

Town of Rocky Hill Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011

Comprehensive Annual Financial Report

of the

Town of Rocky Hill Connecticut

Fiscal Year Ended June 30, 2011

Prepared by:
Finance Department
Director of Finance
John Mehr

TOWN OF ROCKY HILL, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

	<u>Page</u>
Introductory Section	
List of Principal Officials	i
Organization Chart of Town Government	ii
Letter of Transmittal	iii-vii
Certificate of Achievement for Excellence in Financial Reporting	viii
Financial Section	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
<u>Exhibit</u>	
Basic Financial Statements:	
Government-Wide Financial Statements:	
I Statement of Net Assets	11
II Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
III Balance Sheet	13-14
IV Statement of Revenues, Expenditures and Changes in Fund Balances	15-16
Fiduciary Funds:	
V Statement of Fiduciary Net Assets	17
VI Statement of Changes in Plan Net Assets - Pension Trust Fund	18
Notes to Financial Statements	19-41
Required Supplementary Information:	
General Fund:	
RSI-1 Schedule of Revenues and Other Financing Sources - Budget and Actual	42-43
RSI-2 Schedule of Expenditures and Other Financing Uses - Budget and Actual	44-45
Combining and Individual Fund Statements and Schedules:	
General Fund:	
A-1 Comparative Balance Sheet	46
A-2 Report of Tax Collector	47
Nonmajor Governmental Funds:	
B-1 Combining Balance Sheet	48-50
B-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	51-53

Exhibit**Page**

Combining and Individual Fund Statements and Schedules (continued):

	Capital Projects Fund:	
C	Schedule of Expenditures - Actual vs. Appropriations	54
	Fiduciary Funds:	
	Agency Funds:	
D-1	Combining Balance Sheet	55
D-2	Combining Statement of Changes in Assets and Liabilities	56
	Capital Assets Used in the Operation of Governmental Funds:	
E-1	Comparative Schedule by Source	57
E-2	Schedule by Function and Activity	58
E-3	Schedule of Changes by Function and Activity	59

Statistical Section**Table**

	Financial Trends:	
1	Net Assets by Component	60
2	Changes in Net Assets	61
3	Fund Balances, Governmental Funds	62
4	Changes in Fund Balances, Governmental Funds	63
	Revenue Capacity:	
5	Assessed Value and Estimated Actual Value of Taxable Property	64
6	Property Tax Rates	65
7	Principal Property Taxpayers	66
8	Property Tax Levies and Collections	67
	Debt Capacity:	
9	Ratios of Outstanding Debt by Type	68
10	Ratios of General Bonded Debt Outstanding	69
11	Direct and Overlapping Governmental Activities Debt	70
12	Schedule of Debt Limitation	71
13	Legal Debt Margin Information	72
	Demographic and Economic Statistics:	
14	Demographic and Economic Statistics	73
15	Principal Employers	74
	Operating Information:	
16	Full-Time Equivalent Town Government Employees by Function/Program	75
17	Operating Indicators by Function/Program	76
18	Capital Asset Statistics by Function/Program	77

Introductory Section

TOWN OF ROCKY HILL, CONNECTICUT

JUNE 30, 2011

PRINCIPAL OFFICIALS

TOWN COUNCIL

Anthony LaRosa, Mayor

Philip J. Sylvestro
Nadine Bell
Larrye deBear
Mary Ellen Flynn

Timothy Moriarty
Barbara Orsini Surwilo
Frank Szeps
Catherine Vargas

BOARD OF EDUCATION

William MacDonald, Chairman

Rene Rivard
Frank Morse
Marc R. Beliveau
Raffaella Calciano-Coler

Dilip D. Desai
Brian A. Dillon
Maria Mennela
E. Alexander Silva

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
Elaine McKim
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

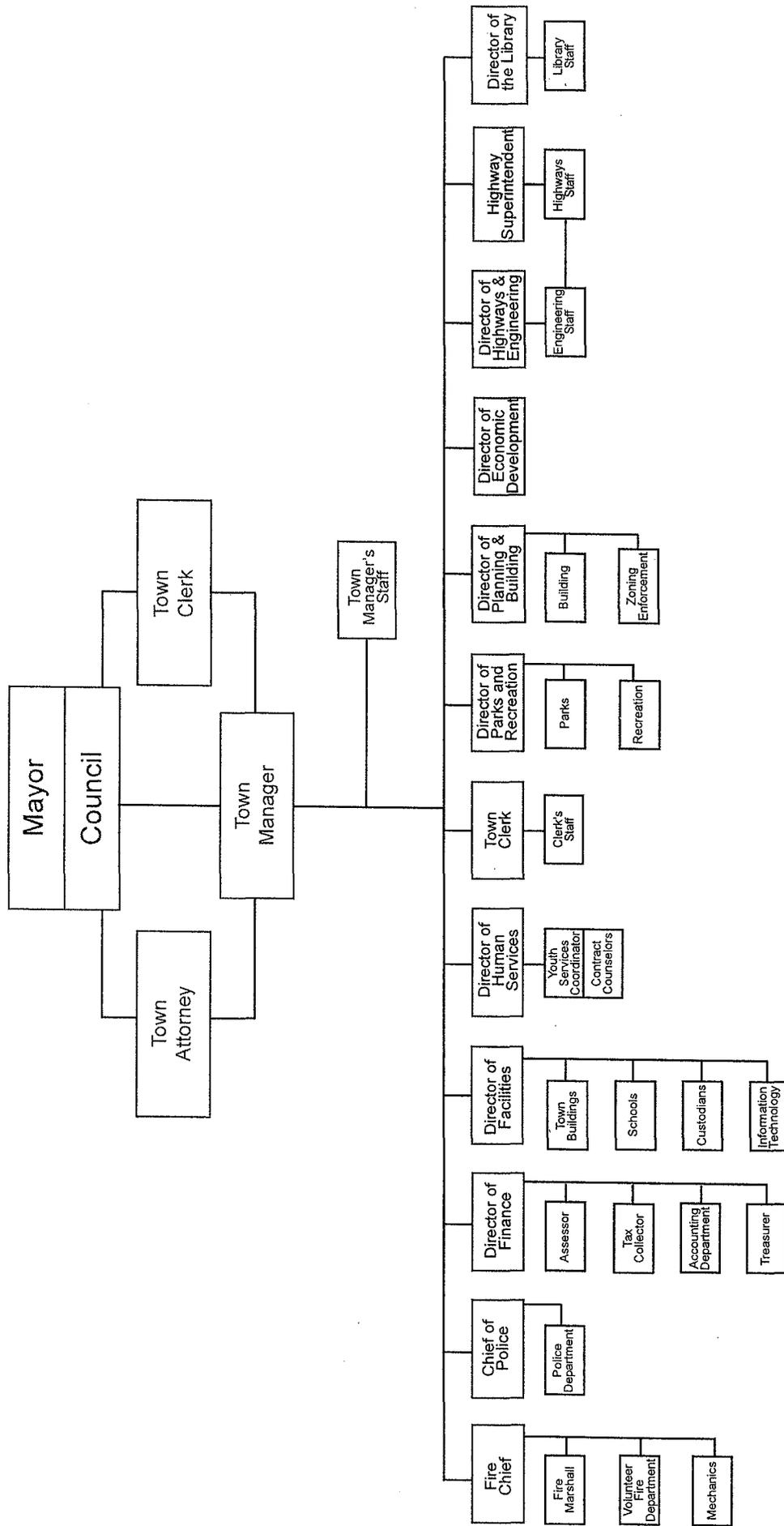
EDUCATION

Superintendent of Schools
Director of Finance and Operations

Jeffrey A. Villar, Ph.D.
Charles Zettergren

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 12, 2011

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, 2011.

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, 2011. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

The Town of Rocky Hill was settled in 1650 as part of Wethersfield and was incorporated as a separate town in 1843. The Town covers an area of 13.9 square miles with a population of 19,754. It is situated on the west bank of the Connecticut River, eight miles south of Hartford. Major roads that traverse the Town are State Routes 3, 99 and 160 and Interstate 91. The Town is also accessible by water and air transportation. Contiguous towns are Berlin, Glastonbury, Wethersfield, Newington and Cromwell. The Town is empowered to levy a property tax on both real and personal property located within its boundaries. This includes motor vehicles which are garaged or registered as being in the Town.

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

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

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

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

Local Economy

Rocky Hill has many national/international companies located in the Town. It is home to the North American Headquarters of the German company Henkel's Loctite Corporation, an internationally known adhesive manufacturer. Also, SYSCO, a food distributor, has located a regional facility in Town. Other companies include Burriss Refrigerator Logistics, Marriott, Paychex, ISGN (formerly FISERV), Walmart and Kohl's. The Meredith Corporation local television station WFSB, the Hartford area CBS-TV affiliate, relocated to Rocky Hill from Hartford has been broadcasting from Rocky Hill since July of 2007. The Town has developed a 240 plus acre Industrial Park that has a mixture of manufacturing and distributor businesses. There is also a substantial commercial economic presence that includes a number of national retail facilities. Within the Town are a number of State agencies including a State of Connecticut Veterans Home and Hospital which has approximately 600 patients, and the State has completed a new addition to the Veterans Home. The CT Lottery is 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 10,854 for June 2011. The unemployment rate decreased from 7.5% to 7.3% in Rocky Hill while the Hartford region increased from 9.1% to 9.2% for the same period from June 2010 to June 2011. During the past ten years, the unemployment rate increased from 2.8% in Rocky Hill to 7.3 % in June 2011. While unemployment appears to start to slowly decline 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 help Rocky Hill's unemployment rate to decline at a faster rate compared to surrounding areas.

Development has been taking place in the Brook Street area of town, primarily on the property of a former nursery. Winstanley Enterprises has currently leased 140,000 square feet of 189,000 square feet of flex space in three separate buildings. The newest business to locate in the Winbrook Business Park is Paychex. Burriss Refrigerated Logistics has completed phase I of its northeast distribution facility and is operating a 256,000 square foot refrigerated warehouse with phase II planned within the next 4 years. CT Lottery renovated 96,000 square feet of a former warehouse for its new offices and warehouse facility. Inner Circle Fresh Foods was approved to operate a 75,000 square foot food preparation and bakery to provide all of BJ Warehouses prepared foods, salads and baked products, providing 158 new jobs. Besides Brook Street, the Town anticipate the construction of two 75,415 square feet of Class A office buildings by Farley White in the Corporate Ridge Business Park. On Cromwell Avenue is the Modern Tire Corporation headquarters that opened in the Spring of 2011 and the Compass Point Business Park did add two new 11,500 square foot medical office buildings that opened in February of 2011. A project that is endorsed by the Town's Redevelopment Agency is the Town Center West development project located on Cromwell Avenue and West Street. This development project will provide 80,000 to 120,000 square feet of retail space, 30,000 square feet of office space, and 4,000 to 7,000 square feet of restaurant space. This project has a 12 to 18 month timeline and is currently going through the process of securing approvals from all the appropriate planning boards and commissions.

The Town Council has implemented a business development incentive policy to encourage long-term investment in Rocky Hill by providing tax abatements to business that locate within the community or want to expand its operations. WFSB and Burris Refrigerator Logistics are both receiving tax abatements. 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, 4 lots were created through subdivision approval process. The Town did issue permits for 21 single family residences, which includes active adult units. Also, the Town has a number of apartment complexes with the largest being Century Hills with 940 apartments.

Long-Term Financial Planning

Unreserved, unassigned fund balance in the general fund is 5.96% of total general fund expenditures and falls within the policy guidelines set by the Town Council for budgetary and planning purposes which must be no less than 5% of general fund expenditures. The Town Council has been using the general fund budgeting process to fund the Town's Capital Improvement Program. In February 2006, the Town Council passed a resolution that any funds in the unassigned fund balance from the preceding fiscal year that exceed 6% of general fund expenditures be applied to the capital improvement budget as determined by the Town Council. By budgeting for capital purchases on a yearly basis, the Town Council is trying to be less reliant on referendums. For the 2011 -2012 budget, \$119,608 of unassigned fund balance was applied to the capital improvements budget.

In August of 2011, the Town experienced a tropical storm that caused \$280,000 of damage and debris cleanup costs. The Town is handling this cleanup within its 2011-2012 town operating budget plus an anticipated Federal Emergency Management Agency (FEMA) reimbursement of 75% of eligible costs. Then at the end of October of 2011, the Town was affected by a snow storm that required the Town to open up its shelter for residents lacking electricity, heat and/or water. To pay the cost of operating the shelter and the costs of snow removal with its associated tree damages and debris cleanup, the Town Council approved an emergency appropriation of \$500,000 from unassigned fund balance. This action resulted in unassigned fund balance in the general fund to be readjusted to 5.11% of total general fund expenditures. The Town does anticipate FEMA to provide reimbursement of 75% of eligible costs associated with this disaster event and will use this reimbursement to reduce the amount of unassigned fund balance needed.

Relevant Financial Policies

The State budget for FY 2011 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, 2011, but then will revert back to \$1.10 per \$1,000. During this fiscal year, the Town received \$156,262 in conveyance tax. If the State had not passed this law, the Town would have received about \$87,500 less in conveyance tax.

