

Town of Rocky Hill Connecticut



Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

**TOWN OF ROCKY HILL
CONNECTICUT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023

Prepared by:

Mona McKim
Finance Director

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INTRODUCTORY SECTION

TOWN OF ROCKY HILL, CONNECTICUT

June 30, 2023

PRINCIPAL OFFICIALS

TOWN COUNCIL

Lisa Marotta, Mayor

Edward Charamut, Deputy Mayor
Allan Greenspan
John Moleiro
Pankaj Prakash

Christopher Duff
Jeffrey Levine
William O'Sullivan
Mimi Theroux

BOARD OF EDUCATION

Brian A. Dillon, Chairman

Steven Slattery, Vice Chairman
Maria Mennella, Secretary
Sean Gavin
Nancy Rolfe

Jennifer Baran-Morfea
Dilip D. Desai
Jessica Loffredo
Amber Tucker

GENERAL GOVERNMENT

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

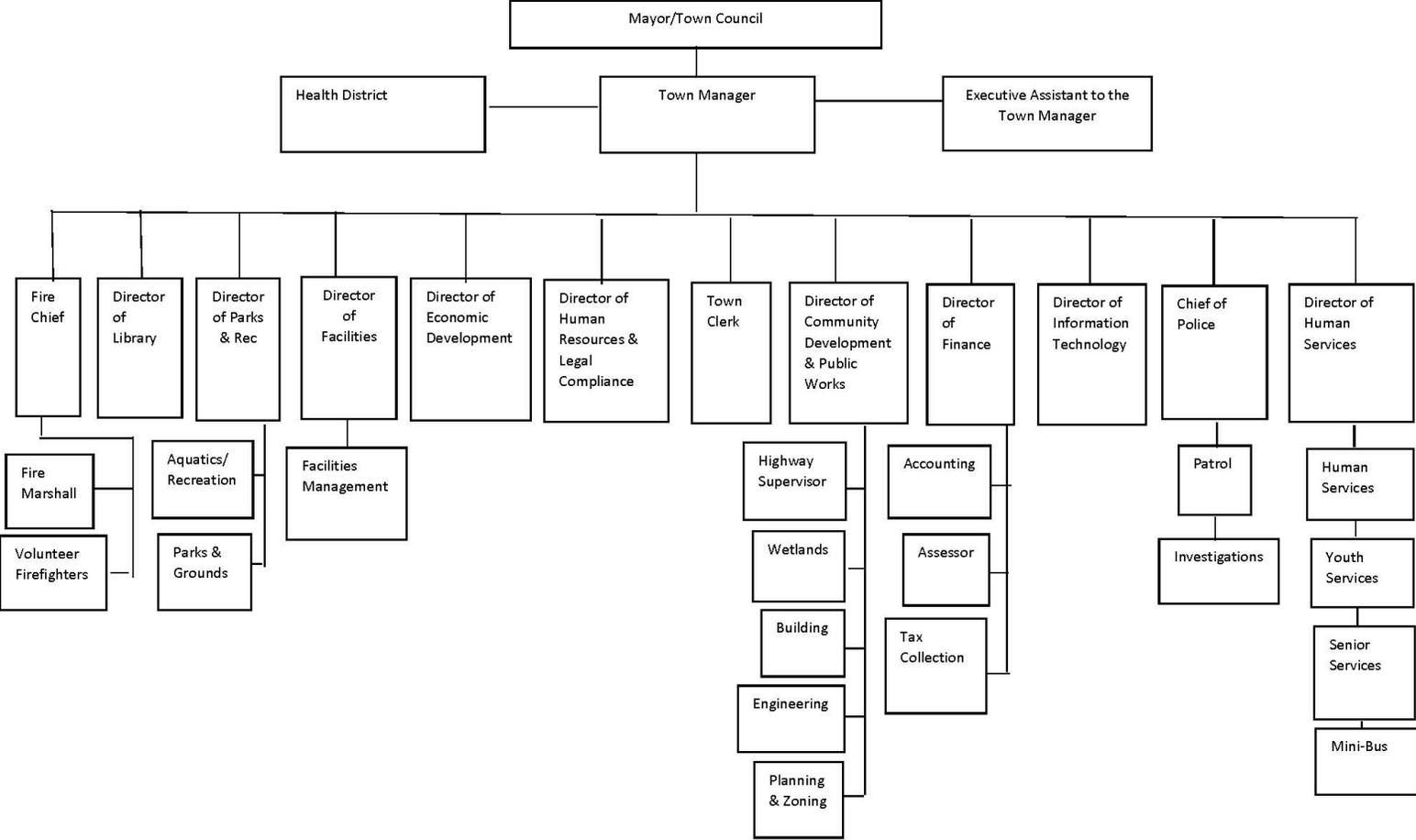
Raymond Carpentino
Murtha Cullina LLC
Mona McKim
Eric Hanly
Sandra Wieleba
Stuart Topliff
Elaine McKim
Dana McGee
Melissa Hicks
Raymond Carpentino
John Nowakowski
Craig Bowman
Phil Cyr
Stephen Sopelak
Jason Scott
Kimberly Ricci
Michael Violette
Joseph Lentini
Mary Hogan
Brian Klett
Michael Garrahy
Richard Renstrom

EDUCATION

Superintendent of Schools
Assistant Superintendent for Finance & Operations

Mark F. Zito, Ed.D.
Charles Zettergren

ORGANIZATIONAL CHART





December 29, 2023

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023.

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.

CliftonLarsonAllen, LLP, Certified Public Accountants, have issued an unmodified (clean) opinion on the Town of Rocky Hill's financial statements for the year ended June 30, 2023. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

The Town of Rocky Hill was settled in 1650 as part of Wethersfield and was incorporated as a separate town in 1843. The Town covers an area of 13.9 square miles with a population of 20,168. 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; Human Resources; Risk Management; 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 recyclables by a contract vendor; Parks and Recreation; Human and Senior 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, a middle school, an intermediate 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, one of the country's largest food distributor, has located a regional facility in Town. Other major companies include BJ's Warehouse distribution facility, MTU Engineering, Sheraton Hotel, Paychex, AECOM, Wal-Mart Department Store, Simoniz and Gray Television (owner of television station WFSB, the Hartford area CBS-TV affiliate). Rocky Hill is home to six business parks, including the Town's 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 twelve quasi State agencies including a State of Connecticut Veterans Home and Hospital which has approximately 600 patients, the Connecticut State Lottery headquarters, State of Connecticut Public Health Lab and the Office of the Chief State's Attorney.

The Town continues to maintain a balanced mix of retail, manufacturing, light industry and residential. The top ten taxpayers represented about 9% of the total assessed value on the October 1, 2021 grand list. The Town's geographical location and access to major highways has helped with its growth. Employment data reflected a labor force of 11,637 for October 2023. The unemployment rate has decreased from 3.4% in October 2022 to 2.8% in October 2023. Rocky Hill's major employers include the Henkel Corporation, the Town of Rocky Hill and the Rocky Hill Board of Education, SYSCO Food Services, State Veterans Home and Hospital, BJ Warehouse, MTU and Arburg North America.

Development continues to take place in the Brook Street area of town primarily on the property of a former tree farm where a 120,000 square foot, three building industrial flex-space development was approved this past summer. Winbrook Business Park, a 189,000 square foot flex space development continues to attract businesses such as Trane, ADI Global and Sunrun Solar. The 250,000 square foot northeast distribution facility, formerly the home of Burriss Refrigerated Logistics located on Brook Street, was purchased by BJ's Warehouse in the summer of 2022. Altera Apartments, a 144-unit luxury market rate apartment complex, is consistently operating at 97-98% occupancy. Capital Region Education Council (CREC) opened a STEM Magnet School, an Academy of Aerospace and Engineering for pre-kindergarten to fifth grade students in 2020.

A project that is endorsed by the Town's Redevelopment Agency is the Town Center West development project located on Cromwell Avenue and West Street. This development project is approved for 70,000 square feet of retail, office and restaurant space. In addition to the 70,000 square feet of commercial space, 144 one- and two-bedroom luxury rental apartments have been constructed and is consistently operating at 97% occupancy. Phase One has been completed with 144 apartment units and 22,000 square feet of commercial use. Phase Two was expected to begin in 2024 with up to an additional 20,000 to 40,000 square feet of commercial space. The redevelopment of the former Connecticut Foundry property, River's Edge, approved in 2008, is a mixed-use development consisting of 77 condominium units and 8,000 square feet of retail, office, and restaurant space located along the banks of the Connecticut River. Construction has been delayed due to State review requirements, environmental remediation issues, COVID and changing market conditions for residential rentals. Environmental clean-up was to be well underway by 4th quarter 2023. Arburg, Inc. a German manufacturer who relocated from Newington to their newly constructed 25,000 square foot Rocky Hill facility built in 2015, recently occupied their new 25,000 square foot addition. The vacant 250,000 square foot former Ames headquarters building located on Main Street is currently being redeveloped into a mixed-use development consisting of 213 luxury apartments and 21,000 square feet of commercial space. The Town has received a \$999,000 State brownfield clean up grant on behalf of the developer to leverage private funds for building demolition and to address environmental issues. Construction is scheduled to be completed in 2026-27.

Fiscal year 2019-20 saw the completion of a 50,000 square foot addition to Simoniz, the opening of a new 52,000 square foot surgery center, the opening of a 65,000 square foot Hampton Inn and Suites with 90 rooms. Also, during 2019-20, CT Pharmaceutical Solutions, a medical marijuana manufacturer, purchased the 215,000 square foot former McKesson warehouse building and relocated their operations to Rocky Hill. They currently employ approximately 200 and are currently expanding. 2021 saw the opening 16 new businesses, including five new restaurants and a 16,000 square foot Trinity Health of New England Access Center. During 2022-23, 247 apartment units in four separate developments have been approved, with 10-20 percent of the units designated affordable, the location of a new Liberty Bank on the Silas Deane Highway, the expansion of Simoniz into an adjacent building and six new eating establishments.

The Town Council has implemented a business development incentive policy to encourage long-term investment in Rocky Hill by providing tax abatements to businesses that locate within the community or want to expand their operations. Several businesses, including WFSB, Burris Refrigerator Logistics, Simoniz, and most recently a Hampton Inn/Suites, Arburg, Metro Realty (for a Trinity Health surgery center) and most recently the Ames redevelopment project, known as Kelson Row, are receiving tax abatements. These abatements are structured so as to fix assessment and tax revenue at their current values and abate a specified percentage of the increase in assessed value. This program is helpful in attracting new industry and keeping existing businesses. Starting in the winter of 2018 through to present, the Economic Development Commission and their staff developed a market strategy focused on advanced manufacturing, IT services, medical service and retail. Along these lines, a new "logo" was developed along with the phrase "Rocky Hill – Make New History Here".

In 2015, the Town adopted an update to the Plan of Conservation and Development (POCD). As required by Connecticut General Statutes, plans are underway to up-date the POCD during 2024-25. In 2020, the Planning & Zoning Commission modified their Zoning Regulations for commercial mixed-use developments, stream-lining a 4-step permitting process to a one step process. Starting in 2017 through to current, the Planning and Zoning Commission has completed a comprehensive update to the Town Zoning Regulations and Zoning Map to include affordable housing, Complete Streets and sustainability requirements for new residential and mixed-use developments and requirements for EV charging stations.

