

Town of Rocky Hill Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

Comprehensive Annual Financial Report

of the

Town of Rocky Hill Connecticut

Fiscal Year Ended June 30, 2008

Prepared by:
Finance Department
Director of Finance
John Mehr

TOWN OF ROCKY HILL, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section

TOWN OF ROCKY HILL, CONNECTICUT

JUNE 30, 2008

PRINCIPAL OFFICIALS

TOWN COUNCIL

Anthony LaRosa, Mayor

Philip J. Sylvestro
Larrye deBear
Anthony Colandrea
Mary Ellen Flynn

Timothy Moriarty
Rocco Sanzo
Barbara Orsini Surwilo
Frank Szeps

BOARD OF EDUCATION

William MacDonald, Chairman

Nadine Bell
Raffaella Calciano-Coler
Charles McMonigle
Maria Mennela

Frank Morse
Rene Rivard
Catherine Vargas
Charles Wisnioski

GENERAL GOVERNMENT

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

Barbara Gilbert
Rome McGuigan, P.C.
Ronald McNamara
John Mehr
Stuart Topliff
Michael DesRoches
Mona McKim
Mark Williams
Lisa Zerio
Richard Cooke
James Sollmi
Glenn Parent
Kimberly Ricci
Raymond Carpentino
Peter Langlois
Mary Hogan
Michael Custer
Michael Garrahy
Richard Renstrom

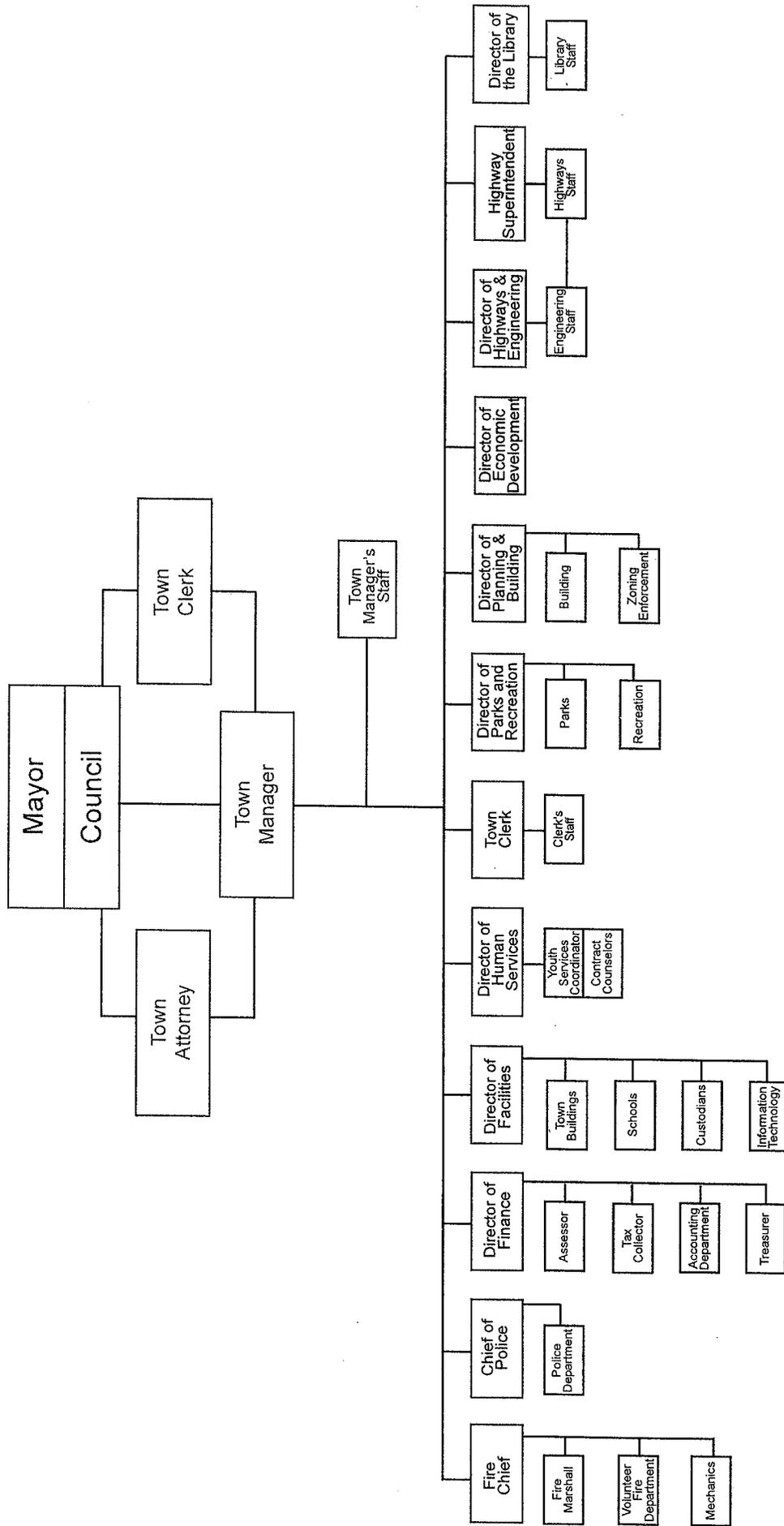
EDUCATION

Superintendent of Schools
Director of Finance and Operations

Jeffrey A. Villar, Ph.D.
Gregory Turansky

TOWN OF ROCKY HILL, CONNECTICUT

ORGANIZATIONAL CHART





Town of Rocky Hill

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

December 4, 2008

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2008.

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 unqualified (clean) opinion on the Town of Rocky Hill's financial statements for the year ended June 30, 2008. 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 18,808. It is situated on the west bank of the Connecticut River, eight miles south of Hartford. Major roads that traverse the Town are State Routes 3, 99 and 160 and Interstate 91. The Town is also accessible by water and air transportation. Contiguous towns are Berlin, Glastonbury, Wethersfield, Newington and Cromwell. The Town is empowered to levy a property tax on both real and personal property located within its boundaries. This includes motor vehicles which are garaged or registered as being in the Town.

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

The Town provides a full range of services, which include general government services such as Finance, Town Clerk, Tax Collection, Assessment; Public Safety, which includes fire and police protection; physical services for the management, care and maintenance of all public buildings, public roadways, Town Vehicles and various construction activities; environmental services, which includes the collection of solid waste and recyclable by a

contract vendor; Parks and Recreation; Human and Youth Services; Engineering, Town Planning and Economic Development; Library; and Education, which is under the control of the elected Board of Education, and operates a high school, middle school and three elementary schools.

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

Local Economy

Rocky Hill has many national/international companies located in the Town. It is home to the North American Headquarters of the German company Henkel's Loctite Corporation, an internationally known adhesive manufacturer. Also, SYSCO, a food distributor, has located a regional facility in Town. Other companies include Burriss Refrigerator Logistics, Marriott, Paychex and Kohl's. The Meredith Corporation local television station WFSB, the Hartford area CBS-TV affiliate, relocated to Rocky Hill from Hartford has been broadcasting from Rocky Hill since July of 2007. The Town has developed a 240 plus acre Industrial Park that has a mixture of manufacturing and distributor businesses. There is also a substantial commercial economic presence that includes a number of national retail facilities. Within the Town are a number of State agencies including a State of Connecticut Veterans Home and Hospital which has approximately 600 patients, and the State has completed building a new addition to the Veterans Home. The CT Lottery is now headquartered in Rocky Hill.

The Town's geographical location and access to major highways has helped with its growth. Employment data reflected a labor force of 11,034 for June 2008. The unemployment rate increased from 3.9% to 4.7% in Rocky Hill while the Hartford region increased from 4.7% to 5.7% for the same period from June 2007 to June 2008. During the past ten years, the unemployment rate increased from 2.9% in Rocky Hill to 4.7 % in June 2008. The Town did lose 200 jobs when MetLife and Nationwide Insurance closed its Rocky Hill offices. While unemployment is expected to rise in the State during the current economical environment, the Town believes that the growth of the Town's commercial and industrial tax base over the past few years will keep Rocky Hill's unemployment rate from rising as fast as surrounding areas.

During the past year, a great deal of development has been taking place in the Brook Street area of town, primarily on the property of a former nursery. Winstanley Enterprises is currently in the process of leasing 189,000 square feet of flex space in three separate buildings. Burriss Refrigerated Logistics has constructed a 250,000 square foot refrigerated warehouse that has brought 200 jobs to the Town. CT Lottery recently renovated 96,000 square feet of the former Wiremold building for its new offices and warehouse facility that will employ 100. Besides Brook Street, approval has been given for two 75,415 square foot of class A office buildings in the Corporate Ridge Business Park. This past spring, Aldi Foods opened a new 17,000 square foot grocery store located in the Kohl's plaza.

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

The Town has completed a comprehensive Town-wide Zoning Regulations and Zoning Map update that encouraged quality development and expansion of the tax base while preserving natural resources. During the year, 21 lots were created through subdivision approval process. The Town did issue permits for 30 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. In conclusion, the Town of Rocky Hill was rated number 35 out of 100 best places to live by CNNMONEY.com that focused on smaller towns that offer the best combination of economic opportunity, good schools, safe streets, things to do and a real sense of community.

Long-Term Financial Planning

Unreserved, undesignated fund balance in the general fund is 6.23% of total general fund expenditures and falls within the policy guidelines set by the Town Council for budgetary and planning purposes which must be no less than 5% of general fund expenditures. The Town Council has been using the general fund budgeting process to fund the Town's Capital Improvement Program. In February 2006, the Town Council passed a resolution that any funds in the undesignated 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 2008 - 2009 budget, \$271,173 of undesignated fund balance was applied to the capital improvements budget.

Relevant Financial Policies

The State budget for FY 2008 extended the conveyance tax rate on real estate sales paid to municipalities. After much debate, the rate of \$2.50 per \$1,000 of the real estate sales price will continued through June 30, 2010, but then will revert back to \$1.10 per \$1,000. During this fiscal year, the Town received \$343,059 in conveyance tax. If the State had not passed this law, the Town would have received over \$192,000 less in conveyance tax.

Major Initiatives

The Town has received State grants to assist with storefront improvements for businesses located on the Silas Deane Highway. The façade improvement program has a total of 17 renderings with 7 of these projects being completed and 3 more underway. Also through various grants, the Town has installed electronic message signs in front of each of the Town's three fire stations, renovated eight bus stops, and completed the Woodfield Crossing road repaving project. The Town did take delivery of a new 2008 Ford Expedition Truck for the Fire Department, a new Paratransit Minibus for Human Services Department, and a new 2008 Ford F-350 Pickup Truck for the Highway Department. In addition, the Town Assessor is completing the process of a Town-wide physical revaluation with the new assessed property values to be implemented for the October 2008 grand list. In the spring, the Town received an \$850,000 grant to make renovations to Cora Belden Library. This work is expected to begin around March of 2009.

The Town of Rocky Hill did not issue any general obligation bonds or bond anticipation notes during the year but did maintain its Aa3 bond rating from Moody's Investor Service. The voters of Rocky Hill did have a referendum question on the November 2008 ballot asking for \$71.1 million for town wide elementary school system improvements consisting of the replacement of one elementary school and the renovation and expansion of the other two elementary schools. This referendum was the result of a feasibility study that was completed for all five of the Town's school buildings. This referendum was voted down by the voters of Rocky Hill.

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, 2007. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

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

John R. Mehr
Director of Finance

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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

Financial Section



Independent Auditors' Report

To the Mayor and Town Council
Town of Rocky Hill, Connecticut

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, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2008 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 38 through 42 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Blum, Shapiro & Company, P.C.

December 4, 2008

TOWN OF ROCKY HILL, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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, 2008. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to VI.

Financial Highlights

- Net assets of our governmental activities decreased by \$286 thousand or nearly 1%.
- During the year, the Town had expenses that were \$286 thousand more than the \$68.8 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$69.1 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$4.2 million.
- The resources available for appropriation were \$82 thousand more than budgeted for the General Fund. Expenditures were kept within spending limits.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net assets 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 assets 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 assets and changes in them. The Town's net assets, 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 assets 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 assets and the statement of activities, the Town reports its activities is as follows:

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

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town

Council establishes many other funds to help control and manage financial activities for particular purposes (like the Recreation Program Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received for education from the state and federal governments). The Town’s funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs. The relationship (or differences) between governmental activities (reported in the statement of net assets 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 assets and changes in fiduciary net assets. 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 assets decreased from \$30.9 million to \$30.6 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town’s governmental activities.

**Table 1
NET ASSETS**

	Governmental Activities	
	2008	2007
Current and other assets	\$ 10,944,012	\$ 12,791,579
Capital assets, net of accumulated depreciation	51,494,603	53,026,618
Total assets	<u>62,438,615</u>	<u>65,818,197</u>
Long-term debt outstanding	28,621,181	30,898,392
Other liabilities	3,215,087	4,031,118
Total liabilities	<u>31,836,268</u>	<u>34,929,510</u>
Net Assets:		
Invested in capital assets, net of debt	28,539,713	27,903,888
Restricted	146,964	147,394
Unrestricted	<u>1,915,670</u>	<u>2,837,405</u>
Total Net Assets	<u>\$ 30,602,347</u>	<u>\$ 30,888,687</u>

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$2.8 million at June 30, 2007 to \$1.9 million at the end of this year.

