

Town of Rocky Hill Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

Comprehensive Annual Financial Report

of the

Town of Rocky Hill Connecticut

For the Year Ended June 30, 2018

Prepared by:
Town Manager
John Mehr

TOWN OF ROCKY HILL, CONNECTICUT
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Introductory Section

TOWN OF ROCKY HILL, CONNECTICUT

JUNE 30, 2018

PRINCIPAL OFFICIALS

TOWN COUNCIL

Joseph Kochanek, Mayor

Ed Charamut
Mukesh Desai
Christopher Duff
John Emmanuel

Allan Greenspan
Jeffrey Levine
William O'Sullivan, Deputy Mayor
Mimi Theroux

BOARD OF EDUCATION

Frank Morse, Chairman

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

Kimberly Kehoe
Maria Mennella
Judi Murphy
Rene Rivard

GENERAL GOVERNMENT

Town Manager
Town Attorney
Director of Finance
Town Treasurer
Town Clerk
Assessor
Tax Collector
Director of Human Resources and Legal Compliance
Director of Human, 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

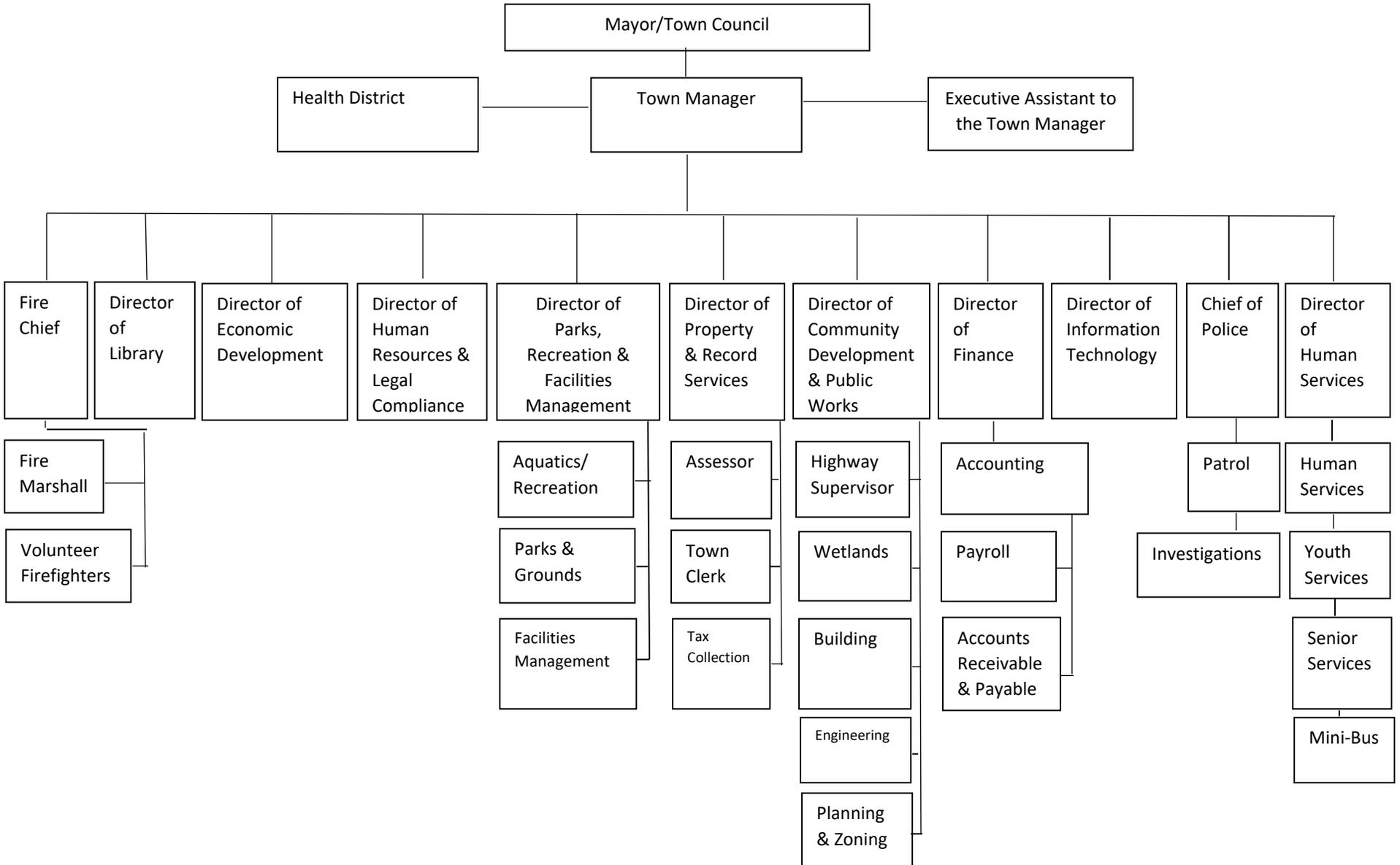
John Mehr
Murtha Cullina LLC
John Mehr
Mona McKim
Stuart Topliff
Stuart Topliff
Elaine McKim
Dana McGee
Melissa Hicks
Raymond Carpentino
John Nowakowski
Lisa Zerio
James Sollmi
Stephen Sopelak
Kimberly Ricci
Peter Langlois
James Sollmi
Mary Hogan
Michael Custer
Michael Garrahy
Richard Renstrom

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 19, 2018

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, 2018.

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, 2018. 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

The Town's October 1, 2016 grand list increased by 1.45% over the prior year. This increase was primarily attributed to personal property, residential and commercial real property. Additionally, the motor vehicle component slightly increased by 2.6% from the prior year.

Assessment	2015 Grand List	2016 Grand List	% of 2016 List	\$ Change	% Change
Real Estate	\$ 1,755,590,080	\$ 1,765,825,060	84.8%	\$ 10,234,980	0.58%
Motor Vehicle	\$ 165,743,764	\$ 170,023,764	8.2%	\$ 4,280,000	2.58%
Personal Property	\$ 129,706,285	\$ 145,953,150	7.0%	\$ 16,246,865	12.53%
	\$ 2,051,040,129	\$ 2,081,801,974	100.0%	\$30,761,845	1.5%
Less Exemptions	\$ (18,834,170)	\$ (20,165,184)		\$ (1,331,014)	-7.1%
Net Taxable Grand List	\$ 2,032,205,959	\$ 2,061,636,790		\$29,430,831	1.45%

The Town continues to maintain a balanced mix of retail, manufacturing and light industry and its top ten taxpayers represented about 10.37% of the total assessed value on the October 1, 2016 grand list. 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 the town. Other companies include Burriss 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 11,844 for June 2018. The unemployment rate remains stable, decreasing slightly from 4.1% in June 2017 to 3.4% in June 2018, shadowing the greater Hartford regions drop in the unemployment rate from 5.2% to 4.5% 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 2018. Rocky Hill's major employers include the Henkel Corporation at 500 employees; Town and Board of at 479 employees; ISGN (formerly Fiserv and Integrated Loan Service) at 340 employees; State Veterans Home and Hospital at 335 employees; SYSCO Food Services at 327 employees; Burris Logistics at 300 employees; Wal-Mart Store at 208 employees; McKesson Drug Company at 185 employees; Paychex at 158 employees and CT Housing Finance Authority at 138 employees. According to the Connecticut Economic Resource Center (CERC), the number of business establishments increased from 1,311 employing 18,454 in 2017, to 1,366 employing 18,755 in 2018, an increase of 301 or 1.6%.

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 I has been completed and fully occupied with 144 apartment units and 22,000 square feet of commercial use. Phase II started in summer of 2018 with an additional 20,000 square feet anticipated. 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 the Connecticut Department of Transportation approval to move forward with construction in the fall of 2018. 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 2018, 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, Burris 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 2018. 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 the 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.

Rocky Hill's available land and buildings, highway access, full complement of municipal services and utilities, and availability of public transportation will continue to make us a strong location for new business locations and expansions

Long-Term Financial Planning

Used of Fund Balance - 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 2018 - 2019 budget, \$646 thousand of unassigned fund balance was applied to the capital improvements budget. 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 Capital Non-Recurring Fund intends to serve as a future source of pay – as- you go financing for capital projects and it allows more flexibility to make improvements and to maintain the Town's overall image and services it provides to Town residents.

Relevant Financial Policies

In accordance with State Law, Rocky Hill has completed a revaluation of all property included on its Grand List as of October 1, 2018. The purpose of a revaluation is to determine the current fair market value of all properties. For local property tax purposes, State Law requires that municipalities assess all property at 70% of its current fair market value. Therefore, the assessed value of your property has been revised to reflect 70% of the newly established fair market value. The new assessment, not the market value is the basis on which your July 2019 tax bill will be computed. The Town is expecting the increase number in the assessment appeals. 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 cases 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.

The Town implemented GASB Statement No. 75 effective in fiscal year 2018. The Town is consistent to fund the required OPEB contribution to the Trust.

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 hired 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.

At year end, the Town had a number of debts issued outstanding. These include \$50.15 million of general obligation bonds. Under current state statutes, the Town's general obligation bonded debt issuances are subject of a legal limitation based on seven times total tax collections. The town has very moderate debt service burden.

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 2017 - 2018 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.

In the 2017-2018 budget year, the Town did set aside \$646,100 towards the upgrades, improvements of the municipal and school projects, including the tennis courts, the softball field at the new High School and the school's storage replacement project.

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 August of 2018. Phase 3 of the Silas Deane Streetscape which is currently under design is being funded by an 80% Federal Transportation Alternative Program (TAP) grant in the amount of \$2.6 million and 20% by the Town. In spring 2018, the Town made a decision to enter into a tax-exempt lease-purchase agreement to finance the acquisition of a Pay Loader by exchanging underutilized excavator equipment for the Highway Department in the amount of \$185,000

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 April 2018.

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 developer is also working with the State Department of Transportation on conditions of approval.

The Town Council approved entering into an agreement with the 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 the Tesla / Solar City will generate \$90,000 of revenue per year. The project was completed and electricity production started April 4, 2018.

The Town has been experiencing an increase in student enrollment in its elementary schools. For the school year starting September 2017, the Town added two modular classrooms at one of its elementary schools at a cost of \$339,000 to purchase and to install during the 2018 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 (one rescue, three pumpers, and two ladders) while disposing of nine fire trucks from its current fleet. As of June 2018, the fire department has taken delivery of two new pumpers and had disposed of two 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. This renovation project is currently in the punch list / close out phase. It is expected that this project will qualify for the 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 four miles of road paving projects as part of Phase Four. For the summer of 2018, the town completed five miles of road paving projects.

In November 2015, the voters of Rocky Hill did approve 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.

On the November 2016 ballot, the voters of Rocky Hill did approve two referendum questions. The first is for a \$48.35 million appropriation and bond authorization for the demolition of the former Moser School building and for the construction of a new Intermediate School for fourth and fifth grade students. The Town has hired an architectural firm and a construction management company for this project. In the spring of 2018 the design team went out for request for proposals (RFP) for the various

construction trades. The trade contracts have been awarded to numerous contractors with the site contractor and construction work started in April of 2018. The target for the opening the new intermediate school is September 2019. The Town has estimated to receive \$12.5 million construction reimbursement from the State of Connecticut School Construction Grant for the total cost of the \$36.5 million school project. The second ballot question was 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. At its November 19, 2018 meeting the Rocky Hill Town Council pursuant to section 811 of the Town Charter repealed the \$1.3 million Street Light replacement and street light pole purchase appropriation and bond authorization. There were no referendum questions on the November 2017 ballot. In November 2018, the voters of Rocky Hill did approve a referendum for Community Senior Center appropriations of \$10.3 million for upgrade and redesign improvements to the public buildings.

The Town of Rocky Hill did issue \$28.95 million 20-year general obligation (GO) bonds for these three capital projects in June 2017 at a 2.49% true interest cost. In addition, Standard and Poor's maintained the Town's rating for this bond issue at AA+ / Stable. In December 2017, the Town issued \$4.0 million in bond anticipation notes (BANS) with a net interest cost (NIC) of 1.45% and issued another \$4 million of BANS in June 2018 with a NIC 1.68%. Both BANS issues totally \$8 million will mature on August 2018. On August 1, 2018, the Town issued \$18 million o Bans with a NIC of 1.75 that will mature on July 30, 2019.

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, 2017.

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
Town Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

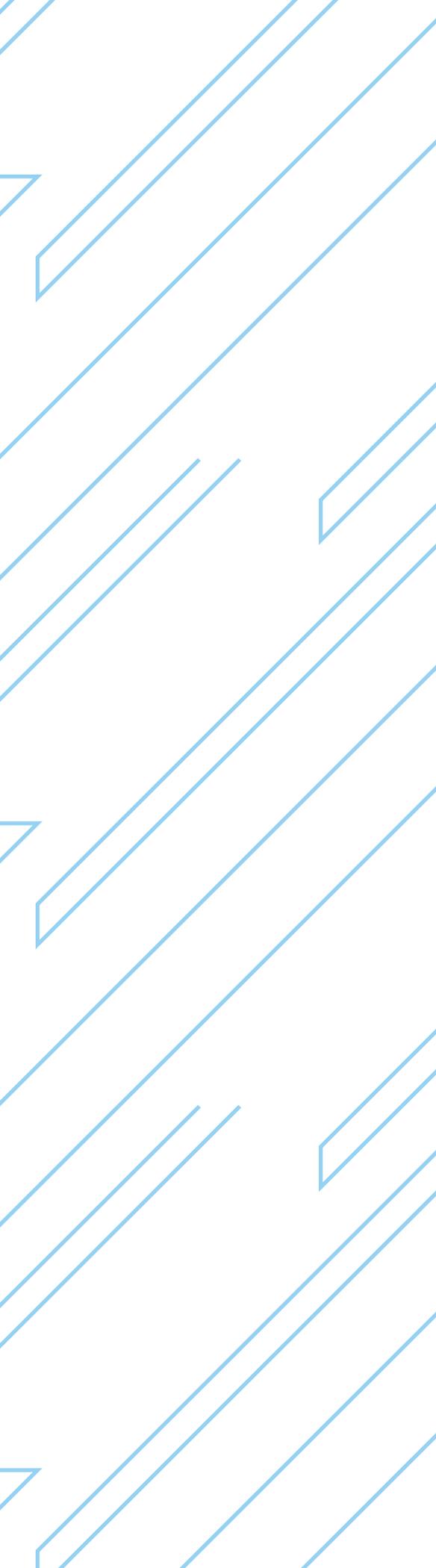
**Town of Rocky Hill
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



Financial Section

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, 2018, 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, 2018 and the respective changes in financial position and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 16 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Rocky Hill, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of Rocky Hill, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. 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, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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, 2017 (not presented herein), and have issued our report thereon dated December 22, 2017, 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, 2017 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 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018 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 19, 2018

**TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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, 2018. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to VI.

Financial Highlights

- On a government-wide basis, the assets of the Town of Rocky Hill exceeded its liabilities at the close of the most recent year by \$29,215,543.
- Net position of our governmental activities increased slightly by \$110,374 or 0.4%. During the year, the Town had expenses that were \$110,374 less than the \$89,128,284 generated in tax and other revenues for governmental programs. Total cost of all of the Town's programs was \$89,017,910 with no new programs added this year.
- At the close of the fiscal year, the Town's governmental funds (general fund, special revenue funds, capital projects and permanent funds) reported on current resources basis, combined ending fund balances of \$7,256,552.

The total balance for the General fund alone was \$6,134,007. Unassigned balance for the General Fund was \$4,566,413 or 6.24% of current year budgetary expenditures. The resources available for appropriation were \$839,388 higher than budgeted for and expenditures, including year-end transfers, were \$1,143,624 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 the 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. The 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 by \$110,374 from \$29,105,169 to \$29,215,543. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**Table 1
NET POSITION**

	Governmental Activities	
	2018	2017 (as Restated)
Current and other assets	\$ 29,208,221	\$ 32,376,500
Capital assets, net of accumulated depreciation	<u>109,348,469</u>	<u>101,333,661</u>
Total assets	<u>138,556,690</u>	<u>133,710,161</u>
Deferred outflows of resources	<u>2,163,614</u>	<u>3,413,634</u>
Long-term debt outstanding	81,683,537	88,504,503
Other liabilities	<u>13,829,166</u>	<u>5,248,240</u>
Total liabilities	<u>95,512,703</u>	<u>93,752,743</u>
Deferred inflows of resources	<u>15,992,058</u>	<u>14,265,883</u>
Net Position:		
Net investment in capital assets	51,072,118	49,808,081
Restricted	70,792	70,738
Unrestricted	<u>(21,927,367)</u>	<u>(20,773,650)</u>
Total Net Position	<u>\$ 29,215,543</u>	<u>\$ 29,105,169</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 (\$20,773,650) at June 30, 2017 to (\$21,927,367) at the end of this year. Prior period adjustments of net OPEB liability and elimination of the net OPEB obligation effected downward unrestricted net position of the Town.