At their October 2022 meeting, the Town Council passed resolutions creating a sustainable task force and an Affordable Housing Committee and adoption of an affordable housing plan. The Task Force has been established and is currently working on sustainability actions. The Community Development Department is currently soliciting volunteers to sit on the Affordable Housing Committee.

Long-Term Financial Planning

Unassigned fund balance in the general fund is 5.2% 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 2022-23 budget, \$450,000 of unassigned fund balance was applied to general operating and whereas fund balance did not exceed 6% zero dollars were applied to the capital improvements budget.

Relevant Financial Policies

The Town of Rocky Hill has completed a revaluation of all properties that are part of the October 1, 2019 Grand List. Revaluation is performed every five years, per State law, with the purpose to determine the current fair market value of all town properties. The grand list with these new assessment values will be used in the 2022-23 budget year to determine property tax revenue. The Town will begin the revaluation process for the upcoming 2023 Grand List. The Town policy is to minimize the impact that any of these settlements would have in the current fiscal year. Any of these assessment appeals cases that are settled, the settlement will impact future grand lists and budget years.

As part of past union contract negotiations, all Town five general employee union contracts, non-bargaining employees, and the police union contract have in place a Defined Contribution Pension Plan for member employees. Depending on the date of hire, all newly hired employees will be put into the defined contribution plan. The general employees and non-bargaining employees will contribute six (6) percent of their salary and the Town will match at three (3) percent of salary. The police union employees do not participate in the Defined Contribution Pension Plan.

Every two years the Town has an Actuarial Valuation performed on the General Employees and Police Officers Defined Benefit Pension Plans. The actuarial valuation completed as of September 1, 2022 showed that the General Employees Plan had \$42,662,628 of market value assets with a funding ratio of market value of plan assets as a percentage of present value of accumulated benefits of 91.38%. The September 1, 2022 actuarial valuation for the Police Officers Plan had \$27,397,539 of market value assets with a funding ratio of market value of plan assets as a percentage of present value of accumulated benefits of 86.31%.

In the 2022-23 budget year, the Town did set aside \$450,000 towards the capital and improvements for the municipal and school projects that included the upgrade to science labs at the Griswold Middle school, upgrade to the High School field drainage system and roof repairs at the Parks garage. The Town was allocated \$5.9 from the American Rescue Plan Act (ARPA)/ Coronavirus Local Fiscal Recovery Fund. From that allocation, the Town transferred \$1.4 million of these funds to the 2021-22 budget and \$2.7 million of these funds to the 2022-23 budget to offset the economic impact of the pandemic. The remaining allocation will be approved for ARPA eligible uses as approved by the Town Council.

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

Major Initiatives

The Town has received a number of Connecticut Small Town Economic Assistance Program (STEAP) grants and a Connecticut Main Street Investment Grant totaling \$2.1 million to assist with storefront improvements for businesses located on the Silas Deane Highway and for the Silas Deane Streetscape. The Town's construction of Phase One of the Streetscape project for the Silas Deane/Old Main Street section of Town was completed in November of 2012. Phase Two of the Silas Deane Streetscape project was completed September 2019. Phase Three of the Silas Deane Streetscape was funded by an 80%/20% federal grant and was completed June 2021. The Town also received a State grant for \$800,000 to construct a "Miracle Field" for special needs children at Elm Ridge Park that was completed and dedicated in September 2016. Most recently, the State Bond Commission approved a \$400,000 grant to assist in upgrades to Elm Ridge Park and for development of a master plan, \$500,000 towards the expansion of Veteran's Memorial Green and \$500,000 for design if a bridge replacement for the Town's Industrial Park Phase 2 section.

The Town received a \$700,000 Small Cities Community Development Block Grant in 2012 for public housing modernization through the State of Connecticut Department of Economic and Community Development. This grant was used to rehabilitate private residential senior housing located on Willow Road and work was completed in the winter of 2014. In 2016, the Town was awarded an \$800,000 Small Cities Community Development Block Grant for the rehabilitation of a second senior housing project located on School Street. The project was completed April 2018. This year, the Town and the Housing Authority applied for up to \$4,000,000 of Small Cities and CHFA grant funds for additional upgrades to the Willow Road elderly housing complex. The application is pending review by the State Department of Housing.

In 2014, the Town Council approved entering into Purchase Power Agreements (PPA) with Solar City (now Tesla) to lease 15 acres in the Town's Industrial Park for Solar City to construct a 3 megawatt photo voltaic facility consisting of 12,000 ground mounted solar panels. The PPAs call for all of the solar power generated by the facility be utilized by 15 Town accounts and is projected to reduce its annual utility costs for electricity by as much as \$200,000 per year. The land lease payments from Solar City will generate \$90,000 of revenue per year. The solar project is completed and electricity production started April 4, 2018.

Due to the Town experiencing an increased student enrollment at its elementary schools, in September of 2019, the Town opened the new Moser Intermediate School for grades four and five. In addition, the Town purchased three of the eleven modular classrooms it was leasing at a cost of \$209,000. The remaining eight modular classrooms were returned to the vendor. During the 2016-2017 period, the Town began phase one of three to install an air conditioning system at Griswold Middle School. This project was scheduled for work to be done over three budget years at a cost of \$2.0 million and was completed in the summer of 2019. For public safety, in September of 2016 the Town completed the renovation of the police dispatch center with the installation of new furniture and radio equipment. In November of 2016, the Town completed the upgrading of the police jail cells. In June 2019, the fire department completed their downsizing of their fleet by acquiring six new fire trucks while disposing of nine fire trucks. These public safety projects are part of the November 2015 referendum for public safety appropriations approved by the voters of Rocky Hill.

In a referendum vote held in June 2012, the voters of Rocky Hill approved an appropriation in the amount of \$44.955 million for the modernization and expansion of the Rocky Hill High School. The Town has hired an architectural firm and a construction manager for this project. In February 2014, the State General Assembly passed legislation approving up to \$5.045 million additional grant funding for the Rocky Hill High School Project. The Rocky Hill Town Council approved this Legislation thus making the high school “renovate as new” a \$50 million project. The Town has awarded 18 trade contracts and has entered into a Guaranteed Maximum Price Agreement with Construction Manager O & G Industries, Inc. of Torrington, CT in the amount of \$44.1 million. Construction began in September 2014 and this project was completed in September 2017. While still in punch list/close out phase, the high school has been turned over to the Board of Education. The Town is awaiting the State of Connecticut Office of School Construction Grants to perform a close out audit for this project which the Town is expecting approximately \$21.0 million in a school construction grant.

In addition, the voters approved an appropriation of \$10 million for the preservation of farmland and passive open space in a referendum vote in November 2012. Since 2013, the Town in partnership with the State Department of Agriculture, has preserved over 400 acres of farmland and open space (including a property located on the shores of the Connecticut River) at a total cost of \$7.6 million, of which \$3.9 million was Town Bond funds. The Town is currently working towards the purchase of additional farmland and open space.

A \$10 million referendum for road improvements was passed on November 5, 2013. Road improvements began in the summer of 2014 with a \$1.5 million bridge replacement over Goff Brook that was completed in the fall of 2014 and with \$2 million road improvements paving projects (Phase One) of seven miles that was completed in 2014. In the summer of 2015, Phase Two started with five miles of road paving projects being completed. For the summer of 2016, the Town completed eleven miles of road paving projects as part of Phase Three. For the summer of 2017, the Town completed four miles of road paving projects (eleven roads) as part of Phase Four. For the summer of 2018, the Town completed five miles of road paving projects (thirteen roads) as part of Phase Five. For the summer of 2019, the Town completed six miles of road paving projects (twenty-three roads) as part of Phase Six.

On the November 2016 ballot, the voters of Rocky Hill approved two referendum questions. The first is for a \$48.35 million appropriation and bond authorization (expected to be paid from an estimated \$17.25 million State grant and \$31.1 million Town general obligation bonds) for the demolition of the former Moser School building and the construction of a new intermediate school for fourth and fifth grade students in its place. This project was completed for the start of the school year in September 2019. When this project is finally closed out, the Town expects that the total project cost for the new Moser Intermediate School will be in the \$36 million range. The Town is estimating to receive \$12.5 million in school construction grants from the State of Connecticut Office of School Construction Grants based on the revised estimated cost for the intermediate school project. The second is for a \$1.3 million appropriation to purchase street lights and poles in the Town to install energy efficient lighting and to finance the appropriation with general obligation bonds, lease, or other financing available to the Town. At its November 19, 2018 meeting the Rocky Hill Town Council pursuant to section 811 of the Town Charter repealed the \$1.3 million street light replacement and street light pole purchase appropriation and bond authorization.

In November 2018, the voters of Rocky Hill approved a referendum for Community Senior Center appropriations of \$10.5 million for upgrade and redesign improvements to the Center. In April 2019, the Town hired an architectural firm to complete the design phase of the project. In May 2020, the Town hired a general contractor to oversee the construction project. The Town has completed the project and is now open for Senior and Community activities. The total construction budget is approximately \$8.6 million.

In November 2019, the voters of Rocky Hill approved two referendum questions: One for \$10 million for road improvements and one for \$7.2 million to purchase 84.5 acres of farmland. The Town started its new road referendum program in the summer of 2020 which has addressed improvements of Town roads and Town-owned parking lots, including school parking lots. In January 2020, the town purchased 84.5 acres of farmland known as Straska Farm for the purpose of open space and farmland preservation for \$7.2. In 2021, the Town received a \$500,000 State STEAP grant and an \$837,000 State brownfield remediation grant to remediate the 84.5-acre farm and construct an agricultural education facility and community gardens. The project is finalizing the remediation process in the fall of 2023. Plans are being reviewed for a barn structure to be placed on the property for community use. The Town started its new \$10 million road referendum program in the summer of 2020 which will address improvements of Town roads and Town and School parking lots. Road improvements and parking lot improvements throughout the Town will continue into 2024

In July 2019, the Town issued \$30.75 million 20-year general obligation bonds relating to five capital projects at a 2.33% true interest cost. Standard and Poor's did maintain the Town's rating for this bond issue at AA+ / Stable. Also, in July, the Town issued \$2.25 million in BANS with a net interest cost (NIC) of 1.44% to mature in July 2020. In December 2019, the Town issued \$7.2 million 20-year general obligation (GO) bonds relating to the 84.5 acres of farmland acquisition referendum that was approved by the voters in November 2019 at a 2.22% true interest cost. Standard and Poor's did maintain the Town's rating for this bond issue at AA+ / Stable. In July 2020, the Town issued \$11.35 million in BANS with a net interest cost (NIC) of .5443% to mature in July, 2021. In July 2021, the Town issued \$10.64 million for Land Acquisition, Senior Community Center and the Road Referendum. In January 2022, the Town issued \$10.43 million in general obligation refunding bonds to refund general obligation bonds dated October 2014 prior to maturity. With that issue, S & P Global Ratings assigned its "AA+" rating and stable outlook to the Town.

Awards and Acknowledgements

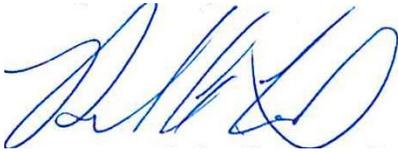
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Rocky Hill for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022.