**Table 2
CHANGE IN NET ASSETS**

	Governmental Activities	
	2008	2007
Revenues:		
Program revenues:		
Charges for services	\$ 3,162,691	\$ 2,816,095
Operating grants and contributions	15,761,931	6,242,793
Capital grants and contributions	537,183	56,394
General revenues:		
Property taxes	46,697,735	44,606,075
Grants and contributions not restricted to specific purposes	1,627,327	1,795,724
Unrestricted investment earnings	535,436	770,670
Other general revenues	499,384	557,491
Total revenues	68,821,687	56,845,242
Program expenses:		
General government	8,704,095	8,169,893
Public safety	6,570,283	6,445,481
Public works	6,393,071	5,513,022
Health and human services	598,750	564,803
Parks, recreation and facilities	6,656,027	6,094,442
Library services	943,284	892,160
Education	38,310,766	28,595,742
Interest on long-term debt	931,751	1,004,515
Total program expenses	69,108,027	57,280,058
Decrease in Net Assets	\$ (286,340)	\$ (434,816)

The Town's total revenues were \$68.8 million. The total cost of all programs and services was \$69.1 million. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

More than 68% of the Town's revenues were derived from property taxes, followed by 23% from operating grants and contributions.

Major revenue factors included:

The Town's mill rate increased by 0.4 mills over fiscal year 2007 mill rate and with an increase in the growth of the Net Taxable Grand List of 2.03%, property tax revenues for fiscal year 2008 increased 4.7% compared to fiscal year 2007.

Investment earnings decreased over the prior fiscal year as the Federal Reserve started its policies to reduce short term interest rates. Investment earnings were 31% lower than in fiscal year 2007.

The Town did not issue any debt during the period to fund capital projects.

Building department fees increased 31% over fiscal year 2007. However, the collections of real estate conveyance tax were about the same and revenue from police private duty decreased 31% over the prior fiscal year.

More than 55% of the Town's expenditures relate to education, 9% to public safety, 9% to parks, recreation and facilities, 12% to general government, and 9% to public works.

Major expenditure factors included:

Increases in employee wages from negotiated step and general wage increases. The cost of employee benefits increased due to a 10.7% increase in health insurance rates.

A warmer winter resulted in lower than expected heating expenses. However, the rising price of diesel and unleaded gas resulted in higher than expected motor fuel costs.

The Town renegotiates with its third party supplier for "green power" electricity and locked in at a lower kilowatt rate through January of 2013. This will stabilize the Town's cost of electricity for its operations.

The soft insurance market resulted in lower property and casualty insurance premiums.

A reduction of the tip fee for municipal solid waste during the fiscal year resulted in lower sanitation charges.

A decrease in lawsuits filed against the Town resulted in lower legal expenses.

The cost of education increased primarily due to negotiated wage settlements, increased cost for employee benefits, and higher special education costs

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

**Table 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Education	\$ 38,310,766	\$ 28,595,742	\$ 22,364,918	\$ 22,803,285
General government	8,704,095	8,169,893	7,619,906	7,381,389
Public works	6,393,071	5,513,022	5,910,888	5,479,612
Public safety	6,570,283	6,445,481	5,557,681	5,331,865
Parks, recreation and facilities	6,656,027	6,094,442	5,891,973	4,875,042
All others	2,473,785	2,461,478	2,300,856	2,293,583
Total	\$ 69,108,027	\$ 57,280,058	\$ 49,646,222	\$ 48,164,776

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$6.9 million, which is a decrease from last year's total of \$7.7 million. Included in this year's total change in fund balance is a decrease of \$597 thousand in the Town's General Fund. The primary reasons for the General Fund's increase mirror the governmental activities analysis highlighted in Exhibit IV. In addition, these other changes in fund balances should be noted:

The fund balance of the Town of Rocky Hill's Capital Project Fund decreased by \$89 thousand due to the payments made to contractors for work completed on the various capital projects.

General Fund Budgetary Highlights

Tax collections were favorable by \$11 thousand primarily due to actual tax payments received greater than the amount budgeted. Charges for services were unfavorable by \$112 thousand due to lower collections in recording fees and decrease in revenue from police private duty services. Licenses and permits were favorable by \$216 thousand due to an increased number of building permits being issued by the Building Department.

Interest from investment was unfavorable by \$188 thousand due to lowering of short term interest rates.

The aforementioned items, when combined with the planned \$1.1 million use of fund balance to minimize the annual tax impact to Town residents, resulted in completing the June 30, 2008 year with an undesignated fund balance of \$3.4 million.

The Town budgets for unanticipated and unbudgeted expenditures that occurred during the budget year. For the 2007-2008 budget year, the Town budgeted \$325 thousand for contingency. This provided the Town with a reserve to cover salary increases in labor agreements, increased electric, heating and motor fuel costs and increases in overtime costs associated with snow removal.

The Town's General Fund balance of \$4.2 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$4 million reported in the budgetary comparison in the required supplementary information. This is principally because fund balance includes a \$201 thousand of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes and the use of \$551 thousand appropriated to the 2008-2009 budget.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2008, the Town had \$51 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 decrease (including additions and deductions) of \$1.5 million or 2.9%, over last year.

Table 4
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2008	2007
Land	\$ 3,837,249	\$ 3,782,249
Buildings and improvements	24,247,706	23,790,016
Furniture, vehicles and equipment	1,583,548	1,947,144
Infrastructure	21,826,100	22,395,637
Construction in progress		1,111,572
Total	\$ 51,494,603	\$ 53,026,618

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

Three police vehicles	\$.1
Parks and athletic fields	.1
Three town vehicles	.1
Infrastructure	<u>.7</u>
Total	\$ <u>1.0</u>

The Town's fiscal year 2008-2009 capital budget calls for it to spend \$1.1 million for capital projects, principally for sidewalk improvements, vehicles for various departments, road improvements and property revaluation.

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

Long-Term Debt

At June 30, 2008, the Town had \$22.5 million in bonds outstanding versus \$24.4 million last year - a decrease of 8.2% - as shown in Table 5.

Table 5
OUTSTANDING DEBT

	Governmental Activities	
	2008	2007
General Obligation Bonds (Backed by the Town)	\$ 22,484,499	\$ 24,484,324

The Town's general obligation bond rating continues to carry the Aa3 from Moody's Investment Service, a rating that has been assigned by national rating agencies to the Town's debt. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$327 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 2008 budget and tax rate. One of those factors is the economy and the community's ability to pay for municipal services. The Town's labor force stood at 11,034 for June 2008. Unemployment was 4.7% for the Town compared to 5.7% in the greater Hartford region and 5.7% for the State. These rates have increased from the June 2007 numbers of 3.9% for Rocky Hill and 4.6% for the State.

The consumer price index for June 2008 was 5.0% compared to 2.7% for June 2007 and 4.3% for June 2006. 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 2008-2009. Amounts available for appropriation in the General Fund are \$57,900,396, an increase of 3.8% over the 2007-2008 budget of \$55,754,814.

For 2008-2009, the Town's Net Taxable Grand List increased by 1.3% from the prior year. The mill rate used by the Town was 29.2 mills, an increase of 0.8 mills compared to the mill rate used in the 2007-2008 budget year.

The Town appropriated \$551 thousand from fund balance to the 2008-2009 budget. This was an increase of \$528 thousand from the prior year.

The Town is concerned about any budget deficit that the State of Connecticut might have and the impact balancing the State budget might have on the Town. Approximately 9.8% of the Town's budget revenues are derived from revenues received from the State of Connecticut. About 59.3% of the State revenues come to the Town in the form of Educational Cost Sharing Grants (ECS) which assists the Town's school system.

The Town is concerned about the economy of the United States and 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. Since July, the Town has seen these investments decline in value, but the town pension trusts have adequate amounts in fixed income accounts so that the trusts will be able to pay its pension obligations for the next few years without having to liquidate any of its mutual funds positions.

Contacting the Town's Financial Management

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

Basic Financial Statements

TOWN OF ROCKY HILL, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 9,172,371
Investments	101,230
Receivables, net	1,641,311
Inventory	7,087
Net pension assets	22,013
Capital assets not being depreciated	3,837,249
Capital assets being depreciated, net	47,657,354
Total assets	<u>62,438,615</u>
Liabilities:	
Accounts and other payables	816,201
Unearned revenue	2,398,886
Noncurrent liabilities:	
Due within one year	2,750,954
Due in more than one year	25,870,227
Total liabilities	<u>31,836,268</u>
Net Assets:	
Invested in capital assets, net of related debt	28,539,713
Restricted for:	
Trust purposes:	
Nonexpendable	146,964
Unrestricted	1,915,670
Total Net Assets	<u>\$ 30,602,347</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, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental activities:					
General government	\$ 8,704,095	\$ 832,559	\$ 196,630	\$ 55,000	\$ (7,619,906)
Public safety	6,570,283	979,825	32,777		(5,557,681)
Public works	6,393,071			482,183	(5,910,888)
Health and human services	598,750	49,638	49,146		(499,966)
Parks, recreation and facilities	6,656,027	707,426	56,628		(5,891,973)
Library services	943,284	31,294	28,509		(883,481)
Education	38,310,766	561,949	15,383,899		(22,364,918)
Debt services	931,751		14,342		(917,409)
Total Governmental Activities	<u>\$ 69,108,027</u>	<u>\$ 3,162,691</u>	<u>\$ 15,761,931</u>	<u>\$ 537,183</u>	<u>(49,646,222)</u>
General revenues:					
Property taxes					46,697,735
Grants and contributions not restricted to specific programs					1,627,327
Unrestricted investment earnings					535,436
Miscellaneous					499,384
Total general revenues					<u>49,359,882</u>
Change in net assets					(286,340)
Net Assets at Beginning of Year					<u>30,888,687</u>
Net Assets at End of Year					<u>\$ 30,602,347</u>

The accompanying notes are an integral part of the financial statements

TOWN OF ROCKY HILL, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 6,022,079	\$ 1,908,749	\$ 1,241,543	\$ 9,172,371
Investments	101,230			101,230
Receivables, net	1,358,672	146,863	135,776	1,641,311
Due from other funds	722,858		402,880	1,125,738
Inventories			7,087	7,087
Total Assets	<u>\$ 8,204,839</u>	<u>\$ 2,055,612</u>	<u>\$ 1,787,286</u>	<u>\$ 12,047,737</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 290,142	\$	\$ 192,966	\$ 483,108
Due to other funds	402,880	356,228	366,630	1,125,738
Deferred revenue	3,315,670		183,619	3,499,289
Total liabilities	<u>4,008,692</u>	<u>356,228</u>	<u>743,215</u>	<u>5,108,135</u>
Fund balances:				
Reserved	201,398		7,087	208,485
Unreserved, reported in:				
General Fund	3,994,749			3,994,749
Special Revenue Funds			890,020	890,020
Capital Project Funds		1,699,384		1,699,384
Permanent Funds			146,964	146,964
Total fund balances	<u>4,196,147</u>	<u>1,699,384</u>	<u>1,044,071</u>	<u>6,939,602</u>
Total Liabilities and Fund Balances	<u>\$ 8,204,839</u>	<u>\$ 2,055,612</u>	<u>\$ 1,787,286</u>	<u>\$ 12,047,737</u>

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TOWN OF ROCKY HILL, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 6,939,602
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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	\$ 102,179,447	
Less accumulated depreciation	<u>(50,684,844)</u>	
Net capital assets		51,494,603

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

Net pension asset	22,013
Property tax receivables greater than 60 days	351,694
Interest receivable on property taxes	119,136
Receivable from the state for school construction projects	629,573

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

Net pension obligation	(1,709,086)
Bonds and notes payable	(22,510,000)
Interest payable on bonds and notes	(333,093)
Compensated absences	(3,363,314)
Capital lease	(470,391)
Deferred charges on refunding	25,501
Early retirement incentive program	<u>(593,891)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 30,602,347</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, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes and assessments	\$ 46,816,288	\$	\$	\$ 46,816,288
Intergovernmental	16,123,098	392,234	1,438,707	17,954,039
Charges for services	1,527,511		1,301,326	2,828,837
Income on investments	485,174	43,131	7,131	535,436
Miscellaneous	661,167	13,023	276,215	950,405
Total revenues	<u>65,613,238</u>	<u>448,388</u>	<u>3,023,379</u>	<u>69,085,005</u>
Expenditures:				
Current:				
General government	1,942,303			1,942,303
Public safety	5,153,545		25,260	5,178,805
Public works	4,970,210		44,758	5,014,968
Health and human services	487,942		93,408	581,350
Parks, recreation and facilities	5,646,646		766,038	6,412,684
Library services	887,210		51,852	939,062
Education	36,640,268		1,717,128	38,357,396
Miscellaneous	6,191,227		354,035	6,545,262
Capital outlay	1,082,172	927,478		2,009,650
Debt service	2,827,933	128,894		2,956,827
Total expenditures	<u>65,829,456</u>	<u>1,056,372</u>	<u>3,052,479</u>	<u>69,938,307</u>
Deficiency of Revenues over Expenditures	<u>(216,218)</u>	<u>(607,984)</u>	<u>(29,100)</u>	<u>(853,302)</u>
Other Financing Sources (Uses):				
Transfers in		380,381		380,381
Transfers out	(380,381)			(380,381)
Issuance of capital lease		139,011		139,011
Total other financing sources (uses)	<u>(380,381)</u>	<u>519,392</u>	<u>-</u>	<u>139,011</u>
Net Change in Fund Balances	(596,599)	(88,592)	(29,100)	(714,291)
Fund Balances at Beginning of Year	<u>4,792,746</u>	<u>1,787,976</u>	<u>1,073,171</u>	<u>7,653,893</u>
Fund Balances at End of Year	<u>\$ 4,196,147</u>	<u>\$ 1,699,384</u>	<u>\$ 1,044,071</u>	<u>\$ 6,939,602</u>

