilities:				
Deposits and amounts due to student groups and participants	<u>\$ 991,707</u>	<u>\$ 988,428</u>	<u>\$ 991,289</u>	<u>\$ 988,846</u>
Total Liabilities	<u>\$ 991,707</u>	<u>\$ 988,428</u>	<u>\$ 991,289</u>	<u>\$ 988,846</u>

# **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									
	2017	2016	2015	2014 (2)	2013	2012	2011	2010	2009	2008
Governmental activities:										
Net investment in capital assets	\$ 49,808	\$ 43,831	\$ 20,007	\$ 34,661	\$ 32,976	\$ 32,807	\$ 32,265	\$ 31,870	\$ 29,246	\$ 28,540
Restricted	71	50	50	50	50	50	51	132	141	147
Unrestricted	<u>(5,674)</u>	<u>(7,213)</u>	<u>12,776</u>	<u>(4,934)</u>	<u>(941)</u>	<u>(461)</u>	<u>(628)</u>	<u>(397)</u>	<u>1,397</u>	<u>1,916</u>
Total Governmental Activities Net Position	<u>\$ 44,205</u>	<u>\$ 36,668</u>	<u>\$ 32,833</u>	<u>\$ 29,777</u>	<u>\$ 32,085</u>	<u>\$ 32,396</u>	<u>\$ 31,688</u>	<u>\$ 31,605</u>	<u>\$ 31,323</u>	<u>\$ 33,959</u>

Note:

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

(2) The fiscal year 2014 governmental activities net position was restated as a result of implementing GASB No. 68

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental activities:										
General government	\$ 11,252	\$ 11,196	\$ 10,521	\$ 12,123	\$ 12,339	\$ 11,296	\$ 10,208	\$ 10,548	\$ 8,941	\$ 8,704
Public safety	8,458	7,774	6,271	6,959	6,673	6,269	6,541	6,540	6,719	6,570
Public works	9,791	6,952	8,114	7,969	6,517	6,214	6,079	5,657	6,647	6,393
Health and human services	697	606	599	686	684	658	686	603	632	599
Parks, recreation and facilities	4,953	4,949	4,970	6,962	6,576	6,091	6,340	6,123	6,105	6,656
Library services	1,067	1,174	971	1,049	973	912	917	900	933	943
Education	50,040	45,034	42,885	38,741	37,299	35,706	33,983	33,005	30,795	38,311
Interest on long-term debt	917	922	778	472	478	586	636	726	860	932
Total governmental activities expenses	<u>87,175</u>	<u>78,607</u>	<u>75,109</u>	<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>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	942	712	911	872	934	1,433	600	567	763	833
Parks, recreation and facilities	754	692	561	751	688	658	708	764	772	707
Education	544	536	502	482	481	544	541	585	546	562
Other	1,559	896	1,325	1,023	890	503	615	465	590	1,061
Operating grants and contributions	14,911	11,448	9,720	10,613	9,416	9,277	7,973	8,502	7,404	15,762
Capital grants and contributions	8,530	4,988	2,842	40	11	78	185	1,477	67	537
Total governmental activities program revenues	<u>27,240</u>	<u>19,272</u>	<u>15,861</u>	<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>
Net Expense:										
Governmental activities	<u>(59,935)</u>	<u>(59,335)</u>	<u>(59,248)</u>	<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>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	63,875	60,309	59,583	57,992	56,303	53,080	52,636	50,427	49,055	46,698
Grants and contributions not restricted to specific purposes	2,721	1,971	2,037	1,958	1,806	2,203	1,576	1,523	1,821	1,627
Unrestricted investment earnings	103	114	81	39	15	15	27	47	159	536
Other general revenues	773	776	604	643	684	650	612	566	636	499
Total governmental activities general revenues and other changes in net position	<u>67,472</u>	<u>63,170</u>	<u>62,305</u>	<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>
Changes in Net Position:										
Governmental Activities	<u>\$ 7,537</u>	<u>\$ 3,835</u>	<u>\$ 3,057</u>	<u>\$ (548)</u>	<u>\$ (311)</u>	<u>\$ 709</u>	<u>\$ 83</u>	<u>\$ 821</u>	<u>\$ 181</u>	<u>\$ (286)</u>

## Note:

Schedule prepared on the accrual basis of accounting.