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

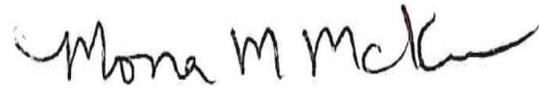
A Certificate of Achievement is valid for a period on one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Raymond A. Carpentino
Town Manager



Mona M. McKim
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Rocky Hill
Connecticut**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Town Council
Town of Rocky Hill, Connecticut

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Town of Rocky Hill, Connecticut's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Rocky Hill, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Rocky Hill, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Rocky Hill, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Rocky Hill, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2023 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 combining and individual fund financial statements and schedules for the year ended June 30, 2023 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements the year ended June 30, 2023 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2023.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Town of Rocky Hill, Connecticut as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated December 30, 2022, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet for the year ended June 30, 2022 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023, on our consideration of the Town of Rocky Hill, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Rocky Hill, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rocky Hill, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 29, 2023

**TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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, 2023. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

Financial Highlights

On a government-wide basis, the assets of the Town of Rocky Hill exceeded its liabilities for fiscal year 2022-23 by \$37.6 million.

- Net position of our governmental activities increased by \$1.2 million or 3.3%.
- Total cost of all of the Town's programs was \$110.9 million.
- The Town's governmental funds (general fund, special revenue funds, capital projects and permanent funds) had a combined fund balance of \$7.8 million.
- The General Fund reported a fund balance for this year of \$6.6 million. The Unassigned Fund Balance for the General Fund is \$5.7 million or 6.2% of current year budgetary expenditures.

The resources available for appropriation were \$672 thousand greater than budgeted for and expenditures were \$307 thousand below spending limits.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

**TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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

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

Fund Financial Statements

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

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

**TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Government-Wide Financial Analysis

The Town's governmental activities net position increased from \$36.4 million to \$37.6 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**Table 1
NET POSITION**

	Governmental Activities	
	2023	2022
Assets:		
Current and Other Assets	\$ 27,199,743	\$ 23,283,071
Capital Assets, Net	152,786,304	152,718,987
Total Assets	<u>179,986,047</u>	<u>176,002,058</u>
Deferred Outflows of Resources	10,423,351	15,094,404
Liabilities:		
Long-Term Debt Outstanding	118,075,499	129,176,856
Other Liabilities	10,533,295	8,212,628
Total Liabilities	<u>128,608,794</u>	<u>137,389,484</u>
Deferred Inflows of Resources	24,187,928	17,306,466
Net Position:		
Net Investment in Capital Assets	64,126,273	60,725,776
Restricted	1,192,842	1,020,066
Unrestricted	(27,706,439)	(25,345,330)
Total Net Position	<u>\$ 37,612,676</u>	<u>\$ 36,400,512</u>

Unrestricted Net Position – the part of net position that can be used to finance day-to day operations without constraints established by debt covenants, enabling legislation or other legal requirements – changed from (\$25.3) million at June 30, 2022 to (\$27.7) million at the end of this year.

**TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

**Table 2
CHANGE IN NET POSITION**

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,037,744	\$ 3,304,355
Operating Grants and Contributions	23,923,030	19,761,646
Capital Grants and Contributions	724,011	338,360
General Revenues:		
Property Taxes	79,237,189	77,008,437
Grants and Contributions Not Restricted to Specific Purposes	2,657,210	2,031,653
Unrestricted Investment Earnings	688,901	30,837
Other General Revenues	874,975	1,763,333
Total Revenues	112,143,060	104,238,621
Program Expenses:		
General Government	10,931,688	9,927,453
Public Safety	13,150,391	13,299,613
Public Works	11,925,621	11,370,797
Health and Human Services	1,028,694	833,942
Parks, Recreation, and Facilities	6,210,284	5,611,811
Library Services	1,210,031	1,115,854
Education	64,289,471	59,146,617
Interest on Long-Term Debt	2,184,716	2,570,638
Total Program Expenses	110,930,896	103,876,725
Change in Net Position	1,212,164	361,896
Beginning Net Position	36,400,512	36,038,616
Ending Net Position	\$ 37,612,676	\$ 36,400,512

The Town's total revenues were \$112.1 million. The total cost of all programs and services was \$110.9 million. Our analysis below separately considers the operations of governmental activities.

**TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Governmental Activities

For governmental activities, approximately 70.6% of the revenues were derived from property taxes, followed by 21.3% in other intergovernmental revenues.

Major revenue factors included:

- Property tax revenues recorded during fiscal year 2023 reflect a 0.42 mill increase in the mill rate for the current levy and the impact of a 1.82% increase in the grand list. Property tax revenues for fiscal year 2023 increased 2.9% or \$2.2 million compared to fiscal year 2022.
- Charges for services were \$734 thousand more than the prior year due to an increase in parks and senior programs as participation continue to increase since the pandemic as well as in building permit charges as a reflection of the increase in development.
- Operating grants reflected an increase of \$4.2 million mainly due to an increase in State reimbursement in Education Cost sharing and the Payment in Lieu of taxes and the American Rescue Plan funding (ARPA) grants.
- Unrestricted investment earnings reflected an increase of \$650 thousand due to increased rates and improved investment measures.
- Overall governmental revenue increased by \$7.9 million due to a net increase of property tax revenue of \$2.2 million, the \$2.7 million transfer of ARPA funds and a \$1 million increase in the State Teacher Retirement Fund over the prior year.
- More than 57% of the Town's expenses relate to education, 11.9% to public safety, 5.6% to parks, recreation and facilities, 9.9% to general government, 2.0% to debt, 1.0% library and 10.7% to public works.

Major expense factors included:

- The overall increase in governmental expenditures was impacted by various increases and decreases within Town operations. The total of governmental expenses increased in the amount of \$7.0 million.
- The increase in the amount of \$5.1 million in the Board of Education expenses primarily due to a \$1 million increase in the calculation for the State Teacher Retirement and OPEB due to GASB 34 calculations and \$2.4 increase in operations.
- The increase in General Government in the amount of \$1 million reflects contractual increases and increase in health benefit costs.

**TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

- Public Safety expenses decreased slightly by \$150 thousand which reflects the reduction of purchased public safety vehicles.
- Public Works expenses increased by \$554 thousand which reflects the continuation of roadway projects.
- Parks, Recreation and Facilities expenses increased by \$599 thousand which reflects the increase in utility costs and minor building repairs.
- All other expenses decreased by \$386 thousand primarily due to the scheduled decrease in debt interest payments.
- The Town has completed the new Senior Community Center addition to the Town Hall campus. In addition, the Town continues to move forward with the Straska Farm development project, Griswold Middle School science labs upgrades and the Griswold Middle School roof repair.

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

**Table 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Education	\$ 64,289,471	\$ 59,146,617	\$ (43,472,884)	\$ (41,256,140)
General Government	10,931,688	9,927,453	(9,629,836)	(9,206,120)
Public Works	11,925,621	11,370,797	(11,689,673)	(10,957,680)
Public Safety	13,150,391	13,299,613	(8,181,239)	(9,772,436)
Parks, Recreation, and Facilities	6,210,284	5,611,811	(5,017,889)	(4,969,091)
All Others	4,423,441	4,520,434	(4,254,590)	(4,310,897)
Total	<u>\$ 110,930,896</u>	<u>\$ 103,876,725</u>	<u>\$ (82,246,111)</u>	<u>\$ (80,472,364)</u>

Town Funds Financial Analysis

Governmental Funds

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

As the Town completed the year, its governmental funds (as presented in the balance sheet – Exhibit III) reported a combined fund balance of \$7.8 million, which is a \$2.7 million decrease from last year's total of \$10.5 million.

The General Fund fund balance reflects an increase of \$745 thousand due to prior year Unassigned Balance to Subsequent Year (Exhibit A-1)

**TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

General Fund Budgetary Highlights

During this year, actual revenues and other revenue sources on a budgetary basis were \$92.2 million, which was favorable by \$5 million.

Tax collections were unfavorable by \$240 thousand due to the economic impact. Intergovernmental revenue was slightly favorable by \$199 thousand due to an increase in the Municipal Revenue Sharing grant. Licenses and permits were favorable by \$443 thousand due to an increase in building improvements and construction projects. Investment income was \$654 thousand over budget.

On the expenditures side, the Town finished the fiscal year with expenditures of \$307 thousand lower than budget. The decrease in expenditures reflects a savings in debt with the issuance of refunding bonds and a reduction in capital project expenditures. The Town budgets for unanticipated and unbudgeted expenditures that occurred during the budget year. For the 2022-23 budget year, the Town budgeted \$425 thousand for contingency. This provided the Town with a reserve to cover salary increases in labor agreements, retirement benefits and increased electric, heating and motor fuel costs.

The Town's total General Fund balance of \$6.6 million reported on Exhibit III includes the Unassigned General Fund balance of \$5.3 million, \$875 thousand of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes and the Assigned Balance includes a \$410 thousand appropriation of fund balance to the 2023-24 budget.

Capital Projects Fund

Capital Projects Fund reflects a decrease in fund balance due to the timing of notes payable due and payable in the upcoming year for the Road Referendum project and final review of the Rocky Hill High School project.

Miscellaneous Grants Fund

Miscellaneous Grants fund had a net increase in fund balance of \$45 thousand. This increase in fund balance was primarily due to the unused ARPA funds at the fiscal year end.

**TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023, the Town had \$152.8 million invested in a broad range of capital assets, including land, buildings, park facilities, roads, vehicles and equipment. This amount represents a slight net increase (including additions and deductions) of \$.1 thousand or 0.1% over last year.

CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2023	2022
Land	\$ 15,083,374	\$ 15,083,374
Buildings and Improvements	107,748,285	108,753,939
Furniture, Vehicles, and Equipment	13,685,322	1,997,418
Infrastructure	15,174,323	15,902,465
Construction in Progress	1,095,000	10,981,791
Total	<u>\$ 152,786,304</u>	<u>\$ 152,718,987</u>

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

New Public Safety Vehicles	\$ 0.2
Equipment - Council Chamber Media	0.1
Construction - Stevens School Roof Project	0.6
Construction - Senior/Community Center Project	7.7
Land Rights - Backiel Farm	1.2
Less: Depreciation	(3.3)
Total	<u>\$ 6.5</u>

The Town's fiscal year 2022-23 capital budget calls for it to spend \$6.5 million for capital projects, principally for public safety vehicles, completion of the community/senior center, land rights for the Backiel farm, town facilities improvements and school facilities improvements.

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

Long-Term Debt

At June 30, 2023, the Town had \$76.2 million in bonds outstanding versus \$81.3 million last year – a decrease of 6.1% – as shown in Table 5.

**Table 5
OUTSTANDING DEBT**

	Governmental Activities	
	2023	2022
General Obligation Bonds (Backed by the Town)	<u>\$ 76,270,000</u>	<u>\$ 81,260,000</u>

The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on the type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$537 million state-imposed limit.

**TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 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 2023 budget and tax rate. One of those factors is the economy and the community's ability to pay for municipal services. As of June 2023, the Town's labor force stood at 11,395 with its unemployment rate at 3.7% compared to 6.8% in the greater Hartford region and 4.0% for the State. The Rocky Hill unemployment rate has decreased from the June 2022 rate of 4.3% compared to the greater Hartford region and the State rates that have also decreased from 7.0% and 7.0% respectively.