The Town implemented new assessed property values for the October 1, 2008 Grand List based on a State mandated revaluation which started to impact the 2009 - 2010 Town Budget. After implementing the new assessed property values, the Town received 83 cases, 15 residential and 68 commercial, challenging the new assessed property values in Superior Court. The Town policy is to minimize the impact that any of these settlements would have on the 2009 - 2010 fiscal year. The Town has settled all these cases resulting in a \$81.0 million reduction to the Grand List. These assessment appeals case settlements are reflected in the property value adjustments for the October 2009 and 2010 Grand Lists, therefore, impacting the 2010 - 2011 and 2011 - 2012 Town Budgets.

For the 2011-2012 budget year, all Town employees bargaining and non-bargaining groups did not take a salary increase that resulted in a \$320,000 savings.

Major Initiatives

The Town has received State grants to assist with storefront improvements for businesses located on the Silas Deane Highway. In September of 2010, the Town did receive another \$250,000 in CT Small Town Economic Assistance Program (STEAP) grant funds to continue the Silas Deane Revitalization Project for façade restorations and the Silas Deane Streetscape. The façade improvement program has a total of 25 renderings with 16 of these projects being completed and 6 more underway. The Town has advertised an invitation to bid for the construction of Phase One of the Streetscape project for the Silas Deane / Old Main Street section of town with a bid opening in November of 2011. Also, the Town received a \$56,000 Energy Efficiency & Conservation Block Grant for the replacement of the boilers in the Town's three fire stations with work starting in early spring with a completion date in the fall of 2011. In the 2010-2011 budget year, the Town did take delivery of a new 2011 Mack dump truck and a John Deere Payloader for the Highway Department, a Toro Groundmaster lawnmower for the Parks Department, and town's data center was virtualized based on VMware that resulted in the number of servers being reduced from fourteen to four. The Town has stopped the proposed police training center project due to insufficient funding. The original budget of \$1 million was to be funded completely by a State grant.

The Town has discontinued pursuing through exercising its power of eminent domain to acquire the Foundry property, 11 acres parcel of land along the Connecticut River, with the intent of making it a public park. However, the Town has signed an agreement with the owner/developer of the property to renovate the parcel as a multi-use with residential development. The developer is beginning the process of securing approvals from all the proper boards and commissions.

The Town of Rocky Hill last issued general obligation (GO) refunding bonds for \$7.42 million in April 2010. All bond proceeds were used to refund the Town's series 2000 and 2001 GO bonds outstanding. The Town received a net present value savings of \$498 thousand and did use the majority of the savings in the 2010-2011 and 2011-2012 budget years. Standard & Poor's Rating Services reviewed the refunding bonds issue and assigned its 'AA' rating with a stable outlook. In addition, after Moody's Investor Service recalibrated its Global Scale Ratings, the Town's bond rating went to Aa2 from Aa3.

On the November 2010 ballot, the voters of Rocky Hill did not have any referendum questions. However, the voters did have a referendum on June 2010 with one question asking to appropriate \$91.9 million for town wide school system improvements consisting of the replacement of one elementary school with a new elementary school, and the renovation and expansion of one of the existing elementary schools and of the high school. 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. On the November 2011 ballot, the voters of Rocky Hill did not have any referendum questions. In the future there could be another possible school related referendum as this idea is being discussed by town officials.

The Board of Education did close the Moser School and did transfer its kindergarten through second grade students to the Stevens School for the school year starting in September 2011. To handle this closure, Stevens School will be getting three modular classrooms.

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, 2010. 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, 2010

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.



Linda C. Dandson

President

Jeffrey R. Egan

Executive Director

Financial Section



Accounting | Tax | Business Consulting

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, 2011, which collectively comprise the Town of Rocky Hill, Connecticut'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 basic 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, 2011 and the respective changes in financial position 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 12, 2011 on our consideration of the Town of Rocky Hill, Connecticut's internal control over financial reporting and 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 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 assessing the results of our audit.

Management's discussion and analysis on pages 3 through 10, and the budgetary comparison information on pages 42 through 45, are not required parts 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 of Rocky Hill, Connecticut'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 12, 2011

TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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, 2011. 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 increased by \$83 thousand or just 0.3%.
- During the year, the Town had expenses that were \$83 thousand less than the \$65.5 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$65.4 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 \$68 thousand less than budgeted for the General Fund, however, expenditures were \$404 thousand below 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 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 increased from \$31.6 million to \$31.7 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	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 14,637,793	\$ 12,426,611
Capital assets, net of accumulated depreciation	49,490,186	50,461,753
Total assets	<u>64,127,979</u>	<u>62,888,364</u>
Long-term debt outstanding	25,432,639	25,782,869
Other liabilities	7,007,941	5,500,885
Total liabilities	<u>32,440,580</u>	<u>31,283,754</u>
Net Assets:		
Invested in capital assets, net of debt	32,265,069	31,869,594
Restricted	50,513	131,678
Unrestricted	<u>(628,183)</u>	<u>(396,662)</u>
Total Net Assets	<u>\$ 31,687,399</u>	<u>\$ 31,604,610</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 (\$396 thousand) at June 30, 2010 to (\$628 thousand) at the end of this year.

**Table 2
CHANGE IN NET ASSETS**

	Governmental Activities	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 2,464,769	\$ 2,380,780
Operating grants and contributions	7,973,397	8,501,954
Capital grants and contributions	184,800	1,476,910
General revenues:		
Property taxes	52,635,921	50,427,420
Grants and contributions not restricted to specific purposes	1,576,291	1,522,516
Unrestricted investment earnings	26,531	47,329
Other general revenues	611,717	565,584
Total revenues	65,473,426	64,922,493
Program expenses:		
General government	10,207,584	10,548,036
Public safety	6,541,222	6,539,663
Public works	6,079,128	5,657,194
Health and human services	685,532	602,681
Parks, recreation and facilities	6,340,469	6,122,943
Library services	917,365	899,916
Education	33,983,243	33,004,998
Interest on long-term debt	636,094	726,046
Total program expenses	65,390,637	64,101,477
Increase in Net Assets	\$ 82,789	\$ 821,016

The Town's total revenues were \$65.5 million. The total cost of all programs and services was \$65.4 million. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

More than 80% of the Town's revenues were derived from property taxes, followed by 12% from operating grants and contributions.

Major revenue factors included:

The Town's mill rate increased by 0.9 mills over fiscal year 2010 mill rate with the growth of the Net Taxable Grand List being only 0.17%. Property tax revenues for fiscal year 2011 increased 4.4% compared to fiscal year 2010.

Investment earnings continue to decrease over the prior fiscal year as the Federal Reserve continued its policies to have lower short-term interest rates. Investment earnings were 44% lower than in fiscal year 2010.

Operating grants and contributions decreased over the prior fiscal year due to the completion of the renovation of Cora Belden Library, a project funded by a grant from the State of Connecticut, and did not receive any proceeds from the State in fiscal year 2011.

Building department fees increased 18% over fiscal year 2010. The collections of real estate conveyance tax decreased only 4% over the prior fiscal year.

More than 52% of the Town's expenditures relate to education, 10% to public safety, 10% to parks, recreation and facilities, 16% to general government and 9% to public works.

Major expenditure factors included:

The Town of Rocky Hill reduced its full-time employee census by six through layoffs or changing a position to part-time. The cost of employee benefits continued to decrease as negotiated changes to the Town employees' group health insurance plan start to take effect in various town employee bargaining groups.

The Town, as well as the State, had snowfall totals through mid-February that far exceeded the amount of snow received in past winters. With all this snow the Town had to hire a contractor to remove the snow from the roofs of the town and the school buildings. Also, the overtime for snow removal exceeded the amount in the budget. The Town did get a portion of these costs reimbursed by FEMA. Despite all of this snow, it turned out to be a warmer winter that resulted in lower than expected heating expenses.

The Town has a third party supplier for "green power" electricity and locked in at a fixed kilowatt rate through January of 2013. This has stabilized the Town's cost of electricity for its operations.

The Town did not issue any debt during the period to fund capital projects. The Town did issue refunding bonds in fiscal year 2010 and a portion of the savings from that issuance did reduce long-term debt in fiscal year 2011.

The Town's legal expenses were high due to the Town exercising its power of eminent domain trying to acquire the Foundry property, resolving some labor issues, and defending a number of Planning and Zoning decisions.

The Town's previous workers compensation insurer, Municipal Interlocal Risk Management Agency (MIRMA), charged Rocky Hill and its other member towns an assessment for worker compensation claim run out for claims occurring from July 1, 2002 through June 30, 2009. The Town expects to pay an assessment as determined by MIRMA's actuarial in each of the next two fiscal years.

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**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Education	\$ 33,983,243	\$ 33,004,998	\$ 25,739,074	\$ 24,921,046
General government	10,207,584	10,548,036	9,491,951	9,790,781
Public works	6,079,128	5,657,194	5,894,328	4,180,284
Public safety	6,541,222	6,539,663	6,053,023	6,009,333
Parks, recreation and facilities	6,340,469	6,122,943	5,595,120	5,359,040
All others	2,238,991	2,228,643	1,994,175	1,481,349
Total	\$ 65,390,637	\$ 64,101,477	\$ 54,767,671	\$ 51,741,833

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 an increase from last year's total of \$6.3 million. Included in this year's total change in fund balance is an increase of \$231 thousand in the Town's General Fund. The primary reasons for the General Fund's increase mirror the governmental activities analysis highlighted in Exhibit IV. In addition, these other changes in fund balances should be noted:

The fund balance of the Town of Rocky Hill's Capital Project Fund increased by \$212 thousand due to the Town entering into four new capital leases totaling \$491 thousand and Nonmajor Governmental Funds increased by \$233 thousand due to minor Excess of Revenues over Expenditures balances in various Special Revenue Funds that totaled \$194 thousand.

General Fund Budgetary Highlights

Tax collections were favorable by \$18 thousand. Other revenues were unfavorable by \$81 thousand primarily due to current economic conditions. Intergovernmental revenue was favorable by \$24 thousand due to FEMA reimbursements for winter snow removal. Licenses and permits revenue was favorable by \$49 thousand due to the increase in the issuance of building permits.

Interest from investment was unfavorable by \$17 thousand due to lower short-term interest rates.

Legal expenses were higher than the original budget due to the Foundry case, labor issues, and Planning and Zoning decisions.

Police expenses were higher than the original budget due to staffing levels that resulted in the greater use of overtime until replacements are hired and trained before being put in the field.

The aforementioned items, when combined with the planned \$369 thousand use of fund balance to minimize the annual tax impact to Town residents, resulted in completing the June 30, 2011 year with an unassigned fund balance of \$3.5 million.

The Town budgets for unanticipated and unbudgeted expenditures that occurred during the budget year. For the 2010-2011 budget years, the Town budgeted \$349 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 \$3.5 million reported in the budgetary comparison in the required supplementary information. This is principally because fund balance includes a \$385 thousand of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes and the use of \$368 thousand appropriated to the 2011-2012 budget.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2011, the Town had \$49.5 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 \$971 thousand or 2.0%, over last year.

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

	Governmental Activities	
	2011	2010
Land	\$ 3,837,249	\$ 3,837,249
Buildings and improvements	23,247,490	23,068,461
Furniture, vehicles and equipment	840,984	667,851
Infrastructure	21,564,463	22,076,883
Construction in progress		811,309
Total	\$ 49,490,186	\$ 50,461,753

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

New Payloader, Dump Truck and Cab Lawnmower	\$.4
Various School Building Improvements	<u>.5</u>
Total	<u>.9</u>

The Town’s fiscal year 2011-2012 capital budget calls for it to spend \$1.2 million for capital projects, principally for sidewalk improvements, vehicles for various departments, road improvements, facilities improvements, design services for Goff Brook bridge replacement, and adding three modular classrooms at Stevens School as the result of closing Moser School.

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

Long-Term Debt

At June 30, 2011, the Town had \$16.8 million in bonds outstanding versus \$18.5 million last year - a decrease of 9.4% - as shown in Table 5.

Table 5
OUTSTANDING DEBT

	Governmental Activities	
	2011	2010
General Obligation Bonds (Backed by the Town)	\$ <u>16,774,761</u>	\$ <u>18,523,827</u>

The Town of Rocky Hill last issued in April 2010 general obligation (GO) refunding bonds for \$7.42 million in April 2010 with all the proceeds used to refund the Town's series 2000 and 2001 GO bonds outstanding. Standard & Poor's Rating Services reviewed the refunding bonds issue and assigned its 'AA' rating with a stable outlook. Also in 2010, Moody's Investor Service recalibrated its Global Scale Ratings that resulted in the Town's bond rating going to Aa2 from Aa3. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$367 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 2012 budget and tax rate. One of those factors is the economy and the community's ability to pay for municipal services. As of June 2011, the Town's labor force stood at 10,854 with its unemployment rate being 7.3% compared to 9.2% in the greater Hartford region and 9.1% for the State. The Rocky Hill unemployment rate has decreased slightly from the June 2010 rate of 7.5% compared to the State rate that has increased from 8.9% to 9.1%.

The consumer price index for June 2011 was 3.6% compared to 1.1% for June 2010 and -1.4% for June 2009. 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 2011-2012. Amounts available for appropriation in the General Fund are \$60,090,177, an increase of 1.8% over the 2010-2011 budget of \$59,042,210.

For 2011-2012, the Town's Net Taxable Grand List decreased by 2.0% from the prior year. This decrease is the result of the Town settling cases that challenged the new assessed property values as the result of the State mandated revaluation and overall economic conditions. The mill rate used by the Town was 24.5 mills, an increase of 0.7 mills compared to the mill rate used in the 2010-2011 budget year.