TABLE 3

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$ 210	\$ 250	\$ 201
Unreserved								3,808	3,962	3,995
Nonspendable										
Restricted										
Committed										
Assigned	542	1,733	1,085	1,552	1,199	246	755			
Unassigned	<u>5,642</u>	<u>4,270</u>	<u>5,204</u>	<u>4,587</u>	<u>4,672</u>	<u>4,055</u>	<u>3,494</u>			
Total General Fund	<u>\$ 6,184</u>	<u>\$ 6,003</u>	<u>\$ 6,289</u>	<u>\$ 6,139</u>	<u>\$ 5,871</u>	<u>\$ 4,301</u>	<u>\$ 4,249</u>	<u>\$ 4,018</u>	<u>\$ 4,212</u>	<u>\$ 4,196</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$ 5	\$ 8	\$ 7
Unreserved, reported in:										
Special revenue funds								998	890	890
Capital projects funds								1,163	1,876	1,699
Permanent funds								132	141	147
Nonspendable	78	56	59	58	57	57	57			
Restricted	108	159	164	152	128	132	106			
Committed	10,322	3,147	6,475	3,922	3,281	1,279	1,149			
Assigned						1,975	1,430			
Unassigned		<u>(14,099)</u>	<u>(1,107)</u>	<u>(2,809)</u>	<u>(630)</u>					
Total All Other Governmental Funds	<u>\$ 10,508</u>	<u>\$ (10,737)</u>	<u>\$ 5,591</u>	<u>\$ 1,323</u>	<u>\$ 2,836</u>	<u>\$ 3,443</u>	<u>\$ 2,742</u>	<u>\$ 2,298</u>	<u>\$ 2,915</u>	<u>\$ 2,743</u>

## 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.

TABLE 4

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>										
Taxes and assessments	\$ 63,825	\$ 60,302	\$ 59,840	\$ 57,823	\$ 56,454	\$ 53,019	\$ 52,382	\$ 50,446	\$ 48,912	\$ 46,816
Intergovernmental	25,927	18,187	14,540	12,545	11,110	11,432	9,700	11,334	9,462	17,954
Charges for services	3,381	2,591	3,010	2,683	2,756	2,167	24,146	2,203	2,256	2,829
Income on investments	103	114	81	39	15	15	27	47	159	535
Miscellaneous	1,427	1,241	953	1,153	1,045	1,747	1,000	865	1,124	951
Total revenues	<u>94,663</u>	<u>82,435</u>	<u>78,424</u>	<u>74,243</u>	<u>71,380</u>	<u>68,380</u>	<u>87,255</u>	<u>64,895</u>	<u>61,913</u>	<u>69,085</u>
<b>Expenditures:</b>										
General government	2,632	2,454	2,387	2,388	2,400	2,464	2,270	2,313	2,066	1,943
Public safety	6,819	6,701	6,524	6,200	5,896	5,527	5,665	5,425	5,291	5,179
Public works	6,765	5,910	5,944	5,953	5,574	5,353	5,257	5,018	5,138	5,015
Health and human services	622	596	603	757	662	634	654	621	601	581
Parks, recreation and facilities	4,318	4,786	4,803	6,767	6,251	5,993	6,115	5,929	5,864	6,413
Library services	1,025	963	953	1,011	947	897	931	1,475	1,116	939
Education	48,622	43,984	41,074	37,844	35,802	35,068	33,401	32,863	30,871	38,357
Miscellaneous	7,010	7,172	7,455	8,172	7,955	7,660	6,667	6,440	6,731	6,545
Capital outlay	24,177	23,171	21,796	4,725	3,001	1,688	1,746	2,830	1,212	2,009
<b>Debt service:</b>										
Debt redemption - principal	2,250	2,265	1,555	1,555	1,555	1,765	1,735	1,985	1,995	2,015
Debt redemption - interest	1,167	1,410	407	116	680	620	627	910	872	942
Total expenditures	<u>105,407</u>	<u>99,412</u>	<u>93,501</u>	<u>75,488</u>	<u>70,723</u>	<u>67,669</u>	<u>65,068</u>	<u>65,809</u>	<u>61,757</u>	<u>69,938</u>
Excess of Revenue over (under) Expenditures	<u>(10,744)</u>	<u>(16,977)</u>	<u>(15,077)</u>	<u>(1,245)</u>	<u>657</u>	<u>711</u>	<u>22,187</u>	<u>(914)</u>	<u>156</u>	<u>(853)</u>
<b>Other Financing Sources (Uses):</b>										
Payment to refunded bond escrow					(7,676)			(7,316)		
Proceeds from capital leases	359	363			202	42	491		32	139
Proceeds from bond issues	31,813							7,420		
Proceeds from refunding bond issues					7,160					
Premium on sale of refunding bonds					620					
Transfers in	2,534	567	1,706	2,177	649	498	544	330	200	380
Transfers out	(2,534)	(567)	(1,706)	(2,177)	(649)	(498)	(544)	(330)	(200)	(380)
Total other financing sources	<u>32,172</u>	<u>363</u>	<u>-</u>	<u>-</u>	<u>306</u>	<u>42</u>	<u>491</u>	<u>104</u>	<u>32</u>	<u>139</u>
Net Change in Fund Balances	<u>\$ 21,428</u>	<u>\$ (16,614)</u>	<u>\$ (15,077)</u>	<u>\$ (1,245)</u>	<u>\$ 963</u>	<u>\$ 753</u>	<u>\$ 22,678</u>	<u>\$ (810)</u>	<u>\$ 188</u>	<u>\$ (714)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.1%	4.7%	2.6%	2.2%	3.2%	3.5%	3.7%	4.6%	4.7%	4.3%