The consumer price index for June 2023 was 0.3% compared to 1.3% for June 2022. 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 2023-24. Amounts available for appropriation in the General Fund are \$95.2 million, a 3.2% increase over the 2022-23 budget of \$92.3 million. The increase in the 2023-24 Budget includes the one school resource officer, increased funding for Human Services case management and an increase with various Education expenses.

For 2023-24, the Town's October 2022 Net Taxable Grand List increased by .88% from the prior year. The mill rate used by the Town was 35.92 mills for Real Property and Personal Property, an increase of 1.4 mills over the 2022-23 budget year. The Town has also implemented the State imposed mill rate cap on Motor Vehicles of 32.46 mills.

Approximately 9.3% of the Town's budget revenues are derived from revenues received from the State of Connecticut. About 71% of the State revenues come to the Town in the form of Educational Cost Sharing Grant (ECS) which assists the Town's school system.

The Town appropriated \$410 thousand from fund balance to the 2023-24 budget. This is a decrease of \$40 thousand from the prior year.

The Town was allocated \$2,976.523 from the American Rescue Plan Act/ Coronavirus Local Fiscal Recovery Fund in the second tranche. The Town will transfer \$1.1 million of these funds to the 2023-24 budget to offset the economic impact of the pandemic.

The Town's defined benefit plan have been closed to new participants since 2014. However, the Police Pension Plan has been amended to include members retroactive to the closed date. The Town is concerned about the United States as well as the global economy and both its impact on the equities market. Like most towns, Rocky Hill has its pension trusts' assets invested with various mutual funds that hold investments in the stock market. The Town has seen these pension trusts' assets increase in value by 5.7% from July 1, 2021 to June 30, 2022 to July 1, 2022 to June 30, 2023 an increase of 28.7%. Town pension trusts maintains adequate amounts in fixed income securities accounts so that the trusts will be able to pay its pension obligations over a three to six month period without having to liquidate any of its mutual stock funds positions.

**TOWN OF ROCKY HILL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Contacting the Town's Financial Management

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

BASIC FINANCIAL STATEMENTS

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 22,680,059
Investments	180,812
Receivables, Net	4,312,374
Inventory	26,498
Capital Assets Not Being Depreciated/Amortized	16,178,374
Capital Assets Being Depreciated/Amortized, Net	136,607,930
Total Assets	179,986,047
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension	6,121,111
Deferred Outflows Related to OPEB	4,302,240
Total Deferred Outflows of Resources	10,423,351
LIABILITIES	
Accounts and Other Payables	3,839,268
Unearned Revenue	2,172,083
Deposits Payable	271,944
Bond Anticipation Notes Payable	4,250,000
Noncurrent Liabilities:	
Due Within One Year	6,315,211
Due in More Than One Year	111,760,288
Total Liabilities	128,608,794
DEFERRED INFLOWS OF RESOURCES	
Advance Property Tax Collections	6,385,500
Deferred Inflows Related to Leases	1,723,681
Deferred Charge on Refunding	357,906
Deferred Inflows Related to Pension	855,990
Deferred Inflows Related to OPEB	14,864,851
Total Deferred Inflows of Resources	24,187,928
NET POSITION	
Net Investment in Capital Assets	64,126,273
Restricted:	
Trust Purposes:	
Nonexpendable	71,040
Expendable	29,075
Grant Purposes	382,739
Restricted for Student Activities	709,988
Unrestricted	(27,706,439)
Total Net Position	\$ 37,612,676

See accompanying Notes to Financial Statements.

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
General Government	\$ 10,931,688	\$ 698,765	\$ -	\$ 603,087	\$ (9,629,836)
Public Safety	13,150,391	1,673,049	3,296,103	-	(8,181,239)
Public Works	11,925,621	-	115,024	120,924	(11,689,673)
Health and Human Services	1,028,694	39,615	106,306	-	(882,773)
Parks, Recreation, and Facilities	6,210,284	1,133,192	59,203	-	(5,017,889)
Library Services	1,210,031	16,199	6,731	-	(1,187,101)
Education	64,289,471	476,924	20,339,663	-	(43,472,884)
Interest on Long-Term Debt	2,184,716	-	-	-	(2,184,716)
Total Governmental Activities	<u>\$ 110,930,896</u>	<u>\$ 4,037,744</u>	<u>\$ 23,923,030</u>	<u>\$ 724,011</u>	(82,246,111)
GENERAL REVENUES					
Property Taxes					79,237,189
Grants and Contributions not Restricted to Specific Programs					2,657,210
Unrestricted Investment Earnings					688,901
Miscellaneous					874,975
Total General Revenues					<u>83,458,275</u>
CHANGE IN NET POSITION					
					1,212,164
Net Position - Beginning of Year					<u>36,400,512</u>
NET POSITION - END OF YEAR					
					<u>\$ 37,612,676</u>

See accompanying Notes to Financial Statements.

**TOWN OF ROCKY HILL, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Capital Projects	Miscellaneous Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 16,704,519	\$ 2,139,565	\$ -	\$ 2,600,868	\$ 21,444,952
Investments	-	-	-	180,812	180,812
Receivables, Net	3,301,666	-	-	1,010,708	4,312,374
Due from Other Funds	873,091	461,039	1,415,282	1,660,810	4,410,222
Inventory	-	-	-	26,498	26,498
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 20,879,276</u>	<u>\$ 2,600,604</u>	<u>\$ 1,415,282</u>	<u>\$ 5,479,696</u>	<u>\$ 30,374,858</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts and Contracts Payable	\$ 1,452,013	\$ 151,852	\$ 57,878	\$ 313,518	\$ 1,975,261
Due to Other Funds	3,537,131	120,776	-	752,315	4,410,222
Unearned Revenue	-	-	1,258,943	913,140	2,172,083
Deposits Payable	271,944	-	-	-	271,944
Bond Anticipation Notes Payable	-	4,250,000	-	-	4,250,000
Total Liabilities	<u>5,261,088</u>	<u>4,522,628</u>	<u>1,316,821</u>	<u>1,978,973</u>	<u>13,079,510</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	904,705	-	-	-	904,705
Unavailable Revenue - Grants	-	-	-	436,379	436,379
Deferred Inflows Related to Leases	1,723,681	-	-	-	1,723,681
Advance Property Tax Collections	6,385,500	-	-	-	6,385,500
Total Deferred Inflows of Resources	<u>9,013,886</u>	<u>-</u>	<u>-</u>	<u>436,379</u>	<u>9,450,265</u>
FUND BALANCES					
Nonspendable	-	-	-	97,538	97,538
Restricted	-	-	98,461	1,023,341	1,121,802
Committed	-	2,285,931	-	2,364,188	4,650,119
Assigned	1,285,289	-	-	-	1,285,289
Unassigned	5,319,013	(4,207,955)	-	(420,723)	690,335
Total Fund Balances	<u>6,604,302</u>	<u>(1,922,024)</u>	<u>98,461</u>	<u>3,064,344</u>	<u>7,845,083</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,879,276</u>	<u>\$ 2,600,604</u>	<u>\$ 1,415,282</u>	<u>\$ 5,479,696</u>	<u>\$ 30,374,858</u>

See accompanying Notes to Financial Statements.

TOWN OF ROCKY HILL, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III)	\$ 7,845,083
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental Capital Assets	235,264,495
Less: Accumulated Depreciation and Amortization	<u>(82,478,191)</u>
Net Capital Assets	152,786,304
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Property Tax Receivables Greater than 60 Days	706,938
Interest Receivable on Property Taxes	197,767
Unavailable Grants	436,379
Deferred Outflows Related to Pension	6,121,111
Deferred Outflows Related to OPEB	4,302,240
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.	459,373
Long-term liabilities, including bonds payable and deferred inflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net Pension Liability	(16,968,382)
Bonds Payable	(76,270,000)
Interest Payable on Bonds and Notes	(1,088,273)
Compensated Absences	(4,027,801)
Lease Payable	(426,726)
Notes Payable	(448,419)
Bond Premium	(6,755,128)
Deferred Charge on Refunding	(357,906)
Net OPEB Liability	(11,540,858)
Total OPEB Liability	(1,638,185)
Deferred Inflows Related to OPEB	(14,864,851)
Deferred Inflows Related to Pension	<u>(855,990)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position (Exhibit I)	<u>\$ 37,612,676</u>

See accompanying Notes to Financial Statements.

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	General	Capital Projects	Miscellaneous Grants	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and Assessments	\$ 79,425,413	\$ -	\$ -	\$ -	\$ 79,425,413
Intergovernmental	16,343,303	15,256	3,063,304	4,917,375	24,339,238
Charges for Services	1,475,321	-	-	2,371,294	3,846,615
Income on Investments	679,548	8,878	-	475	688,901
Miscellaneous	1,057,553	20,565	2,664	107,377	1,188,159
Total Revenues	<u>98,981,138</u>	<u>44,699</u>	<u>3,065,968</u>	<u>7,396,521</u>	<u>109,488,326</u>
EXPENDITURES					
Current:					
General Government	9,909,450	-	-	114,841	10,024,291
Public Safety	9,740,047	-	607,693	777,828	11,125,568
Public Works	7,927,394	-	-	252,717	8,180,111
Health and Human Services	779,747	-	-	161,093	940,840
Parks, Recreation, and Facilities	4,413,017	-	-	962,400	5,375,417
Library Services	1,061,644	-	-	27,813	1,089,457
Education	57,806,564	-	-	4,667,593	62,474,157
Capital Outlay	906,057	4,255,606	-	-	5,161,663
Debt Service	8,554,569	-	-	-	8,554,569
Total Expenditures	<u>101,098,489</u>	<u>4,255,606</u>	<u>607,693</u>	<u>6,964,285</u>	<u>112,926,073</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,117,351)	(4,210,907)	2,458,275	432,236	(3,437,747)
OTHER FINANCING SOURCES (USES)					
Transfers In	2,676,749	300,000	-	-	2,976,749
Transfers Out	(300,000)	-	(2,676,749)	-	(2,976,749)
Issuance of Lease Payable	38,086	-	263,912	-	301,998
Issuance of Notes Payable	447,264	-	-	-	447,264
Total Other Financing Sources (Uses)	<u>2,862,099</u>	<u>300,000</u>	<u>(2,412,837)</u>	<u>-</u>	<u>749,262</u>
NET CHANGE IN FUND BALANCES	744,748	(3,910,907)	45,438	432,236	(2,688,485)
Fund Balances - Beginning of Year	<u>5,859,554</u>	<u>1,988,883</u>	<u>53,023</u>	<u>2,632,108</u>	<u>10,533,568</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,604,302</u>	<u>\$ (1,922,024)</u>	<u>\$ 98,461</u>	<u>\$ 3,064,344</u>	<u>\$ 7,845,083</u>

See accompanying Notes to Financial Statements.