The Town appropriated \$369 thousand from fund balance to the 2011-2012 budget. This is an increase of \$88 thousand from the prior year.

The Town is concerned about any budget problems that the State of Connecticut might have and the impact balancing the State budget might have on the Town. Approximately 8.4% of the Town's budget revenues are derived from revenues received from the State of Connecticut. About 66.8% of the State revenues come to the Town in the form of Educational Cost Sharing Grants (ECS) which assists the Town's school system.

The Town is concerned about the United States as well as the global economy and both its impact on the equities market. Like most towns, Rocky Hill has its pension trusts assets invested with various mutual funds that hold investments in the stock market. The Town has seen these pension trusts assets decrease in value 5% from July to October 2011. If this trend does continue, the Town pension trusts have adequate amounts in fixed income accounts so that the trusts will be able to pay its pension obligations over 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, 2011

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 13,239,611
Receivables, net	1,360,773
Inventory	6,868
Net pension assets	30,541
Capital assets not being depreciated	3,837,249
Capital assets being depreciated, net	45,652,937
Total assets	<u>64,127,979</u>
Liabilities:	
Accounts and other payables	1,582,979
Unearned revenue	5,424,962
Noncurrent liabilities:	
Due within one year	2,483,893
Due in more than one year	22,948,746
Total liabilities	<u>32,440,580</u>
Net Assets:	
Invested in capital assets, net of related debt	32,265,069
Restricted for:	
Trust purposes:	
Nonexpendable	50,513
Unrestricted	<u>(628,183)</u>
Total Net Assets	<u>\$ 31,687,399</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, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 10,207,584	\$ 600,374	\$ 115,259	\$	\$ (9,491,951)
Public safety	6,541,222	482,519	5,680		(6,053,023)
Public works	6,079,128			184,800	(5,894,328)
Health and human services	685,532	52,452	71,973		(561,107)
Parks, recreation and facilities	6,340,469	707,931	37,418		(5,595,120)
Library services	917,365	80,004	38,691		(798,670)
Education	33,983,243	541,489	7,702,680		(25,739,074)
Debt service	636,094		1,696		(634,398)
Total Governmental Activities	<u>\$ 65,390,637</u>	<u>\$ 2,464,769</u>	<u>\$ 7,973,397</u>	<u>\$ 184,800</u>	<u>(54,767,671)</u>
General revenues:					
Property taxes					52,635,921
Grants and contributions not restricted to specific programs					1,576,291
Unrestricted investment earnings					26,531
Miscellaneous					611,717
Total general revenues					<u>54,850,460</u>
Change in net assets					82,789
Net Assets at Beginning of Year					<u>31,604,610</u>
Net Assets at End of Year					<u>\$ 31,687,399</u>

The accompanying notes are an integral part of the financial statements

TOWN OF ROCKY HILL, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 9,148,947	\$ 2,096,963	\$ 1,993,701	\$ 13,239,611
Receivables, net	1,281,536		79,237	1,360,773
Due from other funds	1,091,820		298,811	1,390,631
Inventory			6,868	6,868
Total Assets	<u>\$ 11,522,303</u>	<u>\$ 2,096,963</u>	<u>\$ 2,378,617</u>	<u>\$ 15,997,883</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 1,220,590		\$ 119,662	\$ 1,340,252
Due to other funds	298,811	722,215	369,605	1,390,631
Deferred revenue	5,754,527		520,827	6,275,354
Total liabilities	<u>7,273,928</u>	<u>722,215</u>	<u>1,010,094</u>	<u>9,006,237</u>
Fund balances:				
Nonspendable			57,381	57,381
Restricted			105,771	105,771
Committed			1,149,469	1,149,469
Assigned	754,586	1,374,748	56,122	2,185,456
Unassigned	3,493,789		(220)	3,493,569
Total fund balances	<u>4,248,375</u>	<u>1,374,748</u>	<u>1,368,523</u>	<u>6,991,646</u>
Total Liabilities and Fund Balances	<u>\$ 11,522,303</u>	<u>\$ 2,096,963</u>	<u>\$ 2,378,617</u>	<u>\$ 15,997,883</u>

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TOWN OF ROCKY HILL, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011

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)	\$ 6,991,646
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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	\$ 105,599,878	
Less accumulated depreciation	<u>(56,109,692)</u>	
Net capital assets		49,490,186

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

Net pension asset	30,541
Property tax receivables greater than 60 days	642,805
Interest receivable on property taxes	207,587

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	(1,766,000)
Bonds and notes payable	(16,515,000)
Interest payable on bonds and notes	(242,727)
Compensated absences	(4,099,108)
Capital lease	(450,356)
Deferred charges on refunding	(259,761)
Net OPEB obligation	(2,213,942)
Early retirement incentive program	<u>(128,472)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 31,687,399</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, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes and assessments	\$ 52,381,560	\$	\$	\$ 52,381,560
Intergovernmental	7,432,129	29,080	2,238,684	9,699,893
Charges for services	844,632		1,301,504	2,146,136
Income on investments	24,417	2,003	111	26,531
Miscellaneous	722,482	10,640	266,994	1,000,116
Total revenues	<u>61,405,220</u>	<u>41,723</u>	<u>3,807,293</u>	<u>65,254,236</u>
Expenditures:				
Current:				
General government	2,269,845			2,269,845
Public safety	5,650,377		14,799	5,665,176
Public works	5,256,628			5,256,628
Health and human services	522,896		130,894	653,790
Parks, recreation and facilities	5,423,382		692,075	6,115,457
Library services	882,446		48,544	930,990
Education	30,865,280		2,535,429	33,400,709
Miscellaneous	6,477,639		189,578	6,667,217
Capital outlay	956,339	789,833		1,746,172
Debt service	2,363,467			2,363,467
Total expenditures	<u>60,668,299</u>	<u>789,833</u>	<u>3,611,319</u>	<u>65,069,451</u>
Excess (Deficiency) of Revenues over Expenditures	<u>736,921</u>	<u>(748,110)</u>	<u>195,974</u>	<u>184,785</u>
Other Financing Sources (Uses):				
Transfers in		469,268	75,000	544,268
Transfers out	(506,348)		(37,920)	(544,268)
Issuance of capital lease		490,832		490,832
Total other financing sources (uses)	<u>(506,348)</u>	<u>960,100</u>	<u>37,080</u>	<u>490,832</u>
Net Change in Fund Balances	230,573	211,990	233,054	675,617
Fund Balances at Beginning of Year	<u>4,017,802</u>	<u>1,162,758</u>	<u>1,135,469</u>	<u>6,316,029</u>
Fund Balances at End of Year	<u>\$ 4,248,375</u>	<u>\$ 1,374,748</u>	<u>\$ 1,368,523</u>	<u>\$ 6,991,646</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, 2011

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)	\$ 675,617
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	766,808
Depreciation expense	(1,738,375)
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	(190,891)
Property tax receivable - accrual basis change	196,849
Property tax interest and lien revenue - accrual basis change	57,512
Change in pension assets and liabilities	(244,152)
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	1,735,000
Capital lease issued	(490,832)
Capital lease payments	108,808
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	(72,059)
Accrued interest	(21,693)
Amortization of deferred charge on refunding	14,066
OPEB obligations	(842,341)
Early retirement incentive	<u>128,472</u>
Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 82,789</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, 2011

	Pension Trust Fund	Other Post Employment Benefits Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$	\$	\$ 949,152
Investments:			
Certificate of deposits			188,046
Mutual funds	<u>41,485,078</u>	<u>272,114</u>	<u>192,854</u>
Total assets	<u>41,485,078</u>	<u>272,114</u>	<u>\$ 1,330,052</u>
Liabilities:			
Deposits and amounts due to student groups and participants			\$ 1,319,809
Accounts payable			<u>10,243</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 1,330,052</u>
Net Assets:			
Held in Trust for Pension and Other Benefits	<u>\$ 41,485,078</u>	<u>\$ 272,114</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, 2011

	Pension Trust Fund	Other Post Employment Benefits Trust Fund
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 1,813,420	\$ 443,951
Plan members	431,036	
Total contributions	<u>2,244,456</u>	<u>443,951</u>
Investment income:		
Net appreciation in fair value of investments	8,287,424	37,668
Interest and dividends	362,032	5,846
Total investment income	<u>8,649,456</u>	<u>43,514</u>
Less investment expense	163,683	2,420
Net investment income	<u>8,485,773</u>	<u>41,094</u>
Total additions	<u>10,730,229</u>	<u>485,045</u>
Deductions:		
Benefits	1,614,326	393,951
Other expenses	270,328	
Refunds	51,037	
Total deductions	<u>1,935,691</u>	<u>393,951</u>
Net Increase	8,794,538	91,094
Net Assets Held in Trust Funds at Beginning of Year	<u>32,690,540</u>	<u>181,020</u>
Net Assets Held in Trust Funds at End of Year	<u>\$ 41,485,078</u>	<u>\$ 272,114</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.

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

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

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

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

The Town reports the following major governmental funds:

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

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

Additionally, the Town reports the following fund types:

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

The Other Post Employment Benefits Trust Fund accounts for the activities of the Town Post Employment Benefits plans, which accumulates resources for healthcare payments to qualified Town employees.

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

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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

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

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

H. 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

Equity in the government-wide financial statements is defined as "net assets" and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Rocky Hill Board of Finance).

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$10,512,728 of the Town's bank balance of \$12,202,933 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,336,455
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,176,273</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 10,512,728</u></u>

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2011, the Town's cash equivalents amounted to \$2,862,090. 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>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management - Cooperative Liquid Assets Securities System (CLASS)	AAAm
State Tax Exempt Proceeds Fund *	

* Not rated

Investments

Investments as of June 30, 2011 in all funds are as follows:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 188,046	\$ 65,643	\$ 122,403	\$ -
Other investments:					
Pooled open-end mutual funds	NA	<u>41,950,046</u>			
Total Investments		<u><u>\$ 42,138,092</u></u>			

*

Subject to coverage by Federal Depository Insurance and collateralization.

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2011, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:			
Interest	\$ 207,587	\$	\$ 207,587
Taxes	754,542		754,542
Accounts	153,516	15,813	169,329
Intergovernmental	190,891	63,424	254,315
Gross receivables	<u>1,306,536</u>	<u>79,237</u>	<u>1,385,773</u>
Less allowance for uncollectibles	<u>(25,000)</u>	<u></u>	<u>(25,000)</u>
Net Total Receivables	<u>\$ 1,281,536</u>	<u>\$ 79,237</u>	<u>\$ 1,360,773</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	\$ 642,805	\$
Delinquent property tax receivable interest	207,587	
Property taxes collected in advance		4,904,135
Grant drawdowns prior to meeting all eligibility requirements	<u></u>	<u>520,827</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 850,392</u>	<u>\$ 5,424,962</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,837,249	\$	\$	\$ 3,837,249
Construction in progress	811,309		(811,309)	-
Total capital assets not being depreciated	<u>4,648,558</u>	<u>-</u>	<u>(811,309)</u>	<u>3,837,249</u>
Capital assets being depreciated:				
Buildings and improvements	48,921,345	850,000		49,771,345
Furniture, vehicles and equipment	13,878,829	572,397		14,451,226
Infrastructure	37,384,338	155,720		37,540,058
Total capital assets being depreciated	<u>100,184,512</u>	<u>1,578,117</u>	<u>-</u>	<u>101,762,629</u>
Less accumulated depreciation for:				
Buildings and improvements	(25,852,884)	(670,971)		(26,523,855)
Furniture, vehicles and equipment	(13,210,978)	(399,264)		(13,610,242)
Infrastructure	(15,307,455)	(668,140)		(15,975,595)
Total accumulated depreciation	<u>(54,371,317)</u>	<u>(1,738,375)</u>	<u>-</u>	<u>(56,109,692)</u>
Total capital assets being depreciated, net	<u>45,813,195</u>	<u>(160,258)</u>	<u>-</u>	<u>45,652,937</u>
Governmental Activities Capital Assets, Net	<u>\$ 50,461,753</u>	<u>\$ (160,258)</u>	<u>\$ (811,309)</u>	<u>\$ 49,490,186</u>

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

Governmental activities:	
General government	\$ 871,212
Public safety	159,947
Public works	266,798
Health and human services	19,762
Parks, recreation and facilities	161,646
Library services	17,373
Education	<u>241,637</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,738,375</u>

Construction Commitments

The Town has active construction projects as of June 30, 2011. The following is a summary of capital projects as of June 30, 2011.