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TOWN OF ROCKY HILL, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

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)	\$ (714,291)
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	371,785
Depreciation expense	(1,984,360)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	101,191
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.	(20,631)
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:	
School building grant receipts	(245,956)
Property tax receivable - accrual basis change	37,741
Property tax interest and lien revenue - accrual basis change	(156,294)
Change in pension assets and liabilities	57,566
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 assets. 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	2,015,000
Capital lease payments	266,350
Capital lease financing	(139,011)
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	34,492
Accrued interest	25,251
Amortization of deferred charge on refunding	(15,175)
Early retirement incentive	80,002
Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u><u>(286,340)</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF ROCKY HILL, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2008

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$	\$ 2,419,004
Investments:		
Certificate of deposits		181,808
Mutual funds	<u>34,158,394</u>	<u>172,747</u>
Total assets	<u>34,158,394</u>	<u>\$ 2,773,559</u>
Liabilities:		
Deposits and amounts due to student groups and participants		\$ 2,762,198
Accounts payable		<u>11,361</u>
Total liabilities	<u>-</u>	<u>\$ 2,773,559</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 34,158,394</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF ROCKY HILL, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN PLAN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

	Pension Trust Fund
	<u> </u>
Additions:	
Contributions:	
Employer	\$ 1,995,265
Plan members	411,379
Total contributions	<u>2,406,644</u>
Investment income:	
Net depreciation in fair value of investments	(2,432,282)
Interest and dividends	643,968
Total investment loss	<u>(1,788,314)</u>
Less investment expense	168,651
Net investment loss	<u>(1,956,965)</u>
Total additions	<u>449,679</u>
Deductions:	
Benefits	1,321,463
Other expenses	7,749
Refunds	7,838
Total deductions	<u>1,337,050</u>
Net Decrease	(887,371)
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>35,045,765</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 34,158,394</u>

The accompanying notes are an integral part of the financial statements

TOWN OF ROCKY HILL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Rocky Hill (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

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

The Town Manager is the Chief Executive and Administrative Officer of the Town and is responsible for the over-all 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 assets 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The various funds included in the financial statements are described below:

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

The *General Fund* is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

Special Revenue Funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Capital Project Funds are account for all financial resources used for the acquisition or construction of major capital facilities.

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

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

The *Pension Trust Fund* accounts for the Volunteer Ambulance, Firefighters, General Employees and Police Retirement Systems.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The School Activity Fund and Surety Bonds Fund are the Town's agency funds.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

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

Additionally, the Town reports the following fund types:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town does not have any business-type activities or enterprise funds to report.

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

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

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

H. Compensated Absences

Municipal

Employees earn 12 to 18 days of sick leave per year and 5 to 25 vacation days per year depending on employees' length of service. Upon termination an employee is entitled to be paid for all unused vacation time and 20% to 50% of sick leave depending on employees' 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.

I. 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, as well as issuance costs, 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. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

B. Deficit Fund Equity

The School Cafeteria Fund, a nonmajor governmental fund, had a deficit of \$8,500 as of June 30, 2008. This deficit will be reduced or eliminated when grant funds are received or appropriated or by transfers from the General Fund.

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. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2008:

Deposits:	
Demand accounts	\$ 8,055,273
Certificates of deposit	283,038
Total deposits	<u>8,338,311</u>
Petty cash	1,955
Cash equivalents:	
U.S. Treasury Money Market	1,586,415
State Short-Term Investment Fund (STIF)	984,218
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	600,208
State Tax Exempt Proceeds Fund (TEPF)	363,306
Less certificates of deposit classified as investments	<u>(283,038)</u>
Total Cash and Cash Equivalents	\$ <u>11,591,375</u>

Deposits

At June 30, 2008, the carrying amount of the Town deposits was \$8,338,311, and the bank balance was \$9,632,194.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2008 bank balance, \$846,053 was covered by federal depository insurance. 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. A minimum of \$878,614, based on June 30, 2008 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$7,907,527 was uninsured and uncollateralized.

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, 2008, the Town's cash equivalents amounted to \$3,534,147. 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 and Poor's</u>	<u>Moody's Investor Service</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm		
State Tax Exempt Proceeds Fund (TEPF)*			
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	AA	Aaa	AAA
U.S. Treasury Money Market	AAAm		

*Not rated

B. Investments

Investments as of June 30, 2008 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest-bearing investments:		
Certificates of deposit*	\$ 283,038	0.87
Other investments:		
Pooled open-end mutual fund accounts:		
Pension Trust Funds	34,158,394	
Student Activity Funds	<u>172,747</u>	
Total	\$ <u><u>34,614,179</u></u>	

*Subject to coverage by federal depository insurance and collateralization as described under "Deposits" above.

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. At June 30, 2008, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 119,136	\$	\$	\$ 119,136
Taxes	481,482			481,482
Accounts	153,481		36,216	189,697
Intergovernmental	<u>629,573</u>	<u>146,863</u>	<u>99,560</u>	<u>875,996</u>
Gross receivables	1,383,672	146,863	135,776	1,666,311
Less allowance for uncollectibles:	<u>(25,000)</u>			<u>(25,000)</u>
Net Total Receivables	<u>\$ 1,358,672</u>	<u>\$ 146,863</u>	<u>\$ 135,776</u>	<u>\$ 1,641,311</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable principal	\$ 351,694	\$
Delinquent property tax receivable interest	119,136	
Property taxes collected in advance		1,762,465
School building grant	629,573	
Other accounts receivable		452,802
Grant drawdowns prior to meeting all eligibility requirements		<u>183,619</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,100,403</u>	<u>\$ 2,398,886</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,782,249	\$ 55,000	\$	\$ 3,837,249
Construction in progress	1,111,572		(1,111,572)	-
Total capital assets not being depreciated	<u>4,893,821</u>	<u>55,000</u>	<u>(1,111,572)</u>	<u>3,837,249</u>
Capital assets being depreciated:				
Buildings and improvements	47,688,523	1,103,419		48,791,942
Furniture, vehicles and equipment	13,441,668	379,938	(166,751)	13,654,855
Infrastructure	35,880,526	46,191	(31,316)	35,895,401
Total capital assets being depreciated	<u>97,010,717</u>	<u>1,529,548</u>	<u>(198,067)</u>	<u>98,342,198</u>
Less accumulated depreciation for:				
Buildings and improvements	(23,898,507)	(645,729)		(24,544,236)
Furniture, vehicles and equipment	(11,494,524)	(729,166)	152,383	(12,071,307)
Infrastructure	(13,484,889)	(609,465)	25,053	(14,069,301)
Total accumulated depreciation	<u>(48,877,920)</u>	<u>(1,984,360)</u>	<u>177,436</u>	<u>(50,684,844)</u>
Total capital assets being depreciated, net	<u>48,132,797</u>	<u>(454,812)</u>	<u>(20,631)</u>	<u>47,657,354</u>
Governmental Activities Capital Assets, Net	<u>\$ 53,026,618</u>	<u>\$ (399,812)</u>	<u>\$ (1,132,203)</u>	<u>\$ 51,494,603</u>

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

Governmental activities:	
General government	\$ 896,640
Public safety	445,383
Public works	211,637
Health and human services	14,451
Parks, recreation and facilities	181,486
Library services	4,734
Education	<u>230,029</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,984,360</u>

Construction Commitments

The Town has active construction projects as of June 30, 2008. The following is a summary of capital projects as of June 30, 2008.

	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Capital and nonrecurring	\$ 2,867,933	\$ 1,408,677	\$ 1,459,256
Improvements to athletic fields	<u>3,250,000</u>	<u>3,180,612</u>	<u>69,388</u>
Total	<u>\$ 6,117,933</u>	<u>\$ 4,589,289</u>	<u>\$ 1,528,644</u>

6. INTERFUND RECEIVABLE AND PAYABLE BALANCES

A summary of interfund balances at June 30, 2008 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 356,228
General Fund	Nonmajor Governmental	366,630
Nonmajor Governmental	General Fund	<u>402,880</u>
Total		<u>\$ 1,125,738</u>

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

Interfund transfers:

	<u>Transfer In</u> <u>Capital</u> <u>Projects Fund</u>
Transfers out: General Fund	<u>\$ 380,381</u>

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

7. LEASES

Capital Leases

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

Asset:	
Furniture, vehicle and equipment	\$ 641,780
Less accumulated depreciation	<u>(346,390)</u>
Total	<u>\$ 295,390</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, 2008:

<u>Fiscal Year Ending June 30,</u>	
2009	\$ 273,948
2010	172,699
2011	<u>64,411</u>
Total future minimum lease payments	511,058
Interest on future lease payments	<u>(40,667)</u>
Principal Balance of Future Minimum Payments	\$ <u><u>470,391</u></u>

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 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	\$ 24,525,000	\$	\$ (2,015,000)	\$ 22,510,000	\$ 1,995,000
Less deferred amounts on refunding	<u>(40,676)</u>		<u>15,175</u>	<u>(25,501)</u>	
Total bonds payable	24,484,324	-	(1,999,825)	22,484,499	1,995,000
Capital leases	597,730	139,011	(266,350)	470,391	246,773
Net pension obligation	1,744,639		(35,553)	1,709,086	
Compensated absences	3,397,806	299,335	(333,827)	3,363,314	300,706
Early retirement incentive	<u>673,893</u>		<u>(80,002)</u>	<u>593,891</u>	<u>208,475</u>
Total Governmental Activities					
Long-Term Liabilities	\$ <u><u>30,898,392</u></u>	\$ <u><u>438,346</u></u>	\$ <u><u>(2,715,557)</u></u>	\$ <u><u>28,621,181</u></u>	\$ <u><u>2,750,954</u></u>

Compensated absences are generally liquidated by the General Fund.

Bonds payable amounting to \$22,510,000 are secured by the general revenue raising powers of the municipality. There are presently four issues outstanding which bear interest at rates ranging from 2.05% to 5.25% with annual maturities in varying amounts until 2025.

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal Total</u>	<u>Interest</u>	<u>Total Requirements</u>
2009	\$ 1,995,000	\$ 871,997	\$ 2,866,997
2010	1,985,000	806,582	2,791,582
2011	1,860,000	742,013	2,602,013
2012	1,945,000	676,351	2,621,351
2013	1,525,000	611,782	2,136,782
2014-2018	7,075,000	2,108,793	9,183,793
2019-2023	4,925,000	788,148	5,713,148
2024-2025	1,200,000	56,100	1,256,100
Total	\$ <u>22,510,000</u>	\$ <u>6,661,766</u>	\$ <u>29,171,766</u>

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. As such, the Town's overlapping share of debt issued by the Metropolitan District is \$5,964,001 as of June 30, 2008.

The Town is subject to the General Statutes of Connecticut which limits the amount of debt outstanding at June 30, 2008 to the following:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 105,250,919	\$ 18,566,391	\$ 86,684,528
Schools	210,501,837	4,416,036	206,085,801
Sewers	175,418,198	5,964,001	169,454,197
Urban renewal	152,029,105		152,029,105
Pension deficit	140,334,558		140,334,558

Total debt outstanding may not exceed seven times annual receipts from taxation (\$327,438,755).

School indebtedness is net of school building grants amounting to \$629,573 as of June 30, 2008.

Bonds authorized and unissued as of June 30, 2008 are summarized below:

	<u>Authorization</u>	<u>Bonds Issued</u>	<u>Self-Funded Pay Down</u>	<u>Bonds Authorized Unissued</u>
School improvements	\$ 3,427,000	\$ 2,485,000	\$ 40,000	\$ 902,000
Various improvements	9,055,000	8,855,000		200,000
Total	\$ <u>12,482,000</u>	\$ <u>11,340,000</u>	\$ <u>40,000</u>	\$ <u>1,102,000</u>

9. 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.

10. FUND BALANCE RESERVED

Fund balance reserved consists of the following:

Reserved for encumbrances:	
General Fund	\$ 201,398
Reserved for inventory:	
School Cafeteria Fund	7,087

11. CONTINGENT LIABILITIES

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

12. OTHER POSTEMPLOYMENT BENEFITS

The Town provides postretirement health care benefits, in accordance with various labor and personnel contracts, to employees meeting specific service and age requirements. Generally, an employee who retires must have at least ten years service and have attained age 55 to be entitled to postretirement health care benefits. The Town generally pays from 25% to 60% of the premium cost and the retiree pays the remainder. Health care benefits for retirees' spouses may be continued at the retiree's sole cost.