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds (Exhibit IV) \$ (2,688,485)

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

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 and amortization expense:

Capital Outlay	2,000,902
Depreciation and Amortization Expense	(2,514,181)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	603,087
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The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(22,491)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property Tax Receivable - Accrual Basis Change	(129,193)
Property Tax Interest and Lien Revenue - Accrual Basis Change	(59,031)
Intergovernmental Grants	61,922
Changes in Deferred Outflows Related to Pension	(4,376,013)
Changes in Deferred Outflows Related to OPEB	(11,105)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond Principal Payments	4,990,000
Lease Issued	(301,998)
Lease Payments	144,441
Notes Payable Issued	(447,264)
Notes Payable Payments	261,178

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	(60,287)
Accrued Interest	230,426
Amortization of Deferred Charge on Refunding	35,517
Amortization of Bond Premiums	1,113,910
Net Pension Liability	201,243
Net OPEB Liability	5,664,609
Total OPEB Liability	(464,475)
Changes in Deferred Inflows Related to OPEB	(3,203,826)
Changes in Deferred Inflows Related to Pension	(493,635)

The net income of the internal service funds is reported with governmental activities.	676,913
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Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II)	\$ 1,212,164
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See accompanying Notes to Financial Statements.

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023**

	Governmental Activities
	Internal Service Fund
ASSETS	
Cash and Cash Equivalents	\$ 1,235,107
Total Assets	1,235,107
LIABILITIES	
Current Liabilities:	
Accounts and Other Payables	775,734
Total Liabilities	775,734
NET POSITION	
Unrestricted	\$ 459,373

See accompanying Notes to Financial Statements.

TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
OPERATING REVENUES	
Charges for Services	\$ 7,624,776
OPERATING EXPENSES	
Benefits and Claims	<u>6,947,863</u>
OPERATING INCOME	<u>676,913</u>
Net Position - Beginning of Year	<u>(217,540)</u>
NET POSITION - END OF YEAR	<u><u>\$ 459,373</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023**

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Charges for Services and Other	\$ 7,624,776
Payments to Vendors	(6,973,485)
Payments for Interfund Services Used	(848,500)
Net Cash Used by Operating Activities	(197,209)
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (197,209)
Cash and Cash Equivalents - Beginning of Year	1,432,316
 CASH AND CASH EQUIVALENTS - END OF YEAR	 \$ 1,235,107
 RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income	\$ 676,913
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Change in Liabilities:	
Increase (Decrease) in Accounts Payable	(25,622)
Increase (Decrease) in Due to Other Funds	(848,500)
Net Cash Used by Operating Activities	\$ (197,209)

See accompanying Notes to Financial Statements.

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

	<u>Pension and OPEB Trust Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,032,368
Investments:	
Mutual Funds	<u>77,122,211</u>
Total Assets	<u>78,154,579</u>
NET POSITION	
Restricted for:	
Pension Benefits	75,111,690
Other Postemployment Benefits	<u>3,042,889</u>
Total Net Position	<u><u>\$ 78,154,579</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF ROCKY HILL, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023**

	<u>Pension and OPEB Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,890,263
Plan Members	<u>681,217</u>
Total Contributions	2,571,480
Investment Income:	
Net Change in Fair Value of Investments	6,577,216
Interest and Dividends	<u>657,646</u>
Total Investment Income	<u>7,234,862</u>
Total Additions	9,806,342
DEDUCTIONS	
Benefits Paid to Participants of Beneficiaries	5,492,601
Administrative Expenses	72,806
Other	<u>11,340</u>
Total Deductions	<u>5,576,747</u>
CHANGE IN FIDUCIARY NET POSITION	4,229,595
Net Position - Beginning of Year	<u>73,924,984</u>
NET POSITION - END OF YEAR	<u><u>\$ 78,154,579</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The Town Manager is the Chief Executive and Administrative Officer of the Town and is responsible for the overall management of all departments of the Town except for the Board of Education. The Town Manager is directly responsible to the Town Council for the implementation of policies established by the Council and the appointment and supervision of all department heads and municipal employees, except for the Town Clerk, Clerk of the Town Council, and the Town Attorney.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Pension and Other Postemployment Benefits (OPEB) plans were established to provide retirement benefits and postretirement health care benefits primary to employees and their beneficiaries. Included in the Pension and OPEB Trust fund are four pension plans and two OPEB plans.

The financial statements of the fiduciary component units are presented using the accrual basis of accounting and are reported as Pension and OPEB Trust Funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary 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, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right to use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

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.

The *Miscellaneous Grants Funds* is used to account for miscellaneous state and federal grants.

Additionally, the Town reports the following fund types:

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

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

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.

TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables (Continued)

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

F. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The Town did not report any prepaid items in the current year.

G. Capital Assets

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

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant and equipment assets of the Town are depreciated/amortized using the straight-line method over the following estimated useful lives:

Infrastructure	35 Years
Buildings and Improvements	25-50 Years
Vehicles	3-5 Years
Office Equipment	3-5 Years
Computer Equipment	3-5 Years

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the lease term.

TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on plan assets. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees) or in the case of difference in projected and actual earnings on pension and OPEB plan investments, over a systematic and rational method over a closed five-year period.

I. Deferred Inflows of Resources

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections and deferred inflows related to leases in the government-wide statement of net position and in the governmental funds balance sheet as deferred inflows of resources. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The Town reports deferred inflows related to pension and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on plan assets or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees) and in the case of net difference between projected and actual earning on plan assets over 5 years.

TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Inflows of Resources (Continued)

The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes and grants. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

J. Compensated Absences

Municipal

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

Board of Education

Employees earn from 12.5 to 25 days of sick leave per year depending on their bargaining unit. Maximum sick leave accrual also varies by bargaining unit from 70 to 221 days. All employees, with the 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.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Net OPEB Liability

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

M. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

N. Net Pension Liability

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

O. Equity

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

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

Restricted Net Position – Net position is restricted because restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity

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.

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

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

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

Committed Fund Balance – This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council) by adoption of an ordinance prior to the end of the fiscal year. Amounts remain committed until action is taken by the Town Council to remove or revise the limitations.

Assigned Fund Balance – This represents amounts constrained for the intent to be used for a specific purpose by the Finance Director that has been delegated authority to assign amounts by the Town Charter. Assignments exist temporarily and an additional action is not required to be taken for the removal of an assignment.

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

Q. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

Unencumbered appropriations for the General Fund shall lapse at the end of the fiscal year, unless otherwise provided for by Council resolution. Additional appropriations, up to \$300,000 for each item, can be made by the Town Council. Additional appropriations over \$300,000 require the approval of the electors. The legal level of control on which expenditures may not exceed appropriations is on the functional level.

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 from fund balance approved during the fiscal year.

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

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

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

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

- Health insurance co-pays and COBRA payments are reported for GAAP purposes only.
- New leases and notes proceeds are not budgeted and reported as other financing sources and capital outlay for GAAP purposes.
- Board of Education accrued payroll and tax refunds related to prior year collections are reported for GAAP purposes only.

B. Overspent Appropriations

During the year ended June 30, 2023, the Town overspent appropriation in the following departments:

Department:	Amount
Town Manager	\$ 69
Town Clerk	37
Police	20,581
Insurance - Employee Benefits	21,163
Contingency	17,264

C. Fund Deficit

The Town reported a deficit fund balance of \$32,025 in the DECD Grants fund and a deficit of \$388,698 in the Silas Deane Streetscape Phase III fund. The Town plans to address these deficits via grant revenue.

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.” The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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

A. Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$20,386,134 of the Town’s bank balance of \$20,637,134 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 18,679,421
Uninsured and Collateral Held by the Pledging Bank’s Trust Department, not in the Town’s Name	<u>1,706,713</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 20,386,134</u></u>

B. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2023, the Town’s had \$5,813,508 in cash equivalents as follows:

STIF	\$ 5,791,950
Money Market Mutual Fund	21,558

STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

B. Cash Equivalents (Continued)

The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	Standard & Poor’s
State Short-Term Investment Fund (STIF)	AAA
Money Market Mutual Fund	Not Rated

C. Investments

Investments as of June 30, 2023 in all funds are as follows:

Investment Type	Credit Rating	Fair Value
Other Investments:		
Mutual Funds	N/A	\$ 74,281,691
Other - Vantage Trust Funds	N/A	3,021,332
Total Investments		\$ 77,303,023

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, 2023, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town’s name.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Fair Value Disclosure

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2023:

	<u>Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
Mutual Funds	\$ 74,281,691	<u>\$ 74,281,691</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Measured at Net Asset Value (NAV):				
Vantage Trust Funds	<u>3,021,332</u>			
Total Investments	<u>\$ 77,303,023</u>			

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

The valuation method of investments measured at the net asset value (NAV) per share is presented on the following table:

	<u>June 30, 2023 Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice</u>
Vantage Trust Funds	\$ 3,021,332	-	Daily	5 Days

NOTE 4 RECEIVABLES

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

	<u>General</u>	<u>Miscellaneous Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 197,769	\$ -	\$ -	\$ 197,769
Taxes	911,907	-	-	911,907
Accounts	493,309	-	556,854	1,050,163
Leases	1,723,681	-	-	1,723,681
Intergovernmental	-	-	453,854	453,854
Gross Receivables	<u>3,326,666</u>	<u>-</u>	<u>1,010,708</u>	<u>4,337,374</u>
Less: Allowance for Uncollectibles	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Net Total Receivables	<u>\$ 3,301,666</u>	<u>\$ -</u>	<u>\$ 1,010,708</u>	<u>\$ 4,312,374</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 RECEIVABLES (CONTINUED)

Lease Receivable

The Town, acting as lessor, leases equipment under long-term, noncancelable lease agreements. The leases expire at various dates through 2042 and provide for renewal options ranging from three months to six years. During the year ended June 30, 2023, the Town recognized \$178,556 and \$33,026 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to maturity under lease agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 178,556	\$ 27,478	\$ 206,034
2025	177,764	24,619	202,383
2025	176,972	21,696	198,668
2026	176,972	18,722	195,694
2027	559,009	57,991	617,000
2028-2032	395,138	20,327	415,465
2023-2037	59,270	-	59,270
Total	<u>\$ 1,723,681</u>	<u>\$ 170,833</u>	<u>\$ 1,894,514</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 15,083,374	\$ -	\$ -	\$ 15,083,374
Construction in Progress	10,981,791	1,095,000	(10,981,791)	1,095,000
Total Capital Assets Not Being Depreciated	26,065,165	1,095,000	(10,981,791)	16,178,374
Capital Assets Being Depreciated:				
Buildings and Improvements	142,447,570	-	-	142,447,570
Furniture, Vehicles, and Equipment	24,354,249	12,188,782	(158,337)	36,384,694
Infrastructure	39,611,864	-	-	39,611,864
Total Capital Assets Being Depreciated	206,413,683	12,188,782	(158,337)	218,444,128
Less: Accumulated Depreciation for:				
Buildings and Improvements	(33,693,631)	(1,005,654)	-	(34,699,285)
Furniture, Vehicles, and Equipment	(22,621,906)	(663,812)	135,846	(23,149,872)
Infrastructure	(23,709,399)	(728,142)	-	(24,437,541)
Total Accumulated Depreciation	(80,024,936)	(2,397,608)	135,846	(82,286,698)
Right-to-use - lease asset				
Equipment	339,995	301,998	-	641,993
Total Right-to-use - lease asset	339,995	301,998	-	641,993
Less: Accumulated Amortization				
Equipment	(74,920)	(116,573)	-	(191,493)
Total Accumulated Amortization	(74,920)	(116,573)	-	(191,493)
Total Capital Assets Being Depreciated/Amortized, Net	126,653,822	9,976,599	(22,491)	136,607,930
Governmental Activities Capital Assets, Net	<u>\$ 152,718,987</u>	<u>\$ 11,071,599</u>	<u>\$ (11,004,282)</u>	<u>\$ 152,786,304</u>

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

Governmental Activities:	
General Government	\$ 618,634
Public Safety	307,109
Public Works	953,345
Health and Human Services	225,503
Parks, Recreation, and Facilities	13,155
Library Services	43,591
Education	352,844
Total Depreciation Expense - Governmental Activities	<u>\$ 2,514,181</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Construction Commitments

The Town has active construction projects as of June 30, 2023. The following is a summary of capital projects as of June 30, 2023.