Table 2
CHANGE IN NET POSITION

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 3,653,472	\$ 3,800,185
Operating grants and contributions	15,484,557	14,910,918
Capital grants and contributions	1,238,164	8,530,339
General revenues:		
Property taxes	66,116,567	63,874,810
Grants and contributions not restricted to specific purposes	1,693,843	2,720,488
Unrestricted investment earnings	165,252	103,194
Other general revenues	776,429	772,900
Total revenues	<u>89,128,284</u>	<u>94,712,834</u>
Program expenses:		
General government	9,634,023	11,251,640
Public safety	9,940,069	8,458,475
Public works	9,486,046	9,791,346
Health and human services	727,579	696,899
Parks, recreation and facilities	4,778,594	4,953,042
Library services	1,242,538	1,067,126
Education	51,097,061	50,040,498
Interest on long-term debt	2,112,000	917,209
Total program expenses	<u>89,017,910</u>	<u>87,176,235</u>
Change in Net Position	110,374	7,536,599
Beginning Net Position	29,105,169	36,668,287
Restatement		<u>(15,099,717)</u>
Ending Net Position	<u>\$ 29,215,543</u>	<u>\$ 29,105,169</u>

The Town's total revenues were \$89,128,284. The total cost of all programs and services was \$89,017,910. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

For governmental activities, approximately 74% of the revenues were derived from property taxes, followed by 20.6% in other intergovernmental revenues. These numbers reflect an increase in property tax revenue and a decrease in intergovernmental revenue as compared to the prior fiscal year.

Major revenue factors included:

- Property tax revenues recorded during the fiscal year 2018 reflect a .8 mill increase in the mill rate for the current levy and the impact of a 1.5% increase in the grand list. Property tax revenues for fiscal year 2018 increased 3.5% compared to fiscal year 2017. There was \$2,241,757 more in property tax revenues collected over the previous year.
- Charges for services were \$146,713 slightly lower than the prior year due to recreation programs collections and lower than anticipated property conveyance fees.

- Operating grants reflected an increase of \$ 573,639 mainly due to an increase of \$833,234 in the State Teacher Retirement Revenue and increase of \$335,468 in School grants offset by a reduction of in Education Cost Sharing by \$525,482.
- Capital grants and contributions reflected a decrease of \$7,292,175 over the previous year due to the timing of High School construction grant. The Town still anticipates additional grant revenue from the State.
- Grants and contributions not restricted to specific programs were decreased by \$1,026,645 mainly due to reductions in State Property grant, Municipal Revenue Sharing grant, and elimination of Elderly/Disabled (Circuit Breaker) Tax Relief Program/Grant.
- Other General Revenues increased by \$3,529 due to refunds and recoveries and sale of fixed asset. Investment income increased by \$62,058 over the previous year due to interest rate increase.
- Overall governmental revenue decreased by \$5,584,550 due to a decrease in capital grant program revenues of \$7,292,175 and an increase of property taxes of \$2,241,757, an increase in other revenues and investment income of \$65,587.

More than 57.4% of the Town's expenses relate to education, 11.2% to public safety, 5.4% to parks, recreation and facilities, 10.8% to general government and 10.7% to public works.

Major expense factors included:

The overall increase in governmental expenditures was impacted by various increases and decreases within other Town operations. The total of governmental expenses increased in the amount of \$1,841,675.

The increase in the amount of \$1,056,563 in the Board of Education expenses reflects the operational needs of 2017/2018 fiscal year. The Board of Education expenses include the impact for the State Teacher's Retirement funding for the current year in the amount an increase of \$833,234 over the previous year. The increase in the amount of in \$1,481,594 in the Public Safety expenses is due to the depreciation expense of previously acquired capital assets. Interest expense increased by \$1,194,791 to fund the first-year payment of the \$29 million bond to fund the high school renovation capital project, the road improvements, and the public safety referendum projects. The largest decrease in the amount of \$1,617,617 in the Administration is due to recognition and reclassification of OPEB expenses to Town's functions and reduction of expenses in Public Works in the amount of \$305,300 due to capital projects that had been completed in the previous fiscal year.

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Education	\$ 51,097,061	\$ 50,040,498	\$ 34,910,215	\$ 27,091,135
General government	9,634,023	11,251,640	8,213,693	10,199,841
Public works	9,486,046	9,791,346	8,979,102	9,108,640
Public safety	9,940,069	8,458,475	8,513,049	6,924,412
Parks, recreation and facilities	4,778,594	4,953,042	4,056,987	4,062,550
All others	4,082,117	2,681,234	3,968,671	2,548,215
Total	<u>\$ 89,017,910</u>	<u>\$ 87,176,235</u>	<u>\$ 68,641,717</u>	<u>\$ 59,934,793</u>

Town Funds Financial Analysis

Governmental Funds

The focus of the Town of Rocky Hill's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town of Rocky Hills' financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$7,256,552, which is a decrease from last year's total of \$16,693,089.

The largest change in fund balance was a decrease in the Capital Projects by \$9,358,474. This decrease is the result of issuing of \$8 million in short term debt to pay the ongoing school capital projects and the timing of reimbursement of State grants. There was also slight decrease of \$27,415 in the Nonmajor Governmental Funds.

The General Fund balance decreased by \$50,648 despite an excess of revenues over expenditures. A reconciliation of the accounting treatment required by GAAP includes the recognition of year end encumbrances as expenditures for budgetary reports. This fiscal year the amount of cancelled encumbrances was significantly lower than previous year. See Notes 2 A for more information.

The General Fund's decrease mirrors the governmental activities analysis highlighted in Exhibit IV.

General Fund Budgetary Highlights

During this year, actual revenues and other financing sources on a budgetary basis were \$73,260,874, which was unfavorable by \$839,388 and the Town have not used the fund balance of \$159,731.

Tax collections were favorable by \$228,724 due to an improvement in collections in both current and past due accounts. Charges for current services exceeded the budget by \$101,581 due to higher than anticipated recording collections and other fees.

Intergovernmental revenue was unfavorable by \$1,364,467 due to the elimination of funding, originally budgeted Special Education Grant and decreased funding from the State Property grant, Municipal Revenue Sharing grant, and elimination of Elderly/Disabled (Circuit Breaker) Tax Relief Program/Grant.

Licenses and permits revenue was favorable by \$265,370 due to the increase in the issuance of building permits driven by a new construction of the Academy of Aerospace & Engineering Elementary School, one of the Capital Region Education Council schools.

Other revenues were unfavorable by 34,652. The overall decrease in other revenues was impacted by various increases and decreases which includes decrease of \$31,404 in our refunds and recoveries, and decrease of \$38,273 in Lease of the cell towers.

Investment income was \$36,894 under budget.

On the expenditures side, the Town finished the fiscal year with expenditures of \$1,143,624 lower than budget. The Town budgets for unanticipated and unbudgeted expenditures that occurred during the budget year. For the 2017-18 budget years, the Town budgeted \$500 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 used contingency funds to cover the increases associated with the legal expenses for tax appeals and labor counsel, increases in employee wages, negotiated step, police overtime, increase in fuel use, and additional cost of tree trimming. The Town's legal expenses were higher as the Town defended legal challenges from those property owners challenging their assessed property values or their exemptions. Legal expenses also include labor counsel expenses for personnel matters and for labor union contract negotiations during 2017-18.

The Town's total General Fund balance of \$6,134,007 reported on Exhibit III includes Unassigned the General Fund balance of \$4,566,413, \$252,090 of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes and a \$1,315,504 of appropriation of fund balance to the 2018-2019 budget.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2018, the Town had \$109.3 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 \$8 million or 7.9% over last year.

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

	Governmental Activities	
	2018	2017
Land	\$ 6,646,329	\$ 6,646,329
Buildings and improvements	23,520,468	22,862,692
Furniture, vehicles and equipment	7,151,363	6,712,937
Infrastructure	18,815,034	18,756,887
Construction in progress	53,215,275	46,354,816
Total	\$ 109,348,469	\$ 101,333,661

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

Building/Improvements- Modular Classrooms and Air Conditioning	\$.6
New Fire Trucks, Town Vehicles, Pickup Trucks and Mower		.5
Construction - Rocky Hill High School Project		2.7
Construction - Intermediate School		<u>4.2</u>
Total	\$	<u>8.0</u>

The Town's fiscal year 2017-2018 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, 2018, the Town had \$50.5 million in bonds outstanding versus \$52.6 million last year - a decrease of 4% - as shown in Table 5.

**Table 5
OUTSTANDING DEBT**

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
General Obligation Bonds (Backed by the Town)	<u>\$ 50,515,000</u>	<u>\$ 52,625,000</u>

In December of 2017, the Town of Rocky Hill issued bond anticipation notes (BANS) for \$4 million and in June 2018 issued the second \$4 million in BANS with a net interest cost 1.45% and 1.68% respectively. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on the 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 2019 budget and tax rate. One of those factors is the economy and the community's ability to pay for municipal services. As of June 2018, the Town's labor force stood at 11,844 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 2017 rate of 4.1% compared to the State rate that has also decreased from 5.2% to 5.1%.

The consumer price index for June 2018 was 2.9% compared to 1.6% for June 2017 and 1.0% for June 2017. 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 2018-2019. Amounts available for appropriation in the General Fund are \$77,441,333, a 4.28 percent increase over the 2017-2018 budget of \$74,259,993. The increase of 2018-2019 Budget includes: the hiring of a full time Town Clerk, a full time Patrol officer for the Police Department and a full time Attendant for the Transfer Station.

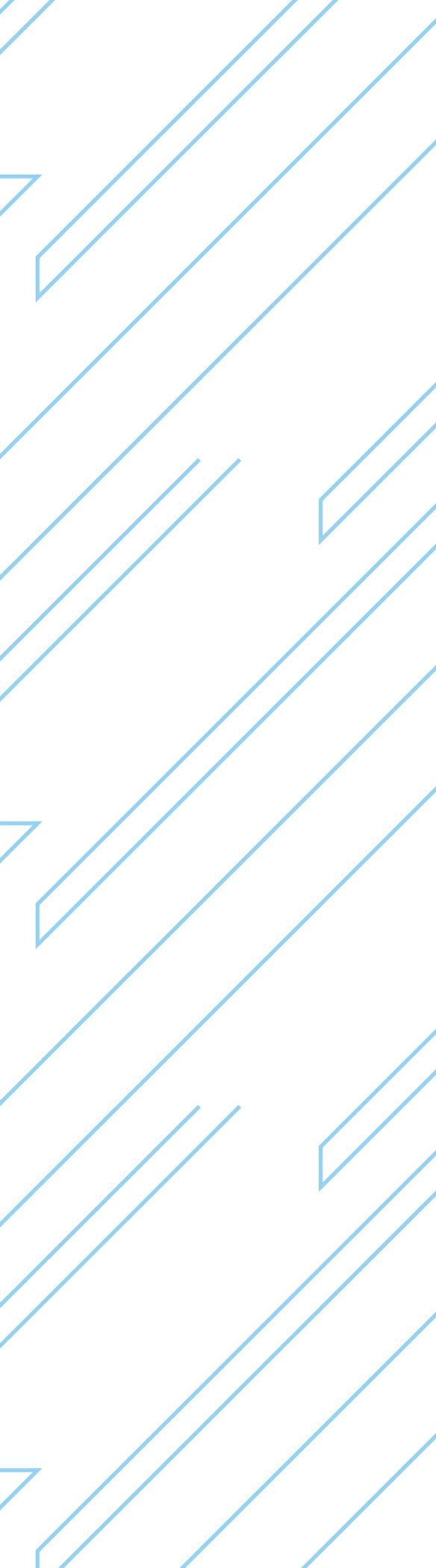
For 2018-2019, the Town's Net Taxable Grand List increased by 1.5% from the prior year. The mill rate used by the Town was 32.4 mills, an increase of 0.8 mills over 2017-2018 budget year.

The Town appropriated \$1,315,504 from fund balance to the 2017-2018 budgets. This is an increase of \$1,155,773 from the prior year. The use of \$1,315,504 of fund balance relates to the Town Council resolution that funds in the assigned 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.

Overall, financial results were in-line with the plan for fiscal year 2018 due to successful expense management efforts. The Town did not have to use any of the \$159,731 assigned fund balance and the Town was able to return 42% of contingency to the General Fund balance. The Town has maintained a required level of 6% Unassigned General Fund balance. Over the next couple of years, the Town will face continued growth in debt service due to recent large capital projects. It will be necessary for the Town to manage new debt issuances closely and to continue to identify projects with sustained savings to help offset these increases. The Town's defined benefit plan has been closed to new participants since 2014. The Town is concerned about the United States as well as the global economy and both its impact on the equities market. Like most towns, Rocky Hill has its pension trusts' assets invested with various mutual funds that hold investments in the stock market. The Town has seen these pension trusts' assets decrease in value by 4.56% from July 1, 2018 to October 30, 2018. 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, 2018

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 25,278,800
Receivables, net	1,929,653
Due from fiduciary funds	7,500
Inventory	11,212
Net pension assets	1,981,056
Capital assets not being depreciated	59,861,604
Capital assets being depreciated, net	49,486,865
Total assets	<u>138,556,690</u>
Deferred Outflows of Resources:	
Deferred outflows related to pension	<u>2,163,614</u>
Liabilities:	
Accounts and other payables	5,070,544
Due to fiduciary funds	1,000
Unearned revenue	757,622
Bond anticipation notes payable	8,000,000
Noncurrent liabilities:	
Due within one year	3,877,302
Due in more than one year	77,806,235
Total liabilities	<u>95,512,703</u>
Deferred Inflows of Resources:	
Deferred charge on refunding	5,261
Advance property tax collections	5,999,728
Deferred inflows related to pension	5,910,469
Deferred inflows related to OPEB	4,076,600
Total deferred inflows of resources	<u>15,992,058</u>
Net Position:	
Net investment in capital assets	51,072,118
Restricted for:	
Trust purposes:	
Nonexpendable	70,792
Unrestricted	<u>(21,927,367)</u>
Total Net Position	<u>\$ 29,215,543</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, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Net Position
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
Governmental activities:				
General government	\$ 9,634,023	\$ 1,075,516	\$ 344,814	\$ (8,213,693)
Public safety	9,940,069	1,307,617	119,403	(8,513,049)
Public works	9,486,046		484,139	(8,979,102)
Health and human services	727,579	5,799	75,248	(646,532)
Parks, recreation and facilities	4,778,594	696,341	25,266	(4,056,987)
Library services	1,242,538	26,194	6,205	(1,210,139)
Education	51,097,061	542,005	14,429,482	(34,910,215)
Interest on long-term debt	2,112,000			(2,112,000)
Total Governmental Activities	\$ 89,017,910	\$ 3,653,472	\$ 15,484,557	\$ 1,238,164
General revenues:				
Property taxes				66,116,567
Grants and contributions not restricted to specific programs				1,693,843
Unrestricted investment earnings				165,252
Miscellaneous				776,429
Total general revenues				<u>68,752,091</u>
Change in net position				110,374
Net Position at Beginning of Year, as Restated				<u>29,105,169</u>
Net Position at End of Year				<u>\$ 29,215,543</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF ROCKY HILL, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 20,842,748	\$ 2,099,750	\$ 1,271,467	\$ 24,213,965
Receivables, net	1,507,858	191,100	230,695	1,929,653
Due from other funds	1,192,901	4,897,735	4,136,680	10,227,316
Inventory			11,212	11,212
Total Assets	<u>\$ 23,543,507</u>	<u>\$ 7,188,585</u>	<u>\$ 5,650,054</u>	<u>\$ 36,382,146</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 1,374,567	\$ 1,600,813	\$ 173,980	\$ 3,149,360
Due to other funds	9,035,415	967,544	217,857	10,220,816
Unearned revenue	1,722		755,900	757,622
Bond anticipation notes payable		8,000,000		8,000,000
Total liabilities	<u>10,411,704</u>	<u>10,568,357</u>	<u>1,147,737</u>	<u>22,127,798</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	998,068			998,068
Advance property tax collections	5,999,728			5,999,728
Total deferred inflows of resources	<u>6,997,796</u>	<u>-</u>	<u>-</u>	<u>6,997,796</u>
Fund Balances:				
Nonspendable			82,004	82,004
Restricted			169,191	169,191
Committed		3,677,209	4,251,122	7,928,331
Assigned	1,567,594			1,567,594
Unassigned	4,566,413	(7,056,981)		(2,490,568)
Total fund balances	<u>6,134,007</u>	<u>(3,379,772)</u>	<u>4,502,317</u>	<u>7,256,552</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,543,507</u>	<u>\$ 7,188,585</u>	<u>\$ 5,650,054</u>	<u>\$ 36,382,146</u>

(Continued on next page)

**TOWN OF ROCKY HILL, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 7,256,552
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 175,901,795	
Less accumulated depreciation	<u>(66,553,326)</u>	
Net capital assets		109,348,469

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	1,981,056
Property tax receivables greater than 60 days	764,195
Interest receivable on property taxes	233,873
Deferred outflows related to pension	2,163,614

Noncurrent liabilities:

risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net assets.