	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Capital and nonrecurring	\$ 3,970,312	\$ 2,786,683	\$ 1,183,629

6. INTERFUND RECEIVABLE AND PAYABLE BALANCES

A summary of interfund balances at June 30, 2011 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 722,215
General Fund	Nonmajor Governmental	369,605
Nonmajor Governmental	General Fund	<u>298,811</u>
Total		<u>\$ 1,390,631</u>

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

Interfund transfers:

	<u>Transfer In</u>		
	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:			
General Fund	\$ 431,348	\$ 75,000	\$ 506,348
Nonmajor Governmental	<u>37,920</u>		<u>37,920</u>
Total	<u>\$ 469,268</u>	<u>\$ 75,000</u>	<u>\$ 544,268</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, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Asset:	
Furniture, vehicle and equipment	\$ 827,303
Less accumulated depreciation	<u>(351,436)</u>
Total	<u>\$ 475,867</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, 2011:

Fiscal Year Ending June 30,

2012	\$ 135,535
2013	133,831
2014	82,734
2015	82,735
2016	<u>63,646</u>
Total future minimum lease payments	498,481
Interest on future lease payments	<u>(48,125)</u>
Principal Balance of Future Minimum Payments	\$ <u><u>450,356</u></u>

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011 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	\$ 18,250,000	\$	\$ (1,735,000)	\$ 16,515,000	\$ 1,765,000
Less deferred amounts on refunding	<u>273,827</u>		<u>(14,066)</u>	<u>259,761</u>	
Total bonds payable	<u>18,523,827</u>	<u>-</u>	<u>(1,749,066)</u>	<u>16,774,761</u>	<u>1,765,000</u>
Capital leases	68,332	490,832	(108,808)	450,356	118,193
Net pension obligation	1,535,116	230,884		1,766,000	
Compensated absences	4,027,049	412,073	(340,014)	4,099,108	472,228
Net OPEB obligation	1,371,601	842,341		2,213,942	
Early retirement incentive	<u>256,944</u>		<u>(128,472)</u>	<u>128,472</u>	<u>128,472</u>
Total Governmental Activities					
Long-Term Liabilities	\$ <u><u>25,782,869</u></u>	\$ <u><u>1,976,130</u></u>	\$ <u><u>(2,326,360)</u></u>	\$ <u><u>25,432,639</u></u>	\$ <u><u>2,483,893</u></u>

Compensated absences are generally liquidated by the General Fund.

Bonds payable amounting to \$16,515,000 are secured by the general revenue raising powers of the municipality. There are presently three 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>
2012	\$ 1,765,000	\$ 620,319	\$ 2,385,319
2013	1,555,000	576,350	2,131,350
2014	1,545,000	524,213	2,069,213
2015	1,530,000	469,888	1,999,888
2016	1,520,000	416,063	1,936,063
2017-2021	5,755,000	1,281,419	7,036,419
2022-2025	2,845,000	233,275	3,078,275
Total	\$ <u>16,515,000</u>	\$ <u>4,121,527</u>	\$ <u>20,636,527</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 \$16,515,440 as of June 30, 2011.

The Town is subject to the General Statutes of Connecticut, which limits the amount of debt outstanding at June 30, 2011 to the following:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 117,909,018	\$ 15,498,239	\$ 102,410,779
Schools	235,818,036	2,898,761	232,919,275
Sewers	196,515,030	16,515,440	179,999,590
Urban renewal	170,313,026		170,313,026
Pension deficit	157,212,024		157,212,024

Total debt outstanding may not exceed seven times annual receipts from taxation (\$366,828,056).

Bonds authorized and unissued as of June 30, 2011 are summarized below:

	<u>Authorization</u>	<u>Bonds Issued</u>	<u>Self-Funded Pay Down</u>	<u>Bonds Authorized Unissued</u>
School improvements	\$ 4,657,000	\$ 3,598,000	\$ 40,000	\$ 1,019,000
Various improvements	16,025,000	15,162,000		863,000
Total	\$ <u>20,682,000</u>	\$ <u>18,760,000</u>	\$ <u>40,000</u>	\$ <u>1,882,000</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

The components of fund balance for the governmental funds at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 6,868	\$ 6,868
Permanent funds			50,513	50,513
Restricted for:				
Grants			105,771	105,771
Committed to:				
General government			483,863	483,863
Recreation programs			454,855	454,855
Library services			67,151	67,151
Public safety			83,199	83,199
Health and human services			60,401	60,401
Assigned to:				
Subsequent year's budget	368,921			368,921
Education	318,133	53,521	56,122	427,776
General government	150	313,175		313,325
Public works	4,200	310,741		314,941
Public safety	22,733	114,073		136,806
Parks, recreation and facilities	35,449	360,485		395,934
Health and human services		31,636		31,636
Library services	5,000			5,000
Other capital projects		191,117		191,117
Unassigned	<u>3,493,789</u>		<u>(220)</u>	<u>3,493,569</u>
Total Fund Balances	<u>\$ 4,248,375</u>	<u>\$ 1,374,748</u>	<u>\$ 1,368,523</u>	<u>\$ 6,991,646</u>

Significant encumbrances at June 30, 2011 are contained in the above table in the assigned category of the General Fund.

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

A. Plan Description

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

At July 1, 2010, plan membership consisted of the following:

	<u>Town Plan</u>	<u>Board of Education Plan</u>
Active plan members	146	280
Retired members	23	34
Total Participants	<u>169</u>	<u>314</u>

B. Funding Policy

The Town's funding and payment of postemployment benefits for the year ended June 30, 2011 are accounted for in the Other Post Employment Benefits Trust Fund. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

C. Annual OPEB Cost and Net OPEB Obligations

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

	<u>Town Retiree Healthcare Plan</u>	<u>Board of Education Retiree Healthcare Plan</u>
Annual required contribution (ARC)	\$ 1,154,905	\$ 136,648
Interest on net OPEB obligation	54,523	341
Adjustment to annual required contribution	(59,636)	(489)
Annual OPEB cost	<u>1,149,792</u>	<u>136,500</u>
Contributions made	(286,424)	(157,527)
Increase in net OPEB obligation	863,368	(21,027)
Net OPEB obligation, beginning of year	<u>1,363,077</u>	<u>8,524</u>
Net OPEB Obligation (Asset), End of Year	<u>\$ 2,226,445</u>	<u>\$ (12,503)</u>

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

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

Town Employees				
Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2009	\$ 947,138	\$ 203,285	42.6%	\$ 543,853
6/30/2010	995,833	176,609	17.7	1,363,077
6/30/2011	1,149,792	286,424	24.9	2,226,445

Board of Education Employees				
Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2009	\$ 164,100	\$ 164,100	100.0%	\$ -
6/30/2010	163,928	155,404	94.8	8,524
6/30/2011	136,500	157,527	115.4	(12,503)

Schedule of Funding Progress

Town Employees						
Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/08	\$ -	\$ 9,153,251	\$ (9,153,251)	0.0%	\$ N/A	N/A
7/1/10	181,020	11,414,937	(11,233,917)	1.6	9,162,154	122.61%

Board of Education Employees						
Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/08	\$ -	\$ 1,526,950	\$ (1,526,950)	0.0%	N/A	N/A
7/1/10	-	1,319,431	(1,319,431)	0.0	N/A	N/A

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

Schedule of Employer Contributions

Town Employees		
Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 947,138	42.6%
2010	995,621	17.7
2011	1,154,905	24.8

Board of Education Employees		
Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 164,140	100.0%
2010	163,928	94.8
2011	136,648	115.3

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

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The annual required contribution (ARC) reflects a 30-year open period, level amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 4.5% interest rate, annual salary increase of 3.5% and annual payroll growth rate of 2.5%. The annual healthcare cost trend rate is 9% initially with an ultimate rate of 5%.

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	101	15	14	4
Terminated plan members entitled to benefits but not yet receiving them	23	1	71	5
Current employees:				
Vested	87	27	34	14
Nonvested	<u>90</u>	<u>6</u>	<u>41</u>	<u>15</u>
Total	<u><u>301</u></u>	<u><u>49</u></u>	<u><u>160</u></u>	<u><u>38</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, 2011, these required contributions were \$1,203,931, \$769,584, \$69,719 and \$27,339 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	\$ 1,203,931	\$ 769,584	\$ 69,719	\$ 27,339
Interest on net pension obligation	79,096	36,038	(2,989)	(257)
Adjustment to annual required contribution	<u>(89,295)</u>	<u>(40,685)</u>	<u>5,595</u>	<u>(504)</u>
Annual pension cost	1,193,732	764,937	72,325	26,578
Contributions made	<u>1,023,081</u>	<u>704,704</u>	<u>50,000</u>	<u>35,635</u>
Change in net pension obligation (asset)	170,651	60,233	22,325	(9,057)
Net pension obligation, beginning of year	<u>1,054,608</u>	<u>480,508</u>	<u>(39,850)</u>	<u>(3,959)</u>
Net Pension Obligation (Asset), End of Year	<u>\$ 1,225,259</u>	<u>\$ 540,741</u>	<u>\$ (17,525)</u>	<u>\$ (13,016)</u>

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Ambulance</u>
Actuarial Valuation Date	9-1-10	9-1-10	7-1-10	7-1-10
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>
08-09	\$ 1,011,115	117.0%	\$ 1,064,907
09-10	1,012,782	101.0	1,054,608
10-11	1,193,732	85.7	1,225,259

Police Officers

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
08-09	\$ 700,141	98.1%	\$ 485,201
09-10	700,011	100.7	480,508
10-11	764,937	92.1	540,741

Firefighters

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
08-09	\$ 43,160	127.4%	\$ (33,853)
09-10	44,003	113.6	(39,850)
10-11	72,325	69.1	(17,525)

Ambulance

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
08-09	\$ 23,605	100.0%	\$ -
09-10	31,676	112.5	(3,959)
10-11	26,578	134.1%	(13,016)

F. Schedule of Funding Progress and Employer Contributions

Schedule of Funding Progress

General Employees

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
9/1/06	\$ 17,367,572	\$ 22,253,896	\$ (4,886,324)	78.0%	\$ 8,031,693	(60.8)%
9/1/08	21,046,139	24,750,801	(3,704,662)	85.0	8,474,681	(43.7)
9/1/10	22,758,265	28,654,640	(5,896,375)	79.4	9,046,134	(65.2)

Police Officers

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
9/1/06	\$ 11,560,605	\$ 16,174,000	\$ (4,613,395)	71.5%	\$ 1,702,761	270.9%
9/1/08	13,869,702	18,028,640	(4,158,938)	76.9	2,441,653	170.3
9/1/10	15,124,745	20,018,744	(4,893,999)	75.6	2,479,447	197.4

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)
7/1/06	\$ 625,344	\$ 876,806	\$ (251,462)	71.3%	N/A	N/A
7/1/08	823,446	998,352	(174,906)	82.5	N/A	N/A
7/1/10	777,258	1,156,417	(379,159)	67.2	N/A	N/A

* 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)
7/1/08	\$ 288,459	\$ 471,135	\$ (182,676)	61.23%	N/A	N/A
7/1/09	343,463	470,970	(127,507)	72.93	N/A	N/A
7/1/10	463,331	481,039	(17,708)	96.32	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
2006	\$ 1,009,123	68.48%
2007	1,183,469	85.27
2008	1,183,469	100.00
2009	1,023,081	115.68
2010	1,023,081	100.00
2011	1,203,931	84.98

Police Officers

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2006	\$ 485,918	64.46%
2007	686,764	70.75
2008	686,764	100.00
2009	704,704	97.45
2010	704,704	100.00
2011	769,584	91.50

Firefighters		
Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2006	\$ 54,557	84.32%
2007	54,958	99.27
2008	54,958	172.05
2009	41,594	132.23
2010	41,594	120.21
2011	69,719	71.72

Ambulance		
Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2006	\$ 32,500	100.00%
2007	35,250	100.00
2008	30,475	100.00
2009	22,164	106.50
2010	35,635	100.00
2011	27,339	130.34

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, 2011 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	\$ 24,185,145	\$ 16,008,967	\$ 827,535	\$ 463,431	\$ 41,485,078
Liabilities					-
Net Assets:					
Reserved for Pension Plan Benefits	\$ 24,185,145	\$ 16,008,967	\$ 827,535	\$ 463,431	\$ 41,485,078

	Pension Trust Funds				
	General Employees' Pension Plan	Police Pension Plan	Firefighters' Pension Plan	Volunteer Ambulance Pension Plan	Total Pension Trust Funds
Additions:					
Contributions:					
Employer	\$ 1,023,081	\$ 704,704	\$ 50,000	\$ 35,635	\$ 1,813,420
Employee	285,045	145,991			431,036
Total contributions	<u>1,308,126</u>	<u>850,695</u>	<u>50,000</u>	<u>35,635</u>	<u>2,244,456</u>
Investment income:					
Net appreciation in fair value of investments	4,767,475	3,237,067	189,195	93,687	8,287,424
Interest and dividends	215,398	137,515	5,320	3,799	362,032
Total investment gain	<u>4,982,873</u>	<u>3,374,582</u>	<u>194,515</u>	<u>97,486</u>	<u>8,649,456</u>
Less investment expense	94,417	63,686	3,684	1,896	163,683
Net investment income	<u>4,888,456</u>	<u>3,310,896</u>	<u>190,831</u>	<u>95,590</u>	<u>8,485,773</u>
Total additions	<u>6,196,582</u>	<u>4,161,591</u>	<u>240,831</u>	<u>131,225</u>	<u>10,730,229</u>
Deductions:					
Benefit payments	980,973	571,725	51,468	10,160	1,614,326
Other expenses	21,615	239,463	7,999	1,251	270,328
Refunds	51,037				51,037
Total deductions	<u>1,053,625</u>	<u>811,188</u>	<u>59,467</u>	<u>11,411</u>	<u>1,935,691</u>
Net increase	5,142,957	3,350,403	181,364	119,814	8,794,538
Net Assets Held in Trust for Pension Benefits, Beginning of Year	<u>19,042,188</u>	<u>12,658,564</u>	<u>646,171</u>	<u>343,617</u>	<u>32,690,540</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 24,185,145</u>	<u>\$ 16,008,967</u>	<u>\$ 827,535</u>	<u>\$ 463,431</u>	<u>\$ 41,485,078</u>

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 \$17,091,740.