	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Capital and Nonrecurring	\$ 10,903,808	\$ 9,707,221	\$ 1,196,587
Road Improvements	20,000,000	16,390,846	3,609,154
Land Acquisition	10,000,000	3,951,679	6,048,321
Rocky Hill High School Renovation	50,000,000	50,000,000	-
Intermediate School Construction	48,350,000	36,401,258	11,948,742
Community/Senior Center	10,500,000	10,468,437	31,563
Straska Farmland/Open Space	7,200,000	7,200,000	-
Total Capital Projects	<u>\$ 156,953,808</u>	<u>\$ 134,119,441</u>	<u>\$ 22,834,367</u>

NOTE 6 INTERFUND RECEIVABLE AND PAYABLE BALANCES

A summary of interfund balances at June 30, 2023 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 120,776
General Fund	Nonmajor Governmental	752,315
Capital Projects Fund	General Fund	461,039
Miscellaneous Grants	General Fund	1,415,282
Nonmajor Governmental	General Fund	1,660,810
Total		<u>\$ 4,410,222</u>

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

Interfund transfers:

	<u>Transfers In</u>		<u>Total Transfer Out</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Transfers Out:			
General Fund	\$ -	\$ 300,000	\$ 300,000
Miscellaneous Grants	2,676,749	-	2,676,749
Total Transfers Out	<u>\$ 2,676,749</u>	<u>\$ 300,000</u>	<u>\$ 2,976,749</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. Transfers from Miscellaneous Grants fund were for ARPA funds that were allocated by Town Resolution to the General Fund.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 81,260,000	\$ -	\$ (4,990,000)	\$ 76,270,000	\$ 5,155,000
Issuance Premium	7,869,038	-	(1,113,910)	6,755,128	-
Total Bonds Payable	89,129,038	-	(6,103,910)	83,025,128	5,155,000
Notes Payable - Direct Borrowing	262,333	447,264	(261,178)	448,419	183,470
Lease Payable	269,169	301,998	(144,441)	426,726	143,957
Net Pension Liability	17,169,625	-	(201,243)	16,968,382	-
Compensated Absences	3,967,514	203,625	(143,338)	4,027,801	832,784
Total OPEB Liability	1,173,710	-	464,475	1,638,185	-
Net OPEB Liability	17,205,467	-	(5,664,609)	11,540,858	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 129,176,856</u>	<u>\$ 952,887</u>	<u>\$ (12,054,244)</u>	<u>\$ 118,075,499</u>	<u>\$ 6,315,211</u>

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

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds currently outstanding, their purpose and interest rate are as follows:

<u>Description</u>	<u>Principal Amount</u>
\$7,160,000 - Refunding Bonds issued in February 6, 2013 and maturing August 1, 2021 various interest rates from 2.00% to 4.00%	\$ 1,135,000
\$28,950,000 - General Obligation Bonds for Rocky Hill High School, Public Safety Improvements, Road improvements and New Intermediate School issued on June 22, 2017 and maturing August 1, 2036; various interest rates from 3.00% to 5.00%	22,960,000
\$30,750,000 - General Obligation Bonds for High School, Land Acquisition, Community Center, Road Improvements and Intermediate School on July 8, 2019 and maturing January 15, 2039; various interest rates from 3.00% to 5.00%	25,890,000
\$7,200,000 - General Obligation Bonds for Straska Farmland issued on December 4, 2019 and maturing January 15, 2040; various interest rates from 2.125% to 5.00%	6,120,000

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

<u>Description</u>	<u>Principal Amount</u>
\$10,640,000 - General Obligation Bonds for Land Acquisition Senior / Community Center, and Road Improvement, issued on July 28, 2021 and maturing through January 15, 2041, with interest rates from 2.00% to 5.00%	\$ 10,395,000
\$10,430,000 - General Obligation Refunding Bonds issued on January 25, 2022 and maturing on April 15, 2034 with an interest rate of 4%.	<u>9,770,000</u>
Total	<u><u>\$ 76,270,000</u></u>

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</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 5,155,000	\$ 2,791,075	\$ 7,946,075
2025	5,170,000	2,549,675	7,719,675
2026	5,025,000	2,313,500	7,338,500
2027	5,050,000	2,072,625	7,122,625
2028	5,070,000	1,830,200	6,900,200
2028-2032	20,535,000	5,222,300	25,757,300
2033-2037	23,200,000	2,711,850	25,911,850
2038-2041	7,065,000	342,500	7,407,500
Total	<u><u>\$ 76,270,000</u></u>	<u><u>\$ 19,833,725</u></u>	<u><u>\$ 96,103,725</u></u>

The Town is subject to the General Statutes of Connecticut, which limits the amount of debt outstanding at June 30, 2023 to the following:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General Purpose	\$ 172,714,581	\$ 41,955,894	\$ 130,758,687
Schools	345,429,162	55,451,132	289,978,030
Sewers	287,857,635	53,546,763	234,310,872
Urban Renewal	249,476,617	-	249,476,617
Pension Deficit	230,286,108	-	230,286,108

Total debt outstanding may not exceed seven times annual receipts from taxation or \$537,334,252. The Town is a member of the Metropolitan District Commission, a quasi-municipal corporation that provides water supply, sewerage collection and disposal facilities for members. Member towns are assessed a portion of the Metropolitan District's budget each year, based on the applicable town's property tax receipts. Total outstanding debt of the Metropolitan District Commission as of June 30, 2023 was \$862,266,719. The Town's share of the debt at June 30, 2023 was 6.21% or \$53,546,763. The estimated percentage is calculated based upon the proration of tax collection from the eight-member towns.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

Bonds authorized and unissued as of June 30, 2023 are summarized below:

	<u>Authorization</u>	<u>Bonds and Notes Issued</u>	<u>Grants Received</u>	<u>Bonds Authorized Unissued</u>
School Improvements	\$ 98,350,000	\$ 59,990,969	\$ 26,502,005	\$ 11,857,026
Various Improvements	20,000,000	10,388,966	331,034	9,280,000
Total	<u>\$ 118,350,000</u>	<u>\$ 70,379,935</u>	<u>\$ 26,833,039</u>	<u>\$ 21,137,026</u>

Notes Payable – Direct Borrowing

The Town has financed the purchase of certain vehicles and equipment for several Town departments. The outstanding notes payable from the direct borrowing contain a provision that in an event of default, outstanding amounts become immediately due if the Town is unable to make payment.

A summary of payment requirements by year notes payable is presented below:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 183,470	\$ 26,540	\$ 210,010
2025	127,321	16,774	144,095
2025	107,129	8,348	115,477
2026	30,499	1,546	32,045
Total	<u>\$ 448,419</u>	<u>\$ 53,208</u>	<u>\$ 501,627</u>

Lease Liability

The Town leases equipment for various terms under long-term, noncancelable, lease agreements. These lease expire at various dates through April 2027. Principal and interest requirements to maturity under lease agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 143,957	\$ 11,098	\$ 155,055
2025	149,063	7,209	156,272
2026	70,646	3,940	74,586
2027	63,060	1,321	64,381
Total	<u>\$ 426,726</u>	<u>\$ 23,568</u>	<u>\$ 450,294</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Notes Payable – Direct Borrowing

The Town has financed the purchase of certain vehicles and equipment for several Town departments. The outstanding notes payable from the direct borrowing contain a provision that in an event of default, outstanding amounts become immediately due if the Town is unable to make payment. A summary of payments under these agreements is presented below:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 183,470	\$ 26,540	\$ 210,010
2025	127,321	16,774	144,095
2025	107,129	8,348	115,477
2026	30,499	1,546	32,045
Total	<u>\$ 448,419</u>	<u>\$ 53,208</u>	<u>\$ 501,627</u>

NOTE 8 SHORT-TERM DEBT

The following is a summary of bond anticipation note activity for the year ended June 30, 2023:

<u>Project</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Outstanding June 30, 2023</u>
High School Renovations	07/27/22	07/27/22	2,250,000	2.00%	\$ 2,250,000	\$ -	\$ 2,250,000	\$ -
High School Renovations	07/27/22	07/26/23	2,250,000	2.35%	-	2,250,000	-	2,250,000
Road Improvement Program	07/27/22	07/26/23	2,000,000	2.35%	-	2,000,000	-	2,000,000
Total								<u>\$ 4,250,000</u>

The bond anticipation note is reported in the Capital Projects fund in the Balance Sheet – Government Funds.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 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.

Board of Education Insurance Fund

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

The claims liability of \$801,356 reported in the Internal Service Fund at June 30, 2023 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. A schedule of changes in the claims liability for the years ended June 30 is as follows:

<u>Year Ending</u>	<u>Claims Payable July 1,</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30,</u>
2021-2022	\$ 727,920	\$ 7,263,784	\$ 7,190,348	\$ 801,356
2022-2023	801,356	6,947,863	6,973,485	775,734

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2023 are as follows:

	General Fund	Capital Projects Fund	Miscellaneous Grants	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Inventory	\$ -	\$ -	\$ -	\$ 26,498	\$ 26,498
Permanent Funds	-	-	-	71,040	71,040
Restricted for:					
Center Cemetery	-	-	-	29,075	29,075
Land Preservation	-	-	-	458	458
Parks, Recreation, and Facilities Grants	-	-	-	4,706	4,706
Economic Development Grants	-	-	-	1,023	1,023
Education Grants	-	-	-	106,212	106,212
Community Development Grants	-	-	-	171,877	171,877
Student Activities	-	-	-	709,988	709,988
Miscellaneous Grants	-	-	98,461	2	98,463
Committed to:					
General Government	-	-	-	149,012	149,012
Recreation Programs	-	-	-	362,096	362,096
Library Services	-	-	-	26,885	26,885
Public Safety	-	-	-	271,410	271,410
Health and Human Services	-	-	-	380,340	380,340
Education	-	-	-	1,077,764	1,077,764
Debt Service Payments	-	-	-	52,840	52,840
Flexible Spending	-	-	-	7,478	7,478
Local Transportation Capital Improvement Program	-	-	-	36,363	36,363
Intermediate School	-	137,875	-	-	137,875
Land Acquisition	-	148,321	-	-	148,321
Senior/Community Center	-	42,260	-	-	42,260
Capital and Nonrecurring Capital Projects	-	1,957,475	-	-	1,957,475
Assigned to:					
Subsequent Year's Budget	410,000	-	-	-	410,000
Education - Encumbrances	816,638	-	-	-	816,638
General Government - Encumbrances	15,000	-	-	-	15,000
Capital Outlay - Encumbrances	31,681	-	-	-	31,681
Public Safety - Encumbrances	11,970	-	-	-	11,970
Unassigned	5,319,013	(4,207,955)	-	(420,723)	690,335
Total Fund Balances	<u>\$ 6,604,302</u>	<u>\$ (1,922,024)</u>	<u>\$ 98,461</u>	<u>\$ 3,064,344</u>	<u>\$ 7,845,083</u>