	533,533
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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	(1,044,538)
Bonds payable	(50,515,000)
Interest payable on bonds and notes	(1,389,882)
Compensated absences	(4,267,219)
Capital lease	(490,613)
Bond premium	(3,885,705)
Deferred charge on refunding	(5,261)
Net OPEB liability	(21,480,462)
Deferred inflows related to OPEB	(4,076,600)
Deferred inflows related to pension	<u>(5,910,469)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 29,215,543</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, 2018

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes and assessments	\$ 65,847,448	\$	\$	\$ 65,847,448
Intergovernmental	13,901,560	1,666,279	2,745,801	18,313,640
Charges for services	1,353,501		1,749,193	3,102,694
Income on investments	163,106	210	1,936	165,252
Miscellaneous	921,984	257,330	231,124	1,410,438
Total revenues	<u>82,187,599</u>	<u>1,923,819</u>	<u>4,728,054</u>	<u>88,839,472</u>
Expenditures:				
Current:				
General government	2,492,107		8,500	2,500,607
Public safety	6,574,134		704,618	7,278,752
Public works	6,587,320		56,024	6,643,344
Health and human services	585,186		62,118	647,304
Parks, recreation and facilities	3,686,552		647,414	4,333,966
Library services	1,009,221		21,630	1,030,851
Education	48,763,436		2,732,673	51,496,109
Miscellaneous	6,812,816		542,185	7,355,001
Capital outlay	1,819,749	12,039,347		13,859,096
Debt service	3,232,311	119,473		3,351,784
Total expenditures	<u>81,562,832</u>	<u>12,158,820</u>	<u>4,775,162</u>	<u>98,496,814</u>
Noncurrent liabilities:				
Expenditures	<u>624,767</u>	<u>(10,235,001)</u>	<u>(47,108)</u>	<u>(9,657,342)</u>
Other Financing Sources (Uses):				
Transfers in		675,415		675,415
Transfers out	(675,415)			(675,415)
Premium on bond anticipation notes			19,693	19,693
Issuance of capital lease		201,112		201,112
Total other financing sources (uses)	<u>(675,415)</u>	<u>876,527</u>	<u>19,693</u>	<u>220,805</u>
Net Change in Fund Balances	(50,648)	(9,358,474)	(27,415)	(9,436,537)
Fund Balances at Beginning of Year	<u>6,184,655</u>	<u>5,978,702</u>	<u>4,529,732</u>	<u>16,693,089</u>
Fund Balances at End of Year	<u>\$ 6,134,007</u>	<u>\$ (3,379,772)</u>	<u>\$ 4,502,317</u>	<u>\$ 7,256,552</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, 2018**

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)	\$ (9,436,537)
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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	11,052,982
Depreciation expense	(3,880,212)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.

842,038

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	208,009
Property tax interest and lien revenue - accrual basis change	61,110
Changes in deferred outflows related to pension	(1,250,020)
Change in net pension assets	891,883

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	2,110,000
Capital lease issued	(201,112)
Capital lease payments	441,245

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	(85,393)
Accrued interest	(1,127,786)
Amortization of deferred charge on refunding	(144)
Amortization of bond premiums	257,714
Net pension liability	1,449,805
Net OPEB liability	2,848,707
Changes in deferred inflows related to OPEB	(4,076,600)
Changes in deferred inflows related to pension	(528,848)

The net income of the internal service funds is reported with governmental activities.	<u>533,533</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 110,374</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018**

	Governmental Activities
	Internal Service Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,064,835
Liabilities:	
Current liabilities:	
Accounts and other payables	<u>531,302</u>
Net Position:	
Unrestricted	<u>\$ 533,533</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues:	
Charges for services	\$ 6,397,585
Operating Expenses:	
Benefits and claims	<u>5,864,052</u>
Operating Income	<u>533,533</u>
Change in Net Position	533,533
Net Position at Beginning of Year	<u>-</u>
Net Position at End of Year	<u>\$ 533,533</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash received from charges for services and other	\$ 6,397,585
Payments to vendors	<u>(5,332,750)</u>
Net cash provided by (used in) operating activities	<u>1,064,835</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,064,835
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,064,835</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ 533,533
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Increase (decrease) in accounts payable	<u>531,302</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,064,835</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	Pension and OPEB Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 897,633	\$ 790,628
Investments:		
Mutual funds	68,679,437	192,396
Due from other funds	1,000	
Accounts receivable	<u>200,000</u>	<u>20,550</u>
Total assets	<u>69,778,070</u>	<u>\$ 1,003,574</u>
Liabilities:		
Deposits and amounts due to student groups and participants		\$ 1,003,574
Due to other funds	<u>7,500</u>	
Total liabilities	<u>7,500</u>	<u>\$ 1,003,574</u>
Net Position:		
Net position restricted for pensions and OPEB benefits	<u>\$ 69,770,570</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Pension and OPEB Trust Funds
Additions:	
Contributions:	
Employer	\$ 1,609,268
Plan members	<u>468,584</u>
Total contributions	<u>2,077,852</u>
Investment income:	
Net change in fair value of investments	1,319,834
Interest and dividends	<u>4,815,417</u>
Total investment income	6,135,251
Less investment expense	<u>186,515</u>
Net investment income	<u>5,948,736</u>
Total additions	<u>8,026,588</u>
Deductions:	
Benefits	3,916,492
Other expenses	<u>63,950</u>
Total deductions	<u>3,980,442</u>
Noncurrent liabilities:	4,046,146
Net Position at Beginning of Year	<u>65,724,424</u>
Net Position at End of Year	<u>\$ 69,770,570</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, except for interfund services provided and used.

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, proprietary 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 proprietary fund and 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, 2018**

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 Internal Service Fund is used to account for the activities related to the medical and dental health coverage for all eligible Board of Education employees.

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, surety bonds, and flexible spending accounts.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges to customers for services. Operating expenses for the internal service fund include the cost of health benefits and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of an allowance for uncollectibles.

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

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

F. Inventories and Prepaid Items

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

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

**TOWN OF ROCKY HILL, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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 pensions 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 plans (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 and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (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 Liability

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

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.”

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.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 additional appropriations of \$64,644 from fund balance approved during the fiscal year.

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

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

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

B. Fund Deficit

At June 30, 2018, the Town reported a deficit fund balance of \$3,379,772 in the Capital Projects Fund. The Town plans to address this deficit in subsequent years when the bond anticipation note is converted to a bond, with the recognition of the bond issuance proceeds, and intergovernmental revenue.

**TOWN OF ROCKY HILL, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

A. Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$23,552,144 of the Town’s bank balance of \$25,959,565 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 21,013,638
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>2,538,506</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 23,552,144</u>

**TOWN OF ROCKY HILL, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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, 2018, the Town's cash equivalents amounted to \$132,861. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

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

C. Investments

Investments as of June 30, 2018 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>68,871,833</u>
Total Investments		\$ <u><u>68,871,833</u></u>

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, 2018, 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.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
Mutual funds	\$ 68,871,833	\$ 68,871,833	\$ -	\$ -

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

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>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 233,873	\$	\$	\$ 233,873
Taxes	1,024,222			1,024,222
Accounts	274,763	191,100	384,975	850,838
Intergovernmental			66,270	66,270
Gross receivables	<u>1,532,858</u>	<u>191,100</u>	<u>451,245</u>	<u>2,175,203</u>
Less allowance for uncollectibles	<u>(25,000)</u>			<u>(25,000)</u>
Net Total Receivables	<u>\$ 1,507,858</u>	<u>\$ 191,100</u>	<u>\$ 451,245</u>	<u>\$ 2,150,203</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 6,646,329	\$	\$	\$	\$ 6,646,329
Construction in progress	46,354,816	7,372,265		(511,806)	53,215,275
Total capital assets not being depreciated	<u>53,001,145</u>	<u>7,372,265</u>	<u>-</u>	<u>(511,806)</u>	<u>59,861,604</u>
Capital assets being depreciated:					
Buildings and improvements	53,636,818	332,074			53,968,892
Furniture, vehicles and equipment	20,416,872	3,094,227		(1,051,664)	22,459,435
Infrastructure	38,845,642	766,222			39,611,864
Total capital assets being depreciated	<u>112,899,332</u>	<u>4,192,523</u>	<u>-</u>	<u>(1,051,664)</u>	<u>116,040,191</u>
Less accumulated depreciation for:					
Buildings and improvements	(30,774,126)	(633,503)	959,205		(30,448,424)
Furniture, vehicles and equipment	(13,703,935)	(2,538,634)		934,497	(15,308,072)
Infrastructure	(20,088,755)	(708,075)			(20,796,830)
Total accumulated depreciation	<u>(64,566,816)</u>	<u>(3,880,212)</u>	<u>959,205</u>	<u>934,497</u>	<u>(66,553,326)</u>
Total capital assets being depreciated, net	<u>48,332,516</u>	<u>312,311</u>	<u>959,205</u>	<u>(117,167)</u>	<u>49,486,865</u>
Governmental Activities Capital Assets, Net	<u>\$ 101,333,661</u>	<u>\$ 7,684,576</u>	<u>\$ 959,205</u>	<u>\$ (628,973)</u>	<u>\$ 109,348,469</u>

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

Governmental activities:	
General government	\$ 418,650
Public safety	1,482,393
Public works	944,798
Health and human services	10,136
Parks, recreation and facilities	323,112
Library services	17,000
Education	<u>684,123</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,880,212</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Construction Commitments

The Town has active construction projects as of June 30, 2018. The following is a summary of capital projects as of June 30, 2018.

	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Capital and nonrecurring	\$ 8,841,387	\$ 5,352,520	\$ 3,488,867
Fire apparatus	3,864,000	3,803,734	60,266
Road improvements	10,000,000	8,424,638	1,575,362
Land acquisition	10,000,000	2,482,277	7,517,723
Rocky Hill High School renovation	50,000,000	48,760,727	1,239,273
Intermediate school construction	<u>48,350,000</u>	<u>4,713,995</u>	<u>43,636,005</u>
Total Capital Projects	<u>\$ 131,055,387</u>	<u>\$ 73,537,891</u>	<u>\$ 57,517,496</u>

6. INTERFUND RECEIVABLE AND PAYABLE BALANCES

A summary of interfund balances at June 30, 2018 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 967,544
General Fund	Nonmajor Governmental	217,857
General Fund	Fiduciary Funds	7,500
Capital Projects Fund	General Fund	4,897,735
Nonmajor Governmental	General Fund	4,136,680
Fiduciary Funds	General Fund	<u>1,000</u>
Total		<u>\$ 10,228,316</u>

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

Interfund transfers:

Transfers Out	Transfers In
General Fund	Capital Projects
	Fund
	<u>\$ 675,415</u>

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

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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	\$	1,225,958
Less accumulated depreciation		<u>(605,157)</u>
Total	\$	<u><u>620,801</u></u>

The following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2018:

Fiscal Year Ending June 30,

2019	\$	231,850
2020		180,708
2021		77,181
2022		<u>22,593</u>
Total future minimum lease payments		512,332
Interest on future lease payments		<u>(21,719)</u>
Principal Balance of Future Minimum Payments	\$	<u><u>490,613</u></u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 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	\$ 52,625,000	\$	\$ (2,110,000)	\$ 50,515,000	\$ 3,170,000
Issuance premium	<u>4,143,419</u>		<u>(257,714)</u>	<u>3,885,705</u>	
Total bonds payable	56,768,419	-	(2,367,714)	54,400,705	3,170,000
Capital leases	730,746	201,112	(441,245)	490,613	220,370
Net pension liability	2,494,343		(1,449,805)	1,044,538	
Compensated absences	4,181,826	203,111	(117,718)	4,267,219	486,932
Net OPEB liability	<u>24,329,169</u> *		<u>(2,848,707)</u>	<u>21,480,462</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 88,504,503</u>	<u>\$ 404,223</u>	<u>\$ (7,225,189)</u>	<u>\$ 81,683,537</u>	<u>\$ 3,877,302</u>

*Beginning balance of Net OPEB liability was restated. See Note 16 for details.

Compensated absences are generally liquidated by the General Fund. Net pension liability and net OPEB liability are liquidated primarily from the General Fund.

Bonds payable amounting to \$50,515,000 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>
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	3,055,000	1,314,925	4,369,925
2024-2028	14,100,000	4,746,235	18,846,235
2029-2033	13,250,000	2,223,872	15,473,872
2034-2037	<u>7,630,000</u>	<u>430,488</u>	<u>8,060,488</u>
Total	<u>\$ 50,515,000</u>	<u>\$ 16,105,491</u>	<u>\$ 66,620,491</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The Town is subject to the General Statutes of Connecticut, which limits the amount of debt outstanding at June 30, 2018 to the following:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 143,509,426	\$ 43,216,590	\$ 100,292,836
Schools	287,018,852	89,770,410	197,248,442
Sewers	239,182,376	58,670,442	180,511,934
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, 2018 was \$972,975,816. The Town's share of the debt at June 30, 2018 was 6.03% or \$58,670,442. 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, 2018 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, 2018:

<u>Project</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Outstanding June 30, 2018</u>
School Projects	12/20/2017	8/1/2018	\$ 4,000,000	2.00%	\$	\$ 4,000,000	\$	\$ 4,000,000
School Projects	6/12/2018	8/1/2018	4,000,000	2.25%		4,000,000		4,000,000
								<u>\$ 8,000,000</u>

**TOWN OF ROCKY HILL, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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.

Board of Education Insurance Fund

The Board of Education Insurance Fund (the Fund) was established during fiscal year ended June 30, 2018 to provide medical and dental health coverage for all eligible Board of Education employees. The Fund is substantially funded by the Board of Education portion of the General Fund based upon estimates for the number of employees and type of coverage (single or family) as well as trends in the costs of coverage and costs of administration. The program’s general objectives are to provide the members of the health insurance program with lower costs for coverage and to develop a systematic method to control health costs through wellness initiatives.

The claims liability of \$531,302 reported in the Internal Service Fund at June 30, 2018 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. A schedule of changes in the claims liability for the years ended June 30, 2018 is as follows:

	Claims Payable July 1,	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2017-2018	\$	- \$ 5,864,052	\$ 5,332,750	\$ 531,302

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 11,212	\$ 11,212
Permanent funds			70,792	70,792
Restricted for:				
Parks, recreation and facilities grants			7,972	7,972
Community development grants			141,047	141,047
General government grants			20,172	20,172
Committed to:				
General government			526,540	526,540
Recreation programs			186,734	186,734
Library services			28,041	28,041
Public safety			134,088	134,088
Health and human services			265,310	265,310
Education			228,130	228,130
Debt service payments			2,882,279	2,882,279
Fire apparatus		60,265		60,265
Other general government capital projects		3,616,944		3,616,944
Assigned to:				
Subsequent year's budget	1,315,504			1,315,504
Education - encumbrances	188,913			188,913
Public safety - encumbrances	1,412			1,412
Parks, recreation and facilities - encumbrances	42,415			42,415
Other capital projects - encumbrances	19,350			19,350
Unassigned	<u>4,566,413</u>	<u>(7,056,981)</u>		<u>(2,490,568)</u>
Total Fund Balances	<u>\$ 6,134,007</u>	<u>\$ (3,379,772)</u>	<u>\$ 4,502,317</u>	<u>\$ 7,256,552</u>

Encumbrances of \$252,090 at June 30, 2018 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

Town and Board of Education Plans

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, 2017, plan membership consisted of the following:

	Town Retiree Healthcare Plan	Board of Eucation Retiree Healthcare Plan
	<hr/>	<hr/>
Active plan members	134	314
Retired members	<hr/> 47	<hr/> 17
Total Participants	<hr/> <hr/> 181	<hr/> <hr/> 331

B. Funding Policy

The Town’s funding and payment of postemployment benefits for the year ended June 30, 2018 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, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 9.25% 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

D. Net OPEB Liability of the Town

The Town's net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the Town at June 30, 2018, were as follows:

	<u>Town Retiree Healthcare Plan</u>	<u>Board of Education Retiree Healthcare Plan*</u>
Total OPEB liability	\$ 22,377,825	\$ 892,009
Plan fiduciary net position	<u>1,789,372</u>	<u> </u>
Net OPEB Liability	<u>\$ 20,588,453</u>	<u>\$ 892,009</u>
Plan fiduciary net position as a percentage of the total OPEB liability	8.00%	0.00%

*The Town did not fund the Board of Education Retiree Healthcare Plan during the year ended June 30, 2018. The Town intends to fund the Board of Education healthcare Plan during the next year, and the additional disclosures will be included then.

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:

	<u>Town Retiree Healthcare Plan</u>	<u>Board of Education Retiree Healthcare Plan</u>
Inflation	2.50 %	2.50 %
Salary increases	3.50	3.50
Investment rate of return	4.13	3.87
Healthcare cost trend rate	declining to 5.00% in 2020 and beyond	9.00% in 2018 declining to 5.00% in 2020 and beyond
Mortality	RPH-2014 Total Dataset mortality table projected using scale MP- 2016	RPH-2014 Total Dataset mortality table projected using 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.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Real Rate of Return
Cash	1 %	0.35 %
Balanced / Asset Allocation	<u>99</u>	<u>7.87</u>
Total	<u><u>100</u></u>	

Discount Rate

The discount rate used to measure the Town Retiree Healthcare Plan Net OPEB liability was 4.13%, and it was based on a rate that blends the long term expected rate of return with the index rate. The discount rate used to measure the Board of Education Retiree Healthcare Plan Net OPEB liability was 3.87%, and the discount rate was based on the S&P Municipal Bond 20 Year High Grade Index.