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, 2011, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$2,716,916 as payments made by the State of Connecticut on behalf of the Town.

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

**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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property taxes:				
Revenues from property taxes	\$ 52,188,275	\$ 52,188,275	\$ 52,133,782	\$ (54,493)
Interest and liens fees	175,000	175,000	247,778	72,778
Total property taxes	<u>52,363,275</u>	<u>52,363,275</u>	<u>52,381,560</u>	<u>18,285</u>
Intergovernmental:				
Education:				
Education Cost Sharing Grant	2,885,495	2,885,495	2,874,681	(10,814)
School bond interest subsidy	3,392	3,392	1,696	(1,696)
School Building Construction Grants	190,891	190,891	190,891	-
Transportation	91,589	91,589	71,654	(19,935)
Total education	<u>3,171,367</u>	<u>3,171,367</u>	<u>3,138,922</u>	<u>(32,445)</u>
Other:				
Reimbursement - elderly, veterans and disability exemptions	112,222	112,222	114,795	2,573
State tax-exempt property - in lieu of taxes and Tobacco Grant	617,400	617,400	620,695	3,295
LOCIP and Town Aid Road	280,506	280,506	267,568	(12,938)
Manufacturers machinery/equipment grant	200,601	200,601	192,142	(8,459)
Pequot Grant	264,049	264,049	274,569	10,520
Miscellaneous grants	45,000	45,000	106,522	61,522
Total other	<u>1,519,778</u>	<u>1,519,778</u>	<u>1,576,291</u>	<u>56,513</u>
Total intergovernmental	<u>4,691,145</u>	<u>4,691,145</u>	<u>4,715,213</u>	<u>24,068</u>
Licenses and permits:				
Building Department	265,000	265,000	319,746	54,746
Business licenses	2,550	2,550	2,241	(309)
Land Use Commission	14,000	14,000	13,082	(918)
Animal licenses	2,000	2,000	1,265	(735)
Other licenses and permits	9,000	9,000	5,462	(3,538)
Total licenses and permits	<u>292,550</u>	<u>292,550</u>	<u>341,796</u>	<u>49,246</u>
Investment income:				
Interest from investments	<u>41,000</u>	<u>41,000</u>	<u>24,417</u>	<u>(16,583)</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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Charges for services:				
Real estate conveyance tax	\$ 149,600	\$ 149,600	\$ 156,262	\$ 6,662
Recording - legal instruments	95,000	95,000	89,035	(5,965)
Police charges	170,000	170,000	135,847	(34,153)
Recreation admission and fees	51,725	51,725	14,613	(37,112)
Vital statistics	15,000	15,000	26,259	11,259
Library fines and fees	20,000	20,000	13,877	(6,123)
Fire charges	1,000	1,000	740	(260)
All other	40,000	40,000	50,816	10,816
Total charges for services	<u>542,325</u>	<u>542,325</u>	<u>487,449</u>	<u>(54,876)</u>
Fines, forfeitures and penalties:				
Parking fines	<u>22,000</u>	<u>22,000</u>	<u>15,387</u>	<u>(6,613)</u>
Other revenues:				
Telephone access lines	80,767	80,767	59,773	(20,994)
Refunds and recoveries	25,000	25,000	52,843	27,843
Transit District			6,731	6,731
Sale of assets	3,000	3,000		(3,000)
Housing Authority PILOT	20,000	20,000	6,424	(13,576)
Recycling revenue	40,000	40,000	50,985	10,985
Health insurance - COBRA	40,000	40,000	48,531	8,531
Health insurance - employee copay	275,000	275,000	257,669	(17,331)
Workers comp insurance	20,000	20,000	64,361	44,361
Lease - Comm Towers	120,000	120,000	168,935	48,935
Other revenues	185,000	185,000	11,261	(173,739)
Total other revenues	<u>808,767</u>	<u>808,767</u>	<u>727,513</u>	<u>(81,254)</u>
Total	\$ <u>58,761,062</u>	\$ <u>58,761,062</u>	58,693,335	\$ <u>(67,727)</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	2,716,916
Cancellation of prior year encumbrances are recognized as budgetary revenue	<u>(5,031)</u>

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

\$ 61,405,220

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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
Mayor and Town Council	\$ 35,072	\$ 42,072	\$ 41,937	\$ 135
Town Manager	268,230	286,580	286,448	132
Personnel Administration	64,302	65,052	64,902	150
Finance and Accounting	395,794	416,934	416,854	80
Tax Assessor	276,448	284,748	284,680	68
Tax Collector	209,835	243,335	242,795	540
Central Services	72,414	72,414	67,437	4,977
Legal expenditures	192,000	273,800	273,125	675
Probate Court	27,368	27,368	26,571	797
Registrars of Voters	85,600	85,600	70,635	14,965
Town Clerk	261,057	263,622	259,136	4,486
Open Space and Conservation Commission	6,558	6,558	3,074	3,484
Planning Boards and Commissions	7,550	7,550	3,921	3,629
Town Planner	132,087	134,827	134,045	782
Economic Development	89,260	92,160	91,935	225
Total general government	<u>2,123,575</u>	<u>2,302,620</u>	<u>2,267,495</u>	<u>35,125</u>
Public safety:				
Police	4,130,801	4,447,966	4,405,796	42,170
Fire Department	901,716	907,806	875,372	32,434
Building Department	221,052	230,852	229,840	1,012
Volunteer Ambulance Association	146,505	146,505	139,721	6,784
Total public safety	<u>5,400,074</u>	<u>5,733,129</u>	<u>5,650,729</u>	<u>82,400</u>
Public works:				
Highway Department	1,814,700	2,009,920	2,002,030	7,890
Engineering	353,584	358,509	358,040	469
Sanitation	2,931,761	2,931,761	2,900,758	31,003
Total public works	<u>5,100,045</u>	<u>5,300,190</u>	<u>5,260,828</u>	<u>39,362</u>
Health and human services:				
Public Health	76,550	76,550	76,539	11
Human Services	444,887	453,197	446,357	6,840
Total health and human services	<u>521,437</u>	<u>529,747</u>	<u>522,896</u>	<u>6,851</u>
Parks, recreation and facilities				
Parks and Recreation	1,471,300	1,486,955	1,446,703	40,252
Facilities - Town	1,401,430	1,374,265	1,324,321	49,944
Facilities - Schools	2,580,973	2,636,048	2,635,815	233
Total parks, recreation and facilities	<u>5,453,703</u>	<u>5,497,268</u>	<u>5,406,839</u>	<u>90,429</u>
Library services:				
Cora Belden Public Library	<u>895,268</u>	<u>895,268</u>	<u>887,446</u>	<u>7,822</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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Miscellaneous:				
Insurance - employee benefits	\$ 5,471,172	\$ 5,430,552	\$ 5,426,585	\$ 3,967
Insurance - property and liability	1,227,922	1,117,922	1,041,966	75,956
Contingency	349,400			-
Miscellaneous	13,605	13,605	9,088	4,517
Total miscellaneous	<u>7,062,099</u>	<u>6,562,079</u>	<u>6,477,639</u>	<u>84,440</u>
Capital outlays:				
Capital outlay - Town	<u>1,600,954</u>	<u>1,000,654</u>	<u>950,421</u>	<u>50,233</u>
Debt service:				
Debt redemption - principal	1,735,000	1,735,000	1,735,000	-
Debt redemption - interest	<u>628,467</u>	<u>628,467</u>	<u>628,467</u>	<u>-</u>
Total debt service	<u>2,363,467</u>	<u>2,363,467</u>	<u>2,363,467</u>	<u>-</u>
Board of Education	<u>28,521,588</u>	<u>28,351,440</u>	<u>28,344,436</u>	<u>7,004</u>
Transfer to other funds		<u>506,348</u>	<u>506,348</u>	<u>-</u>
Total	\$ <u>59,042,210</u>	\$ <u>59,042,210</u>	58,638,544	\$ <u>403,666</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			2,716,916	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes			<u>(180,813)</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>61,174,647</u>	

**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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 9,148,947	\$ 6,987,028
Investment		
Property taxes receivable, net of allowance for doubtful accounts	729,542	555,141
Accounts receivable	153,516	475,660
Interest receivable	207,587	150,075
Due from other governments	190,891	190,891
Due from other funds	<u>1,091,820</u>	<u>1,418,107</u>
Total Assets	<u>\$ 11,522,303</u>	<u>\$ 9,776,902</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable and accrued expenditures	\$ 1,220,590	\$ 1,318,472
Advance tax collections	4,904,135	3,471,153
Due to other funds	298,811	182,553
Deferred revenues	850,392	786,922
Total liabilities	<u>7,273,928</u>	<u>5,759,100</u>
Fund Equity:		
Assigned	754,586	491,032
Unassigned	3,493,789	3,526,770
Total fund equity	<u>4,248,375</u>	<u>4,017,802</u>
Total Liabilities and Fund Equity	<u>\$ 11,522,303</u>	<u>\$ 9,776,902</u>

TOWN OF ROCKY HILL, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2011

Grand List as of October 1,	Uncollected Taxes July 1, 2010	Lawful Corrections		Transfers to Suspense	Adjustments	Net Amount Collectible	Collections			Uncollected Taxes June 30, 2011		
		Additions	Deductions				Taxes	Interest	Lien Fees		Suspense Taxes	Total
2009	\$ 52,257,779 *	\$ 88,037	\$ 122,088		\$ 25,500	\$ 52,249,228	\$ 51,728,564	\$ 97,533	\$ 315	\$	\$ 51,826,412	\$ 520,664
2008	357,315	13,938	12,845		10,337	368,745	221,754	43,723	6,823		272,300	146,991
2007	150,865	165,534	1,017	62,563	444	253,263	209,629	16,168	2,139		227,936	43,634
2006	31,812		85		85	31,812	15,057	11,977	886	11,217	39,137	16,755
2005	14,746					14,746	3,879	4,849	506	2,001	11,235	10,867
2004	8,897					8,897	3,574	4,697	317	1,061	9,649	5,323
2003	4,728					4,728	3,574	4,829	157	397	8,957	1,154
2002	2,576					2,576	1,451	2,984	331	870	5,636	1,125
2001	1,124					1,124		75	18	48	141	1,124
2000	1,029					1,029		737	174	422	1,333	1,029
1999	1,018					1,018		270	61	139	470	1,018
1998	1,218					1,218		41	9	20	70	1,218
1997	1,212					1,212		25	5	11	41	1,212
1996	1,211					1,211		436			436	1,211
1995	1,217					1,217		161	33	61	255	1,217
1994	1,173		1,173			-					-	-
	<u>\$ 52,837,920</u>	<u>\$ 267,509</u>	<u>\$ 137,208</u>	<u>\$ 62,563</u>	<u>\$ 36,366</u>	<u>\$ 52,942,024</u>	<u>\$ 52,187,482</u>	<u>\$ 188,505</u>	<u>\$ 11,774</u>	<u>\$ 16,247</u>	52,404,008	<u>\$ 754,542</u>
Property taxes receivable considered available:												
June 30, 2010												(109,185)
June 30, 2011												<u>86,737</u>
Total Property Tax Revenue												<u>\$ 52,381,560</u>

47

* Includes motor vehicle supplement in the amount of \$371,076

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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, 2011

	<u>Special Revenue</u>								
	<u>School Cafeteria</u>	<u>CDBG Small Cities</u>	<u>Federal and State School Programs</u>	<u>Industrial Park Development</u>	<u>Recreation Program</u>	<u>Insurance Loss</u>	<u>Library Operating</u>	<u>Dog</u>	<u>Asset Forfeiture</u>
ASSETS									
Cash and cash equivalents	\$ 75,831	\$ 82,897	\$ 513,055	\$ 64,584	\$ 592,673	\$ 463,171	\$	\$	\$ 229
Accounts receivable		15,813							
Due from other governments	28,044		35,379						
Due from other funds							77,975	34,986	51,388
Inventory	<u>6,868</u>								
Total Assets	<u>\$ 110,743</u>	<u>\$ 98,710</u>	<u>\$ 548,434</u>	<u>\$ 64,584</u>	<u>\$ 592,673</u>	<u>\$ 463,171</u>	<u>\$ 77,975</u>	<u>\$ 34,986</u>	<u>\$ 51,617</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued payroll	\$ 47,753	\$	\$ 27,607	\$	\$ 19,519	\$	\$ 10,824	\$ 15	\$ 3,389
Due to other funds		803		35,992	118,299	91,166			
Deferred revenue			520,827						
Total liabilities	<u>47,753</u>	<u>803</u>	<u>548,434</u>	<u>35,992</u>	<u>137,818</u>	<u>91,166</u>	<u>10,824</u>	<u>15</u>	<u>3,389</u>
Fund balances:									
Nonspendable	6,868								
Restricted		97,907							
Committed				28,592	454,855	372,005	67,151	34,971	48,228
Assigned	56,122								
Unassigned									
Total fund balance	<u>62,990</u>	<u>97,907</u>	<u>-</u>	<u>28,592</u>	<u>454,855</u>	<u>372,005</u>	<u>67,151</u>	<u>34,971</u>	<u>48,228</u>
Total Liabilities and Fund Balances	<u>\$ 110,743</u>	<u>\$ 98,710</u>	<u>\$ 548,434</u>	<u>\$ 64,584</u>	<u>\$ 592,673</u>	<u>\$ 463,171</u>	<u>\$ 77,975</u>	<u>\$ 34,986</u>	<u>\$ 51,617</u>