Expenditures for premiums for postretirement health care benefits are recognized on an accrual basis. During the year, expenditures (net of employee reimbursements) of \$305,535 for 48 retirees were recognized for postretirement health care. These expenditures are funded by the General Fund.

13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Description

The Town of Rocky Hill 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 of Rocky Hill'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 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	87	15	9	4
Terminated plan members entitled to benefits but not yet receiving them	17	1	47	3
Current employees:				
Vested	138	27	27	15
Nonvested	<u>51</u>	<u>6</u>	<u>57</u>	<u>11</u>
Total	<u><u>293</u></u>	<u><u>49</u></u>	<u><u>140</u></u>	<u><u>33</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 2.5% of average monthly earnings multiplied by years of credited service (to a maximum of 28 years). Average monthly earnings are the employee's earnings averaged for the highest five years of employment with the Town. The employee's rate of contribution is 7% of earnings; however, any employee who has been a participant for 28 years shall no longer be required to make a contribution.

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

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

The Town's Ambulance Pension System covers all volunteer ambulance personnel who perform emergency medical services, administration, public relations or other related duties for the Town. All participants become eligible at the minimum age of 19. The normal retirement date of the plan is the first month following the participant's 62nd birthday or the 5th anniversary of joining the plan, if later. A participant

who has reached normal retirement date shall be entitled to receive a retirement according to the following schedule plus \$5 for each year in excess of 20 years:

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: All the PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirement. Benefit payments and refunds are payable when due and payable in accordance with the terms of the PERS.

Method Used to Value Investments: All funds are invested with The Hartford and are reported at fair value.

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. For the fiscal year ended June 30, 2008, these required contributions were \$1,183,469, \$686,764, \$54,958 and \$30,475 for the General Employees, the Police Officers the Firefighters and the Ambulance plans, respectively. The Town Council is the authoritative body governing all plans. Administrative costs for the General Employees, the Police Officers and the Firefighters are financed by each plan. Administrative costs for the Ambulance Pension plan are financed by the General Fund.

D. Annual Pension Cost and Net Pension Obligation

The Town's annual pension cost and net pension obligation to the PERS for the current period were as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>
Annual required contribution	\$ 1,183,469	\$ 686,764	\$ 54,958	\$ 30,475
Interest on net pension obligation	93,701	35,732	1,415	
Adjustment to annual required contribution	(105,784)	(40,340)	(2,691)	
Annual pension cost	1,171,386	682,156	53,682	30,475
Contributions made	1,183,469	686,764	94,557	30,475
Increase in net pension obligation (asset)	(12,083)	(4,608)	(40,875)	
Net pension obligation, beginning of period	1,249,345	476,432	18,862	-
Net Pension Obligation (Asset), End of Period	\$ <u>1,237,262</u>	\$ <u>471,824</u>	\$ <u>(22,013)</u>	\$ <u>-</u>

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>
Actuarial Valuation Date	9-1-06	9-1-06	7-1-06	7-1-07
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Aggregate	Aggregate
Amortization Method	Level Dollar	Level Dollar	N/A	N/A
Remaining Amortization Period	30 Years open	30 Years open	N/A	N/A
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Actuarial Assumptions:				
Investment rate of return*	7.5%	7.5%	7.5%	6.5%
Projected salary increases*	5.0%	5.0%	N/A	N/A

*No inflation factor included

E. Trend Information

<u>General Employees</u>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
05-06	\$ 1,002,165	63.5%	\$ 1,085,499
06-07	1,172,970	86.0	1,249,345
07-08	1,171,386	100.0	1,237,262
<u>Police Officers</u>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
05-06	\$ 484,572	71.3%	\$ 278,276
06-07	684,074	71.0	476,432
07-08	682,156	100.7	471,824
<u>Firefighters</u>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
05-06	\$ 53,739	85.6%	\$ 19,800
06-07	53,619	101.7	18,862
07-08	53,682	176.1	(22,013)

Ambulance

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
05-06	\$ 32,500	100%	\$ -
06-07	35,250	100	-
07-08	30,475	100	-

F. Schedule of Funding Progress and Employer Contributions

Schedule of Funding Progress

General Employees						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
9/1/02	\$ 14,022,428	\$ 14,979,626	\$ (957,198)	93.6%	\$ 6,167,159	(15.5)%
9/1/04	15,351,849	18,540,266	(3,188,417)	82.8	7,116,916	(44.8)
9/1/06	17,367,572	22,253,896	(4,886,324)	78.0	8,031,693	(60.8)
Police Officers						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
9/1/02	\$ 9,909,872	\$ 10,542,760	\$ (632,888)	94.0%	\$ 1,418,406	44.6%
9/1/04	10,500,158	12,978,585	(2,478,427)	80.9	1,494,566	165.8
9/1/06	11,560,605	16,174,000	(4,613,395)	71.5	1,702,761	270.9
Firefighters						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)**	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/02	\$ 548,500	\$ 548,500	\$ -	100.0%	N/A	N/A
7/1/04	561,815	561,815	-	100.0	N/A	N/A
7/1/06	625,344	876,806*	(251,462)	71.3	N/A	N/A

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

** Pay for volunteer firefighters is not available

Ambulance

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)*	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)**	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/05	\$ 235,538	\$ 433,136	\$ (197,598)	54.38%	\$ N/A	N/A
7/1/06	281,484	422,366	(140,882)	66.64	N/A	N/A
7/1/07	357,354	428,399	(71,042)	83.42	N/A	N/A

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

** Pay for volunteer ambulance is not available

Schedule of Employer Contributions

General Employees

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2003	\$ 547,501	100.00%
2004	745,948	51.61
2005	745,948	104.74
2006	1,009,123	68.48
2007	1,183,469	85.27
2008	1,183,469	100.00

Police Officers

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2003	\$ 238,787	100.00%
2004	281,218	84.91
2005	281,218	149.88
2006	485,918	64.46
2007	686,764	70.75
2008	686,764	100.00

Firefighters

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2003	\$ 34,144	100.00%
2004	45,547	74.96
2005	54,557	84.32
2006	54,557	84.32
2007	54,958	99.27
2008	54,958	172.05

Year Ended June 30,	Ambulance	
	Annual Required Contribution	Percentage Contributed
2003	\$ 32,000	100.00%
2004	32,855	100.00
2005	33,885	100.00
2006	32,500	100.00
2007	35,250	100.00
2008	30,475	100.00

G. Teachers' Retirement System

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$14,769,722 or 80.1% of the total Board of Education payroll of \$18,440,586.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2008, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$10,890,497 as payments made by the State of Connecticut on behalf of the Town. This is significantly greater than last year.

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

Pension Trust Funds

The Town maintains four pension trust funds (Volunteer Ambulance Pension Plan, Firemen's Pension Plan, General Employees' Pension Plan and Police Pension Plan) to account for its fiduciary responsibility. The following schedules present the net assets held in trust for pension benefits at June 30, 2008 and the changes in net assets for the year then ended.

	Pension Trust Funds				
	General Employees' Pension Plan	Police Pension Plan	Firefighters' Pension Plan	Volunteer Ambulance Pension Plan	Total Pension Trust Funds
Assets:					
Investments	\$ 19,866,385	\$ 13,169,652	\$ 771,327	\$ 351,030	\$ 34,158,394
Liabilities					-
Net Assets:					
Reseved for Pension Plan Benefits	\$ 19,866,385	\$ 13,169,652	\$ 771,327	\$ 351,030	\$ 34,158,394

	Pension Trust Funds				
	General Employees' Pension Plan	Police Pension Plan	Firefighters' Pension Plan	Volunteer Ambulance Pension Plan	Total Pension Trust Funds
Additions:					
Contributions:					
Employer	\$ 1,183,469	\$ 686,764	\$ 94,557	\$ 30,475	\$ 1,995,265
Employee	262,475	148,904			411,379
Total contributions	<u>1,445,944</u>	<u>835,668</u>	<u>94,557</u>	<u>30,475</u>	<u>2,406,644</u>
Investment income (loss):					
Net depreciation in fair value of investments	(1,469,988)	(873,624)	(60,014)	(28,656)	(2,432,282)
Interest and dividends	364,179	262,481	12,436	4,872	643,968
Total investment loss	<u>(1,105,809)</u>	<u>(611,143)</u>	<u>(47,578)</u>	<u>(23,784)</u>	<u>(1,788,314)</u>
Less investment expense	98,684	63,335	4,344	2,288	168,651
Net investment loss	<u>(1,204,493)</u>	<u>(674,478)</u>	<u>(51,922)</u>	<u>(26,072)</u>	<u>(1,956,965)</u>
Total additions	<u>241,451</u>	<u>161,190</u>	<u>42,635</u>	<u>4,403</u>	<u>449,679</u>
Deductions:					
Benefit payments	799,023	477,473	35,615	9,352	1,321,463
Other expenses	2,625	2,624	1,125	1,375	7,749
Refunds	7,838				7,838
Total deductions	<u>809,486</u>	<u>480,097</u>	<u>36,740</u>	<u>10,727</u>	<u>1,337,050</u>
Net increase (decrease)	(568,035)	(318,907)	5,895	(6,324)	(887,371)
Net Assets Held in Trust for Pension Benefits, Beginning of Year	<u>20,434,420</u>	<u>13,488,559</u>	<u>765,432</u>	<u>357,354</u>	<u>35,045,765</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 19,866,385</u>	<u>\$ 13,169,652</u>	<u>\$ 771,327</u>	<u>\$ 351,030</u>	<u>\$ 34,158,394</u>

**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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Revenues from property taxes	\$ 46,605,025	\$ 46,605,025	\$ 46,646,113	\$ 41,088
Interest and liens fees	200,000	200,000	170,175	(29,825)
Total property taxes	<u>46,805,025</u>	<u>46,805,025</u>	<u>46,816,288</u>	<u>11,263</u>
Intergovernmental:				
Education:				
Education Cost Sharing Grant	3,133,387	3,133,387	3,213,819	80,432
School bond interest subsidy	14,342	14,342	14,342	-
School Building Construction Grants	245,956	245,956	245,956	-
Transportation	138,712	138,712	131,157	(7,555)
Total education	<u>3,532,397</u>	<u>3,532,397</u>	<u>3,605,274</u>	<u>72,877</u>
Other:				
Reimbursement - elderly, veterans and disability exemptions	107,800	107,800	115,073	7,273
State tax-exempt property - in lieu of taxes and Tobacco Grant	594,066	594,066	623,268	29,202
LOCIP and Town Aid Road	233,685	233,685	208,645	(25,040)
Manufacturers machinery/equipment grant	173,087	173,087	196,581	23,494
Pequot Grant	421,400	421,400	433,966	12,566
Miscellaneous grants	73,071	73,071	49,794	(23,277)
Total other	<u>1,603,109</u>	<u>1,603,109</u>	<u>1,627,327</u>	<u>24,218</u>
Total intergovernmental	<u>5,135,506</u>	<u>5,135,506</u>	<u>5,232,601</u>	<u>97,095</u>
Licenses and permits:				
Building Department	585,000	585,000	783,269	198,269
Business licenses	2,750	2,750	2,731	(19)
Land Use Commission	12,000	12,000	29,676	17,676
Animal licenses	1,200	1,200	1,194	(6)
Other licenses and permits	10,000	10,000	10,740	740
Total licenses and permits	<u>610,950</u>	<u>610,950</u>	<u>827,610</u>	<u>216,660</u>
Investment income:				
Interest from investments	<u>673,000</u>	<u>673,000</u>	<u>485,174</u>	<u>(187,826)</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, 2008

	<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	\$ 340,000	\$ 340,000	\$ 343,059	\$ 3,059
Recording - legal instruments	150,000	150,000	101,880	(48,120)
Police charges	200,000	200,000	164,006	(35,994)
Recreation admission and fees	25,000	25,000	6,287	(18,713)
Vital statistics	15,000	15,000	14,926	(74)
Library fines and fees	20,000	20,000	20,103	103
Fire charges	1,000	1,000	975	(25)
All other	40,000	40,000	27,415	(12,585)
Total charges for services	<u>791,000</u>	<u>791,000</u>	<u>678,651</u>	<u>(112,349)</u>
Fines, forfeitures and penalties:				
Parking fines	<u>17,000</u>	<u>17,000</u>	<u>21,250</u>	<u>4,250</u>
Other revenues:				
Telephone access lines	111,047	111,047	112,995	1,948
Refunds and recoveries	125,000	125,000	58,959	(66,041)
Transit District			7,701	7,701
Sale of assets	3,000	3,000	500	(2,500)
Housing Authority PILOT	12,000	12,000	19,614	7,614
Recycling revenue	30,000	30,000	36,999	6,999
Health insurance - COBRA	25,000	25,000	22,506	(2,494)
Health insurance - employee copay	25,000	25,000	226,985	201,985
Workers comp insurance	25,000	25,000	12,703	(12,297)
Lease - Comm Towers	25,000	25,000	119,691	94,691
Other revenues	<u>262,030</u>	<u>262,030</u>	<u>77,257</u>	<u>(184,773)</u>
Total other revenues	<u>643,077</u>	<u>643,077</u>	<u>695,910</u>	<u>52,833</u>
Total Revenues	\$ <u>54,675,558</u>	\$ <u>54,675,558</u>	54,757,484	\$ <u>81,926</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	10,890,497
Cancellation of prior year encumbrances are recognized as budgetary revenue	<u>(34,743)</u>