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

The following presents the net OPEB liability of the Town, calculating using the current discount rate 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 or 1 percentage point higher than the current discount rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Town Retiree Healthcare Plan	\$ <u>24,971,916</u>	\$ <u>20,588,453</u>	\$ <u>17,148,547</u>
	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Board of Education Retiree Healthcare Plan	\$ <u>956,048</u>	\$ <u>892,009</u>	\$ <u>828,157</u>

**TOWN OF ROCKY HILL, CONNECTICUT
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Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, calculating using the current healthcare cost trend rates, 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 or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.75% decreasing to 3.75%)	Healthcare cost Trend Rates (7.75% decreasing to 4.75%)	(8.75% decreasing to 5.75%)
Town Retiree Healthcare Plan	\$ <u>16,387,101</u>	\$ <u>20,588,453</u>	\$ <u>26,248,311</u>
	1% Decrease (8.0% decreasing to 4.0%)	Healthcare cost Trend Rates (9.0% decreasing to 5.0%)	(10.0% decreasing to 6.0%)
Board of Education Retiree Healthcare Plan	\$ <u>765,602</u>	\$ <u>892,009</u>	\$ <u>1,043,820</u>

E. Changes in the Total and Net OPEB Liability

Town Retiree Healthcare Plan

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2017	\$ <u>24,896,753</u>	\$ <u>1,454,696</u>	\$ <u>23,442,057</u>
Changes for the year:			
Service cost	1,496,837		1,496,837
Interest on total OPEB liability	819,109		819,109
Changes in assumptions	(4,383,463)		(4,383,463)
Employer contributions		651,411	(651,411)
Net investment income (loss)		134,676	(134,676)
Benefit payments	<u>(451,411)</u>	<u>(451,411)</u>	<u>-</u>
Net changes	<u>(2,518,928)</u>	<u>334,676</u>	<u>(2,853,604)</u>
Balances as of June 30, 2018	\$ <u>22,377,825</u>	\$ <u>1,789,372</u>	\$ <u>20,588,453</u>

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Board of Education Retiree Healthcare Plan

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2017	\$ 887,112	\$	\$ 887,112
Changes for the year:			
Service cost	59,592		59,592
Interest on total OPEB liability	29,067		29,067
Employer contributions		36,302	(36,302)
Changes in assumptions or other inputs	(47,460)		(47,460)
Benefit payments	(36,302)	(36,302)	-
Net changes	4,897	-	4,897
Balances as of June 30, 2018	\$ 892,009	\$ -	\$ 892,009

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$1,836,147 and \$83,184, for the Town Retiree Healthcare Plan, and the Board of Education Retiree Healthcare Plan, respectively. At June 30, 2018, the Town reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	
	Town Retiree Healthcare Plan	Board of Education Retiree Healthcare Plan
Net difference between projected and actual earning on pension plan investments	\$ 59,677	\$
Changes of assumptions or other inputs	3,974,938	41,985
Total	\$ 4,034,615	\$ 41,985

**TOWN OF ROCKY HILL, CONNECTICUT
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Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Town Retiree Healthcare Plan</u>	<u>Board of Education Retiree Healthcare Plan</u>
2019	\$ (423,445)	\$ (5,475)
2020	(423,445)	(5,475)
2021	(423,445)	(5,475)
2022	(423,445)	(5,475)
2023	(408,525)	(5,475)
Thereafter	(1,932,310)	(14,610)

G. OPEB 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, 2018 and changes in net position for the year then ended.

	<u>Town Retiree Healthcare Plan</u>	<u>Board of Education Retiree Healthcare Plan</u>	<u>Total Healthcare Trust Funds</u>
Assets:			
Investments	\$ 1,589,372	\$	\$ 1,589,372
Accounts receivable	200,000		200,000
Total assets	<u>1,789,372</u>	<u>-</u>	<u>1,789,372</u>
Net Position:			
Restricted for OPEB Benefits	<u>\$ 1,789,372</u>	<u>\$ -</u>	<u>\$ 1,789,372</u>

**TOWN OF ROCKY HILL, CONNECTICUT
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	<u>Town Retiree Healthcare Plan</u>	<u>Board of Education Retiree Healthcare Plan</u>	<u>Total Healthcare Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ 651,411	\$ 36,302	\$ 687,713
Investment income:			
Net depreciation in fair value of investments	135,992		135,992
Interest and dividends	21,814		21,814
Total investment income	157,806	-	157,806
Less investment expense	23,130		23,130
Net investment income	134,676	-	134,676
Total additions	786,087	36,302	822,389
Deductions:			
Benefit payments	451,411	36,302	487,713
Net increase	334,676	-	334,676
Net Position Restricted for OPEB Benefits at Beginning of Year	1,454,696		1,454,696
Net Position Restricted for OPEB Benefits at End of Year	\$ 1,789,372	\$ -	\$ 1,789,372

Teachers Retirement Plan

A. Plan Description

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

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

B. Benefit Provisions

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

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Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

C. Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

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Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

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

Employer (School Districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

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

At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		<u>17,092,784</u>
Total	\$	<u><u>17,092,784</u></u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

**TOWN OF ROCKY HILL, CONNECTICUT
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For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$792,166 in Exhibit II for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total OPEB 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%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

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 increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

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.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

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

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

I. 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. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

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 rests 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.

**TOWN OF ROCKY HILL, CONNECTICUT
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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	<u>43</u>	<u>11</u>	<u>40</u>	<u>24</u>
Total	<u><u>323</u></u>	<u><u>59</u></u>	<u><u>188</u></u>	<u><u>53</u></u>

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

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

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

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

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

C. Funding Status and Progress

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

**TOWN OF ROCKY HILL, CONNECTICUT
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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, 2018:

<u>Asset Class</u>	<u>Target Allocation</u> General Employee's, Firefighters, Ambulance and Police Officers
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%

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for the General Employees, Police Officers, Firefighters and Ambulance pension plans are presented in the table below. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	<u>Annual Money- Weighted Rate of Return</u>
General Employee's	9.20%
Police Officers	9.24%
Firefighters	8.99%
Ambulance	9.25%

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Deferred Retirement Option Program (DROP)

The Police Officers Pension System offers a Deferred Retirement Option Program (DROP) to its bargaining unit employees upon completing the 25th year of service until the completion of 29 years of service. The DROP is intended to provide an alternative retirement option to police employees who are eligible to retire. An employee is considered eligible upon completing the 25th year of service until the completion of 29 years of service. During the DROP period, pension payments will be made monthly equal to 96% of the accrued benefit. Amounts held by the Police Officers Pension System DROP investments at June 30, 2018 were \$534,623.

E. Net Pension Liability (Asset) of the Town

The components of the net pension liability (asset) of the Town at June 30, 2018, were as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>
Total pension liability	\$ 41,382,136	\$ 23,313,081	\$ 1,700,291	\$ 649,172
Plan fiduciary net position	<u>40,610,560</u>	<u>25,189,951</u>	<u>1,427,329</u>	<u>753,358</u>
Net Pension Liability (Asset)	<u>\$ 771,576</u>	<u>\$ (1,876,870)</u>	<u>\$ 272,962</u>	<u>\$ (104,186)</u>
Plan fiduciary net position as a percentage of the total pension liability	98.14%	108.05%	83.95%	116.05%

Actuarial Assumptions

The Town's net pension liability (asset) was measured as of June 30, 2018. 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

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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, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following tables:

General Employees/Police Officers/Firefighters/Ambulance	
Asset Class	Long-Term Expected Rate of Return
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%

Discount Rate

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

	Discount Rate
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.

**TOWN OF ROCKY HILL, CONNECTICUT
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F. Changes in Net Pension Liability

	General Employees' Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 40,580,579	\$ 38,381,575	\$ 2,199,004
Changes for the year:			
Service cost	838,947		838,947
Interest on total pension liability	2,830,147		2,830,147
Changes in assumptions	(840,542)		(840,542)
Employer contributions		526,785	(526,785)
Employee contributions		274,495	(274,495)
Net investment income (loss)		3,477,800	(3,477,800)
Benefit payments, including refund to employee contributions	(2,026,995)	(2,026,995)	-
Administrative expenses		(23,100)	23,100
Net changes	<u>801,557</u>	<u>2,228,985</u>	<u>(1,427,428)</u>
Balances as of June 30, 2018	<u>\$ 41,382,136</u>	<u>\$ 40,610,560</u>	<u>\$ 771,576</u>

	Police Officers' Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 22,837,502	\$ 23,830,997	\$ (993,495)
Changes for the year:			
Service cost	431,962		431,962
Interest on total pension liability	1,583,659		1,583,659
Differences between expected and actual experience	(228,321)		(228,321)
Employer contributions		341,085	(341,085)
Member contributions		194,089	(194,089)
Net investment income (loss)		2,154,051	(2,154,051)
Benefit payments, including refund to employee contributions	(1,311,721)	(1,311,721)	-
Administrative expenses		(18,550)	18,550
Net changes	<u>475,579</u>	<u>1,358,954</u>	<u>(883,375)</u>
Balances as of June 30, 2018	<u>\$ 23,313,081</u>	<u>\$ 25,189,951</u>	<u>\$ (1,876,870)</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Firefighters' Pension Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 1,636,828	\$ 1,341,489	\$ 295,339
Changes for the year:			
Service cost	20,592		20,592
Interest on total pension liability	113,783		113,783
Changes in assumptions	(5,909)		(5,909)
Employer contributions		47,740	(47,740)
Net investment income (loss)		117,403	(117,403)
Benefit payments, including refund to employee contributions	(65,003)	(65,003)	-
Administrative expenses		(14,300)	14,300
Net changes	<u>63,463</u>	<u>85,840</u>	<u>(22,377)</u>
Balances as of June 30, 2018	<u>\$ 1,700,291</u>	<u>\$ 1,427,329</u>	<u>\$ 272,962</u>

Volunteer Ambulance Pension Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 619,989	\$ 715,667	\$ (95,678)
Changes for the year:			
Service cost	13,129		13,129
Interest on total pension liability	43,456		43,456
Changes in assumptions	(2,342)		(2,342)
Employer contributions		5,945	(5,945)
Net investment income (loss)		64,806	(64,806)
Benefit payments, including refund to employee contributions	(25,060)	(25,060)	-
Administrative expenses		(8,000)	8,000
Net changes	<u>29,183</u>	<u>37,691</u>	<u>(8,508)</u>
Balances as of June 30, 2018	<u>\$ 649,172</u>	<u>\$ 753,358</u>	<u>\$ (104,186)</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00)%</u>	<u>1% Increase (8.00)%</u>
General Employees Net Pension Liability	\$ 5,347,948	\$ 771,576	\$ (3,128,758)
Police Officer's Net Pension Liability (Asset)	1,294,357	(1,876,870)	(4,488,404)
Firefighters Net Pension Liability	516,311	272,962	75,646
Ambulance Net Pension Asset	(8,828)	(104,186)	(183,150)

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

For the year ended June 30, 2018, the Town recognized pension expense of (\$108,262), \$375,675, \$87,019 and \$4,303 for the General Employees, Police Officers, Firefighters and Volunteer Ambulance pension plans, respectively. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>				
	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>	<u>Total</u>
Differences between expected and actual experience	\$	\$	\$ 25,833	\$ 29,099	\$ 54,932
Changes in assumptions	1,183,620	820,834	58,771	45,457	2,108,682
Net difference between projected and actual earning on pension plan investments					-
Total	<u>\$ 1,183,620</u>	<u>\$ 820,834</u>	<u>\$ 84,604</u>	<u>\$ 74,556</u>	<u>\$ 2,163,614</u>
	<u>Deferred Inflows of Resources</u>				
	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>	<u>Total</u>
Differences between expected and actual experience	\$ 3,281,626	\$ 452,217	\$ 41,055	\$ 72,793	\$ 3,847,691
Changes in assumptions	637,513	191,196	4,957	2,120	835,786
Net difference between projected and actual earning on pension plan investments	<u>773,838</u>	<u>416,956</u>	<u>20,780</u>	<u>15,418</u>	<u>1,226,992</u>
Total	<u>\$ 4,692,977</u>	<u>\$ 1,060,369</u>	<u>\$ 66,792</u>	<u>\$ 90,331</u>	<u>\$ 5,910,469</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>
2019	\$ (881,693)	\$ 176,336	\$ 18,578	\$ 2,993
2020	(955,146)	(8,941)	4,653	(1,539)
2021	(1,396,971)	(330,454)	(13,449)	(10,484)
2022	(275,547)	(61,335)	1,746	(2,044)
2023		(2,909)	5,443	1,086
Thereafter		(12,232)	841	(5,787)

G. Combining Statement of Net Position - June 30, 2018

	<u>Pension and OPEB Trust Funds</u>					<u>Total Pension Trust Funds</u>
	<u>General Employees' Pension Plan</u>	<u>Police Pension Plan</u>	<u>Firefighters' Pension Plan</u>	<u>Volunteer Ambulance Pension Plan</u>	<u>Healthcare Trust Fund</u>	
Assets:						
Cash and cash equivalents	\$ 532,354	\$ 338,156	\$ 17,277	\$ 9,846	\$	\$ 897,633
Investments	40,085,706	24,850,795	1,410,052	743,512	1,589,372	68,679,437
Due from other funds		1,000				1,000
Accounts receivable					200,000	200,000
Total Assets	<u>40,618,060</u>	<u>25,189,951</u>	<u>1,427,329</u>	<u>753,358</u>	<u>1,589,372</u>	<u>69,778,070</u>
Liabilities:						
Due to other funds	<u>7,500</u>					<u>7,500</u>
Net Position:						
Restricted for Pensions and OPEB	<u>\$ 40,610,560</u>	<u>\$ 25,189,951</u>	<u>\$ 1,427,329</u>	<u>\$ 753,358</u>	<u>\$ 1,789,372</u>	<u>\$ 69,770,570</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

H. Combining Statement of Changes in Plan Net Position - Year ended June 20, 2018

	Pension and OPEB Trust Funds					
	General Employees' Pension Plan	Police Pension Plan	Firefighters' Pension Plan	Volunteer Ambulance Pension Plan	Healthcare Trust Fund	Total Pension Trust Funds
Additions:						
Contributions:						
Employer	\$ 526,785	\$ 341,085	\$ 47,740	\$ 5,945	\$ 687,713	\$ 1,609,268
Employee	274,495	194,089				468,584
Total contributions	<u>801,280</u>	<u>535,174</u>	<u>47,740</u>	<u>5,945</u>	<u>687,713</u>	<u>2,077,852</u>
Investment income:						
Net depreciation in fair value of investments	701,477	438,373	33,568	10,424	135,992	1,319,834
Interest and dividends	2,872,173	1,777,805	87,360	56,265	21,814	4,815,417
Total investment income	3,573,650	2,216,178	120,928	66,689	157,806	6,135,251
Less investment expense	95,850	62,127	3,525	1,883	23,130	186,515
Net investment income	<u>3,477,800</u>	<u>2,154,051</u>	<u>117,403</u>	<u>64,806</u>	<u>134,676</u>	<u>5,948,736</u>
Total additions	<u>4,279,080</u>	<u>2,689,225</u>	<u>165,143</u>	<u>70,751</u>	<u>822,389</u>	<u>8,026,588</u>
Deductions:						
Benefit payments	2,026,995	1,311,721	65,003	25,060	487,713	3,916,492
Other expenses	23,100	18,550	14,300	8,000		63,950
Total deductions	<u>2,050,095</u>	<u>1,330,271</u>	<u>79,303</u>	<u>33,060</u>	<u>487,713</u>	<u>3,980,442</u>
Net increase	2,228,985	1,358,954	85,840	37,691	334,676	4,046,146
Net Position Restricted for Pensions at Beginning of Year	<u>38,381,575</u>	<u>23,830,997</u>	<u>1,341,489</u>	<u>715,667</u>	<u>1,454,696</u>	<u>65,724,424</u>
Net Position Restricted for Pensions and OPEB, at End of Year	<u>\$ 40,610,560</u>	<u>\$ 25,189,951</u>	<u>\$ 1,427,329</u>	<u>\$ 753,358</u>	<u>\$ 1,789,372</u>	<u>\$ 69,770,570</u>

Teachers' Retirement System

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

**TOWN OF ROCKY HILL, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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.

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

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

At June 30, 2018, 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>66,408,496</u>
Total	\$	<u><u>66,408,496</u></u>

The net pension liability was measured as of June 30, 2017, 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, 2018, the Town has no proportionate share of the net pension liability.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$7,681,523 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%.

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

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	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	100.0%	

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.

**TOWN OF ROCKY HILL, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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 \$62,079 for the year ended June 30, 2018.

16. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Governmental Activities:

Net position at June 30, 2017, as previously reported	\$ 44,204,886
Adjustments:	
Eliminate net OPEB obligation reported per GASB No. 45	9,229,452
Record net OPEB liability per GASB No. 75	<u>(24,329,169)</u>
Net Position at July 1, 2017, as Restated	<u>\$ 29,105,169</u>

17. SUBSEQUENT EVENTS

On August 1, 2018, the Town issued \$18,000,000 of general obligation bond anticipation notes for the High School Renovation Project, Road improvement program, and New Intermediate School. The notes carry interest at 1.68% and mature on August 1, 2019.