(Continued on next page)

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

JUNE 30, 2011

	Special Revenue							Total
	Narcotics Enforcement	Human Services	Miscellaneous Grants	Youth Services	Parks Grants	Economic Development Grants	Library Grant	
ASSETS								
Cash and cash equivalents	\$ 19,539							\$ 1,811,979
Accounts receivable								15,813
Due from other governments						1		63,424
Due from other funds		13,488	880	55,124	6,011			239,852
Inventory								6,868
Total Assets	\$ 19,539	\$ 13,488	\$ 880	\$ 55,124	\$ 6,011	\$ 1	\$ -	\$ 2,137,936
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued payroll	\$	\$ 2,407	\$	\$ 5,804	\$	\$	\$	\$ 117,318
Due to other funds	18,566					221		265,047
Deferred revenue								520,827
Total liabilities	18,566	2,407	-	5,804	-	221	-	903,192
Fund balances:								
Nonspendable								6,868
Restricted	973		880		6,011			105,771
Committed		11,081		49,320				1,066,203
Assigned								56,122
Unassigned						(220)		(220)
Total fund balance	973	11,081	880	49,320	6,011	(220)	-	1,234,744
Total Liabilities and Fund Balances	\$ 19,539	\$ 13,488	\$ 880	\$ 55,124	\$ 6,011	\$ 1	\$ -	\$ 2,137,936

(Continued on next page)

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

JUNE 30, 2011

	<u>Permanent</u>					<u>Total Nonmajor Governmental Funds</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	\$	\$	\$ 154,815	\$	\$ 26,907	\$ 181,722	\$ 1,993,701
Accounts receivable						-	15,813
Due from other governments						-	63,424
Due from other funds	18,369	5,306		35,284		58,959	298,811
Inventory						-	6,868
Total Assets	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 154,815</u>	<u>\$ 35,284</u>	<u>\$ 26,907</u>	<u>\$ 240,681</u>	<u>\$ 2,378,617</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued payroll	\$	\$	\$	\$ 2,275	\$ 69	\$ 2,344	\$ 119,662
Due to other funds			104,558			104,558	369,605
Deferred revenue						-	520,827
Total liabilities	<u>-</u>	<u>-</u>	<u>104,558</u>	<u>2,275</u>	<u>69</u>	<u>106,902</u>	<u>1,010,094</u>
Fund balances:							
Nonspendable	18,369	5,306			26,838	50,513	57,381
Restricted						-	105,771
Committed			50,257	33,009		83,266	1,149,469
Assigned						-	56,122
Unassigned						-	(220)
Total fund balance	<u>18,369</u>	<u>5,306</u>	<u>50,257</u>	<u>33,009</u>	<u>26,838</u>	<u>133,779</u>	<u>1,368,523</u>
Total Liabilities and Fund Balances	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 154,815</u>	<u>\$ 35,284</u>	<u>\$ 26,907</u>	<u>\$ 240,681</u>	<u>\$ 2,378,617</u>

TOWN OF ROCKY HILL, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2011

	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>
Revenues:									
Intergovernmental revenues	\$ 197,496	\$	\$ 1,841,933	\$	\$	\$	\$	\$	\$ 4,442
Charges for services	541,489				683,100		13,664	10,799	
Investment income		46		86	6				
Miscellaneous		24,223				110,324	52,463		
Total revenues	<u>738,985</u>	<u>24,269</u>	<u>1,841,933</u>	<u>86</u>	<u>683,106</u>	<u>110,324</u>	<u>66,127</u>	<u>10,799</u>	<u>4,442</u>
Expenditures:									
Current:									
Public safety								6,231	8,362
Health and human services									
Parks, recreation and facilities					653,600				
Library services							47,773		
Education	693,496		1,841,933						
Miscellaneous		1,286				74,959			
Total expenditures	<u>693,496</u>	<u>1,286</u>	<u>1,841,933</u>	<u>-</u>	<u>653,600</u>	<u>74,959</u>	<u>47,773</u>	<u>6,231</u>	<u>8,362</u>
Excess (Deficiency) of Revenues over Expenditures	<u>45,489</u>	<u>22,983</u>	<u>-</u>	<u>86</u>	<u>29,506</u>	<u>35,365</u>	<u>18,354</u>	<u>4,568</u>	<u>(3,920)</u>
Other Financing Sources (Uses)									
Transfer in						75,000			
Transfer out									
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at Beginning of Year	<u>17,501</u>	<u>74,924</u>	<u>-</u>	<u>28,506</u>	<u>425,349</u>	<u>261,640</u>	<u>48,797</u>	<u>30,403</u>	<u>52,148</u>
Fund Balances at End of Year	<u>\$ 62,990</u>	<u>\$ 97,907</u>	<u>\$ -</u>	<u>\$ 28,592</u>	<u>\$ 454,855</u>	<u>\$ 372,005</u>	<u>\$ 67,151</u>	<u>\$ 34,971</u>	<u>\$ 48,228</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, 2011

	<u>Special Revenue</u>							<u>Total</u>
	<u>Narcotics Enforcement</u>	<u>Human Services</u>	<u>Miscellaneous Grants</u>	<u>Youth Services</u>	<u>Parks Grants</u>	<u>Economic Development Grants</u>	<u>Library Grant</u>	
Revenues:								
Intergovernmental revenues	\$	\$	\$ 37,418	\$ 17,345	\$	\$ 101,359	\$ 38,691	\$ 2,238,684
Charges for services				52,452				1,301,504
Investment income	18							156
Miscellaneous		54,628	1,238		10,218			253,094
Total revenues	<u>18</u>	<u>54,628</u>	<u>38,656</u>	<u>69,797</u>	<u>10,218</u>	<u>101,359</u>	<u>38,691</u>	<u>3,793,438</u>
Expenditures:								
Current:								
Public safety			206					14,799
Health and human services		51,968		78,926				130,894
Parks, recreation and facilities			37,418		1,057			692,075
Library services							771	48,544
Education								2,535,429
Miscellaneous						101,579		177,824
Total expenditures	<u>-</u>	<u>51,968</u>	<u>37,624</u>	<u>78,926</u>	<u>1,057</u>	<u>101,579</u>	<u>771</u>	<u>3,599,565</u>
Excess (Deficiency) of Revenues over Expenditures	<u>18</u>	<u>2,660</u>	<u>1,032</u>	<u>(9,129)</u>	<u>9,161</u>	<u>(220)</u>	<u>37,920</u>	<u>193,873</u>
Other Financing Sources (Uses)								
Transfer in								75,000
Transfer out							(37,920)	(37,920)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,920)</u>	<u>37,080</u>
Fund Balances at Beginning of Year	<u>955</u>	<u>8,421</u>	<u>(152)</u>	<u>58,449</u>	<u>(3,150)</u>	<u>-</u>	<u>-</u>	<u>1,003,791</u>
Fund Balances at End of Year	<u>\$ 973</u>	<u>\$ 11,081</u>	<u>\$ 880</u>	<u>\$ 49,320</u>	<u>\$ 6,011</u>	<u>\$ (220)</u>	<u>\$ -</u>	<u>\$ 1,234,744</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, 2011

	Permanent					Total	Total Nonmajor Governmental Funds
	Abigail Williams	Adelaide Wright	Ruth Wilcox	Center Cemetery	Land Preservation Trust		
Revenues:							
Intergovernmental revenues	\$	\$	\$	\$	\$	-	\$ 2,238,684
Charges for services						-	1,301,504
Investment income			148		(193)	(45)	111
Miscellaneous				13,900		13,900	266,994
Total revenues	<u>-</u>	<u>-</u>	<u>148</u>	<u>13,900</u>	<u>(193)</u>	<u>13,855</u>	<u>3,807,293</u>
Expenditures:							
Current:							
Public safety						-	14,799
Health and human services						-	130,894
Parks, recreation and facilities						-	692,075
Library services						-	48,544
Education						-	2,535,429
Miscellaneous				11,754		11,754	189,578
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,754</u>	<u>-</u>	<u>11,754</u>	<u>3,611,319</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>148</u>	<u>2,146</u>	<u>(193)</u>	<u>2,101</u>	<u>195,974</u>
Other Financing Sources (Uses)							
Transfer in						-	75,000
Transfer out						-	(37,920)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,080</u>
Fund Balances at Beginning of Year	<u>18,369</u>	<u>5,306</u>	<u>50,109</u>	<u>30,863</u>	<u>27,031</u>	<u>131,678</u>	<u>1,135,469</u>
Fund Balances at End of Year	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 50,257</u>	<u>\$ 33,009</u>	<u>\$ 26,838</u>	<u>\$ 133,779</u>	<u>\$ 1,368,523</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, 2011

<u>Fiscal Year</u>	<u>Department</u>	<u>Project Name</u>	<u>Amended Budget</u>	<u>Expended Current Year</u>	<u>Total All Years</u>	<u>Open Purchase Orders</u>	<u>Total Expended</u>	<u>Project Balance</u>
Capital and Nonrecurring - Fund 40:								
1999	Engineering	Sidewalks	\$ 413,016	\$	\$ 309,960	\$	\$ 309,960	\$ 103,056
1999	Human Services	Elderly/Disable Bus	48,973		17,338		17,338	31,635
2000	Highway	Road Improvements	703,868	564	621,693		621,693	82,175
2000	Town Council	Foundry	754,875		754,875		754,875	-
2004	Fire	Fire Department Training Center	74,590	11,831	58,390		58,390	16,200
2005	Engineering	Drainage	8,000		2,000		2,000	6,000
2005	Facilities	Repairs and Improvements to 761 Old Main Street	19,889		11,774		11,774	8,115
2005	Town Council	Real Property Acquisition by the Town	450,550		155,550		155,550	295,000
2007	Facilities	Schools - Portable Classrooms	325,718		157,021		157,021	168,697
2007	Town Council	Fuel Cell Technology	10,000		-		-	10,000
2007	Fire	Fire Department Vehicles	97,873		-		-	97,873
2007	Various	Town Vehicles and Equipment	15,400	9,716	15,400		15,400	-
2007	Finance	Consultants - School Projects and GASB 43 & 45	137,500	12,697	135,482		135,482	2,018
2008	Parks	Improvements to Athletic Fields and Recreation Facilities	71,388	12,470	48,815		48,815	22,573
2009	BOE	Repairs and Improvements to Schools	234,698	150,002	182,656		182,656	52,042
2009	BOE	School Safety Improvements	47,745		46,266		46,266	1,479
2010	Facilities	Repairs and Improvements to Cora Belden Library	60,320		-		-	60,320
2010	Engineering	Road Improvement Project - Old Main Street Goff Brook Bridge	260,000	8,302	166,043		166,043	93,957
2010	Highway	Delivery Van for the Board of Education	15,553		-		-	15,553
2010	Engineering	Route 3 Traffic Study	20,000	20,000	20,000		20,000	-
2010	Facilities	Schools Communication Systems	42,040	32,039	42,040		42,040	-
2011	Assessor	Revaluation	6,156		-		-	6,156
2011	Engineering	Traffic Light - Route 3 and Waters	10,000		-		-	10,000
2011	Facilities	Repairs and Improvements to Town Buildings	50,000		-		-	50,000
2011	Facilities	Town and School Buildings Roofs	92,160	41,380	41,380		41,380	50,780
Total Capital and Nonrecurring - Fund 40			<u>\$ 3,970,312</u>	<u>\$ 299,001</u>	<u>\$ 2,786,683</u>	<u>\$ -</u>	<u>\$ 2,786,683</u>	<u>\$ 1,183,629</u>

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, 2011
WITH COMPARATIVE TOTALS FOR 2010

	<u>Surety Bonds</u>	<u>School Activity</u>	<u>Totals</u>	
			<u>2011</u>	<u>2010</u>
Assets:				
Cash and cash equivalents	\$ 739,243	\$ 209,909	\$ 949,152	\$ 1,200,525
Investments	<u> </u>	<u>380,900</u>	<u>380,900</u>	<u>351,394</u>
Total Assets	<u>\$ 739,243</u>	<u>\$ 590,809</u>	<u>\$ 1,330,052</u>	<u>\$ 1,551,919</u>
Liabilities:				
Deposits and amounts due to student groups and participants	\$ 729,000	\$ 590,809	\$ 1,319,809	\$ 1,541,676
Accounts payable	<u>10,243</u>	<u> </u>	<u>10,243</u>	<u>10,243</u>
Total Liabilities	<u>\$ 739,243</u>	<u>\$ 590,809</u>	<u>\$ 1,330,052</u>	<u>\$ 1,551,919</u>