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							
2017	\$ 1,169,068,266	\$ 472,746,614	\$ 113,775,200	\$ 129,706,285	\$ 165,743,532	\$ 18,332,751	\$ 2,032,707,146	31.0	\$ 2,903,867,351	70%
2016	1,164,708,090	473,287,300	113,411,480	123,143,150	162,682,870	18,834,170	2,018,398,720	29.7	2,883,426,743	70%
2015(a)	1,158,076,430	458,778,710	111,735,820	117,595,150	159,711,790	17,395,540	1,988,502,360	29.7	2,840,717,657	70%
2014	1,322,398,835	450,838,960	131,081,650	118,465,065	157,276,509	18,133,665	2,161,927,354	26.6	3,088,467,649	70%
2013	1,316,944,405	448,547,310	132,822,760	116,887,995	161,670,930	20,538,675	2,156,334,725	25.9	3,080,478,179	70%
2012	1,312,431,885	461,887,329	130,400,970	119,688,923	151,233,698	19,774,679	2,155,868,126	24.5	3,079,811,609	70%
2011	1,305,769,606	513,034,291	133,000,560	120,705,074	146,961,011	19,268,062	2,200,202,480	23.8	3,143,146,400	70%
2010(a)	1,297,344,609	520,267,119	133,573,470	117,172,251	145,262,619	17,177,165	2,196,442,903	22.9	3,137,775,576	70%
2009	991,603,105	348,982,656	77,807,510	106,940,222	146,588,667	15,125,843	1,656,796,317	29.2	2,366,851,881	70%
2008	983,266,190	340,419,825	78,854,310	103,420,525	145,334,447	15,506,911	1,635,788,386	28.4	2,336,840,551	70%

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
2017	12.927	16.74	1.333	31.000
2016	12.448	16.109	1.143	29.700
2015 (a)	13.510	15.298	0.892	29.700
2014	13.215	12.709	0.676	26.600
2013	12.276	12.142	1.482	25.900
2012	11.575	11.953	0.972	24.500
2011	11.350	11.497	0.953	23.800
2010 (a)	10.839	10.960	1.102	22.900
2009	14.041	13.713	1.446	29.200
2008	13.827	13.130	1.443	28.400

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  
2015 AND 2006  
(In Thousands)**

Taxpayer	October 1, 2015			October 1, 2006		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value (a)	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value (b)
Century Hills Property Owner LLC	\$ 38,396	1	1.89%	\$ 36,297	1	2.22%
RP Glenbrook LLC	26,962	2	1.33%			
MKS 500 Enterprise LLC	24,870	3	1.22%	24,169	2	1.48%
Burriss Logistics Inc.	23,337	4	1.15%			
Connecticut Light & Power	16,048	5	0.79%			
Henkel (Loctite Corporation)	15,088	6	0.74%	18,575	3	1.14%
Connecticut Natural Gas Corporation	13,548	7	0.67%			
Sysco Corporation	13,519	8	0.67%	16,416	4	1.00%
Auxxi Horizon Commons LLC (RH Assoc)	12,178	9	0.60%			
Rocky Hill Assoc LTD Partnership				10,117	5	0.62%
Rocky Hill Properties LLC	11,875	10	0.58%			
LM Rocky Hill Land Holdings LP				9,526	6	0.58%
Corporate Ridge D/D Hotel Limited Prtshp.				9,520	7	0.58%
Acadia Town Line LLC				9,415	8	0.58%
New Boston Fifty Five Capital LLC				8,888	9	0.54%
New Boston One Hundred Seventy Five				7,366	10	0.45%
<b>Total</b>	<b>\$ 195,821</b>		<b>9.70%</b>	<b>\$ 150,289</b>		<b>9.19%</b>