Effective January 1, 2019, any new retiree accessing the Town Volunteer Fire Pension and Volunteer Ambulance Plan will be subject to formula changes. GASB 67/68 does not allow for amortization of plan amendments; therefore, the amendments will be immediately recognized as the expense and one-time increase in liabilities for June 30, 2019.



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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Revenues from property taxes	\$ 65,393,724	\$ 65,393,724	\$ 65,643,943	\$ 250,219
Interest and liens fees	225,000	225,000	203,505	(21,495)
Total property taxes	<u>65,618,724</u>	<u>65,618,724</u>	<u>65,847,448</u>	<u>228,724</u>
Intergovernmental:				
Education:				
Education Cost Sharing Grant	3,410,773	3,410,773	3,734,028	323,255
Special Education Grant	1,163,353	1,163,353		(1,163,353)
Total education	<u>4,574,126</u>	<u>4,574,126</u>	<u>3,734,028</u>	<u>(840,098)</u>
Other:				
Reimbursement - elderly, veterans and disability exemptions	124,742	124,742	11,882	(112,860)
State tax-exempt property - in lieu of taxes and Tobacco Grant	614,443	614,443	468,906	(145,537)
LOCIP and Town Aid Road	594,305	594,305	588,290	(6,015)
Pequot Grant	266,437	266,437	266,437	-
Municipal revenue sharing	584,244	584,244	333,501	(250,743)
Miscellaneous grants	34,041	34,041	24,827	(9,214)
Total other	<u>2,218,212</u>	<u>2,218,212</u>	<u>1,693,843</u>	<u>(524,369)</u>
Total intergovernmental	<u>6,792,338</u>	<u>6,792,338</u>	<u>5,427,871</u>	<u>(1,364,467)</u>
Licenses and permits:				
Building Department	560,000	560,000	835,977	275,977
Business licenses	400	400	460	60
Land Use Commission	20,000	20,000	13,167	(6,833)
Animal licenses	1,400	1,400		(1,400)
Other licenses and permits	7,300	7,300	4,866	(2,434)
Total licenses and permits	<u>589,100</u>	<u>589,100</u>	<u>854,470</u>	<u>265,370</u>
Investment income:				
Interest from investments	<u>200,000</u>	<u>200,000</u>	<u>163,106</u>	<u>(36,894)</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, 2018

	<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	\$ 135,855	\$ (79,145)
Recording - legal instruments	120,000	120,000	170,749	50,749
Vital statistics	27,000	27,000	31,600	4,600
Landlord fee			21,850	21,850
Library fines and fees	10,500	10,500	8,071	(2,429)
Fire charges	1,500	1,500	2,266	766
All other	20,000	20,000	125,190	105,190
Total charges for services	<u>394,000</u>	<u>394,000</u>	<u>495,581</u>	<u>101,581</u>
Fines, forfeitures and penalties:				
Parking fines	<u>2,500</u>	<u>2,500</u>	<u>3,450</u>	<u>950</u>
Other revenues:				
Telephone access lines	64,600	64,600	50,390	(14,210)
Refunds and recoveries	45,000	45,000	13,596	(31,404)
Transit District	8,000	8,000		(8,000)
Sale of assets	3,000	3,000	30,878	27,878
Housing Authority PILOT	22,000	22,000	24,093	2,093
Recycling revenue	31,000	31,000	42,991	11,991
Workers comp insurance	6,000	6,000	7,104	1,104
Lease - Comm Towers	215,000	215,000	176,727	(38,273)
Solar energy	90,000	90,000	90,000	-
Other revenues	19,000	19,000	33,169	14,169
Total other revenues	<u>503,600</u>	<u>503,600</u>	<u>468,948</u>	<u>(34,652)</u>
Total Revenues	74,100,262	74,100,262	73,260,874	(839,388)
Other financing sources:				
Use of Fund Balance	<u>159,731</u>	<u>159,731</u>		<u>(159,731)</u>
Total	<u>\$ 74,259,993</u>	<u>\$ 74,259,993</u>	73,260,874	<u>\$ (999,119)</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

Pension plan

7,681,523

OPEB plan

792,166

The Town budgets for certain revenues as credits to expenditure accounts
which are reported as revenues under GAAP

565,992

Cancellation of prior year encumbrances are recognized as budgetary
revenue

(112,956)

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

\$ 82,187,599

**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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General government:				
Mayor and Town Council	\$ 31,194	\$ 31,194	\$ 30,358	\$ 836
Town Manager	232,835	142,835	118,754	24,081
Personnel Administration	197,300	203,300	203,028	272
Finance and Accounting	533,393	533,393	516,529	16,864
Tax Assessor	360,578	369,578	369,220	358
Tax Collector	255,589	260,589	303,681	(43,092)
Central Services	73,298	73,298	64,600	8,698
Legal expenditures	231,500	308,500	307,975	525
Probate Court	31,000	31,500	31,240	260
Registrars of Voters	86,800	86,800	71,399	15,401
Town Clerk	173,765	173,765	167,077	6,688
Town Planner	190,990	190,990	188,652	2,338
Economic Development	116,280	119,280	119,594	(314)
Total general government	<u>2,514,522</u>	<u>2,525,022</u>	<u>2,492,107</u>	<u>32,915</u>
Public safety:				
Police	5,023,879	5,087,879	5,076,263	11,616
Fire Department	1,094,156	1,095,568	1,054,147	41,421
Building Department	324,135	324,135	322,213	1,922
Volunteer Ambulance Association	120,773	121,773	121,511	262
Total public safety	<u>6,562,943</u>	<u>6,629,355</u>	<u>6,574,134</u>	<u>55,221</u>
Public works:				
Highway Department	2,219,953	2,248,953	2,224,533	24,420
Engineering	503,735	517,735	517,514	221
Sanitation	3,840,365	3,845,365	3,845,273	92
Total public works	<u>6,564,053</u>	<u>6,612,053</u>	<u>6,587,320</u>	<u>24,733</u>
Health and human services:				
Public Health	115,120	115,120	115,120	-
Human Services	507,969	510,969	470,066	40,903
Total health and human services	<u>623,089</u>	<u>626,089</u>	<u>585,186</u>	<u>40,903</u>
Parks, recreation and facilities:				
Parks and Recreation	1,797,679	1,828,179	1,814,367	13,812
Facilities	2,095,756	2,098,046	1,912,310	185,736
Total parks, recreation and facilities	<u>3,893,435</u>	<u>3,926,225</u>	<u>3,726,677</u>	<u>199,548</u>
Library services:				
Cora Belden Public Library	<u>1,024,031</u>	<u>1,024,031</u>	<u>1,009,221</u>	<u>14,810</u>

(Continued on next page)

**TOWN OF ROCKY HILL, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous:				
Insurance - employee benefits	\$ 5,367,804	\$ 5,367,804	\$ 5,137,660	\$ 230,144
Insurance - property and liability	989,945	989,945	978,636	11,309
Contingency	500,000	343,000	130,528	212,472
Total miscellaneous	<u>6,857,749</u>	<u>6,700,749</u>	<u>6,246,824</u>	<u>453,925</u>
Capital outlays:				
Capital outlay - Town	<u>2,768,623</u>	<u>2,365,465</u>	<u>2,043,906</u>	<u>321,559</u>
Debt service:				
Debt redemption - principal	2,110,000	2,110,000	2,110,000	-
Debt redemption - interest	856,572	856,572	856,562	10
Total debt service	<u>2,966,572</u>	<u>2,966,572</u>	<u>2,966,562</u>	<u>10</u>
Board of Education	<u>40,484,976</u>	<u>40,273,661</u>	<u>40,273,661</u>	<u>-</u>
Transfers to other funds:				
Education transfer		211,315	211,315	-
Transfer to other funds		464,100	464,100	-
Total transfers out	<u>-</u>	<u>675,415</u>	<u>675,415</u>	<u>-</u>
Total	<u>\$ 74,259,993</u>	<u>\$ 74,324,637</u>	<u>73,181,013</u>	<u>\$ 1,143,624</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				
Pension plan			7,681,523	
OPEB plan			792,166	
The Town budgets for certain revenues as credits to expenditure accounts which are reported as revenues under GAAP			565,992	
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				17,553
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV				<u>\$ 82,238,247</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 838,947	\$ 937,961	\$ 1,002,384	\$ 1,035,972	\$ 1,048,535
Interest	2,830,147	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	(840,542)		2,850,690		
Benefit payments, including refunds of member contributions	<u>(2,026,995)</u>	<u>(2,008,118)</u>	<u>(1,959,261)</u>	<u>(1,640,714)</u>	<u>(1,338,800)</u>
Net change in total pension liability	801,557	(1,107,336)	1,890,562	1,167,865	2,379,209
Total pension liability - beginning	<u>40,580,579</u>	<u>41,687,915</u>	<u>39,797,353</u>	<u>38,629,488</u>	<u>36,250,279</u>
Total pension liability - ending	<u>41,382,136</u>	<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	526,785	1,340,000	1,462,942	1,462,942
Contributions - member	274,495	280,589	293,620	301,208	299,540
Net investment income	3,477,800	4,652,994	229,847	1,066,924	5,400,306
Benefit payments, including refunds of member contributions	(2,026,995)	(2,008,118)	(1,959,261)	(1,640,714)	(1,338,800)
Administrative expense	<u>(23,100)</u>	<u>(39,000)</u>	<u>(33,257)</u>	<u>(29,950)</u>	<u>(15,100)</u>
Net change in plan fiduciary net position	2,228,985	3,413,250	(129,051)	1,160,410	5,808,888
Plan fiduciary net position - beginning	<u>38,381,575</u>	<u>34,968,325</u>	<u>35,097,376</u>	<u>33,936,966</u>	<u>28,128,078</u>
Plan fiduciary net position - ending	<u>40,610,560</u>	<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>\$ 771,576</u>	<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	98.14%	94.58%	83.88%	88.19%	87.85%
Covered payroll	\$ 8,772,402	\$ 8,772,402	\$ 8,438,036	\$ 9,669,472	\$ 9,418,330
Town's net pension liability as a percentage of covered payroll	8.80%	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 FIVE FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 431,962	\$ 445,450	\$ 490,958	\$ 455,914	\$ 387,545
Interest	1,583,659	1,560,520	1,534,059	1,524,104	1,424,973
Changes of benefit terms				(794,661)	
Differences between expected and actual experience	(228,321)	(317,608)	(34,994)	(487,985)	
Changes of assumptions			973,735	553,775	
Benefit payments, including refunds of member contributions	<u>(1,311,721)</u>	<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	475,579	462,848	1,774,062	237,418	930,496
Total pension liability - beginning	<u>22,837,502</u>	<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>23,313,081</u>	<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	341,085	559,822	523,044	571,380
Contributions - member	194,089	307,145	224,786	182,435	152,513
Net investment income	2,154,051	2,874,438	32,949	683,677	3,540,920
Benefit payments, including refunds of member contributions	(1,311,721)	(1,225,514)	(1,189,696)	(1,013,729)	(882,022)
Administrative expense	<u>(18,550)</u>	<u>(35,800)</u>	<u>(38,050)</u>	<u>(27,950)</u>	<u>(11,800)</u>
Net change in plan fiduciary net position	1,358,954	2,261,354	(410,189)	347,477	3,370,991
Plan fiduciary net position - beginning	<u>23,830,997</u>	<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>25,189,951</u>	<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>\$ (1,876,870)</u>	<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	108.05%	104.35%	96.40%	106.70%	106.23%
Covered payroll	\$ 3,283,573	\$ 3,283,573	\$ 3,249,728	\$ 2,446,151	\$ 2,028,338
Town's net pension liability as a percentage of covered payroll	-57.16%	-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 FIVE FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 20,592	\$ 17,550	\$ 15,979	\$ 18,274	\$ 18,274
Interest	113,783	106,814	108,315	98,621	93,504
Changes of benefit terms					
Differences between expected and actual experience		35,751	(65,336)	(23,854)	
Changes of assumptions	(5,909)		85,364	102,470	
Benefit payments, including refunds of member contributions	<u>(65,003)</u>	<u>(62,250)</u>	<u>(65,963)</u>	<u>(62,034)</u>	<u>(61,619)</u>
Net change in total pension liability	63,463	97,865	78,359	133,477	50,159
Total pension liability - beginning	<u>1,636,828</u>	<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>1,700,291</u>	<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	47,740	81,500	76,500	76,500
Contributions - member					
Net investment income	117,403	159,761	478	46,075	198,508
Benefit payments, including refunds of member contributions	(65,003)	(62,250)	(65,963)	(62,034)	(61,619)
Administrative expense	<u>(14,300)</u>	<u>(15,632)</u>	<u>(18,700)</u>	<u>(8,900)</u>	<u>(5,500)</u>
Other					
Net change in plan fiduciary net position	85,840	129,619	(2,685)	51,641	207,889
Plan fiduciary net position - beginning	<u>1,341,489</u>	<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>1,427,329</u>	<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>\$ 272,962</u>	<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	83.95%	81.96%	78.75%	83.15%	87.63%
Covered payroll **	\$ N/A				
Town's net pension liability as a percentage of covered payroll **	N/A	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 FIVE FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 13,129	\$ 13,293	\$ 11,691	\$ 12,451	\$ 11,777
Interest	43,456	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	(2,342)		58,156		
Benefit payments, including refunds of member contributions	(25,060)	(25,060)	(27,319)	(27,050)	(25,920)
Net change in total pension liability	29,183	(11,286)	111,735	(4,148)	(4,705)
Total pension liability - beginning	619,989	631,275	519,540	523,688	528,393
Total pension liability - ending	<u>649,172</u>	<u>619,989</u>	<u>631,275</u>	<u>519,540</u>	<u>523,688</u>
Plan fiduciary net position:					
Contributions - employer	5,945	5,945		10,000	28,419
Net investment income (loss)	64,806	87,204	(2,599)	27,187	112,461
Benefit payments, including refunds of member contributions	(25,060)	(25,060)	(27,319)	(27,050)	(25,920)
Administrative expense	(8,000)	(9,143)	(1,500)	(750)	(1,250)
Net change in plan fiduciary net position	37,691	58,946	(31,418)	9,387	113,710
Plan fiduciary net position - beginning	715,667	656,721	688,139	678,752	565,042
Plan fiduciary net position - ending	<u>753,358</u>	<u>715,667</u>	<u>656,721</u>	<u>688,139</u>	<u>678,752</u>
Town's Net Pension Asset - Ending	<u>\$ (104,186)</u>	<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	116.05%	115.43%	104.03%	132.45%	129.61%
Covered payroll *	N/A	N/A	N/A	N/A	N/A
Town's net pension liability as a percentage of covered payroll **	N/A	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>2018</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>
Actuarially determined contribution	\$ 526,785	\$ 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
Contributions in relation to the actuarially determined contribution	<u>526,785</u>	<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>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <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>
Covered payroll	\$ 8,772,402	\$ 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
Contributions as a percentage of covered payroll	6.01%	6.01%	15.88%	15.13%	15.53%	15.40%	13.31%	11.31%	12.07%	13.96%

Notes to Schedule

Valuation date: September 1, 2016
Measurement date: June 30, 2018
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>2018</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>
Actuarially determined contribution	\$ 329,372	\$ 355,298	\$ 499,336	\$ 484,928	\$ 571,380	\$ 571,380	\$ 769,584	\$ 704,704	\$ 704,704	\$ 686,764
Contributions in relation to the actuarially determined contribution	<u>341,085</u>	<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>
Contribution Deficiency (Excess)	<u>\$ (11,713)</u>	<u>\$ 14,213</u>	<u>\$ (60,486)</u>	<u>\$ (38,116)</u>	<u>\$ -</u>	<u>\$ (198,204)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,283,573	\$ 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
Contributions as a percentage of covered payroll	10.39%	10.39%	17.23%	21.38%	28.17%	31.86%	31.04%	28.42%	28.86%	28.13%

Notes to Schedule

Valuation date: September 1, 2016
Measurement date: June 30, 2018
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
FIREFIGHTERS
LAST TEN FISCAL YEARS**

	<u>2018</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>
Actuarially determined contribution	\$ 44,740	\$ 44,740	\$ 49,697	\$ 49,697	\$ 76,430	\$ 76,430	\$ 69,719	\$ 69,719	\$ 41,594	\$ 41,594
Contributions in relation to the actuarially determined contribution	<u>47,740</u>	<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>
Contribution Deficiency (Excess)	\$ <u>(3,000)</u>	\$ <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>
Covered 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 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, 2018
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>2018</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>
Actuarially determined contribution	\$ 5,945	\$ 5,945	\$ -	\$ -	\$ 6,286	\$ 14,998	\$ 12,288	\$ 27,339	\$ 35,635	\$ 22,164
Contributions in relation to the actuarially determined contribution	<u>5,945</u>	<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>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <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>
Covered 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 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, 2018