TOWN OF ROCKY HILL, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
Surety Bonds				
Assets:				
Cash and cash equivalents	\$ 997,179	\$ 820	\$ 258,756	\$ 739,243
Liabilities:				
Deposits	\$ 986,936	\$ 820	\$ 258,756	\$ 729,000
Accounts payable	10,243			10,243
Total Liabilities	\$ 997,179	\$ 820	\$ 258,756	\$ 739,243
School Activity				
Assets:				
Cash and cash equivalents	\$ 203,346	\$ 738,667	\$ 732,104	\$ 209,909
Investments	351,394	194,412	164,906	380,900
Total Assets	\$ 554,740	\$ 933,079	\$ 897,010	\$ 590,809
Liabilities:				
Due to student groups	\$ 554,740	\$ 933,079	\$ 897,010	\$ 590,809
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 1,200,525	\$ 739,487	\$ 990,860	\$ 949,152
Investments	351,394	194,412	164,906	380,900
Total Assets	\$ 1,551,919	\$ 933,899	\$ 1,155,766	\$ 1,330,052
Liabilities:				
Deposits and amounts due to student groups and participants	\$ 1,541,676	\$ 933,899	\$ 1,155,766	\$ 1,319,809
Accounts payable	10,243			10,243
Total Liabilities	\$ 1,551,919	\$ 933,899	\$ 1,155,766	\$ 1,330,052

**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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Governmental funds capital assets:		
Land	\$ 3,837,249	\$ 3,837,249
Buildings and improvements	49,771,345	48,921,345
Furniture, fixtures and equipment	14,451,227	13,878,830
Infrastructure	37,540,058	37,384,338
Construction in progress	<u> </u>	<u>811,309</u>
Total	<u>\$ 105,599,879</u>	<u>\$ 104,833,071</u>
Investments in governmental funds capital assets by source:		
General Fund	\$ 73,840,107	\$ 73,231,458
Special Revenue Funds	2,113,332	2,110,893
Capital Projects Fund	22,404,803	22,404,803
Fiduciary Funds	52,488	52,488
Donations	<u>7,189,149</u>	<u>7,033,429</u>
Total	<u>\$ 105,599,879</u>	<u>\$ 104,833,071</u>

TOWN OF ROCKY HILL, CONNECTICUT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2011

58

	<u>Total</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture Vehicles and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>
General government	\$ 19,201,557	\$ 2,827,749	\$ 13,752,739	\$ 1,294,733	\$ 1,326,336	\$
Public safety	9,921,857		2,881,785	7,040,072		
Public works	39,177,165		431,500	2,531,943	36,213,722	
Health and human services	260,866		50,000	210,866		
Parks, recreation and facilities	5,418,716	1,009,500	3,533,505	875,711		
Library	4,057,900		1,895,000	2,162,900		
Schools	<u>27,561,818</u>		<u>27,226,816</u>	<u>335,002</u>		
Total	<u>\$ 105,599,879</u>	<u>\$ 3,837,249</u>	<u>\$ 49,771,345</u>	<u>\$ 14,451,227</u>	<u>\$ 37,540,058</u>	<u>\$ -</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, 2011

	Governmental Funds Capital Assets July 1, 2010	Additions	Deletions	Governmental Funds Capital Assets June 30, 2011
General government	\$ 19,052,129	\$ 149,428	\$	\$ 19,201,557
Public safety	9,873,816	48,041		9,921,857
Public works	38,733,553	443,612		39,177,165
Health and human services	260,866			260,866
Parks, recreation and facilities	5,331,680	87,036		5,418,716
Library	4,019,209	38,691		4,057,900
Schools	<u>27,561,818</u>	<u> </u>	<u> </u>	<u>27,561,818</u>
Total	<u>\$ 104,833,071</u>	<u>\$ 766,808</u>	<u>\$ -</u>	<u>\$ 105,599,879</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 NINE FISCAL YEARS

(In Thousands)

	FISCAL YEAR								
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<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 \$	32,265	\$ 31,870	\$ 29,246	\$ 28,540	\$ 27,904	\$ 26,250	\$ 27,998	\$ 19,384	\$ 24,784
Restricted	51	132	141	147	147	127	127	125	116
Unrestricted	<u>(628)</u>	<u>(397)</u>	<u>1,397</u>	<u>1,916</u>	<u>2,838</u>	<u>4,946</u>	<u>5,834</u>	<u>8,750</u>	<u>6,380</u>
Total Governmental Activities Net Assets	\$ <u>31,688</u>	\$ <u>31,605</u>	\$ <u>30,784</u>	\$ <u>30,603</u>	\$ <u>30,889</u>	\$ <u>31,323</u>	\$ <u>33,959</u>	\$ <u>28,259</u>	\$ <u>31,280</u>

09

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 NINE FISCAL YEARS
(In Thousands)

	FISCAL YEAR								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:									
Governmental activities:									
General government	\$ 10,208	\$ 10,548	\$ 8,941	\$ 8,704	\$ 8,170	\$ 7,325	\$ 6,788	\$ 6,609	\$ 6,071
Public safety	6,541	6,540	6,719	6,570	6,445	5,812	5,707	5,111	5,430
Public works	6,079	5,657	6,647	6,393	5,513	6,214	5,864	5,786	4,782
Health and human services	686	603	632	599	565	551	537	453	462
Parks, recreation and facilities	6,340	6,123	6,105	6,656	6,094	5,784	5,336	5,033	5,015
Library services	917	900	933	943	892	855	840	790	831
Education	33,983	33,005	30,795	38,311	28,596	26,670	24,341	23,243	22,646
Interest on long-term debt	636	726	860	932	1,005	1,073	1,222	896	891
Total governmental activities expenses	65,390	64,102	61,632	69,108	57,280	54,284	50,635	47,921	46,128
Program Revenues:									
Governmental activities:									
Charges for services:									
General government	600	567	763	833	749	878	706	771	708
Parks, recreation and facilities	708	764	772	707	669	625	586	699	544
Education	541	585	546	562	543	577	536	491	1,369
Other	615	465	590	1,061	855	1,045	636	911	473
Operating grants and contributions	7,973	8,502	7,404	15,762	6,243	5,544	4,288	4,108	3,413
Capital grants and contributions	185	1,477	67	537	56	1,275	7,276	785	604
Total governmental activities program revenues	10,622	12,360	10,142	19,462	9,115	9,944	14,028	7,765	7,111
Net Expense:									
Governmental activities	(54,768)	(51,742)	(51,490)	(49,646)	(48,165)	(44,340)	(36,607)	(40,156)	(39,017)
General revenues and other changes in net assets:									
Governmental activities:									
Property taxes	52,636	50,427	49,055	46,698	44,606	40,098	39,979	36,339	35,574
Grants and contributions not restricted to specific purposes	1,576	1,523	1,821	1,627	1,796	1,531	1,512	1,482	1,681
Unrestricted investment earnings	27	47	159	536	771	565	386	224	212
Other general revenues	612	566	636	499	558	446	430	671	565
Total governmental activities general revenues and other changes in net assets	54,851	52,563	51,671	49,360	47,731	42,640	42,307	38,716	38,032
Changes in Net Assets:									
Governmental activities	\$ 83	\$ 821	\$ 181	\$ (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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	
General Fund											
Reserved	\$	\$ 210	\$ 250	\$ 201	\$ 313	\$ 158	\$ 136	\$ 78	\$ 195	\$ 632	
Unreserved		3,808	3,962	3,995	4,480	3,998	4,179	3,032	3,764	3,921	
Assigned		755									
Unassigned		3,494									
Total General Fund	\$	<u>4,249</u>	<u>4,018</u>	<u>4,212</u>	<u>4,196</u>	<u>4,793</u>	<u>4,156</u>	<u>4,315</u>	<u>3,110</u>	<u>3,959</u>	<u>4,553</u>
All other governmental funds:											
Reserved	\$	\$ 5	\$ 8	\$ 7	\$ 6	\$ 33	\$ 7	\$ 6	\$ 17	\$ 28	
Unreserved, reported in:											
Special revenue funds		998	890	890	920	915	918	952	823	899	
Capital projects funds		1,163	1,876	1,699	1,788	2,301	3,653	(4,196)	(833)	4,461	
Permanent funds		132	141	147	147	133	127	129	116	114	
Nonspendable		57									
Restricted		106									
Committed		1,149									
Assigned		1,430									
Total All Other Governmental Funds	\$	<u>2,742</u>	<u>2,298</u>	<u>2,915</u>	<u>2,743</u>	<u>2,861</u>	<u>3,382</u>	<u>4,705</u>	<u>(3,109)</u>	<u>123</u>	<u>5,502</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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Taxes and assessments	\$ 52,382	\$ 50,446	\$ 48,912	\$ 46,816	\$ 45,423	\$ 41,265	\$ 40,491	\$ 36,109	\$ 35,298	\$ 31,464
Intergovernmental	9,700	11,334	9,462	17,954	8,230	7,743	7,862	6,654	6,417	7,662
Charges for services	2,146	2,203	2,256	2,829	2,619	2,881	2,277	2,685	1,917	1,928
Income on investments	27	47	159	535	770	565	386	224	212	440
Miscellaneous	1,000	865	1,124	951	859	768	851	858	1,187	974
Total revenues	<u>65,255</u>	<u>64,895</u>	<u>61,913</u>	<u>69,085</u>	<u>57,901</u>	<u>53,222</u>	<u>51,867</u>	<u>46,530</u>	<u>45,031</u>	<u>42,468</u>
Expenditures:										
General government	2,270	2,313	2,066	1,943	1,924	1,793	1,856	1,751	1,921	1,891
Public safety	5,665	5,425	5,291	5,179	5,048	4,848	4,851	4,576	4,503	4,082
Public works	5,257	5,018	5,138	5,015	4,795	4,589	4,405	4,037	3,775	3,476
Health and human services	654	621	601	581	546	535	519	455	442	373
Parks, recreation and facilities	6,115	5,929	5,864	6,413	6,336	5,675	5,763	4,906	4,789	4,515
Library services	931	1,475	1,116	939	889	836	809	779	785	840
Education	33,401	32,863	30,871	38,357	27,707	26,384	24,151	22,890	22,564	21,548
Miscellaneous	6,667	6,440	6,731	6,545	5,797	5,122	4,788	4,119	3,752	3,816
Capital outlay	1,746	2,830	1,212	2,009	2,376	2,659	4,396	4,913	6,837	5,666
Debt service:										
Debt redemption - principal	1,735	1,985	1,995	2,015	1,795	1,365	1,430	1,355	905	1,005
Debt redemption - interest	627	910	872	942	1,012	1,294	781	929	1,121	724
Total expenditures	<u>65,068</u>	<u>65,809</u>	<u>61,757</u>	<u>69,938</u>	<u>58,225</u>	<u>55,100</u>	<u>53,749</u>	<u>50,710</u>	<u>51,394</u>	<u>47,936</u>
Excess of Revenue over (under) Expenditures	<u>187</u>	<u>(914)</u>	<u>156</u>	<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>
Other Financing Sources (Uses):										
Payment to refunded bond escrow		(7,316)						(5,296)		
Proceeds from capital leases	491		32	139	440	396		72	391	169
Proceeds from bond issues		7,420					10,900	5,265		11,000
Premium on sale of refunding bonds								59		
Transfers in	544	330	200	380	297	90	219	418	40	279
Transfers out	(544)	(330)	(200)	(380)	(297)	(90)	(219)	(418)	(40)	(279)
Total other financing sources (uses)	<u>491</u>	<u>104</u>	<u>32</u>	<u>139</u>	<u>440</u>	<u>396</u>	<u>10,900</u>	<u>100</u>	<u>391</u>	<u>11,169</u>
Net Change in Fund Balances	<u>\$ 678</u>	<u>\$ (810)</u>	<u>\$ 188</u>	<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>
Debt Service as a Percentage of Noncapital Expenditures	<u>3.7%</u>	<u>4.6%</u>	<u>4.7%</u>	<u>4.3%</u>	<u>5.0%</u>	<u>5.1%</u>	<u>4.5%</u>	<u>5.0%</u>	<u>4.5%</u>	<u>4.1%</u>

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

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

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value As a Percentage of Actual Taxable Value
	Residential	Commercial	Industrial							
2011	\$ 1,305,769,606	\$ 513,034,291	\$ 133,000,560	\$ 120,705,074	\$ 146,961,011	\$ 19,268,062	\$ 2,200,202,480	23.8	\$ 3,143,146,400	70%
2010(a)	1,297,344,609	520,267,119	133,573,470	117,172,251	145,262,619	17,177,165	2,196,442,903	22.9	3,137,775,576	70%
2009	991,603,105	348,982,656	77,807,510	106,940,222	146,588,667	15,125,843	1,656,796,317	29.2	2,366,851,881	70%
2008	983,266,190	340,419,825	78,854,310	103,420,525	145,334,447	15,506,911	1,635,788,386	28.4	2,336,840,551	70%
2007	966,457,300	337,036,243	78,617,860	92,917,372	140,842,106	12,579,667	1,603,291,214	28.0	2,290,416,020	70%
2006	955,552,380	322,570,220	79,947,910	97,052,660	133,196,940	12,466,930	1,575,853,180	25.8	2,251,218,829	70%
2005(a)	934,003,310	316,141,360	76,335,670	95,916,190	124,389,870	13,415,080	1,533,371,320	25.8	2,190,530,457	70%
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%

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
2011	11.350	11.497	0.953	23.800
2010 (a)	10.839	10.960	1.102	22.900
2009	14.041	13.713	1.446	29.200
2008	13.827	13.130	1.443	28.400
2007	13.583	12.922	1.495	28.000
2006	12.125	12.262	1.413	25.800
2005 (a)	12.179	12.376	1.245	25.800
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