Encumbrances of \$875,289 at June 30, 2023 are contained in the above table in the assigned category of the General Fund.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 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 effect on the financial condition of the Town.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS

Town and Board of Education Plans

A. Plan Description

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

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

At July 1, 2022, plan membership consisted of the following:

	Town Retiree Healthcare Plan	Board of Education Retiree Healthcare Plan
Active Plan Members	58	404
Retired Members	63	13
Total Participants	121	417

B. Funding Policy

The Town’s funding and payment of postemployment benefits for the year ended June 30, 2023 are accounted for in the Other Postemployment Benefits Trust Fund. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town and Board of Education Plans (Continued)

C. Investments

Investment Policy

OPEB Benefits Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Town Manager and the Finance Director. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio through a balance of asset classes through the use of mutual funds. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 12.92% for the Town Retiree Healthcare Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Total/Net OPEB Liability of the Town

The Town’s and BOE’s net OPEB liability was measured as of June 30, 2023. The components of the total/net OPEB liability of the Town at June 30, 2023 were as follows:

	Town Retiree Healthcare Plan	Board of Education Retiree Healthcare Plan*
Total OPEB Liability	\$ 14,583,747	\$ 1,638,185
Plan Fiduciary Net Position	3,042,889	-
Net OPEB Liability	\$ 11,540,858	\$ 1,638,185
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.86%	0.00%

* The Town did not fund the Board of Education Retiree Healthcare Plan during the year ended June 30, 2023. The Town intends to fund the Board of Education healthcare Plan during the next year, and the additional disclosures will be included then.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town and Board of Education Plans (Continued)

D. Total/Net OPEB Liability of the Town (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	Town Retiree Healthcare Plan	Board of Education Retiree Healthcare Plan
Inflation	2.50%	2.00%
Salary Increases	2.50	2.50
Investment Rate of Return	6.00	3.65
Healthcare Cost Trend Rate	7.00% in 2022 declining to 4.75% in 2025 and beyond	7.00% in 2022 declining to 4.75% in 2026 and beyond
Mortality	RPH-2014 Total Dataset mortality table projected using scale MP-2021	RPH-2014 Total Dataset mortality table projected using scale MP-2021

The actuarial assumptions used in the July 1, 2022 valuation were based on general assumptions for the plan, as an actuarial experience study has not been performed to date.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2023 are summarized in the following table:

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1%	0.50%
Balanced / Asset Allocation	99	3.50
Total	<u>100%</u>	

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town and Board of Education Plans (Continued)

D. Total/Net OPEB Liability of the Town (Continued)

Discount Rate

The discount rate used to measure the Town Retiree Healthcare Plan Net OPEB liability was 6.00%, and it was based on a rate that blends the long term expected rate of return with the index rate. The discount rate used to measure the Board of Education Retiree Healthcare Plan Net OPEB liability was 3.65%, and the discount rate was based on the S&P Municipal Bond 20 Year High Grade Index.

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

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

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Town Retiree Healthcare Plan	<u>\$ 13,449,446</u>	<u>\$ 11,540,858</u>	<u>\$ 9,974,018</u>
	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Board of Education Retiree Healthcare Plan	<u>\$ 1,766,309</u>	<u>\$ 1,638,185</u>	<u>\$ 1,514,742</u>

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

The following presents the total/net OPEB liability of the Town, calculating using the current healthcare cost trend rates, as well as what the Town's total/net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (5.50% Declining to 4.00%)	Healthcare Cost Trend Rates (6.50% Declining to 5.00%)	1% Increase (7.50% Declining to 6.00%)
Board of Education Retiree Healthcare Plan	<u>\$ 1,445,312</u>	<u>\$ 1,638,185</u>	<u>\$ 1,866,984</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town and Board of Education Plans (Continued)

D. Total/Net OPEB Liability of the Town (Continued)

Sensitivity of the Total/Net OPEB Liability to Changes in the Healthcare Cost Trend Rates (Continued)

	1% Decrease (5.50% Declining to 4.00%)	Healthcare Cost Trend Rates (6.50% Declining to 5.00%)	1% Increase (7.50% Declining to 6.00%)
Board of Education Retiree Healthcare Plan	<u>\$ 1,445,312</u>	<u>\$ 1,638,185</u>	<u>\$ 1,866,984</u>

E. Changes in the Total and Net OPEB Liability

	Town Retiree Healthcare Plan		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2022	\$ 19,882,520	\$ 2,677,053	\$ 17,205,467
Changes for the Year:			
Service Cost	364,139	-	364,139
Interest on Total OPEB Liability	733,712	-	733,712
Changes of Benefit Terms	74,867		74,867
Differences Between Expected and Actual Experience	(1,683,186)	-	(1,683,186)
Changes in Assumptions	(4,366,158)	-	(4,366,158)
Employer Contributions	-	442,147	(442,147)
Expected Investment Income	-	102,263	(102,263)
Investment Gains (Losses)	-	243,573	(243,573)
Benefit Payments	(422,147)	(422,147)	-
Net Changes	<u>(5,298,773)</u>	<u>365,836</u>	<u>(5,664,609)</u>
Balances as of June 30, 2023	<u>\$ 14,583,747</u>	<u>\$ 3,042,889</u>	<u>\$ 11,540,858</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town and Board of Education Plans (Continued)

E. Changes in the Total and Net OPEB Liability (Continued)

Board of Education Retiree Healthcare Plan	Increase (Decrease)
	Total OPEB Liability (a)
Balances as of July 1, 2022	\$ 1,173,710
Changes for the Year:	
Service Cost	85,677
Interest on Total OPEB Liability	52,114
Differences Between Expected and Actual Experience	189,847
Changes in Assumptions or Other Inputs	171,414
Benefit Payments	(34,577)
Net Changes	464,475
Balances as of June 30, 2023	\$ 1,638,185

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

For the year ended June 30, 2023, the Town recognized OPEB expense of (\$1,690,212) and \$181,733, for the Town Retiree Healthcare Plan, and the Board of Education Retiree Healthcare Plan, respectively, for total OPEB expense of (\$1,508,479). At June 30, 2023, the Town reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		
	Town Retiree Healthcare Plan	Board of Education Retiree Healthcare Plan	Total
Difference Between Actual and Expected Experience	\$ -	\$ 241,082	\$ 241,082
Changes of Assumptions or Other Inputs	3,830,286	230,872	4,061,158
Total	\$ 3,830,286	\$ 471,954	\$ 4,302,240

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town and Board of Education Plans (Continued)

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

	Deferred Inflows of Resources		
	Town Retiree Healthcare Plan	Board of Education Retiree Healthcare Plan	Total
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	\$ 180,356	\$ -	\$ 180,356
Difference Between Actual and Expected Experience	5,940,882	130,931	6,071,813
Changes of Assumptions or Other Inputs	8,523,781	88,901	8,612,682
Total	<u>\$ 14,645,019</u>	<u>\$ 219,832</u>	<u>\$ 14,864,851</u>

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

<u>Year Ending June 30,</u>	Town Retiree Healthcare Plan	Board of Education Retiree Healthcare Plan	Total
	2024	\$ (2,755,256)	\$ 36,882
2025	(2,760,266)	36,790	(2,723,476)
2026	(2,625,554)	31,569	(2,593,985)
2027	(2,370,041)	35,271	(2,334,770)
2028	(378,489)	30,026	(348,463)
Thereafter	74,873	81,584	156,457

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town and Board of Education Plans (Continued)

G. OPEB Trust Funds

The Town maintains two postretirement health care benefit plans. The following schedules present the net position held in trust for other postemployment benefits at June 30, 2023 and changes in net position for the year then ended.

	Town Retiree Healthcare Plan	Board of Education Retiree Healthcare Plan	Total Healthcare Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and Cash Equivalents	\$ 21,557		\$ 21,557
Investments	3,021,332	-	3,021,332
Total Assets	<u>3,042,889</u>	<u>-</u>	<u>3,042,889</u>
Net Position:			
Restricted for OPEB Benefits	<u>\$ 3,042,889</u>	<u>\$ -</u>	<u>\$ 3,042,889</u>
	Town Retiree Healthcare Plan	Board of Education Retiree Healthcare Plan	Total Healthcare Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Contributions:			
Employer	\$ 442,147	\$ 34,577	\$ 476,724
Investment Income:			
Net Depreciation in Fair Value of Investments	345,122	-	345,122
Interest and Dividends	714	-	714
Total Investment Income	<u>345,836</u>	<u>-</u>	<u>345,836</u>
Less: Investment Expense	<u>-</u>	<u>-</u>	<u>-</u>
Net Investment Income	<u>345,836</u>	<u>-</u>	<u>345,836</u>
Total Additions	787,983	34,577	822,560
Deductions:			
Benefit Payments	<u>422,147</u>	<u>34,577</u>	<u>456,724</u>
Net Increase	365,836	-	365,836
Net Position Restricted for OPEB Benefits - Beginning of Year	<u>2,677,053</u>	<u>-</u>	<u>2,677,053</u>
Net Position Restricted for OPEB Benefits - End of Year	<u>\$ 3,042,889</u>	<u>\$ -</u>	<u>\$ 3,042,889</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Post-Employment Benefit – Connecticut State Teachers Retirement Plan

A. Plan Description

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

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

B. Benefit Provisions

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

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$440 per month towards coverage under a local school district plan.

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplemental Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

**Other Post-Employment Benefit – Connecticut State Teachers Retirement Plan
(Continued)**

B. Benefit Provisions (Continued)

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$220 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

C. Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the state of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

**Other Post-Employment Benefit – Connecticut State Teachers Retirement Plan
(Continued)**

D. Contributions (Continued)

State of Connecticut (Continued)

The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

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

For the year ended June 30, 2023, the amount of “on-behalf” contributions made by the State was \$110,538 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers’ pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

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

At June 30, 2023, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town’s Proportionate Share of the Net OPEB Liability	\$	-
State’s Proportionate Share of the Net OPEB Liability Associated with the Town		8,680,959
Total		<u><u>\$ 8,680,959</u></u>

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2022. At June 30, 2023, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2023, the Town recognized OPEB expense of \$523,266 in Exhibit II.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

**Other Post-Employment Benefit – Connecticut State Teachers Retirement Plan
(Continued)**

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	Known increases until calendar year 2024 then general trend decreasing to an ultimate rate of 4.50% by 2031
Salary increases	3.00-6.50%, including inflation
Investment rate of return	3.53%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2027

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 2.17% to 3.53%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated;
- Long-term health care cost trend rates were updated; and
- The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

**Other Post-Employment Benefit – Connecticut State Teachers Retirement Plan
(Continued)**

F. Actuarial Assumptions (Continued)

The changes in the benefit terms since the prior year are as follows:

- There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.98%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.53%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2022.