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 PENSION INVESTMENT RETURNS
LAST FIVE FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense:					
General Employees	9.20%	13.58%	0.68%	3.20%	19.11%
Police Officers	9.24%	13.56%	0.17%	3.21%	19.49%
Firefighters	8.99%	13.51%	0.13%	4.07%	20.81%
Ambulance	9.25%	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 FOUR FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>66,408,496</u>	<u>70,061,472</u>	<u>51,725,859</u>	<u>47,810,191</u>
Total	<u>\$ 66,408,496</u>	<u>\$ 70,061,472</u>	<u>\$ 51,725,859</u>	<u>\$ 47,810,191</u>
Town's covered payroll	\$ 21,094,706	\$ 20,294,620	\$ 19,584,545	\$ 18,725,185
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

* 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 TWO FISCAL YEARS*

	<u>2018</u>	<u>2017</u>
Total OPEB liability:		
Service cost	\$ 1,496,837	\$ 1,109,463
Interest	819,109	817,864
Changes of assumptions	(4,383,463)	
Benefit payments	<u>(451,411)</u>	<u>(392,917)</u>
Net change in total OPEB liability	<u>(2,518,928)</u>	<u>1,534,410</u>
Total OPEB liability - beginning	<u>24,896,753</u>	<u>23,362,343</u>
Total OPEB liability - ending	<u>22,377,825</u>	<u>24,896,753</u>
Plan fiduciary net position:		
Contributions - employer	651,411	592,917
Net investment income (loss)	134,676	169,676
Benefit payments	<u>(451,411)</u>	<u>(392,917)</u>
Net change in plan fiduciary net position	<u>334,676</u>	<u>369,676</u>
Plan fiduciary net position - beginning	<u>1,454,696</u>	<u>1,085,020</u>
Plan fiduciary net position - ending	<u>1,789,372</u>	<u>1,454,696</u>
Net OPEB Liability - Ending	<u>\$ 20,588,453</u>	<u>\$ 23,442,057</u>
Plan fiduciary net position as a percentage of the total OPEB liability	8.00%	5.84%
Covered-employee payroll	\$ 10,233,690	\$ 9,984,088
Net OPEB liability as a percentage of covered-employee payroll	201.18%	234.79%

*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>	<u>2018</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	\$ 1,256,429
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>	<u>651,411</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>	\$ <u>605,018</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	\$ 9,984,088	\$ 10,233,690
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	3.13%	3.50%	4.30%	16.49%	16.71%	17.49%	5.94%	6.37%

(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 Normal
Amortization method	Level percentage of payroll
Amortization period	30 years
Asset valuation method	Market value of assets
Inflation	2.50%
Healthcare cost trend rates	7.75% initial, decreasing to an ultimate rate of 5.0% in 2020
Salary increases	3.50%, average, including inflation
Investment rate of return	4.13%, 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 TWO FISCAL YEARS***

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	9.25%	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>	<u>2018</u>
Actuarially determined contribution (1)	\$ 164,140	\$ 163,928	\$ 136,648	\$ 154,814	\$ 157,897	\$ 164,998	\$ 180,143	\$ 188,380	\$ 139,217	\$ 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>	<u>36,302</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>	\$ <u>102,915</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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

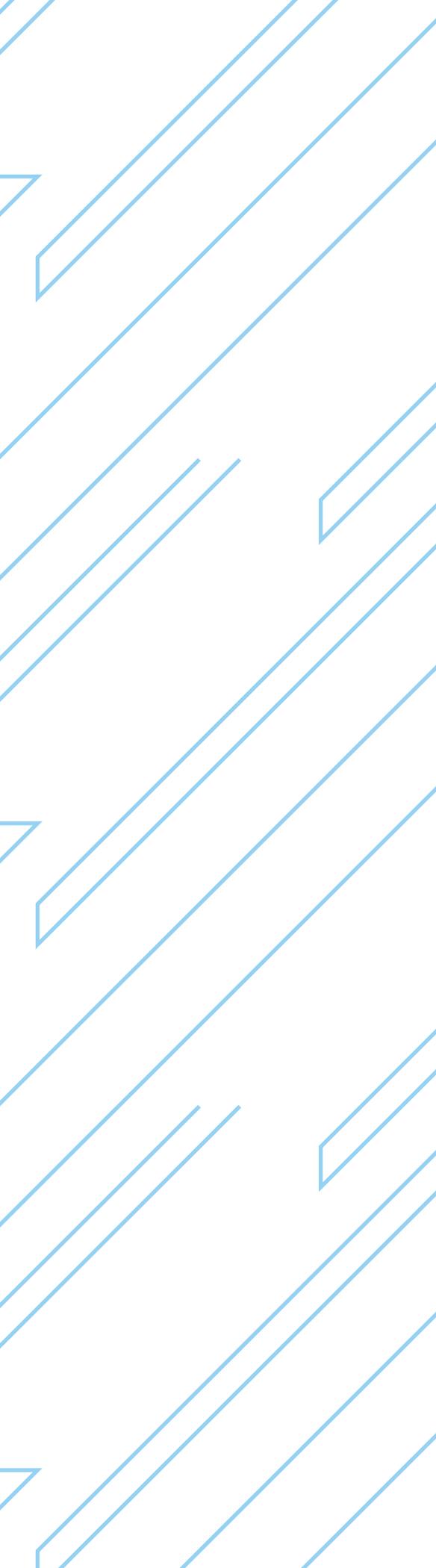
**TOWN OF BLUM, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR***

	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>17,092,784</u>
Total	<u>\$ 17,092,784</u>
Town's covered payroll	\$ 21,094,706
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

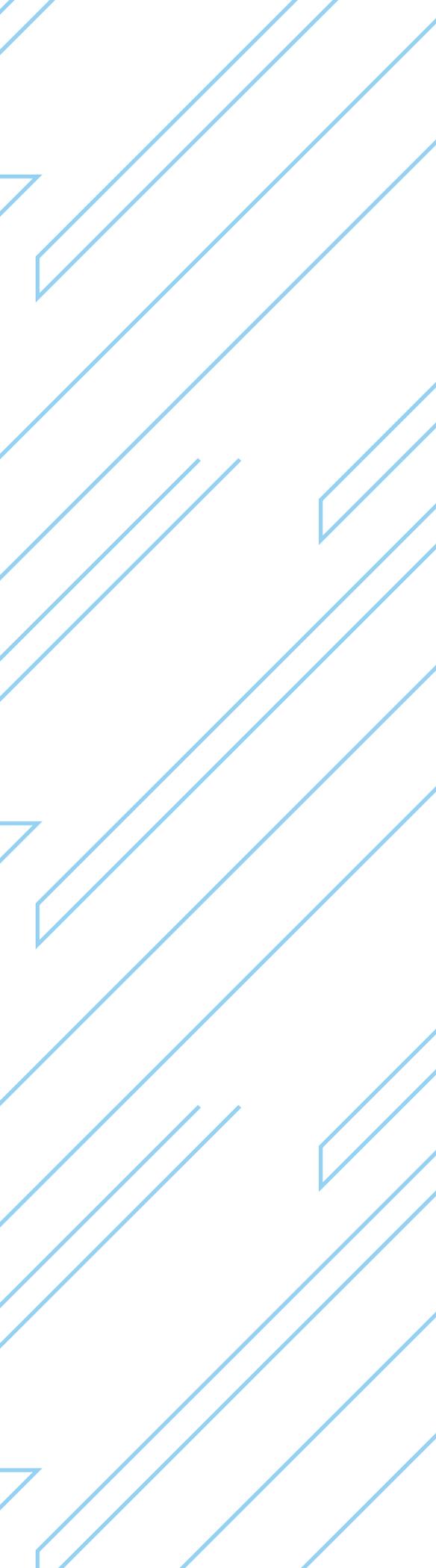
Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate. Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations. As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

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



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.

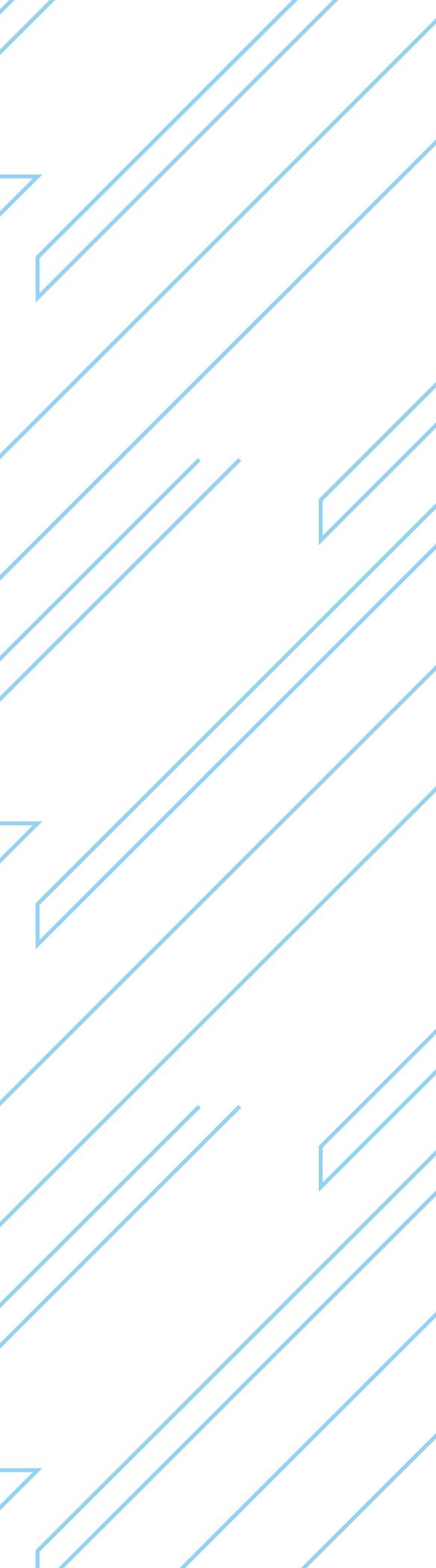
**TOWN OF ROCKY HILL, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 20,842,748	\$ 25,976,936
Property taxes receivable, net of allowance for doubtful accounts of \$25,000 in 2018 and 2017	999,222	734,832
Accounts receivable	274,763	376,824
Interest receivable	233,873	172,763
Due from other funds	<u>1,192,901</u>	<u>594,351</u>
Total Assets	<u>\$ 23,543,507</u>	<u>\$ 27,855,706</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued expenditures	\$ 1,374,567	\$ 959,136
Due to other funds	9,035,415	11,103,821
Unearned revenue	1,722	
Total liabilities	<u>10,411,704</u>	<u>12,062,957</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	998,068	728,949
Advance property tax collections	<u>5,999,728</u>	<u>8,879,145</u>
Total deferred inflows of resources	<u>6,997,796</u>	<u>9,608,094</u>
Fund Balances:		
Assigned for:		
Subsequent year's budget	1,315,504	159,731
Encumbrances	252,090	382,599
Unassigned	<u>4,566,413</u>	<u>5,642,325</u>
Total fund balances	<u>6,134,007</u>	<u>6,184,655</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,543,507</u>	<u>\$ 27,855,706</u>

**TOWN OF ROCKY HILL, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2018**

Grand List as of October 1,	Uncollected Taxes July 1, 2017	Lawful Corrections		Transfers to Suspense	Net Amount Collectible	Collections				Uncollected Taxes June 30, 2018	
		Additions	Deductions			Taxes	Interest	Lien Fees	Suspense Taxes		Total
2016	\$ 65,582,919 *	\$ 548,645	\$ 319,473	\$	\$ 65,812,091	\$ 65,204,254	\$ 99,514	\$ 1,041	\$	\$ 65,304,809	\$ 607,837
2015	458,273	37,558	16,269		479,562	213,526	47,021	7,718		268,265	266,036
2014	198,862	20,925	3,183	59,460	157,144	98,203	31,360	2,210	974	132,747	58,941
2013	51,454	27,111	1,462		77,103	42,811	13,755	72	9,437	66,075	34,292
2012	27,611	2,855			30,466	6,569	352	48	4,788	11,757	23,897
2011	15,959		166		15,793	1,248	318	48	1,740	3,354	14,545
2010	2,634	4,649			7,283	329		24	309	662	6,954
2009	1,759	3,881			5,640	81			537	618	5,559
2008	1,547	2,817			4,364	275		24	535	834	4,089
2007	1,140	339			1,479				576	576	1,479
2006	317				317					-	317
2005	-				-				657	657	-
2004	276				276				713	713	276
	<u>\$ 66,342,751</u>	<u>\$ 648,780</u>	<u>\$ 340,553</u>	<u>\$ 59,460</u>	<u>\$ 66,591,518</u>	<u>\$ 65,567,296</u>	<u>\$ 192,320</u>	<u>\$ 11,185</u>	<u>\$ 20,266</u>	65,791,067	<u>\$ 1,024,222</u>
Property taxes receivable considered available:											
June 30, 2017										(178,646)	
June 30, 2018										<u>235,027</u>	
Total Property Tax Revenue										<u>\$ 65,847,448</u>	

* Includes motor vehicle supplement in the amount of \$811,339



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
Town Clerk	Town clerk fees	Town clerk activities
Police Private Duty	Police Operations	Highway Construction Safety
Ruth Wilcox	Donations	Educational library materials
Harold Murphy Senior Housing Project	State Grants	Senior Housing

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
- 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, 2018**

	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	Human Services
ASSETS											
Cash and cash equivalents	\$ 243,655	\$ 141,850	\$ 478,542	\$	\$ 224,536	\$	\$	\$	\$	\$ 992	\$
Accounts receivable											
Due from other governments	30,106		36,164								
Due from other funds	49,333			28,666	124,622	409,683	28,041	40,973	61,491		160,029
Inventory	11,212										
Total Assets	\$ 334,306	\$ 141,850	\$ 514,706	\$ 28,666	\$ 349,158	\$ 409,683	\$ 28,041	\$ 40,973	\$ 61,491	\$ 992	\$ 160,029
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued payroll	\$ 72,193	\$	\$ 9,985	\$	\$ 19,475	\$	\$	\$ 7,018	\$ 635	\$	\$
Due to other governments			3,376								
Due to other funds		803								992	
Unearned revenue	22,771		501,345		142,949						
Total liabilities	94,964	803	514,706	-	162,424	-	-	7,018	635	992	-
Fund balances:											
Nonspendable	11,212										
Restricted		141,047									
Committed	228,130			28,666	186,734	409,683	28,041	33,955	60,856		160,029
Total fund balances	239,342	141,047	-	28,666	186,734	409,683	28,041	33,955	60,856	-	160,029
Total Liabilities and Fund Balances	\$ 334,306	\$ 141,850	\$ 514,706	\$ 28,666	\$ 349,158	\$ 409,683	\$ 28,041	\$ 40,973	\$ 61,491	\$ 992	\$ 160,029

(Continued on next page)

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2018**

	Special Revenue									
	Miscellaneous Grants	Youth Services	Local Transportation Capital Improv. Program	Parks Grants	Economic Development Grants	Town Clerk	Police Private Duty	Ruth Wilcox	Harold Murphy Senior Housing Project	Total
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$ 155,021	\$	\$ 1,244,596
Accounts receivable	5,675			42,375			116,375			164,425
Due from other governments										66,270
Due from other funds	14,497	122,345	133,069		19,755					1,192,504
Inventory										11,212
Total Assets	\$ 20,172	\$ 122,345	\$ 133,069	\$ 42,375	\$ -	\$ 19,755	\$ 116,375	\$ 155,021	\$ -	\$ 2,679,007
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued payroll	\$	\$ 17,064	\$ 44,234	\$	\$	\$	\$	\$	\$	\$ 170,604
Due to other governments										3,376
Due to other funds				34,403			77,098	104,558		217,854
Unearned revenue			88,835							755,900
Total liabilities	-	17,064	133,069	34,403	-	-	77,098	104,558	-	1,147,734
Fund balances:										
Nonspendable										11,212
Restricted	20,172			7,972						169,191
Committed		105,281			19,755	39,277	50,463			1,350,870
Total fund balances	20,172	105,281	-	7,972	-	19,755	39,277	50,463	-	1,531,273
Total Liabilities and Fund Balances	\$ 20,172	\$ 122,345	\$ 133,069	\$ 42,375	\$ -	\$ 19,755	\$ 116,375	\$ 155,021	\$ -	\$ 2,679,007

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**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2018**