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

(a) Revaluation year

Source: Town of Rocky Hill, Finance Department

TOWN OF ROCKY HILL, CONNECTICUT

PRINCIPAL PROPERTY TAX PAYERS

2009 AND 2000
(In Thousands)

Taxpayer	October 1, 2009			October 1, 2000		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value (a)	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value (b)
Gallery Tower Apartments (Century Hills)	\$ 34,484	1	1.57%	\$ 26,530	1	2.26%
Five Hundred Enterprise	30,606	2	1.39%			
Burriss Logistics Inc.	28,131	3	1.28%			
Henkel (Loctite Corporation)	22,384	5	1.02%	24,226	2	2.07%
RP Glenbrook LLC	24,981	4	1.14%			
Sysco Corporation	13,782	7	0.63%	11,181	5	0.95%
Acadia Hill Town Line LLC	13,300	8	0.60%			
Auxxi Horizon Commons LLC	14,020	6	0.64%			
New Boston Fifty Five Capital LLC	13,230	9	0.60%			
New Boston Flex LLC	13,036	10	0.59%			
Ames Department Stores Inc. (c)				20,497	3	1.75%
Corporate Ridge D/D Limited Prtshp.				16,543	4	1.41%
Corporate Ridge D/D Hotel Limited Prtshp.				10,626	6	0.91%
Connecticut Light & Power				9,417	7	0.80%
Rocky Hill Town Center				8,254	8	0.70%
Wiremold Company				7,329	9	0.62%
Technology Row Ltd. Partnership				7,019	10	0.60%
Total	\$ <u>207,954</u>		<u>9.45%</u> %	\$ <u>141,622</u>		<u>12.08%</u>

Source: Town of Rocky Hill, Office of Tax Assessor

(a) Based on Net Taxable Grand List of \$2,200,202,480 (amount not rounded)

(b) Based on Net Taxable Grant List of \$1,172,739,510 (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
2011	23.800	\$ 52,249	\$ 51,728	99.00%		\$ 51,728	99.00%
2010	22.900	50,287	49,919	99.27%	\$ 222	50,141	99.71%
2009	29.200	48,900	48,453	99.09%	404	48,857	99.91%
2008	28.400	46,745	46,421	99.31%	308	46,729	99.97%
2007	28.000	45,277	45,037	99.47%	230	45,267	99.98%
2006	25.800	40,935	40,710	99.45%	220	40,930	99.99%
2005	25.800	39,843	39,640	99.49%	202	39,842	100.00%
2004	29.300	36,130	35,380	97.92%	749	36,129	100.00%
2003	29.300	35,417	34,988	98.79%	428	35,416	100.00%
2002	26.800	31,595	31,078	98.36%	516	31,594	100.00%

TOWN OF ROCKY HILL, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(Thousands, except per capita)

Fiscal Year		General Obligation Bonds		Capital Leases		Total Primary Government	(a) Ratio of Debt to Taxable Assessed Value	(b) Debt Per Capita	(c) Debt Per Personal Income
2011	\$	16,515	\$	450	\$	16,965	0.77%	\$ 859	\$ 385
2010	#	18,250		68		18,318	0.83%	973	415
2009		20,515		244		20,759	1.25%	1,101	471
2008		22,510		470		22,980	1.40%	1,222	521
2007		24,525		598		25,123	1.57%	1,334	570
2006		26,320		239		26,559	1.69%	1,416	602
2005	#	27,685		70		27,755	1.81%	1,491	630
2004		18,215		224		18,439	1.51%	995	418
2003		19,465		356		19,821	1.65%	1,083	450
2002		20,370		105		20,475	1.74%	1,158	464

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

(a) See Table 5 for taxable assessed value

(b) See Table 14 for population figures

(c) See Table 14 for total personal income

(#) revaluation year

TOWN OF ROCKY HILL, CONNECTICUT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(Thousands, except per capita amount)

Fiscal Year		General Obligation Bonds	(b) Percentage of Estimated Actual Taxable Value of Property		(a) Debt Per Capita
2011	\$	16,515	0.53%	\$	836
2010	#	18,250	0.58%		969
2009		20,515	0.87%		1,088
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

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

(a) See Table 14 for population figures

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

(#) revaluation year

TOWN OF ROCKY HILL, CONNECTICUT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2011
(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	\$ 285,734	5.78%	\$ 16,515
Town direct debt	16,515	100.00%	<u>16,515</u>
Total			\$ <u><u>33,030</u></u>

Note: Rocky Hill reports overlapping debt on a net basis.

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

TOWN OF ROCKY HILL, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2011

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2011	\$ 52,404,008
Reimbursement for revenue loss on:	
Tax relief for elderly - freeze	<u>-</u>
Base	<u>\$ 52,404,008</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation					
2-1/4 times base	\$ 117,909,018				
4-1/2 times base		\$ 235,818,036			
3-3/4 times base			\$ 196,515,030		
3-1/4 times base				\$ 170,313,026	
3 times base					\$ 157,212,024
Total debt limitation	<u>117,909,018</u>	<u>235,818,036</u>	<u>196,515,030</u>	<u>170,313,026</u>	<u>157,212,024</u>
Indebtedness:					
Bonds payable	14,635,239	1,879,761			
Bonds authorized - unissued	863,000	1,019,000			
Overlapping debt			<u>16,515,440</u>		
Total indebtedness	<u>15,498,239</u>	<u>2,898,761</u>	<u>16,515,440</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 102,410,779</u>	<u>\$ 232,919,275</u>	<u>\$ 179,999,590</u>	<u>\$ 170,313,026</u>	<u>\$ 157,212,024</u>

Note: In no case shall total indebtedness exceed \$366,828,056 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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt limitation	\$ 366,828	\$ 352,762	\$ 342,710	\$ 327,439	\$ 327,439	\$ 318,162	\$ 288,726	\$ 283,726	\$ 252,791	\$ 247,071
Total net debt applicable to limit	<u>34,912</u>	<u>31,730</u>	<u>29,002</u>	<u>28,946</u>	<u>28,946</u>	<u>28,887</u>	<u>30,924</u>	<u>32,305</u>	<u>31,216</u>	<u>29,065</u>
Legal Debt Margin	<u>\$ 331,916</u>	<u>\$ 321,032</u>	<u>\$ 313,708</u>	<u>\$ 298,493</u>	<u>\$ 298,493</u>	<u>\$ 289,275</u>	<u>\$ 257,802</u>	<u>\$ 251,421</u>	<u>\$ 221,575</u>	<u>\$ 218,006</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.52%	8.99%	8.46%	8.84%	8.84%	9.08%	10.72%	11.39%	12.35%	11.76%

Source: Comprehensive annual financial report - Schedule of Debt Limitation

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

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Total Personal Income (2)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2011	19,754	\$ 29,701	\$ 44,090	40.6	2,532	7.3%
2010	18,827	29,701	44,090	40.6	2,590	7.5%
2009	18,852	29,701	44,090	40.6	2,640	6.6%
2008	18,808	29,701	44,090	40.6	2,622	4.7%
2007	18,835	29,701	44,090	40.6	2,621	3.9%
2006	18,760	29,701	44,090	40.6	2,587	3.6%
2005	18,620	29,701	44,090	40.6	2,557	4.1%
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%

(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.

TOWN OF ROCKY HILL, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO

Employer	Nature of Business	2011			2002		
		Employees	Rank	Percentage of Total Town Employment(b)	Employees	Rank	Percentage of Total Town Employment(c)
Henkel Corporation (Loctite)	Adhesives and Sealants	480	1	4.42%	650	2	6.80%
Town of Rocky Hill	Municipality	440	2	4.05%	382	5	3.99%
SYSCO Food Services	Food Distribution Warehouse	350	3	3.22%	500	3	5.23%
ISGN (formerly Fiserv)	Finance - Loan Processing	340	4	3.13%			
State Veterans Home and Hospital	Hospital	302	5	2.78%	416	4	4.35%
Burriss Logistics	Refrigerated Logistics Warehouse	200	6	1.84%			
Meredith Corporation	Television Station	166	7	1.53%			
Paychex	Financial Services	140	8	1.29%			
URS Corporation	Civil Engineering	130	9	1.20%			
Connecticut Lottery	State of CT - Lottery	100	10	0.92%			
Ames Department Stores (a)	Headquarters, Warehouse				800	1	8.36%
Wal-Mart Store	Retail Store				200	6	2.09%
McKesson Drug Company	Pharmaceuticals Warehouse				160	7	1.67%
Connecticut Student Loan	State of CT - Finance				159	8	1.66%
Marriott Hotel	Hotel				150	9	1.57%
Hartford Ball Company	Ball Bearings				116	10	1.21%
Total		2,648		24.40%	3,533		36.94%

Source: Town of Rocky Hill, Economic Development Department

(a) Ames Department Stores filed under Chapter 7 of the Bankruptcy Court.

(b) State of Connecticut, Department of Labor - Town employment of 10,854

(c) State of Connecticut, Department of Labor - Town employment of 9,565

TOWN OF ROCKY HILL, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government	18	22	22	22	21	21	22	22	22	21
Police	43	44	44	44	44	44	45	43	42	42
Fire	4	4	4	4	4	4	4	4	4	4
Building Department	3	3	3	3	3	3	3	3	3	3
Public Works:										
Engineering	4	4	4	4	4	4	4	4	4	4
Highway	15	15	15	15	15	15	14	14	14	14
Human Services	6	6	6	6	6	6	6	6	6	6
Parks and Recreation	12	12	12	12	12	13	13	13	13	13
Facilities:										
Town	9.5	9.5	9.5	9.5	9.5	10	10	10	8	7
Schools	24.5	25.5	25.5	25.5	25.5	26	26	26	25	24
Library	10	10	10	10	10	10	10	10	10	10
Education (a)	<u>291</u>	<u>291</u>	<u>286</u>	<u>286</u>	<u>285</u>	<u>279</u>	<u>275</u>	<u>266</u>	<u>271</u>	<u>256</u>
Total	<u>440</u>	<u>446</u>	<u>441</u>	<u>435</u>	<u>432</u>	<u>421</u>	<u>422</u>	<u>404</u>	<u>398</u>	<u>382</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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Building Department:										
Permits Issued	1,245	1,153	896	1,287	1,537	1,615	1,387	1,506	1,415	1,458
Certificates of Occupancy	143	143	112	162	120	163	130	158	144	133
Number of Inspections	2,352	1,689	1,706	2,348	2,460	2,764	3,334	3,112	2,685	2,000
Police:										
Total Criminal Arrests	381	370	349	440	456	541	465	524	526	os
Total Town Tickets Issued	376	335	667	430	550	811	487	457	766	os
Medical Calls	2,734	2,503	2,421	2,404	2,594	2,403	2,390	2,076	1,833	os
Animal Complaints	267	274	213	270	323	314	183	225	207	os
Police Training Hours	3,498	3,753	3,216	4,782	5,067	2,671	2,483	3,355	nt	nt
Fire:										
Emergency responses	759	616	600	678	687	755	755	630	631	533
Inspections	571	573	500	647	535	750	750	750	700	750
Fire Training Man-hours	7,601	8,412	8,800	8,300	7,480	7,628	5,280	11,100	7,500	6,028
Sanitation:										
Commercial Solid Waste (tons)	4,879	4,839	5,203	6,592	7,326	7,792	6,981	7,566	8,583	8,571
Residential Solid Waste (tons)	5,975	6,232	6,198	6,602	6,762	6,812	6,595	6,885	6,412	6,505
Bulky waste (tons)	927	936	950	966	881	835	739	1,433	1,421	375
Highway Department:										
Snow and Ice Callouts	38	26	26	20	15	17	25	15	25	13
Leaf Pickups (Cubic Yards)	7,096	7,204	6,725	6,695	6,735	5,480	6,321	7,770	6,723	6,595
Catch Basin Repairs	34	27	27	39	13	22	17	22	44	25
Parks and Recreation:										
Number of Programs Offered	975	975	970	960	950	525	490	490	450	445
Number of Participants	10,000	10,000	9,700	9,600	9,500	9,000	7,000	7,000	6,000	5,300
Library:										
Volumes in Collection	62,621	65,377	64,369	63,984	70,911	68,240	69,542	69,257	71,005	70,673
Total Volumes Borrowed	261,324	267,098	271,041	284,833	283,483	256,190	254,610	264,280	271,697	257,008
Human Services:										
Number Elderly/Disabled:										
Individual Bus Trips	10,003	9,667	9,799	9,868	10,158	7,841	7,841	6,996	8,691	10,300

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police:										
Station	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Apparatus	11	11	11	11	11	11	11	11	11	11
Fire Rescue Boat	1	1	1	1	1	1	1	1	1	1
Highway Department										
Streets (miles)	66	66	66	66	66	66	65	59	59	59
Dump Trucks plus Equipment	40	40	40	40	40	40	40	40	40	39
Parks and Recreation:										
Acreage Maintained	180	180	180	180	180	180	180	180	180	180
Number of Parks	7	7	7	7	7	7	7	7	7	7
Baseball Fields	12	12	12	12	12	12	12	12	12	12
Soccer Fields	9	9	9	9	9	9	9	9	9	9
Football Field	1	1	1	1	1	1	1	1	1	1
Skatepark	1	1	1	1	1	1	0	0	0	0
Lacrosse Field	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	1	1	1	0	0	0
Facilities:										
Number of Town Buildings	15	14	14	14	14	14	14	14	14	12
Number of Schools	4	5	5	5	5	5	5	5	5	5
Human Services:										
Mini-buses	4	4	3	3	3	3	3	3	3	3

Source: Town of Rocky Hill, various Town Departments