Source: Town of Rocky Hill, Office of Tax Assessor

(a) Based on Net Taxable Grand List of \$2,032,707,146 (amount not rounded)

(b) Based on Net Taxable Grant List of \$1,635,788,386 (amount not rounded)

TABLE 8

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

Fiscal Year Ended June 30,	Tax Rate In Mills	Taxes Levied For This Fiscal Year	Collected Within The Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2017	31.000	\$ 63,540	\$ 63,097	99.30%	\$ 134	\$ 63,231	99.51%
2016	29.700	60,050	59,618	99.28%	342	59,960	99.85%
2015	29.700	59,330	58,987	99.42%	855	59,842	100.86%
2014	26.600	57,774	57,170	98.95%	421	57,591	99.68%
2013	25.900	56,110	55,562	99.02%	329	55,891	99.61%
2012	24.500	52,769	52,276	99.07%	434	52,710	99.89%
2011	23.800	52,851	51,728	97.88%	484	52,212	98.79%
2010	22.900	50,645	49,919	98.57%	339	50,258	99.24%
2009	29.200	49,207	48,453	98.47%	452	48,905	99.39%
2008	28.400	46,974	46,421	98.82%	324	46,745	99.51%

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>Total Primary Government</b>	<b>(a) Ratio of Debt to Taxable Assessed Value</b>	<b>(b) Debt Per Capita</b>	<b>(c) Debt Per Personal Income</b>
2017	\$ 56,768	\$ 731	\$ 57,499	2.83%	\$ 2,858	\$ 705
2016	27,463	544	28,007	1.39%	1,399	371
2015	29,843	349	30,192	1.52%	1,503	459
2014	12,211	303	12,514	0.58%	628	228
2013	13,512	428	13,940	0.65%	707	275
2012	14,993	364	15,357	0.70%	779	348
2011	16,775	450	17,225	0.78%	872	391
2010	18,524	68	18,592	1.12%	988	422
2009	20,501	244	20,745	1.27%	1,100	471
2008	22,485	470	22,955	1.56%	1,220	521

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

(a) See Table 5 for taxable assessed value

(b) See Table 14 for population figures

(c) See Table 14 for total personal income

(#) revaluation year

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>(b) Percentage of Estimated Actual Taxable Value of Property</b>	<b>(a) Debt Per Capita</b>
2017	\$ 56,768	1.95%	\$ 2,822
2016	27,463	0.95%	1,372
2015	29,843	1.05%	1,485
2014	12,211	0.40%	613
2013	13,512	0.44%	685
2012	14,993	0.48%	760
2011	16,775	0.53%	849
2010	18,524	0.78%	984
2009	20,501	0.88%	1,087
2008	22,485	1.07%	1,196

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

(a) See Table 14 for population figures

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

(#) revaluation year

**TOWN OF ROCKY HILL, CONNECTICUT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2017  
(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	\$ 949,066	5.94%	\$ 56,375
Town direct debt	57,499	100.00%	<u>57,499</u>
Total			<u>\$ 113,874</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, 2017**

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2017	\$ 63,781,967
Reimbursement for revenue loss on: Tax relief for elderly - freeze	<u>-</u>
Base	<u>\$ 63,781,967</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	\$ 143,509,426	\$	\$	\$	\$
4-1/2 times base		287,018,852			
3-3/4 times base			239,182,376		
3-1/4 times base				207,291,393	
3 times base					191,345,901
Total debt limitation	<u>143,509,426</u>	<u>287,018,852</u>	<u>239,182,376</u>	<u>207,291,393</u>	<u>191,345,901</u>
Indebtedness:					
Bonds payable	29,910,000	22,715,000			
Bonds authorized - unissued	14,017,800	68,454,200			
Overlapping debt			56,374,537		
Total indebtedness	<u>43,927,800</u>	<u>91,169,200</u>	<u>56,374,537</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 99,581,626</u>	<u>\$ 195,849,652</u>	<u>\$ 182,807,839</u>	<u>\$ 207,291,393</u>	<u>\$ 191,345,901</u>