	<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>Center Cemetery</u>	<u>Land Preservation Trust</u>		
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$ 26,871	\$ 26,871	\$ 1,271,467
Accounts receivable						-	164,425
Due from other governments						-	66,270
Due from other funds	2,882,279	18,369	5,306	38,222		61,897	4,136,680
Inventory						-	11,212
Total Assets	<u>\$ 2,882,279</u>	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 38,222</u>	<u>\$ 26,871</u>	<u>\$ 88,768</u>	<u>\$ 5,650,054</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued payroll	\$	\$	\$	\$	\$	\$ -	\$ 170,604
Due to other governments						-	3,376
Due to other funds					3	3	217,857
Unearned revenue						-	755,900
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>1,147,737</u>
Fund balances:							
Nonspendable		18,369	5,306	20,249	26,868	70,792	82,004
Restricted						-	169,191
Committed	2,882,279			17,973		17,973	4,251,122
Total fund balances	<u>2,882,279</u>	<u>18,369</u>	<u>5,306</u>	<u>38,222</u>	<u>26,868</u>	<u>88,765</u>	<u>4,502,317</u>
Total Liabilities and Fund Balances	<u>\$ 2,882,279</u>	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 38,222</u>	<u>\$ 26,871</u>	<u>\$ 88,768</u>	<u>\$ 5,650,054</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	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	\$ 408,901		\$ 1,812,864		\$ 653,216		\$ 6,205	\$ 9,955	\$ 38,142	
Charges for services	542,005						18,123			
Investment income		1,866								
Miscellaneous		54,950			21,860	81,306				
Total revenues	<u>950,906</u>	<u>56,816</u>	<u>1,812,864</u>	<u>-</u>	<u>675,076</u>	<u>81,306</u>	<u>24,328</u>	<u>9,955</u>	<u>38,142</u>	<u>-</u>
Expenditures:										
Current:										
General government										
Public safety								11,849	8,955	
Public works										
Health and human services										
Parks, recreation and facilities					604,975					
Library services							21,630			
Education	919,809		1,812,864							
Miscellaneous		1,643				201,128				
Total expenditures	<u>919,809</u>	<u>1,643</u>	<u>1,812,864</u>	<u>-</u>	<u>604,975</u>	<u>201,128</u>	<u>21,630</u>	<u>11,849</u>	<u>8,955</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	31,097	55,173	-	-	70,101	(119,822)	2,698	(1,894)	29,187	-
Other Financing Sources (Uses):										
Premium on bond anticipation notes										
Net Change in Fund Balances	31,097	55,173	-	-	70,101	(119,822)	2,698	(1,894)	29,187	-
Fund Balances at Beginning of Year	208,245	85,874	-	28,666	116,633	529,505	25,343	35,849	31,669	-
Fund Balances at End of Year	<u>\$ 239,342</u>	<u>\$ 141,047</u>	<u>\$ -</u>	<u>\$ 28,666</u>	<u>\$ 186,734</u>	<u>\$ 409,683</u>	<u>\$ 28,041</u>	<u>\$ 33,955</u>	<u>\$ 60,856</u>	<u>\$ -</u>

(Continued on next page)

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue										
	Human Services	Miscellaneous Grants	Youth Services	Local Transportation Capital Improv. Program	Parks Grants	Economic Development Grants	Town Clerk	Police Private Duty	Ruth Wilcox	Harold Murphy Senior Housing Project	Total
Revenues:											
Intergovernmental revenues	\$	\$ 68,616	\$	\$ 56,024	\$ 23,135	\$	\$	\$	\$	\$ 331,914	\$ 2,745,801
Charges for services			60,842				9,083	455,969			1,749,193
Investment income									16		1,882
Miscellaneous	29,858	5,123			21,265		3,862				218,224
Total revenues	<u>29,858</u>	<u>73,739</u>	<u>60,842</u>	<u>56,024</u>	<u>44,400</u>	<u>-</u>	<u>12,945</u>	<u>455,969</u>	<u>16</u>	<u>331,914</u>	<u>4,715,100</u>
Expenditures:											
Current:											
General government							8,500				8,500
Public safety		69,453						614,361			704,618
Public works				56,024							56,024
Health and human services	7,954		54,164								62,118
Parks, recreation and facilities					42,439						647,414
Library services											21,630
Education											2,732,673
Miscellaneous										331,914	534,685
Total expenditures	<u>7,954</u>	<u>69,453</u>	<u>54,164</u>	<u>56,024</u>	<u>42,439</u>	<u>-</u>	<u>8,500</u>	<u>614,361</u>	<u>-</u>	<u>331,914</u>	<u>4,767,662</u>
Excess (Deficiency) of Revenues over Expenditures	21,904	4,286	6,678	-	1,961	-	4,445	(158,392)	16	-	(52,562)
Other Financing Sources (Uses):											
Premium on bond anticipation notes											-
Net Change in Fund Balances	21,904	4,286	6,678	-	1,961	-	4,445	(158,392)	16	-	(52,562)
Fund Balances at Beginning of Year	138,125	15,886	98,603	-	6,011	-	15,310	197,669	50,447	-	1,583,835
Fund Balances at End of Year	<u>\$ 160,029</u>	<u>\$ 20,172</u>	<u>\$ 105,281</u>	<u>\$ -</u>	<u>\$ 7,972</u>	<u>\$ -</u>	<u>\$ 19,755</u>	<u>\$ 39,277</u>	<u>\$ 50,463</u>	<u>\$ -</u>	<u>\$ 1,531,273</u>

(Continued on next page)

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<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>Center Cemetery</u>	<u>Land Preservation Trust</u>		
Revenues:							
Intergovernmental revenues	\$	\$	\$	\$	\$	\$ -	\$ 2,745,801
Charges for services						-	1,749,193
Investment income					54	54	1,936
Miscellaneous				12,900		12,900	231,124
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,900</u>	<u>54</u>	<u>12,954</u>	<u>4,728,054</u>
Expenditures:							
Current:							
General government						-	8,500
Public safety						-	704,618
Public works						-	56,024
Health and human services						-	62,118
Parks, recreation and facilities						-	647,414
Library services						-	21,630
Education				7,500		-	2,732,673
Miscellaneous				7,500		7,500	542,185
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>	<u>4,775,162</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	-	5,400	54	5,454	(47,108)
Other Financing Sources (Uses):							
Premium on bond anticipation notes	19,693					-	19,693
Net Change in Fund Balances	19,693	-	-	5,400	54	5,454	(27,415)
Fund Balances at Beginning of Year	2,862,586	18,369	5,306	32,822	26,814	83,311	4,529,732
Fund Balances at End of Year	<u>\$ 2,882,279</u>	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 38,222</u>	<u>\$ 26,868</u>	<u>\$ 88,765</u>	<u>\$ 4,502,317</u>



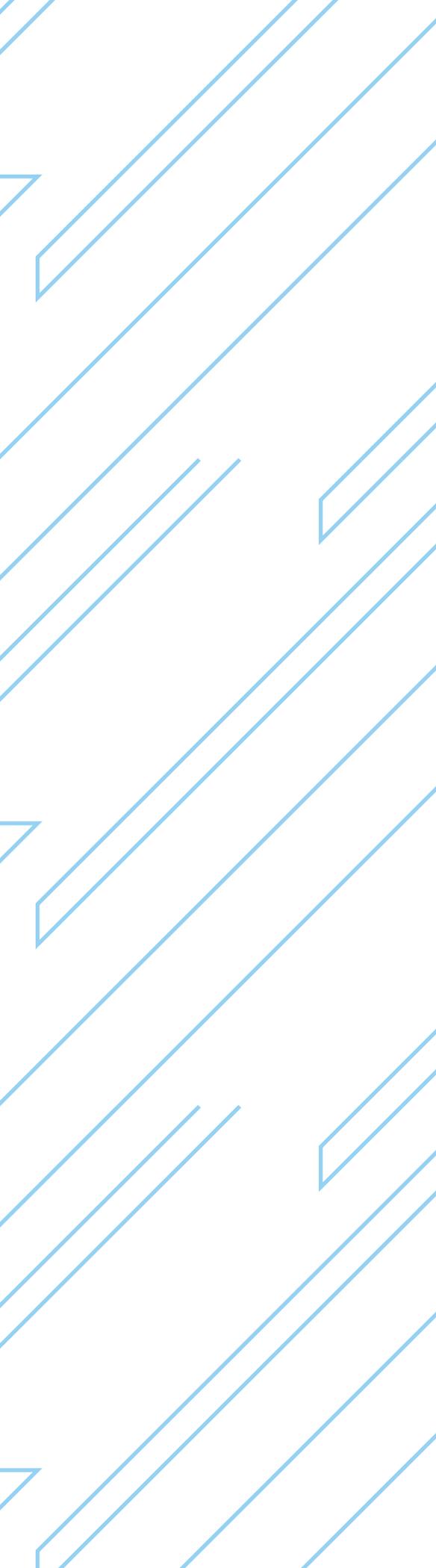
Capital Projects Fund

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, 2018**

<u>Fiscal Year</u>	<u>Department</u>	<u>Project Name</u>	<u>Amended Budget</u>	<u>Expended Current Year</u>	<u>Total All Years</u>	<u>Open Purchase Orders</u>	<u>Total Expended</u>	<u>Project Balance</u>
		Capital and Nonrecurring - Fund 40:						
1999	Engineering	Sidewalks	\$ 592,485	\$ 14,708	\$ 405,273	\$ -	\$ 405,273	\$ 187,212
1999	Human Services	Elderly / Disable Bus	128,973		58,018		58,018	70,955
2000	Highway	Road Improvements	888,724		882,481		882,481	6,243
2004	Fire	Fire Department Training Center	126,991	9,399	126,991		126,991	-
2007	Facilities	Schools - Portable Classrooms	414,528		335,173		335,173	79,355
2012	Assessor	Revaluation - October 2018 Grand List	94,491		23,573		23,573	70,918
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		200,000		200,000	-
2013	Town Council	Streetscape Project - Silas Deane	195,000	16,513	22,769		22,769	172,231
2014	BOE	Repairs and Improvements to Schools	205,014	7,140	205,014		205,014	-
2014	Planner	Updating Plan of Conservation	75,000		75,000		75,000	-
2014	BOE	School Improvements - West Hill Fire Sprinklers	16,997		-		-	16,997
2015	Facilities	Building Improvements to Academy Hall	43,775		43,775		43,775	-
2015	Facilities	LOCIP From Town Clerk Fees	112,527		82,364		82,364	30,163
2015	Facilities	Building Improvements - Telephone System - VOIP	43,000	1,268	43,000		43,000	-
2015	Parks	Parks Department - Elm Ridge Pool Upgrade	500,000		9,643		9,643	490,357
2015	Parks	Parks Department - Special Recreation Funds	300,000		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	28,813	11,000	17,184		17,184	11,629
2016	Police	Police Department - Dispatch Equipment	59,977		50,586		50,586	9,391
2016	Police	Police Department - Impound Lot	56,472		56,472		56,472	-
2016	Engineering	Engineering Department - MS4 Storm Water Study	22,500		22,500		22,500	-
2016	Police	Police Department - Parking Lot	87,000		87,000		87,000	-
2016	Parks	Parks Department - Field Use Improvements	93,915	24,737	24,737		24,737	69,178
2016	BOE	School Improvements - Capital Improvement Projects - 2016	128,122		128,121		128,121	1
2016	BOE	School Improvements - Surplus for Improvements	55,779	8,483	43,158		43,158	12,621
2017	Facilities	Facilities - Leasing Storage Space	6,900		6,900		6,900	-
2017	Facilities	Repairs and Improvements to Town Buildings	72,000		-		-	72,000
2017	Econ Dev	Economic Development - Industry Study	12,000		12,000		12,000	-
2017	Highway	Town Vehicles and Equipment	43,000	21,879	21,879		21,879	21,121
2017	BOE		28,902	28,902	28,902		28,902	-
2017	BOE	School Improvements - Griswold Air Conditioning	801,840	230,234	742,040		742,040	59,800
2017	BOE	School Improvements - RHHS Outdoor Storage Buildings	143,752		-		-	143,752
2017	CIP	RHHS Renovation Project - Reserve for Project	650,000		-		-	650,000
2017	CIP	RHHS Renovation Project - FF&E and Technology (Priority 2)	111,000	37,383	37,383		37,383	73,617
2017	CIP	RHHS Renovation Project - Construction Costs (Priority 2)	100,000	48,500	48,500		48,500	51,500
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
2018	Parks	Great Meadows Security and Signs	30,000	1,558	1,558		1,558	28,442
2018	Highway	Highway Department Equipment	191,100	119,474	119,474		119,474	71,626
2018	Highway	Highway Department - Town Aid Roads (2017-18)	149,400		-		-	149,400
2018	Engineering	Engineering Department - Buckley Park Erosion Project	23,000		-		-	23,000
2018	BOE	School Improvements - Surplus for Improvement Projects	211,315		-		-	211,315
		Total Capital and Nonrecurring - Fund 40	8,841,387	581,178	5,352,520	-	5,352,520	3,488,867
2016	Fire	Fire Apparatus - Fund 43	3,864,000	835,415	3,803,734		3,803,734	60,266
2014	Highway	Road Improvements Fund - Fund 45:	10,000,000	2,594,491	8,424,638		8,424,638	1,575,362
2014	Town Council	Land Acquisition Fund - Fund 51:	10,000,000	235,111	2,482,277		2,482,277	7,517,723
2013	Facilities	Rocky Hill High School Renovation - Fund 56:	50,000,000	3,497,894	48,760,727		48,760,727	1,239,273
2016	Police	Police Referendum Fund - Fund 57	2,586,000	35,471	2,586,000		2,586,000	-
2016	Facilities	Rocky Hill Intermediate School - Fund 58	48,350,000	4,178,149	4,713,995		4,713,995	43,636,005
		Total Capital Projects Fund	\$ 133,641,387	\$ 11,957,709	\$ 76,123,891	\$ -	\$ 76,123,891	\$ 57,517,496



Fiduciary Funds

FIDUCIARY FUNDS

AGENCY FUNDS

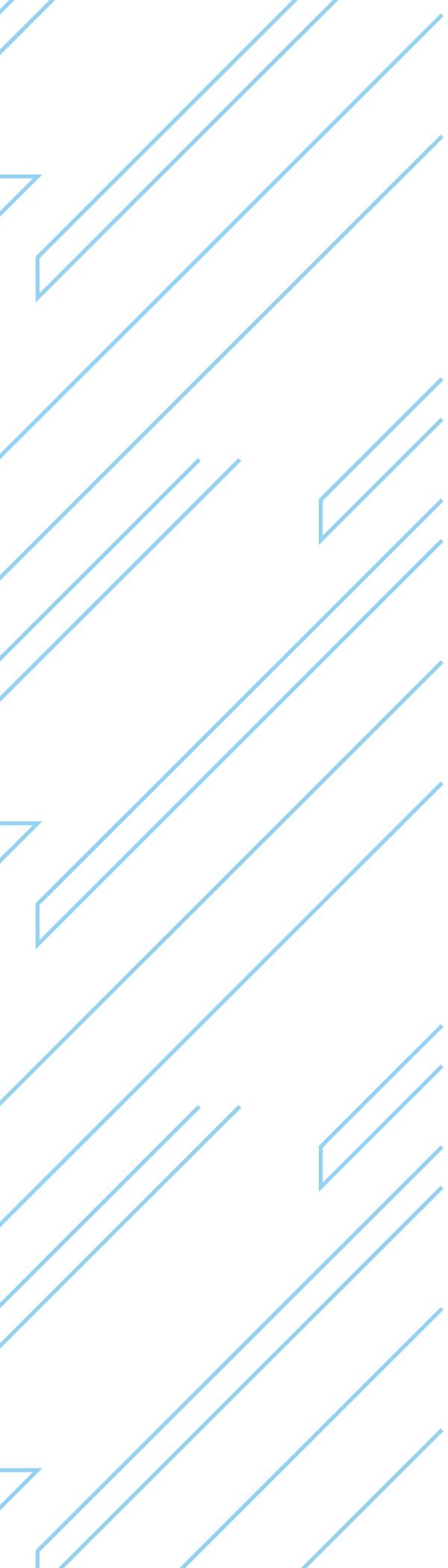
Surety Bonds - To account for cash bonds posted by contractors, developers and others.

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

Flexible Spending Account - To capture pre-tax payroll deductions to pay daycare and health expenses.