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

\$ 65,613,238

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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
Mayor and Town Council	\$ 40,955	\$ 40,956	\$ 37,634	\$ 3,322
Town Manager	244,197	247,422	239,227	8,195
Personnel Administration	82,079	83,374	70,636	12,738
Finance and Accounting	346,257	355,793	355,737	56
Tax Assessor	243,960	249,487	249,146	341
Tax Collector	193,169	216,085	215,322	763
Central Services	97,145	97,145	86,753	10,392
Legal Expenditures	151,700	124,700	113,194	11,506
Probate Court	24,200	24,200	21,971	2,229
Registrars of Voters	78,650	78,650	68,459	10,191
Town Clerk	244,785	247,820	237,191	10,629
Open Space and Conservation Commission	6,800	6,800	4,319	2,481
Planning Boards and Commissions	9,350	9,350	5,002	4,348
Town Planner	146,397	149,297	146,657	2,640
Economic Development	111,084	114,723	106,356	8,367
Total general government	<u>2,020,728</u>	<u>2,045,802</u>	<u>1,957,604</u>	<u>88,198</u>
Public safety:				
Police	3,852,180	4,027,070	3,951,156	75,914
Fire Department	877,909	904,384	880,612	23,772
Building Department	194,574	198,849	198,725	124
Volunteer Ambulance Association	140,920	140,920	129,805	11,115
Total public safety	<u>5,065,583</u>	<u>5,271,223</u>	<u>5,160,298</u>	<u>110,925</u>
Public works:				
Highway Department	1,756,136	1,835,716	1,829,289	6,427
Engineering	320,091	327,061	326,634	427
Sanitation	2,851,842	2,826,842	2,817,869	8,973
Total public works	<u>4,928,069</u>	<u>4,989,619</u>	<u>4,973,792</u>	<u>15,827</u>
Health and human services:				
Public Health	76,200	76,200	76,166	34
Human Services	404,057	413,818	411,776	2,042
Total health and human services	<u>480,257</u>	<u>490,018</u>	<u>487,942</u>	<u>2,076</u>
Parks, recreation and facilities	<u>5,580,595</u>	<u>5,661,120</u>	<u>5,585,181</u>	<u>75,939</u>
Library services:				
Cora Belden Public Library	<u>877,878</u>	<u>887,378</u>	<u>887,210</u>	<u>168</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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Miscellaneous:				
Insurance - employee benefits	\$ 5,349,334	\$ 5,349,334	\$ 5,230,896	\$ 118,438
Insurance - property and liability	1,023,826	956,876	907,406	49,470
Contingency	325,100			-
Miscellaneous	60,325	60,325	52,925	7,400
Total miscellaneous	<u>6,758,585</u>	<u>6,366,535</u>	<u>6,191,227</u>	<u>175,308</u>
Capital outlays:				
Capital outlay - Town	<u>1,432,532</u>	<u>1,052,151</u>	<u>1,041,062</u>	<u>11,089</u>
Debt service:				
Debt redemption - principal	1,936,972	1,936,972	1,936,972	-
Debt redemption - interest	896,388	896,388	890,961	5,427
Total debt service	<u>2,833,360</u>	<u>2,833,360</u>	<u>2,827,933</u>	<u>5,427</u>
Board of Education	<u>25,777,227</u>	<u>25,777,227</u>	<u>25,749,755</u>	<u>27,472</u>
Transfers to other funds:				
Transfer to CNR Fund		<u>380,381</u>	<u>380,381</u>	<u>-</u>
Total	<u>\$ 55,754,814</u>	<u>\$ 55,754,814</u>	55,242,385	<u>\$ 512,429</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

10,890,497

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 purposes76,955Total Expenditures and Other Financing Sources as Reported on the Statement of
Revenues, Expenditures and Changes in Fund Balances - Governmental Funds -
Exhibit IV\$ 66,209,837

**Combining and Individual
Fund Statements and Schedules**

General Fund

GENERAL FUND

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

TOWN OF ROCKY HILL, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 6,022,079	\$ 7,981,301
Investment	101,230	
Property taxes receivable, net of allowance for doubtful accounts	456,482	379,418
Accounts receivable	153,481	168,277
Interest receivable	119,136	275,430
Due from other governments	629,573	875,529
Due from other funds	<u>722,858</u>	<u>687,601</u>
Total Assets	<u>\$ 8,204,839</u>	<u>\$ 10,367,556</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable and accrued expenditures	\$ 290,142	\$ 895,127
Advance tax collections	1,762,465	2,568,523
Due to other funds	402,880	646,248
Deferred revenues	<u>1,553,205</u>	<u>1,464,912</u>
Total liabilities	<u>4,008,692</u>	<u>5,574,810</u>
Fund Equity:		
Reserved for encumbrances	201,398	313,096
Unreserved:		
Designated for subsequent year's budget	550,967	1,079,256
Undesignated fund balance	<u>3,443,782</u>	<u>3,400,394</u>
Total fund equity	<u>4,196,147</u>	<u>4,792,746</u>
Total Liabilities and Fund Equity	<u>\$ 8,204,839</u>	<u>\$ 10,367,556</u>

TOWN OF ROCKY HILL, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2008

Grand List as of October 1,	Uncollected Taxes July 1, 2007	Lawful Corrections		Transfers to Suspense	Adjustments	Net Amount Collectible	Collections			Uncollected Taxes June 30, 2008		
		Additions	Deductions				Taxes	Interest	Lien Fees		Suspense Taxes	Total
2006	\$ 46,903,451 *	\$ 189,082	\$ 369,429	\$	\$	\$ 46,723,104	\$ 46,421,162	\$ 93,861	\$ 516	\$	\$ 46,515,539	\$ 301,942
2005	276,751	4,677	23,414		19,855	277,869	128,408	26,143	564		155,115	149,461
2004	82,953	1,415	3,334	47,481	1,160	34,713	23,488	7,330	168		30,986	11,225
2003	5,379					5,379	650	3,572	31	5,801	10,054	4,729
2002	2,576	137				2,713	137	4,430		5,873	10,440	2,576
2001	1,124					1,124		3,802		4,211	8,013	1,124
2000	1,029					1,029		3,447		2,881	6,328	1,029
1999	1,018					1,018		4,588		3,094	7,682	1,018
1998	1,218					1,218		4,233		2,592	6,825	1,218
1997	1,212					1,212		3,952		2,323	6,275	1,212
1996	1,211					1,211		4,493		2,428	6,921	1,211
1995	1,217					1,217		2,612		1,282	3,894	1,217
1994	1,173					1,173		1,609		585	2,194	1,173
1993	1,173					1,173		1,765		735	2,500	1,173
1992 and prior	26,384		24,911			1,473	299	3,059		841	4,199	1,174
	<u>\$ 47,307,869</u>	<u>\$ 195,311</u>	<u>\$ 421,088</u>	<u>\$ 47,481</u>	<u>\$ 21,015</u>	<u>\$ 47,055,626</u>	<u>\$ 46,574,144</u>	<u>\$ 168,896</u>	<u>\$ 1,279</u>	<u>\$ 32,646</u>	46,776,965	<u>\$ 481,482</u>
Property taxes receivable considered available:												
June 30, 2007												(65,465)
June 30, 2008												104,788
Total Property Tax Revenue												<u>\$ 46,816,288</u>

43

* Includes motor vehicle supplement in the amount of \$510,137

**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
Senior Center	Grants	Senior center programs and activities
Police Technology Grants	State and federal grants	Technology in the police department
CDBG Town Hall	State grants	ADA compliance and senior center improvements
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
Highway Grants	State grants	Excess State revenues from Town Road Aid unanticipated when generating General Fund revenue for road repairs, improvements and maintenance such as salt, sand, etc.
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

Permanent Funds

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

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

TOWN OF ROCKY HILL, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2008

	Special Revenue								
	<u>School Cafeteria</u>	<u>CDBG Small Cities</u>	<u>Federal and State School Programs</u>	<u>Industrial Park Development</u>	<u>Recreation Program</u>	<u>Insurance Loss</u>	<u>Library Operating</u>	<u>Dog</u>	<u>Asset Forfeiture</u>
ASSETS									
Cash and cash equivalents	\$ 81,912	\$ 147,230	\$ 171,794	\$ 63,945	\$ 474,103	\$ 6,560	\$ 49,441	\$ 39,511	\$ 1,018
Accounts receivable		22,400					77		
Due from other governments	33,064		14,346						
Due from other funds						263,859			15,145
Inventory	7,087								
Total Assets	<u>\$ 122,063</u>	<u>\$ 169,630</u>	<u>\$ 186,140</u>	<u>\$ 63,945</u>	<u>\$ 474,103</u>	<u>\$ 270,419</u>	<u>\$ 49,518</u>	<u>\$ 39,511</u>	<u>\$ 16,163</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued payroll	\$ 130,563	\$	\$ 2,521	\$	\$ 56,882	\$	\$	\$	\$ 3,000
Due to other funds		803		33,992	104,918		21,907	15,997	
Deferred revenue			183,619						
Total liabilities	<u>130,563</u>	<u>803</u>	<u>186,140</u>	<u>33,992</u>	<u>161,800</u>	<u>-</u>	<u>21,907</u>	<u>15,997</u>	<u>3,000</u>
Fund balances:									
Reserved:									
Inventory	7,087								
Unreserved:									
Designated for specific purposes									
Undesignated	(15,587)	168,827		29,953	312,303	270,419	27,611	23,514	13,163
Total fund balance	<u>(8,500)</u>	<u>168,827</u>	<u>-</u>	<u>29,953</u>	<u>312,303</u>	<u>270,419</u>	<u>27,611</u>	<u>23,514</u>	<u>13,163</u>
Total Liabilities and Fund Balances	<u>\$ 122,063</u>	<u>\$ 169,630</u>	<u>\$ 186,140</u>	<u>\$ 63,945</u>	<u>\$ 474,103</u>	<u>\$ 270,419</u>	<u>\$ 49,518</u>	<u>\$ 39,511</u>	<u>\$ 16,163</u>

(Continued on next page)

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

JUNE 30, 2008

Special Revenue

	<u>Narcotics Enforcement</u>	<u>Senior Center</u>	<u>Police Technology Grants</u>	<u>CDBG Town Hall</u>	<u>Human Services</u>	<u>Miscellaneous Grants</u>	<u>Youth Services</u>	<u>Highway Grants</u>	<u>Parks Grants</u>
ASSETS									
Cash and cash equivalents	\$ 19,329	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable									13,739
Due from other governments									
Due from other funds		60	1,588		4,885	5,548	46,973		
Inventory									
Total Assets	\$ 19,329	\$ 60	\$ 1,588	\$ -	\$ 4,885	\$ 5,548	\$ 46,973	\$ -	\$ 13,739
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued payroll	\$ 18,566	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds									13,739
Deferred revenue									
Total liabilities	18,566	-	-	-	-	-	-	-	13,739
Fund balances:									
Reserved:									
Inventory									
Unreserved:									
Designated for specific purposes									
Undesignated	763	60	1,588		4,885	5,548	46,973		
Total fund balance	763	60	1,588	-	4,885	5,548	46,973	-	-
Total Liabilities and Fund Balances	\$ 19,329	\$ 60	\$ 1,588	\$ -	\$ 4,885	\$ 5,548	\$ 46,973	\$ -	\$ 13,739

(Continued on next page)

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

JUNE 30, 2008

	<u>Special Revenue</u>		<u>Permanent</u>					<u>Total Nonmajor Governmental Funds</u>		
	<u>Economic Development Grants</u>	<u>Total</u>	<u>Abigail Williams</u>	<u>Adelaide Wright</u>	<u>Ruth Wilcox</u>	<u>Center Cemetery</u>	<u>Land Preservation Trust</u>		<u>Total</u>	
ASSETS										
Cash and cash equivalents	\$	\$ 1,054,843	\$	\$	\$ 153,256	\$ 6,331	\$ 27,113	\$ 186,700	\$ 1,241,543	
Accounts receivable		36,216							36,216	
Due from other governments		52,150							99,560	
Due from other funds		338,058	18,369	5,306		41,147		64,822	402,880	
Inventory		7,087							7,087	
Total Assets	\$	\$ 52,150	\$ 1,535,764	\$ 18,369	\$ 5,306	\$ 153,256	\$ 47,478	\$ 27,113	\$ 251,522	\$ 1,787,286
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued payroll	\$	\$ 192,966	\$	\$	\$	\$	\$	\$	\$ 192,966	
Due to other funds		52,150			104,558			104,558	366,630	
Deferred revenue		183,619							183,619	
Total liabilities		52,150	638,657	-	-	104,558	-	-	104,558	743,215
Fund balances:										
Reserved:										
Inventory		7,087							7,087	
Unreserved:										
Designated for specific purposes		-	18,369	5,306	48,698	47,478	27,113	146,964	146,964	
Undesignated		890,020							890,020	
Total fund balance		-	897,107	18,369	5,306	48,698	47,478	27,113	146,964	1,044,071
Total Liabilities and Fund Balances	\$	\$ 52,150	\$ 1,535,764	\$ 18,369	\$ 5,306	\$ 153,256	\$ 47,478	\$ 27,113	\$ 251,522	\$ 1,787,286