Note 1: In no case shall total indebtedness exceed \$446,473,769 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, 2017 was \$949,066,285. The Town's share of the debt at June 30, 2017 was 5.94% or \$56,374,537. 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt limitation	\$ 446,474	\$ 421,620	\$ 419,165	\$ 405,494	\$ 395,178	\$ 370,325	\$ 366,828	\$ 352,762	\$ 342,710	\$ 327,439
Total net debt applicable to limit	<u>191,472</u>	<u>141,558</u>	<u>119,413</u>	<u>123,955</u>	<u>104,895</u>	<u>85,913</u>	<u>34,912</u>	<u>31,730</u>	<u>29,002</u>	<u>28,946</u>
Legal Debt Margin	<u>\$ 255,002</u>	<u>\$ 280,062</u>	<u>\$ 299,752</u>	<u>\$ 281,539</u>	<u>\$ 290,283</u>	<u>\$ 284,412</u>	<u>\$ 331,916</u>	<u>\$ 321,032</u>	<u>\$ 313,708</u>	<u>\$ 298,493</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	42.89%	33.57%	28.49%	30.57%	26.54%	23.20%	9.52%	8.99%	8.46%	8.84%

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**

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Per Capita Income (2)</b>	<b>Total Personal Income (2)</b>	<b>Median Age (2)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
2017	20,119	\$ 42,252	\$ 81,576	43.2	2,698	4.1%
2016	20,021	43,207	75,442	43.4	2,623	4.6%
2015	20,094	42,229	65,814	43.4	2,608	3.9%
2014	19,915	39,785	63,343	43.7	2,487	4.8%
2013	19,729	38,180	61,161	44.0	2,422	6.1%
2012	19,723	36,021	55,798	44.0	2,464	5.9%
2011	19,754	29,701	44,090	40.6	2,532	7.3%
2010	18,827	29,701	44,090	40.6	2,590	7.5%
2009	18,852	29,701	44,090	40.6	2,640	6.6%
2008	18,808	29,701	44,090	40.6	2,622	4.7%

(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

TABLE 15

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

Employer	Nature of Business	2017			2008		
		Employees	Rank	Percentage of Total Town Employment(a)	Employees	Rank	Percentage of Total Town Employment(b)
Henkel Corporation (Loctite)	Adhesives and Sealants	500	1	4.25%	400	2	2.87%
Town of Rocky Hill	Municipality	473	2	4.02%	441	1	3.16%
ISGN (formerly Fiserv and Integrated Loan Serv)	Finance - Loan Processing	340	3	2.89%	340	4	2.44%
State Veterans Home and Hospital	Hospital	335	4	2.84%	302	5	2.17%
SYSCO Food Services	Food Distribution Warehouse	327	4	2.78%	354	3	2.54%
Burris Logistics	Refrigerated Logistics Warehouse	300	5	2.55%	200	6	1.43%
Wal-Mart Store	Retail Store	208	6	0.18%			
McKesson Drug Company	Pharmaceuticals, Warehouse	185	7	1.57%			
Paychex	Financial Services	158	8	1.34%	140	8	1.00%
CT Housing Finance Authority	State of CT - Finance	138	9	1.17%			
Connecticut Lottery	State Lottery Headquarters	127	10	1.08%	100	10	0.72%
Nationwide	Insurance						1.67%
Compaq-Hewlett Packard	Technology				150	7	1.08%
GMAC	Finance				140	9	1.00%
Total		3,091		24.66%	2,567		21.61%