**TOWN OF ROCKY HILL, CONNECTICUT
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
Surety Bonds				
Assets:				
Cash and cash equivalents	\$ 326,599	\$ 490,818	\$ 512,269	\$ 305,148
Accounts receivable	<u>20,569</u>		<u>19</u>	<u>20,550</u>
Total Assets	<u>\$ 347,168</u>	<u>\$ 490,818</u>	<u>\$ 512,288</u>	<u>\$ 325,698</u>
Liabilities:				
Deposits	<u>\$ 347,168</u>	<u>\$ 490,818</u>	<u>\$ 512,288</u>	<u>\$ 325,698</u>
School Activity				
Assets:				
Cash and cash equivalents	\$ 457,729	\$ 620,055	\$ 605,268	\$ 472,516
Investments	<u>183,949</u>	<u>9,677</u>	<u>1,230</u>	<u>192,396</u>
Total Assets	<u>\$ 641,678</u>	<u>\$ 629,732</u>	<u>\$ 606,498</u>	<u>\$ 664,912</u>
Liabilities:				
Due to student groups	<u>\$ 641,678</u>	<u>\$ 629,732</u>	<u>\$ 606,498</u>	<u>\$ 664,912</u>
Flexible Spending Account				
Assets:				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 71,193</u>	<u>\$ 58,229</u>	<u>\$ 12,964</u>
Liabilities:				
Due to others	<u>\$ -</u>	<u>\$ 71,193</u>	<u>\$ 58,229</u>	<u>\$ 12,964</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 784,328	\$ 1,182,066	\$ 1,175,766	\$ 790,628
Investments	183,949	9,677	1,230	192,396
Accounts receivable	<u>20,569</u>		<u>19</u>	<u>20,550</u>
Total Assets	<u>\$ 988,846</u>	<u>\$ 1,191,743</u>	<u>\$ 1,177,015</u>	<u>\$ 1,003,574</u>
Liabilities:				
Deposits and amounts due to student groups and participants	<u>\$ 988,846</u>	<u>\$ 1,191,743</u>	<u>\$ 1,177,015</u>	<u>\$ 1,003,574</u>
Total Liabilities	<u>\$ 988,846</u>	<u>\$ 1,191,743</u>	<u>\$ 1,177,015</u>	<u>\$ 1,003,574</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									
	2018	2017 (3)	2016	2015	2014 (2)	2013	2012	2011	2010	2009
Governmental activities:										
Net investment in capital assets	\$ 51,072	\$ 49,808	\$ 43,831	\$ 20,007	\$ 34,661	\$ 32,976	\$ 32,807	\$ 32,265	\$ 31,870	\$ 29,246
Restricted	71	71	50	50	50	50	50	51	132	141
Unrestricted	(21,927)	(20,774)	(7,213)	12,776	(4,934)	(941)	(461)	(628)	(397)	1,397
Total Governmental Activities Net Position	\$ <u>29,216</u>	\$ <u>29,105</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>

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
(3) The fiscal year 2017 governmental activities net position was restated as result of implementing GASB No.75

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental activities:										
General government	\$ 9,634	\$ 11,252	\$ 11,196	\$ 10,521	\$ 12,123	\$ 12,339	\$ 11,296	\$ 10,208	\$ 10,548	\$ 8,941
Public safety	9,940	8,458	7,774	6,271	6,959	6,673	6,269	6,541	6,540	6,719
Public works	9,486	9,791	6,952	8,114	7,969	6,517	6,214	6,079	5,657	6,647
Health and human services	728	697	606	599	686	684	658	686	603	632
Parks, recreation and facilities	4,779	4,953	4,949	4,970	6,962	6,576	6,091	6,340	6,123	6,105
Library services	1,243	1,067	1,174	971	1,049	973	912	917	900	933
Education	51,096	50,040	45,034	42,885	38,741	37,299	35,706	33,983	33,005	30,795
Interest on long-term debt	2,112	917	922	778	472	478	586	636	726	860
Total governmental activities expenses	89,018	87,175	78,607	75,109	74,961	71,539	67,732	65,390	64,102	61,632
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,076	942	712	911	872	934	1,433	600	567	763
Parks, recreation and facilities	696	754	692	561	751	688	658	708	764	772
Education	542	544	536	502	482	481	544	541	585	546
Other	1,340	1,559	896	1,325	1,023	890	503	615	465	590
Operating grants and contributions	15,485	14,911	11,448	9,720	10,613	9,416	9,277	7,973	8,502	7,404
Capital grants and contributions	1,238	8,530	4,988	2,842	40	11	78	185	1,477	67
Total governmental activities program revenues	20,377	27,240	19,272	15,861	13,781	12,420	12,493	10,622	12,360	10,142
Net Expense:										
Governmental activities	(68,641)	(59,935)	(59,335)	(59,248)	(61,180)	(59,119)	(55,239)	(54,768)	(51,742)	(51,490)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	66,117	63,875	60,309	59,583	57,992	56,303	53,080	52,636	50,427	49,055
Grants and contributions not restricted to specific purposes	1,694	2,721	1,971	2,037	1,958	1,806	2,203	1,576	1,523	1,821
Unrestricted investment earnings	165	103	114	81	39	15	15	27	47	159
Other general revenues	776	773	776	604	643	684	650	612	566	636
Total governmental activities general revenues and other changes in net position	68,752	67,472	63,170	62,305	60,632	58,808	55,948	54,851	52,563	51,671
Changes in Net Position:										
Governmental Activities	\$ 111	\$ 7,537	\$ 3,835	\$ 3,057	\$ (548)	\$ (311)	\$ 709	\$ 83	\$ 821	\$ 181

Note:

Schedule prepared on the accrual basis of accounting.

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$ 210	\$ 250
Unreserved									3,808	3,962
Nonspendable										
Restricted										
Committed										
Assigned	1,568	542	1,733	1,085	1,552	1,199	246	755		
Unassigned	4,566	5,642	4,270	5,204	4,587	4,672	4,055	3,494		
Total General Fund	\$ 6,134	\$ 6,184	\$ 6,003	\$ 6,289	\$ 6,139	\$ 5,871	\$ 4,301	\$ 4,249	\$ 4,018	\$ 4,212
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$ 5	\$ 8
Unreserved, reported in:										
Special revenue funds									998	890
Capital projects funds									1,163	1,876
Permanent funds									132	141
Nonspendable	82	78	56	59	58	57	57	57		
Restricted	169	108	159	164	152	128	132	106		
Committed	7,928	10,322	3,147	6,475	3,922	3,281	1,279	1,149		
Assigned							1,975	1,430		
Unassigned	(7,057)		(14,099)	(1,107)	(2,809)	(630)				
Total All Other Governmental Funds	\$ 1,122	\$ 10,508	\$ (10,737)	\$ 5,591	\$ 1,323	\$ 2,836	\$ 3,443	\$ 2,742	\$ 2,298	\$ 2,915

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Taxes and assessments	\$ 65,847	\$ 63,825	\$ 60,302	\$ 59,840	\$ 57,823	\$ 56,454	\$ 53,019	\$ 52,382	\$ 50,446	\$ 48,912
Intergovernmental	18,314	25,927	18,187	14,540	12,545	11,110	11,432	9,700	11,334	9,462
Charges for services	3,103	3,381	2,591	3,010	2,683	2,756	2,167	24,146	2,203	2,256
Income on investments	165	103	114	81	39	15	15	27	47	159
Miscellaneous	1,410	1,427	1,241	953	1,153	1,045	1,747	1,000	865	1,124
Total revenues	<u>88,839</u>	<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>
Expenditures:										
General government	2,501	2,632	2,454	2,387	2,388	2,400	2,464	2,270	2,313	2,066
Public safety	7,279	6,819	6,701	6,524	6,200	5,896	5,527	5,665	5,425	5,291
Public works	6,643	6,765	5,910	5,944	5,953	5,574	5,353	5,257	5,018	5,138
Health and human services	647	622	596	603	757	662	634	654	621	601
Parks, recreation and facilities	4,334	4,318	4,786	4,803	6,767	6,251	5,993	6,115	5,929	5,864
Library services	1,031	1,025	963	953	1,011	947	897	931	1,475	1,116
Education	51,496	48,622	43,984	41,074	37,844	35,802	35,068	33,401	32,863	30,871
Miscellaneous	7,355	7,010	7,172	7,455	8,172	7,955	7,660	6,667	6,440	6,731
Capital outlay	13,859	24,177	23,171	21,796	4,725	3,001	1,688	1,746	2,830	1,212
Debt service:										
Debt redemption - principal	2,110	2,250	2,265	1,555	1,555	1,555	1,765	1,735	1,985	1,995
Debt redemption - interest	1,242	1,167	1,410	407	116	680	620	627	910	872
Total expenditures	<u>98,497</u>	<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>
Excess of Revenue over (under) Expenditures	<u>(9,658)</u>	<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>
Other Financing Sources (Uses):										
Payment to refunded bond escrow						(7,676)			(7,316)	
Proceeds from capital leases	201	359	363			202	42	491		32
Proceeds from bond issues	20	31,813							7,420	
Proceeds from refunding bond issues						7,160				
Premium on sale of refunding bonds						620				
Transfers in	675	2,534	567	1,706	2,177	649	498	544	330	200
Transfers out	(675)	(2,534)	(567)	(1,706)	(2,177)	(649)	(498)	(544)	(330)	(200)
Total other financing sources	<u>221</u>	<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>
Net Change in Fund Balances	<u>\$ (9,437)</u>	<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>
Debt Service as a Percentage of Noncapital Expenditures	3.8%	4.1%	4.7%	2.6%	2.2%	3.2%	3.5%	3.7%	4.6%	4.7%

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							
2018	\$ 1,174,657,836	\$ 477,473,434	\$ 113,693,790	\$ 145,953,150	\$ 170,023,764	\$ 20,165,184	\$ 2,061,636,790	31.6	\$ 2,945,195,414	70%
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%

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
2018	12.008	18.012	1.58	31.600
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

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
2016 AND 2007
(In Thousands)**

Taxpayer	October 1, 2016			October 1, 2007		
	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	\$ 38,399	1	1.86%	\$ 21,486	2	1.30%
RP Glenbrook LLC	26,999	2	1.31%	14,752	5	0.89%
MKS 500 Enterprise LLC	25,052	3	1.22%	26,568	1	1.60%
Burriss Logistics Inc.	23,554	4	1.14%			
Connecticut Light & Power	21,203	5	1.03%			
Henkel (Loctite Corporation)	19,463	6	0.94%	18,565	3	1.12%
Connecticut Natural Gas Corporation	18,059	7	0.88%			
Sysco Corporation	16,954	8	0.82%	16,663	4	1.01%
Auxxi Horizon Commons LLC (RH Assoc)	12,178	9	0.59%			
Rocky Hill Assoc LTD Partnership				10,117	7	0.61%
Rocky Hill Properties LLC	11,875	10	0.58%			
LM Rocky Hill Land Holdings LP				9,526	8	0.58%
Corporate Ridge D/D Hotel Limited Prtshp.				9,520	9	0.57%
Acadia Town Line LLC				10,356	6	0.63%
New Boston Fifty Five Capital LLC				8,888	10	0.54%
Total	\$ <u>213,736</u>		<u>10.37%</u>	\$ <u>146,441</u>		<u>8.84%</u>

Source: Town of Rocky Hill, Office of Tax Assessor

(a) Based on Net Taxable Grand List of \$2,061,636,790 (amount not rounded)

(b) Based on Net Taxable Grant List of \$1,656,572,400 (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
2018	31.600	\$ 65,828	\$ 65,220	99.08%	\$ 363	\$ 65,583	99.63%
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%

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>(a) Ratio of Debt to Taxable Assessed Value</u>	<u>(b) Debt Per Capita</u>	<u>(c) Debt Per Personal Income</u>
2018	\$ 54,401	\$ 491	\$ 54,892	2.66%	\$ 2,730	\$ 670
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

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

(a) See Table 5 for taxable assessed value

(b) See Table 14 for population figures

(c) See Table 14 for total personal income

(#) revaluation year

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

Fiscal Year	General Obligation Bonds	(b) Percentage of Estimated Actual Taxable Value of Property	(a) Debt Per Capita
2018	\$ 54,401	1.85%	\$ 2,706
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

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, 2018
(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	\$ 972,976	6.03%	\$ 58,670
Town direct debt	54,892	100.00%	<u>54,892</u>
Total			\$ <u><u>113,562</u></u>

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

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

**TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2018**

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>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
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	29,198,790	21,316,210			
Bonds authorized - unissued	14,017,800	68,454,200			
Overlapping debt			58,670,442		
Total indebtedness	<u>43,216,590</u>	<u>89,770,410</u>	<u>58,670,442</u>	<u> -</u>	<u> -</u>
Less amounts to be provided by the State		(18,136,530)			
Net indebtedness	<u>43,216,590</u>	<u>71,633,880</u>	<u>58,670,442</u>	<u> -</u>	<u> -</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u>100,292,836</u>	\$ <u>215,384,972</u>	\$ <u>180,511,934</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, 2018 was \$972,975,816. The Town's share of the debt at June 30, 2018 was 6.03% or \$58,670,442. 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>2018</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>
Debt limitation	\$ 446,474	\$ 446,474	\$ 421,620	\$ 419,165	\$ 405,494	\$ 395,178	\$ 370,325	\$ 366,828	\$ 352,762	\$ 342,710
Total net debt applicable to limit	<u>173,521</u>	<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>
Legal Debt Margin	<u>\$ 272,953</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	38.86%	42.89%	33.57%	28.49%	30.57%	26.54%	23.20%	9.52%	8.99%	8.46%

Source: Comprehensive annual financial report - Schedule of Debt Limitation

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

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

Calendar Year	Population (1)	Per Capita Income (2)	Total Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2018	20,105	\$ 43,921	\$ 81,988	43.8	2,716	3.4%
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%

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

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

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

(4) Source: State of Connecticut Department of Labor

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

Employer	Nature of Business	2018			2009		
		Employees	Rank	Percentage of Total Town Employment(a)	Employees	Rank	Percentage of Total Town Employment(b)
Henkel Corporation (Loctite)	Adhesives and Sealants	500	1	4.37%	400	2	2.87%
Town of Rocky Hill	Municipality	479	2	4.19%	441	1	3.16%
ISGN (formerly Fiserv and Integrated Loan Serv)	Finance - Loan Processing	340	3	2.97%	680	4 & 5	4.86%
State Veterans Home and Hospital	Hospital	335	4	2.93%	300	6	2.15%
SYSCO Food Services	Food Distribution Warehouse	327	4	2.86%	350	3	2.54%
Burris Logistics	Refrigerated Logistics Warehouse	300	5	2.62%	200	7	1.43%
Wal-Mart Store	Retail Store	208	6	1.82%			
McKesson Drug Company	Pharmaceuticals, Warehouse	185	7	1.62%			
Paychex	Financial Services	158	8	1.38%	140	8	1.00%
CT Housing Finance Authority	State of CT - Finance	138	9	1.21%			
Connecticut Lottery	State Lottery Headquarters	127	10	1.11%	100	10	0.72%
URS Corporation	Civil				130	9	0.93%
Total		<u>3,097</u>		<u>27.07%</u>	<u>2,741</u>		<u>19.66%</u>

Source: Town of Rocky Hill, Economic Development Department

(a) State of Connecticut, Department of Labor - Town employment of 11,442

(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>2018</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>
General Government	23.0	19.0	18.0	18.5	18.5	18.0	18.0	18.0	22.0	22.0
Police	49.0	47.0	47.0	46.0	44.0	44.0	43.0	43.0	44.0	44.0
Fire	5.0	5.0	4.0	4.5	4.5	4.0	4.0	4.0	4.0	4.0
Building Department	4.0	4.0	4.0	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	16.0	15.0	15.5	15.0	16.0	16.0	15.0	15.0	15.0	15.0
Human Services	8.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Parks and Recreation	14.0	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0
Facilities:										
Town	2.0	11.0	10.5	10.0	10.0	11.0	9.5	9.5	9.5	9.5
Schools (b)					24.0	23.0	24.5	24.5	25.5	25.5
Library	11.0	12.0	12.0	11.0	11.0	11.0	10.0	10.0	10.0	10.0
Education (a)	<u>343.0</u>	<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>
Total	<u>479.0</u>	<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>

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.

TABLE 17

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

Function/Program	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Building Department:										
Permits Issued	1,250	1,184	1,345	1,373	1,252	1,319	1,424	1,245	1,153	896
Certificates of Occupancy	48	67	163	139	108	114	146	143	143	112
Number of Inspections	1,638	1,961	2,214	1,986	1,783	2,051	1,953	2,352	1,689	1,706
Police:										
Total Criminal Arrests	309	342	411	544	518	447	379	381	370	349
Total Town Tickets Issued	103	87	96	585	471	301	415	376	335	667
Medical Calls	1,841	2,640	3,132	2,729	2,878	2,722	2,813	2,734	2,503	2,421
Animal Complaints	403	376	354	273	305	256	307	267	274	213
Police Training Hours	3,675	4,600	4,664	3,414	4,805	3,462	2,427	3,498	3,753	3,216
Fire:										
Emergency responses	745	648	626	646	575	639	756	759	616	600
Inspections	745	967	843	809	698	672	958	571	573	500
Fire Training Man-hours	4,208	5,622	5,122	5,047	5,860	5,735	5,686	7,601	8,412	8,800
Sanitation:										
Commercial Solid Waste (tons)	5,827	5,444	6,138	6,244	6,547	7,440	5,322	4,879	4,839	5,203
Residential Solid Waste (tons)	5,547	5,624	5,445	5,540	5,620	5,592	5,748	5,975	6,232	6,198
Bulky waste (tons)	641	537	755	762	705	592	960	927	936	950
Highway Department:										
Snow and Ice Callouts	26	15	20	35	23	20	9	38	26	26
Leaf Pickups (Cubic Yards)	6,386	7,210	6,325	6,475	6,056	6,887	2,832	7,096	7,204	6,725
Catch Basin Repairs	81	85	35	40	26	31	21	34	27	27
Parks and Recreation:										
Number of Programs Offered	399	448	415	505	495	485	485	475	475	470
Number of Participants	10,924	10,600	10,000	10,150	10,100	10,100	10,100	10,000	10,000	9,700
Library:										
Volumes in Collection	61,284	60,291	60,294	59,134	58,769	59,678	61,235	62,621	65,377	64,369
Total Volumes Borrowed	242,239	216,859	235,346	244,820	253,340	252,186	246,833	261,324	267,098	271,041
Human Services:										
Number Elderly/Disabled: Individual Bus Trips	9,687	9,404	10,227	10,374	10,797	10,229	10,928	10,003	9,667	9,799

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	8	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	43	41	41	41	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	0	1	1	1	1	1	1	1	1	1
Miracle Field	1	1	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	15	14	14
Number of Schools	5	4	4	4	4	4	4	4	5	5
Human Services:										
Mini-buses	3	3	3	3	3	3	4	4	4	3

Source: Town of Rocky Hill, various Town Departments