TOWN OF ROCKY HILL, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue								
	School Cafeteria	CDBG Small Cities	Federal and State School Programs	Industrial Park Development	Recreation Program	Insurance Loss	Library Operating	Dog	Asset Forfeiture
Revenues:									
Intergovernmental revenues	\$ 164,407	\$	\$ 984,019	\$	\$	\$	\$ 28,509	\$	\$ 21,690
Charges for services	561,949				669,601		9,813	10,325	
Investment income		1,161		1,432	113				
Miscellaneous		86,579				29,053	1,378		
Total revenues	<u>726,356</u>	<u>87,740</u>	<u>984,019</u>	<u>1,432</u>	<u>669,714</u>	<u>29,053</u>	<u>39,700</u>	<u>10,325</u>	<u>21,690</u>
Expenditures:									
Current:									
Public safety								7,763	10,045
Public works									
Health and human services									
Parks, recreation and facilities					677,872				
Library services							51,852		
Education	733,109		984,019						
Miscellaneous		122,010				28,787			
Total expenditures	<u>733,109</u>	<u>122,010</u>	<u>984,019</u>	<u>-</u>	<u>677,872</u>	<u>28,787</u>	<u>51,852</u>	<u>7,763</u>	<u>10,045</u>
Excess (Deficiency) of Revenues over Expenditures	(6,753)	(34,270)	-	1,432	(8,158)	266	(12,152)	2,562	11,645
Fund Balances at Beginning of Year	<u>(1,747)</u>	<u>203,097</u>	<u>-</u>	<u>28,521</u>	<u>320,461</u>	<u>270,153</u>	<u>39,763</u>	<u>20,952</u>	<u>1,518</u>
Fund Balances at End of Year	<u>\$ (8,500)</u>	<u>\$ 168,827</u>	<u>\$ -</u>	<u>\$ 29,953</u>	<u>\$ 312,303</u>	<u>\$ 270,419</u>	<u>\$ 27,611</u>	<u>\$ 23,514</u>	<u>\$ 13,163</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, 2008

		Special Revenue								
		Narcotics Enforcement	Senior Center	Police Technology Grants	CDBG Town Hall	Human Services	Miscellaneous Grants	Youth Services	Highway Grant	Parks Grants
Revenues:										
	Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$
	Charges for services							49,638	44,452	8,000
	Investment income	428								
	Miscellaneous					49,146	20,893			80,166
	Total revenues	<u>428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,146</u>	<u>20,893</u>	<u>49,638</u>	<u>44,452</u>	<u>88,166</u>
Expenditures:										
Current:										
	Public safety	658					6,794			
	Public works								44,758	
	Health and human services					52,798		40,610		
	Parks, recreation and facilities									88,166
	Library services									
	Education									
	Miscellaneous				2,181					
	Total expenditures	<u>658</u>	<u>-</u>	<u>-</u>	<u>2,181</u>	<u>52,798</u>	<u>6,794</u>	<u>40,610</u>	<u>44,758</u>	<u>88,166</u>
Excess (Deficiency) of Revenues over Expenditures		(230)	-	-	(2,181)	(3,652)	14,099	9,028	(306)	-
Fund Balances at Beginning of Year		<u>993</u>	<u>60</u>	<u>1,588</u>	<u>2,181</u>	<u>8,537</u>	<u>(8,551)</u>	<u>37,945</u>	<u>306</u>	<u>-</u>
Fund Balances at End of Year		<u>\$ 763</u>	<u>\$ 60</u>	<u>\$ 1,588</u>	<u>\$ -</u>	<u>\$ 4,885</u>	<u>\$ 5,548</u>	<u>\$ 46,973</u>	<u>\$ -</u>	<u>\$ -</u>

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TOWN OF ROCKY HILL, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue		Permanent					Total Nonmajor Governmental Funds	
	Economic Development Grants	Total	Abigail Williams	Adelaide Wright	Ruth Wilcox	Center Cemetery	Land Preservation Trust		Total
Revenues:									
Intergovernmental revenues	\$ 187,630	\$ 1,438,707	\$	\$	\$	\$	\$	\$ -	\$ 1,438,707
Charges for services		1,301,326						-	1,301,326
Investment income		3,134			3,530		467	3,997	7,131
Miscellaneous		267,215				9,000		9,000	276,215
Total revenues	<u>187,630</u>	<u>3,010,382</u>	<u>-</u>	<u>-</u>	<u>3,530</u>	<u>9,000</u>	<u>467</u>	<u>12,997</u>	<u>3,023,379</u>
Expenditures:									
Current:									
Public safety		25,260						-	25,260
Public works		44,758						-	44,758
Health and human services		93,408						-	93,408
Parks, recreation and facilities		766,038						-	766,038
Library services		51,852						-	51,852
Education		1,717,128						-	1,717,128
Miscellaneous	187,630	340,608				13,427		13,427	354,035
Total expenditures	<u>187,630</u>	<u>3,039,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,427</u>	<u>-</u>	<u>13,427</u>	<u>3,052,479</u>
Excess (Deficiency) of Revenues over Expenditures	-	(28,670)	-	-	3,530	(4,427)	467	(430)	(29,100)
Fund Balances at Beginning of Year	-	925,777	18,369	5,306	45,168	51,905	26,646	147,394	1,073,171
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 897,107</u>	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 48,698</u>	<u>\$ 47,478</u>	<u>\$ 27,113</u>	<u>\$ 146,964</u>	<u>\$ 1,044,071</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, 2008

Fiscal Year	Department	Project Name	Amended Budget	Expended Current Year	Total All Years	Open Purchase Orders	Total Expended	Project Balance
Capital and Nonrecurring - Fund 40:								
1999	Engineering	Sidewalks	\$ 394,498	\$ 29,731	\$ 290,763	\$ -	\$ 290,763	\$ 103,735
1999	Human Services	Elderly/Disable Bus	30,973	1,710	5,751	-	5,751	25,222
2000	Assessor	Revaluation	133,637	-	119,637	-	119,637	14,000
2000	Highway	Road Improvements	685,826	483,267	546,603	-	546,603	139,223
2000	Town Council	Foundry	754,875	-	41,535	-	41,535	713,340
2001	Finance	Accounting System	38,757	-	37,000	-	37,000	1,757
2001	Fire	Fire Department Opticoms	48,355	255	35,957	-	35,957	12,398
2002	Engineering	Hayes Pond	57,845	-	405	-	405	57,440
2004	Facilities	Schematic Plans for Rocky Hill High School Gymnasium	25,000	1,075	25,000	-	25,000	-
2004	Fire	Fire Department Training Center	48,390	558	28,498	-	28,498	19,892
2005	Engineering	Drainage	8,000	-	2,000	-	2,000	6,000
2005	Various	Town Vehicle and Equipment	3,388	-	-	-	-	3,388
2005	BOE	Repairs and Improvements to Schools	44,836	3,150	41,879	-	41,879	2,957
2005	Facilities	Repairs and Improvements to 761 Old Main Street	19,889	2,488	11,774	-	11,774	8,115
2006	Info Technology	Real Property Acquisition by the Town	155,550	500	500	-	500	155,050
2006	Facilities	Town's Geographical Information System (GIS)	42,389	34,300	38,300	-	38,300	4,089
2007	Facilities	Schools - Portable Classrooms	161,123	135,073	157,021	-	157,021	4,102
2007	Town Council	Fuel Cell Technology	10,000	-	-	-	-	10,000
2007	Fire	Fire Department Vehicles	98,225	-	-	-	-	98,225
2007	Highway	Highway Department Vehicles	15,400	5,684	5,684	-	5,684	9,716
2007	Finance	Consultants - School Projects and GASB 43 and 45	87,500	31,125	31,125	-	31,125	56,375
2007	Facilities / Parks	Landscaping 761 Old Main Street	10,000	2,268	2,268	-	2,268	7,732
2008	Facilities	Repairs and Improvements to Academy Hal	6,500	-	-	-	-	6,500
		Total Capital and Nonrecurring - Fund 40	2,880,956	731,184	1,421,700	-	1,421,700	1,459,256
2004	Fire	Fire Apparatus Fund - Fund 43	2,165,000	390	2,165,000	-	2,165,000	-
1999	Highway	Road Improvements Fund - Fund 45	3,380,200	1,948	3,380,200	-	3,380,200	-
2003	Parks	Improvements to Athletic Fields and Recreation Facilities Fund - Fund 53	3,250,000	54,251	3,180,612	-	3,180,612	69,388
2003	Facilities	Improvements and Renovation to the Public Safety Facility Fund - Fund 54	739,363	694	739,363	-	739,363	-
2004	Facilities	Improvements and Renovation to 699 Old Main Street Facility Fund - Fund 55	2,673,468	128,894	2,673,468	-	2,673,468	-
		Total	\$ 15,088,987	\$ 917,361	\$ 13,560,343	\$ -	\$ 13,560,343	\$ 1,528,644

Fiduciary Funds

FIDUCIARY FUNDS

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

SURETY BONDS - To account for cash bonds posted by contractors, developers and others.

SCHOOL ACTIVITY FUNDS - To account for revenues and expenditures relating to the various student functions and activities.

TOWN OF ROCKY HILL, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR 2007

	<u>Surety Bonds</u>	<u>School Activity</u>	<u>Totals</u>	
			<u>2008</u>	<u>2007</u>
Assets:				
Cash and cash equivalents	\$ 2,226,371	\$ 192,633	\$ 2,419,004	\$ 2,347,543
Investments		354,555	354,555	310,620
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,226,371</u>	<u>\$ 547,188</u>	<u>\$ 2,773,559</u>	<u>\$ 2,658,163</u>
Liabilities:				
Deposits and amounts due to student groups and participants	\$ 2,215,010	\$ 547,188	\$ 2,762,198	\$ 2,646,836
Accounts payable	11,361		11,361	11,327
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 2,226,371</u>	<u>\$ 547,188</u>	<u>\$ 2,773,559</u>	<u>\$ 2,658,163</u>

TOWN OF ROCKY HILL, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Surety Bonds				
Assets:				
Cash and cash equivalents	\$ 2,117,337	\$ 928,547	\$ 819,513	\$ 2,226,371
Liabilities:				
Deposits	\$ 2,106,010	\$ 928,513	\$ 819,513	\$ 2,215,010
Accounts payable	11,327	34		11,361
Total Liabilities	<u>\$ 2,117,337</u>	<u>\$ 928,547</u>	<u>\$ 819,513</u>	<u>\$ 2,226,371</u>
School Activity				
Assets:				
Cash and cash equivalents	\$ 230,206	\$ 752,504	\$ 790,077	\$ 192,633
Investments	310,620	55,032	11,097	354,555
Total Assets	<u>\$ 540,826</u>	<u>\$ 807,536</u>	<u>\$ 801,174</u>	<u>\$ 547,188</u>
Liabilities:				
Due to student groups	<u>\$ 540,826</u>	<u>\$ 807,536</u>	<u>\$ 801,174</u>	<u>\$ 547,188</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 2,347,543	\$ 1,681,051	\$ 1,609,590	\$ 2,419,004
Investments	310,620	55,032	11,097	354,555
Total Assets	<u>\$ 2,658,163</u>	<u>\$ 1,736,083</u>	<u>\$ 1,620,687</u>	<u>\$ 2,773,559</u>
Liabilities:				
Deposits and amounts due to student groups and participants	\$ 2,646,836	\$ 1,736,049	\$ 1,620,687	\$ 2,762,198
Accounts payable	11,327	34		11,361
Total Liabilities	<u>\$ 2,658,163</u>	<u>\$ 1,736,083</u>	<u>\$ 1,620,687</u>	<u>\$ 2,773,559</u>

**Capital Assets Used in the
Operation of Governmental Funds**

**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

The following schedules present only the capital asset balances related to governmental funds. The assets are reported at historical cost or estimated historical cost.

The Town's capitalization policy requires the recording of capital assets with original cost of \$5,000 or more. Infrastructure assets are recorded based on a threshold of \$100,000. Provision for depreciation is not included in the schedules.