Source: Town of Rocky Hill, Economic Development Department

(a) State of Connecticut, Department of Labor - Town employment of 11,776

(b) State of Connecticut, Department of Labor - Town employment of 13,944

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

<u>Function/Program</u>	<u>FISCAL YEAR</u>									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Government	19.0	18.0	18.5	18.5	18.0	18.0	18.0	22.0	22.0	22.0
Police	47.0	47.0	46.0	44.0	44.0	43.0	43.0	44.0	44.0	44.0
Fire	5.0	4.0	4.5	4.5	4.0	4.0	4.0	4.0	4.0	4.0
Building Department	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Works:										
Engineering	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Highway	15.0	15.5	15.0	16.0	16.0	15.0	15.0	15.0	15.0	15.0
Human Services	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Parks and Recreation	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Facilities:										
Town	11.0	10.5	10.0	10.0	11.0	9.5	9.5	9.5	9.5	9.5
Schools (b)				24.0	23.0	24.5	24.5	25.5	25.5	25.5
Library	12.0	12.0	11.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0
Education (a)	<u>338.0</u>	<u>360.0</u>	<u>328.0</u>	<u>298.0</u>	<u>296.0</u>	<u>292.0</u>	<u>291.0</u>	<u>291.0</u>	<u>286.0</u>	<u>286.0</u>
Total	<u>473.0</u>	<u>493.0</u>	<u>458.0</u>	<u>451.0</u>	<u>448.0</u>	<u>441.0</u>	<u>440.0</u>	<u>446.0</u>	<u>441.0</u>	<u>441.0</u>

Source: Town of Rocky Hill, Finance Department

(a) Town of Rocky Hill, Board of Education

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

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

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Building Department:										
Permits Issued	1,184	1,345	1,373	1,252	1,319	1,424	1,245	1,153	896	1,287
Certificates of Occupancy	67	163	139	108	114	146	143	143	112	162
Number of Inspections	1,961	2,214	1,986	1,783	2,051	1,953	2,352	1,689	1,706	2,348
Police:										
Total Criminal Arrests	342	411	544	518	447	379	381	370	349	440
Total Town Tickets Issued	87	96	585	471	301	415	376	335	667	430
Medical Calls	2,640	3,132	2,729	2,878	2,722	2,813	2,734	2,503	2,421	2,404
Animal Complaints	376	354	273	305	256	307	267	274	213	270
Police Training Hours	4,600	4,664	3,414	4,805	3,462	2,427	3,498	3,753	3,216	4,782
Fire:										
Emergency responses	648	626	646	575	639	756	759	616	600	678
Inspections	967	843	809	698	672	958	571	573	500	647
Fire Training Man-hours	5,622	5,122	5,047	5,860	5,735	5,686	7,601	8,412	8,800	8,300
Sanitation:										
Commercial Solid Waste (tons)	5,444	6,138	6,244	6,547	7,440	5,322	4,879	4,839	5,203	6,592
Residential Solid Waste (tons)	5,624	5,445	5,540	5,620	5,592	5,748	5,975	6,232	6,198	6,602
Bulky waste (tons)	537	755	762	705	592	960	927	936	950	966
Highway Department:										
Snow and Ice Callouts	15	20	35	23	20	9	38	26	26	20
Leaf Pickups (Cubic Yards)	7,210	6,325	6,475	6,056	6,887	2,832	7,096	7,204	6,725	6,695
Catch Basin Repairs	85	35	40	26	31	21	34	27	27	39
Parks and Recreation:										
Number of Programs Offered	448	415	505	495	485	485	475	475	470	460
Number of Participants	10,600	10,000	10,150	10,100	10,100	10,100	10,000	10,000	9,700	9,600
Library:										
Volumes in Collection	60,291	60,294	59,134	58,769	59,678	61,235	62,621	65,377	64,369	63,984
Total Volumes Borrowed	216,859	235,346	244,820	253,340	252,186	246,833	261,324	267,098	271,041	284,833
Human Services:										
Number Elderly/Disabled: Individual Bus Trips	9,404	10,227	10,374	10,797	10,229	10,928	10,003	9,667	9,799	9,868

Source: Town of Rocky Hill various Town Departments

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

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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	8	11	11	11	11	11	11	11	11	11
Fire Rescue Boat	1	1	1	1	1	1	1	1	1	1
Highway Department										
Streets (miles)	66	66	66	66	66	66	66	66	66	66
Dump Trucks plus Equipment	43	41	41	41	40	40	40	40	40	40
Parks and Recreation:										
Acreage Maintained	180	180	180	180	180	180	180	180	180	180
Number of Parks	7	7	7	7	7	7	7	7	7	7
Baseball Fields	12	12	12	12	12	12	12	12	12	12
Soccer Fields	9	9	9	9	9	9	9	9	9	9
Football Field	1	1	1	1	1	1	1	1	1	1
Skatepark	1	1	1	1	1	1	1	1	1	1
Lacrosse Field	1	1	1	1	1	1	1	1	1	0
Miracle Field	1	0	0	0	0	0	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	15	15	15	14	14	14
Number of Schools	4	4	4	4	4	4	4	5	5	5
Human Services:										
Mini-buses	3	3	3	3	3	4	4	4	3	3

Source: Town of Rocky Hill, various Town Departments