TOWN OF ROCKY HILL, CONNECTICUT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

COMPARATIVE SCHEDULE BY SOURCE

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Governmental funds capital assets:		
Land	\$ 3,837,249	\$ 3,782,249
Buildings and improvements	48,791,942	47,688,523
Furniture, fixtures and equipment	13,654,855	13,441,668
Infrastructure	35,895,401	35,880,526
Construction in progress		<u>1,111,572</u>
Total	<u>\$ 102,179,447</u>	<u>\$ 101,904,538</u>
Investments in governmental funds capital assets by source:		
General Fund	\$ 73,123,139	\$ 72,986,387
Special Revenue Funds	1,199,113	1,182,975
Capital Projects Fund	21,012,895	21,015,074
Fiduciary Funds	52,488	52,488
Donations	<u>6,791,812</u>	<u>6,667,614</u>
Total	<u>\$ 102,179,447</u>	<u>\$ 101,904,538</u>

TOWN OF ROCKY HILL, CONNECTICUT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2008

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	<u>Total</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture Vehicles and Equipment</u>	<u>Infrastructure</u>
General government	\$ 17,783,185	\$ 2,827,749	\$ 13,752,739	\$ 1,202,697	\$
Public safety	9,764,806		2,881,785	6,883,021	
Public works	38,491,936		431,500	2,165,035	35,895,401
Health and human services	212,932		50,000	162,932	
Parks, recreation and facilities	5,234,641	1,009,500	3,533,505	691,636	
Library	3,207,900		1,045,000	2,162,900	
Schools	<u>27,484,047</u>		<u>27,097,413</u>	<u>386,634</u>	
Total	<u>\$ 102,179,447</u>	<u>\$ 3,837,249</u>	<u>\$ 48,791,942</u>	<u>\$ 13,654,855</u>	<u>\$ 35,895,401</u>

TOWN OF ROCKY HILL, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2008

	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2008</u>
General government	\$ 17,699,942	\$ 87,243	\$ 4,000	\$ 17,783,185
Public safety	9,750,547	103,242	88,983	9,764,806
Public works	38,437,280	106,252	51,596	38,491,936
Health and human services	162,763	50,169		212,932
Parks, recreation and facilities	5,282,790	961,938	1,010,087	5,234,641
Library	3,204,029	3,871		3,207,900
Schools	<u>27,367,187</u>	<u>271,833</u>	<u>154,973</u>	<u>27,484,047</u>
Total	<u>\$ 101,904,538</u>	<u>\$ 1,584,548</u>	<u>\$ 1,309,639</u>	<u>\$ 102,179,447</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 ASSETS BY COMPONENT

LAST SIX FISCAL YEARS

(In Thousands)

	FISCAL YEAR					
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities:						
Invested in capital assets, net of related debt	\$ 28,540	\$ 27,904	\$ 26,250	\$ 27,998	\$ 19,384	\$ 24,784
Restricted	147	147	127	127	125	116
Unrestricted	<u>1,916</u>	<u>2,838</u>	<u>4,946</u>	<u>5,834</u>	<u>8,750</u>	<u>6,380</u>
Total Governmental Activities Net Assets	<u>\$ 30,603</u>	<u>\$ 30,889</u>	<u>\$ 31,323</u>	<u>\$ 33,959</u>	<u>\$ 28,259</u>	<u>\$ 31,280</u>

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Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

TOWN OF ROCKY HILL, CONNECTICUT

CHANGES IN NET ASSETS

LAST SIX FISCAL YEARS
(In Thousands)

	FISCAL YEAR					
	2008	2007	2006	2005	2004	2003
Expenses:						
Governmental activities:						
General government	\$ 8,704	\$ 8,170	\$ 7,325	\$ 6,788	\$ 6,609	\$ 6,071
Public safety	6,570	6,445	5,812	5,707	5,111	5,430
Public works	6,393	5,513	6,214	5,864	5,786	4,782
Health and human services	599	565	551	537	453	462
Parks, recreation and facilities	6,656	6,094	5,784	5,336	5,033	5,015
Library services	943	892	855	840	790	831
Education	38,311	28,596	26,670	24,341	23,243	22,646
Interest on long-term debt	932	1,005	1,073	1,222	896	891
Total governmental activities expenses	69,108	57,280	54,284	50,635	47,921	46,128
Program Revenues:						
Governmental activities:						
Charges for services	3,163	2,816	3,125	2,464	2,872	3,094
Operating grants and contributions	15,762	6,243	5,544	4,288	4,108	3,413
Capital grants and contributions	537	56	1,275	7,276	785	604
Total governmental activities program revenues	19,462	9,115	9,944	14,028	7,765	7,111
Net (expense) revenue:						
Governmental activities	(49,646)	(48,165)	(44,340)	(36,607)	(40,156)	(39,017)
General revenues and other changes in net assets:						
Governmental Activities:						
Property taxes	46,698	44,606	40,098	39,979	36,339	35,574
Grants and contributions not restricted to specific purposes	1,627	1,796	1,531	1,512	1,482	1,681
Unrestricted investment earnings	536	771	565	386	224	212
Other general revenues	499	558	446	430	671	565
Total governmental activities general revenues and other changes in net assets	49,360	47,731	42,640	42,307	38,716	38,032
Changes in Net Assets:						
Governmental activities	\$ (286)	\$ (434)	\$ (1,700)	\$ 5,700	\$ (1,440)	\$ (985)

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

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

	FISCAL YEAR									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Fund										
Reserved	\$ 201	\$ 313	\$ 158	\$ 136	\$ 78	\$ 195	\$ 632	\$ 666	\$ 480	\$ 897
Unreserved	<u>3,995</u>	<u>4,480</u>	<u>3,998</u>	<u>4,179</u>	<u>3,032</u>	<u>3,764</u>	<u>3,921</u>	<u>4,519</u>	<u>3,835</u>	<u>4,513</u>
Total General Fund	<u><u>4,196</u></u>	<u><u>4,793</u></u>	<u><u>4,156</u></u>	<u><u>4,315</u></u>	<u><u>3,110</u></u>	<u><u>3,959</u></u>	<u><u>4,553</u></u>	<u><u>5,185</u></u>	<u><u>4,315</u></u>	<u><u>5,410</u></u>
All other governmental funds:										
Reserved	\$ 7	\$ 6	\$ 33	\$ 7	\$ 6	\$ 17	\$ 28	\$ 21	\$ 29	\$ 28
Unreserved, reported in:										
Special revenue funds	890	920	915	918	952	823	899	971	1,249	1,274
Capital projects funds	1,699	1,788	2,301	3,653	(4,196)	(833)	4,461	(1,944)	(1,796)	(1,157)
Permanent funds	<u>147</u>	<u>147</u>	<u>133</u>	<u>127</u>	<u>129</u>	<u>116</u>	<u>114</u>	<u>121</u>	<u>128</u>	<u>119</u>
Total All Other Governmental Funds	<u><u>2,743</u></u>	<u><u>2,861</u></u>	<u><u>3,382</u></u>	<u><u>4,705</u></u>	<u><u>(3,109)</u></u>	<u><u>123</u></u>	<u><u>5,502</u></u>	<u><u>(831)</u></u>	<u><u>(390)</u></u>	<u><u>264</u></u>

Notes:

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

(2) Date presented for years prior to the implementation of GASB Statement No. 34 (2004) has been restated to confirm with current governmental funds structure.

TOWN OF ROCKY HILL, CONNECTICUT

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues:										
Taxes and assessments	\$ 46,816	\$ 45,423	\$ 41,265	\$ 40,491	\$ 36,109	\$ 35,298	\$ 31,464	\$ 30,905	\$ 28,973	\$ 28,217
Intergovernmental	17,954	8,230	7,743	7,862	6,654	6,417	7,662	7,299	6,383	7,312
Charges for services	2,829	2,619	2,881	2,277	2,685	1,917	1,928	1,568	1,520	1,543
Income on investments	535	770	565	386	224	212	440	990	785	590
Miscellaneous	951	859	768	851	858	1,187	974	871	623	588
Total revenues	<u>69,085</u>	<u>57,901</u>	<u>53,222</u>	<u>51,867</u>	<u>46,530</u>	<u>45,031</u>	<u>42,468</u>	<u>41,633</u>	<u>38,284</u>	<u>38,250</u>
Expenditures:										
General government	1,943	1,924	1,793	1,856	1,751	1,921	1,891	1,697	1,686	1,424
Public safety	5,179	5,048	4,848	4,851	4,576	4,503	4,082	3,946	3,751	3,299
Public works	5,015	4,795	4,589	4,405	4,037	3,775	3,476	3,591	3,346	2,929
Health and human services	581	546	535	519	455	442	373	357	330	329
Parks, recreation and facilities	6,413	6,336	5,675	5,763	4,906	4,789	4,515	4,630	4,151	3,627
Library services	939	889	836	809	779	785	840	803	759	700
Education	38,357	27,707	26,384	24,151	22,890	22,564	21,548	20,586	19,688	18,461
Miscellaneous	6,545	5,797	5,122	4,788	4,119	3,752	3,816	3,097	2,705	2,865
Capital outlay	2,009	2,376	2,659	4,396	4,913	6,837	5,666	4,192	1,847	2,561
Debt service:										
Debt redemption - principal	2,015	1,795	1,365	1,430	1,355	905	1,005	775	1,350	1,525
Debt redemption - interest	942	1,012	1,294	781	929	1,121	724	560	544	597
Total expenditures	<u>69,938</u>	<u>58,225</u>	<u>55,100</u>	<u>53,749</u>	<u>50,710</u>	<u>51,394</u>	<u>47,936</u>	<u>44,234</u>	<u>40,157</u>	<u>38,317</u>
Excess of Revenue over (under) Expenditures	<u>(853)</u>	<u>(324)</u>	<u>(1,878)</u>	<u>(1,882)</u>	<u>(4,180)</u>	<u>(6,363)</u>	<u>(5,468)</u>	<u>(2,601)</u>	<u>(1,873)</u>	<u>(67)</u>
Other Financing Sources (Uses):										
Payment to refunded bond escrow					(5,296)					
Proceeds from capital leases	139	440	396		72	391	169		88	131
Proceeds from bond issues				10,900	5,265		11,000	3,030		
Premium on sale of refunding bonds					59					
Transfers in	380	297	90	219	418	40	279	448	625	
Transfers out	(380)	(297)	(90)	(219)	(418)	(40)	(279)	(448)	(625)	
Total other financing sources (uses)	<u>139</u>	<u>440</u>	<u>396</u>	<u>10,900</u>	<u>100</u>	<u>391</u>	<u>11,169</u>	<u>3,030</u>	<u>88</u>	<u>131</u>
Net Change in Fund Balances	<u>\$ (714)</u>	<u>\$ 116</u>	<u>\$ (1,482)</u>	<u>\$ 9,018</u>	<u>\$ (4,080)</u>	<u>\$ (5,972)</u>	<u>\$ 5,701</u>	<u>\$ 429</u>	<u>\$ (1,785)</u>	<u>\$ 64</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>4.3%</u>	<u>5.0%</u>	<u>5.1%</u>	<u>4.5%</u>	<u>5.0%</u>	<u>4.5%</u>	<u>4.1%</u>	<u>3.3%</u>	<u>4.9%</u>	<u>5.9%</u>

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

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

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value As a Percentage of Actual Taxable Value
	Residential	Commercial	Industrial							
2008	\$ 983,266,190	\$ 340,419,825	\$ 78,854,310	\$ 103,420,525	\$ 145,334,447	\$ 15,506,911	\$ 1,635,788,386	28.4	\$ 2,336,840,551	70%
2007	966,457,300	337,036,243	78,617,860	92,917,372	140,842,106	12,579,667	1,603,291,214	28.0	2,290,416,020	70%
2006	955,552,380	322,570,220	79,947,910	97,052,660	133,196,940	12,466,930	1,575,853,180	25.8	2,251,218,829	70%
2005(a)	934,003,310	316,141,360	76,335,670	95,916,190	124,389,870	13,415,080	1,533,371,320	25.8	2,190,530,457	70%
2004	662,050,580	283,620,570	63,082,690	102,213,410	127,437,480	15,039,560	1,223,365,170	29.3	1,747,664,529	70%
2003	646,424,020	276,048,810	58,924,910	111,172,610	121,798,600	14,796,300	1,199,572,650	29.3	1,713,675,214	70%
2002	628,118,170	277,016,120	58,380,680	106,938,390	118,675,980	14,392,430	1,174,736,910	26.8	1,678,195,586	70%
2001(a)	603,915,920	278,509,740	57,832,480	104,535,850	111,714,140	16,347,630	1,140,160,500	26.8	1,628,800,714	70%
2000	730,663,210	314,949,410	69,848,970	94,447,110	107,229,850	16,439,140	1,300,699,410	22.025	1,858,142,014	70%
1999	717,595,440	298,168,640	69,430,300	90,347,440	93,139,070	16,803,520	1,251,877,370	21.9	1,788,396,243	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
2008	13.827	13.130	1.443	28.400
2007	13.583	12.922	1.495	28.000
2006	12.125	12.262	1.413	25.800
2005	12.179	12.376	1.245	25.800
2004	13.534	14.225	1.541	29.300
2003	13.714	14.167	1.419	29.300
2002	12.536	13.093	1.171	26.800
2001	12.965	12.906	0.929	26.800
2000	10.224	10.652	1.149	22.025
1999	10.120	10.600	1.180	21.900

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

Source: Town of Rocky Hill, Finance Department

TOWN OF ROCKY HILL, CONNECTICUT

PRINCIPAL PROPERTY TAX PAYERS

**2006 AND 1997
(In Thousands)**

Taxpayer	October 1, 2006			October 1, 1997		
	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 Hill Assoc. Ltd. Prtshp	\$ 36,297	1	2.22%	\$ 30,849	1	2.46%
Five Hundred Enterprise	24,169	2	1.48%			
Henkel (Loctite Corporation)	18,575	3	1.14%	28,277	2	2.26%
Sysco Corporation	16,416	4	1.00%	13,142	5	1.05%
Rocky Hill Assoc LTD Partnership	10,117	5	0.62%			
Rocky Hill Holdings LLC	9,526	6	0.58%			
Corporate Ridge D/D Hotel Limited Prtshp.	9,520	7	0.58%	9,885	8	0.79%
Acadia Hill Town Line LLC	9,415	8	0.58%			
New Boston Fifty Five Capital LLC	8,888	9	0.54%			
New Boston One Hundred Seventy Five	7,366	10	0.45%			
Corporate Ridge D/D Limited Prtshp.				20,631	3	1.65%
Ames Department Stores Inc. (c)				15,903	4	1.27%
Rocky Hill Town Center				10,837	6	0.87%
Corporate Place LLC				10,575	7	0.84%
Technology Row Ltd. Prtshp				9,052	9	0.72%
Great Meadow Assoc. Ltd. Prtshp.				8,522	10	0.68%
Total	\$ 150,289		9.19% %	\$ 157,673		12.59%

Source: Town of Rocky Hill, Office of Tax Assessor

- (a) Based on Net Taxable Grand List of \$1,635,788,386 (amount not rounded)
- (b) Based on Net Taxable Grant List of \$1,251,877,370 (amount not rounded)
- (c) Ames Department Stores has filed under Chapter 7 of the Bankruptcy Court.

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
2008	28.400	\$ 46,723	\$ 46,421	99.35%	\$	\$ 46,421	99.35%
2007	28.000	45,313	45,037	99.39%	128	45,165	99.67%
2006	25.800	40,962	40,710	99.38%	211	40,921	99.90%
2005	25.800	39,865	39,640	99.44%	198	39,838	99.93%
2004	29.300	36,169	35,380	97.82%	746	36,126	99.88%
2003	29.300	35,463	34,988	98.66%	428	35,416	99.87%
2002	26.800	31,637	31,078	98.23%	516	31,594	99.86%
2001	26.800	30,877	30,626	99.19%	208	30,834	99.86%
2000	22.025	28,813	28,578	99.18%	198	28,776	99.87%
1999	21.900	27,757	27,483	99.01%	241	27,724	99.88%

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Source: Tax Collector's Report: Comprehensive annual financial report

TOWN OF ROCKY HILL, CONNECTICUT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(Thousands, except per capita)

Fiscal Year	General Obligation Bonds	Capital Leases	Total Primary Government	(b) Ratio of Debt to Taxable Assessed Value	(a) Debt Per Capita
2008	\$ 22,510	\$ 470	\$ 22,980	1.40%	\$ 1,222
2007	24,525	598	25,123	1.57%	1,334
2006	26,320	239	26,559	1.69%	1,416
2005	27,685	70	27,755	1.81%	1,491
2004	18,215	224	18,439	1.51%	995
2003	19,465	356	19,821	1.65%	1,083
2002	20,370	105	20,475	1.74%	1,158
2001	10,375	35	10,410	0.91%	579
2000	8,120	95	8,215	0.63%	489
1999	9,470	85	9,555	0.76%	571

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 taxable assessed value

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
2008	\$ 22,510	0.96%	\$ 1,197
2007	24,525	1.07%	1,302
2006	26,320	1.69%	1,416
2005	27,685	1.81%	1,491
2004	18,215	1.51%	995
2003	19,465	1.65%	1,083
2002	20,370	1.74%	1,158
2001	10,375	0.91%	579
2000	8,120	0.63%	489
1999	9,470	0.76%	571

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

(a) See Table 14 for population figures

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

TOWN OF ROCKY HILL, CONNECTICUT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2008
(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	\$ 107,074	5.57%	\$ 5,964
Town direct debt	22,510	100.00%	<u>22,510</u>
Total			<u><u>\$ 28,474</u></u>

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

TOWN OF ROCKY HILL, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2008

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2008					\$ 46,776,965
Reimbursement for revenue loss on:					
Tax relief for elderly - freeze					<u>1,221</u>
Base					\$ <u>46,778,186</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation					
2-1/4 times base	\$ 105,250,919	\$	\$	\$	\$
4-1/2 times base		210,501,837			
3-3/4 times base			175,418,198		
3-1/4 times base				152,029,105	
3 times base					140,334,558
Total debt limitation	<u>105,250,919</u>	<u>210,501,837</u>	<u>175,418,198</u>	<u>152,029,105</u>	<u>140,334,558</u>
Indebtedness:					
Bonds payable	18,366,391	4,143,609			
Bonds authorized - unissued	200,000	902,000			
Overlapping debt			5,964,001		
Less State of Connecticut building grants receivable		(629,573)			
Total indebtedness	<u>18,566,391</u>	<u>4,416,036</u>	<u>5,964,001</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 86,684,528</u>	<u>\$ 206,085,801</u>	<u>\$ 169,454,197</u>	<u>\$ 152,029,105</u>	<u>\$ 140,334,558</u>

Note: In no case shall total indebtedness exceed \$327,438,755 or seven times annual receipts from taxation.

TOWN OF ROCKY HILL, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Debt limitation	\$ 327,439	\$ 318,162	\$ 288,726	\$ 283,726	\$ 252,791	\$ 247,071	\$ 220,037	\$ 216,319	\$ 203,639	\$ 197,177
Total net debt applicable to limit	<u>28,946</u>	<u>28,887</u>	<u>30,924</u>	<u>32,305</u>	<u>31,216</u>	<u>29,065</u>	<u>25,797</u>	<u>21,112</u>	<u>20,078</u>	<u>13,144</u>
Legal Debt Margin	<u>\$ 298,493</u>	<u>\$ 289,275</u>	<u>\$ 257,802</u>	<u>\$ 251,421</u>	<u>\$ 221,575</u>	<u>\$ 218,006</u>	<u>\$ 194,240</u>	<u>\$ 195,207</u>	<u>\$ 183,561</u>	<u>\$ 184,033</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.84%	9.08%	10.72%	11.39%	12.35%	11.76%	11.72%	9.76%	9.86%	6.67%

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)
2008	18,808	\$ 29,701	\$ 44,090	40.6	2,622	4.7%
2007	18,835	29,701	44,090	40.6	2,621	3.9%
2006	18,760	29,701	44,090	40.6	2,587	3.6%
2005	18,620	29,701	44,090	40.6	2,557	4.1%
2004	18,528	29,701	44,090	40.6	2,496	4.2%
2003	18,305	29,701	44,090	40.6	2,457	4.9%
2002	17,683	32,668 (5)	44,090	40.6	2,487	3.7%
2001	17,956	32,668 (5)	44,090	40.6	2,425	2.2%
2000	16,799	21,918	nl	40.6	2,395	1.8%
1999	16,742	21,918	nl	nl	2,365	2.3%

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

(2) Source: Department of Commerce, U.S. Bureau of the Census - Census 2000

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

(4) Source: State of Connecticut Department of Labor

(5) Source: Department of Economic Community Development - Claritas, Inc.

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TOWN OF ROCKY HILL, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	Nature of Business	2008			1999		
		Employees	Rank	Percentage of Total Town Employment(b)	Employees	Rank	Percentage of Total Town Employment(b)
Town of Rocky Hill	Municipality	441	1	3.16%	354	3	3.88
Loctite Corporation	Adhesives and Sealants	400	2	2.87%			
SYSCO Food Services	Food Distribution Warehouse	354	3	2.54%			
Fiserv	Finance - Loan Processing	340	4	2.44%			
State Veterans Home and Hospital	Hospital	302	5	2.17%	500	2	5.49
Burriss Logistics	Refrigerated Logistics Warehouse	200	6	1.43%			
Compaq-Hewlett Packard	Technology	150	7	1.08%			
Paychex	Financial Services	140	8	1.00%			
GMAC	Finance	140	9	1.00%			
Connecticut Lottery	State Lottery Headquarters	100	10	0.72%			
Connecticut Student Loan	State of CT - Finance				152	7	1.67
Ames Department Stores (a)	Headquarters				900	1	9.86
Digital Computers	Computers				300	4	3.29
United Technology	Repair Facility				300	5	3.29
Hartford Ball Company	Ball Bearings				168	6	1.84
CT Housing Finance Authority	State of CT - Finance				130	8	1.42
Foremost - McKesson	Pharmaceuticals Warehouse				130	9	1.42
Peerless Insurance	Insurance				118	10	1.29
Total		2,567		18.41%	3,052		33.45

Source: Town of Rocky Hill, Economic Development Department
 (a) Ames Department Stores filed under Chapter 7 of the Bankruptcy Court.
 (b) Source: State of Connecticut, Department of Labor

TOWN OF ROCKY HILL, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Government	22	21	21	22	22	22	21	19	16	15
Police	44	44	44	45	43	42	42	42	39	39
Fire	4	4	4	4	4	4	4	4	3	3
Building Department	3	3	3	3	3	3	3	3	3	3
Public Works:										
Engineering	4	4	4	4	4	4	4	4	3	3
Highway	15	15	15	14	14	14	14	13	13	12
Human Services	6	6	6	6	6	6	6	6	5	5
Parks and Recreation	12	12	13	13	13	13	13	12	11	11
Facilities:										
Town	9.5	9.5	10	10	10	8	7	7	3	3
Schools	25.5	25.5	26	26	26	25	24	24	25	26
Library	10	10	10	10	10	10	10	10	10	10
Education (a)	<u>286</u>	<u>285</u>	<u>279</u>	<u>275</u>	<u>266</u>	<u>271</u>	<u>256</u>	<u>254</u>	<u>251</u>	<u>242</u>
Total	<u>441</u>	<u>439</u>	<u>435</u>	<u>432</u>	<u>421</u>	<u>422</u>	<u>404</u>	<u>398</u>	<u>382</u>	<u>372</u>

Source: Town of Rocky Hill, Finance Department

(a) Town of Rocky Hill, Board of Education

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

Function/Program	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Building Department:										
Permits Issued	1,287	1,537	1,615	1,387	1,506	1,415	1,458	1,205	1,587	1,416
Certificates of Occupancy	156	120	163	130	158	144	133	113	181	144
Number of Inspections	2,348	2,460	2,764	3,334	3,112	2,685	2,000	2,123	2,865	2,788
Police:										
Total Criminal Arrests	440	456	541	465	524	526	os	os	os	os
Total Town Tickets Issued	430	550	811	487	457	766	os	os	os	os
Medical Calls	2,404	2,594	2,403	2,390	2,076	1,833	os	os	os	os
Animal Complaints	270	323	314	183	225	207	os	os	os	os
Police Training Hours	4,782	5,067	2,671	2,483	3,355	nt	nt	nt	nt	nt
Fire:										
Emergency responses	678	687	755	755	630	631	533	595	569	651
Inspections	647	535	750	750	750	700	750	534	652	720
Fire Training Man-hours	8,300	7,480	7,628	5,280	11,100	7,500	6,028	7,069	7,111	7,400
Sanitation:										
Commercial Solid Waste (tons)	6,592	7,326	7,792	6,981	7,566	8,583	8,571	8,012	8,269	7,968
Residential Solid Waste (tons)	6,602	6,762	6,812	6,595	6,885	6,412	6,505	6,181	6,012	5,893
Bulky waste (tons)	966	881	835	739	1,433	1,421	375	112	878	782
Highway Department:										
Snow and Ice Callouts	20	15	17	25	15	25	13	9	9	18
Leaf Pickups (Cubic Yards)	6,695	6,735	5,480	6,321	7,770	6,723	6,595	7,000	6,848	7,055
Catch Basin Repairs	39	13	22	17	22	44	25	35	35	33
Parks and Recreation:										
Number of Programs Offered	960	950	525	490	490	450	445	430	430	430
Number of Participants	9,600	9,500	9,000	7,000	7,000	6,000	5,300	5,100	5,100	5,100
Library:										
Volumes in Collection	63,984	70,911	68,240	69,542	69,257	71,005	70,673	71,553	71,553	75,000
Total Volumes Borrowed	284,833	283,483	256,190	254,610	264,280	271,697	257,008	237,333	229,191	219,652
Human Services:										
Number Elderly/Disabled: Individual Bus Trips	9,868	10,158	7,841	7,841	6,996	8,691	10,300	10,972	10,357	10,632

Source: Town of Rocky Hill various Town Departments
os - not available, prior information kept on old inactive system
nt - this information was not being tracked

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

Function/Program	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Police:										
Station	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Apparatus	11	11	11	11	11	11	11	9	12	11
Fire Rescue Boat	1	1	1	1	1	1	1	1	1	1
Highway Department										
Streets (miles)	66	66	66	65	59	59	59	57	54	54
Dump Trucks plus Equipment	40	40	40	40	40	40	39	36	36	34
Parks and Recreation:										
Acreage Maintained	180	180	180	180	180	180	180	180	180	145
Number of Parks	7	7	7	7	7	7	7	7	7	8
Baseball Fields	12	12	12	12	12	12	12	12	12	11
Soccer Fields	9	9	9	9	9	9	9	9	9	8
Skatepark	1	1	1	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	0	0	0	0	0	0
Facilities:										
Number of Town Buildings	14	14	14	14	14	14	12	12	12	11
Number of Schools	5	5	5	5	5	5	5	5	5	5
Human Services:										
Mini-buses	3	3	3	3	3	3	3	3	3	2

Source: Town of Rocky Hill, various Town Departments