In addition to the actuarial methods and assumptions of the June 30, 2022, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

**Other Post-Employment Benefit – Connecticut State Teachers Retirement Plan
(Continued)**

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

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

I. OPEB Plan Fiduciary Net Position

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

J. Other Information

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Town Pension Plans

A. Plan Description and Benefits Provided

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

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

- General Employees – at least five members are appointed
- Police Officers – at least three members are appointed
- Firefighters – at least five members are appointed

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Town Pension Plans (Continued)

A. Plan Description and Benefits Provided (Continued)

For the Ambulance plan, the Town Manager functions as the plan administrator. The primary responsibility of the administrator is to administer the Ambulance Plan for the benefit of the participants and their beneficiaries.

The PERS membership at July 1, 2022 consisted of the following:

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

The Town's Police Officers Pension System covers all full-time police officers. Employees become participants on the first of September coinciding with or next following their completion of six full months of continuous service and attainment of age 21. The normal retirement date is the first day of the month coinciding with age 45 with 25 years of continuous service, but no later than age 65. The retirement benefit is 2.8% of average monthly earnings multiplied by years of credited service (to a maximum of 25 years). Average monthly earnings are the employee's earnings averaged for the highest three years of employment with the Town. The employee's rate of contribution is 7% of earnings; however, any employee who has been a participant for 25 years shall no longer be required to make a contribution. During the year ended June 30, 2023 the Town reopened the Police Officers Pension System Plan and rolled the balances from the Police Defined Contribution Pension Plan into the Defined Benefit Plan.

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.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Town Pension Plans (Continued)

A. Plan Description and Benefits Provided (Continued)

The retirement benefit for the Town's Firefighters Pension System shall be in accordance with the schedule below:

<u>Service Years</u>	<u>Terminate Before 1/1/19</u>	<u>Terminate on or After 1/1/19</u>
10 Years	\$ 50	\$ 80
11 Years – 14 Years	75	120
15 Years – 19 Years	100	160
20 Years or More	315	500
Each Year Past 20	5	15

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:

<u>Service Years</u>	<u>Terminate Before 1/1/19</u>	<u>Terminate on or After 1/1/19</u>
10 Years	\$ 50	\$ 80
11 Years – 14 Years	75	120
15 Years – 19 Years	100	160
20 Years	315	500
Each Year Past 20	5	15

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Town Pension Plans (Continued)

C. Funding Status and Progress

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

D. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u> General Employee's, Firefighters, Ambulance and Police Officers
U.S. Equity - Large Cap	26.00%
U.S. Equity - Small/Mid-Cap	11.50
Non-U.S. Equity - Developed	16.50
Non-U.S. Equity - Emerging	6.50
U.S. Corporate Bonds - Core	19.00
U.S. Corporate Bonds - High Yield	4.50
Non-U.S. Debt - Developed	2.00
Real Estate	7.00
Hedge Funds	4.50
Commodities	2.50

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Town Pension Plans (Continued)

D. Investments

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for the General Employees, Police Officers, Firefighters and Ambulance pension plans are presented in the table below. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	Annual Money- Weighted Rate of Return
General Employees	9.84%
Police Officers	9.92
Firefighters	9.77
Ambulance	9.87

Deferred Retirement Option Program (DROP)

The Police Officers Pension System offers a Deferred Retirement Option Program (DROP) to its bargaining unit employees upon completing the 25th year of service until the completion of 29 years of service. The DROP is intended to provide an alternative retirement option to police employees who are eligible to retire. An employee is considered eligible upon completing the 25th year of service until the completion of 29 years of service. During the DROP period, pension payments will be made monthly equal to 96% of the accrued benefit. Amounts held by the Police Officers Pension System DROP investments at June 30, 2023 were \$982,587.

E. Net Pension Liability (Asset) of the Town

The components of the net pension liability (asset) of the Town at June 30, 2023 were as follows:

	General Employees	Police Officers	Firefighters	Ambulance
Total Pension Liability	\$ 51,938,844	\$ 36,037,618	\$ 2,873,460	\$ 1,230,150
Plan Fiduciary Net Position	43,428,083	28,896,794	1,809,657	977,156
Net Pension Liability (Asset)	\$ 8,510,761	\$ 7,140,824	\$ 1,063,803	\$ 252,994
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.61%	80.19%	62.98%	79.43%

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Town Pension Plans (Continued)

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

Actuarial Assumptions

The Town's net pension liability (asset) was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation date as listed below, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

	General Employees	Police Officers	Firefighters	Ambulance
Actuarial Valuation Date	9-1-22	9-1-22	7-1-22	7-1-22
Actuarial Assumptions:				
Investment Rate of Return	7.0%	7.0%	7.0%	7.0%
Projected Salary Increases	3.00%	4.5%	N/A	N/A
Inflation	2.47%	2.47%	2.47%	2.47%
Mortality	SOA RP-2014 Total Dataset	SOA RP-2014 Total Dataset	SOA RP-2014 Total Dataset	SOA RP-2014 Total Dataset
	Mortality, adjusted to 2006, with MP- 2021 Scaling			

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following tables:

<u>General Employees/Police Officers/Firefighters/Ambulance</u>	
<u>Asset Class</u>	<u>Long-Term Expected Rate of of Return</u>
U.S. Equity - Large Cap	6.05%
U.S. Equity - Small/Mid-Cap	7.08
Non-U.S. Equity - Developed	6.74
Non-U.S. Equity - Emerging	8.70
U.S. Corporate Bonds - Core	2.40
U.S. Corporate Bonds - High Yield	4.45
Non-U.S. Debt - Developed	1.31
Real Estate	4.89
Hedge Funds	3.97
Commodities	3.98

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Town Pension Plans (Continued)

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

Discount Rate

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

	<u>Discount Rate</u>
General Employees	7.00%
Police Officers	7.00
Firefighters	7.00
Ambulance	7.00

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

F. Changes in Net Pension Liability

General Employees' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2022	\$ 49,582,221	\$ 41,895,882	\$ 7,686,339
Changes for the Year:			
Service Cost	788,700	-	788,700
Interest on Total Pension Liability	3,419,848	-	3,419,848
Differences Between Expected and Actual Experience	1,232,140	-	1,232,140
Employer Contributions	-	405,247	(405,247)
Employee Contributions	-	220,903	(220,903)
Net Investment Income (Loss)	-	4,012,977	(4,012,977)
Benefit Payments, Including Refund to Employee Contributions	(3,084,065)	(3,084,065)	-
Administrative Expenses	-	(22,861)	22,861
Other Changes	-	-	-
Net Changes	2,356,623	1,532,201	824,422
Balances as of June 30, 2023	\$ 51,938,844	\$ 43,428,083	\$ 8,510,761

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Town Pension Plans (Continued)

F. Changes in Net Pension Liability (Continued)

Police Officers' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2022	\$ 34,788,000	\$ 26,866,338	\$ 7,921,662
Changes for the Year:			
Service Cost	1,286,992	-	1,286,992
Interest on Total Pension Liability	2,463,753	-	2,463,753
Differences Between Expected and Actual Experience	(713,870)	-	(713,870)
Employer Contributions	-	762,467	(762,467)
Member Contributions	-	460,314	(460,314)
Net Investment Income (Loss)	-	2,630,275	(2,630,275)
Benefit Payments, Including Refund to Employee Contributions	(1,787,257)	(1,787,257)	-
Administrative Expenses	-	(24,003)	24,003
Other Changes	-	(11,340)	11,340
Net Changes	<u>1,249,618</u>	<u>2,030,456</u>	<u>(780,838)</u>
Balances as of June 30, 2023	<u>\$ 36,037,618</u>	<u>\$ 28,896,794</u>	<u>\$ 7,140,824</u>

Firefighters' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2022	\$ 2,800,880	\$ 1,613,960	\$ 1,186,920
Changes for the Year:			
Service Cost	26,134	-	26,134
Interest on Total Pension Liability	194,178	-	194,178
Differences Between Expected and Actual Experience	(39,822)	-	(39,822)
Employer Contributions	-	167,283	(167,283)
Net Investment Income (Loss)	-	158,536	(158,536)
Benefit Payments, Including Refund to Employee Contributions	(107,910)	(107,910)	-
Administrative Expenses	-	(22,212)	22,212
Net Changes	<u>72,580</u>	<u>195,697</u>	<u>(123,117)</u>
Balances as of June 30, 2023	<u>\$ 2,873,460</u>	<u>\$ 1,809,657</u>	<u>\$ 1,063,803</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Town Pension Plans (Continued)

F. Changes in Net Pension Liability (Continued)

Volunteer Ambulance Pension Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2022	\$ 1,246,455	\$ 871,751	\$ 374,704
Changes for the Year:			
Service Cost	31,930	-	31,930
Interest on Total Pension Liability	87,538	-	87,538
Differences Between Expected and Actual Experience	(79,128)	-	(79,128)
Employer Contributions	-	78,542	(78,542)
Member Contributions	-	-	-
Net Investment Income (Loss)	-	87,238	(87,238)
Benefit Payments, Including Refund to Employee Contributions	(56,645)	(56,645)	-
Administrative Expenses	-	(3,730)	3,730
Other Changes	-	-	-
Net Changes	<u>(16,305)</u>	<u>105,405</u>	<u>(121,710)</u>
Balances as of June 30, 2023	<u>\$ 1,230,150</u>	<u>\$ 977,156</u>	<u>\$ 252,994</u>

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

The following presents the net pension liability of the General Employees, Police Officers, Firefighters and Ambulance pension plans, calculated using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%), or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
General Employees Net Pension Liability (Asset)	\$ 13,848,730	\$ 8,510,761	\$ 3,932,925
Police Officer's Net Pension Liability (Asset)	11,744,594	7,140,824	3,324,942
Firefighters Net Pension Liability	1,454,247	1,063,803	744,103
Ambulance Net Pension Liability	418,518	252,994	116,277

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Town Pension Plans (Continued)

F. Changes in Net Pension Liability (Continued)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$2,599,591, \$3,283,527, \$136,743, and \$62,083 for the General Employees, Police Officers, Firefighters, and Volunteer Ambulance pension plans, respectively, for total pension expense of \$6,081,944. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources				
	General Employees	Police Officers	Firefighters	Ambulance	Total
Differences Between Expected and Actual Experience	\$ 947,425	\$ 1,403,603	\$ 16,276	\$ 34,943	\$ 2,402,247
Changes in Assumptions	31,798	316,213	735	25,865	374,611
Net Difference Between Projected and Actual Earning on Pension Plan Investments	2,010,972	1,222,532	72,165	38,584	3,344,253
Total	<u>\$ 2,990,195</u>	<u>\$ 2,942,348</u>	<u>\$ 89,176</u>	<u>\$ 99,392</u>	<u>\$ 6,121,111</u>

	Deferred Inflows of Resources				
	General Employees	Police Officers	Firefighters	Ambulance	Total
Differences Between Expected and Actual Experience	\$ -	\$ 620,268	\$ 32,323	\$ 127,776	\$ 780,367
Changes in Assumptions	21,279	21,565	26,178	6,601	75,623
Total	<u>\$ 21,279</u>	<u>\$ 641,833</u>	<u>\$ 58,501</u>	<u>\$ 134,377</u>	<u>\$ 855,990</u>

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

<u>Fiscal Year Ending June 30,</u>	General Employees	Police Officers	Firefighters	Ambulance	Total
2024	\$ 893,838	\$ 1,708,044	\$ (219)	\$ (1,469)	\$ 2,600,194
2025	233,542	(136,790)	(13,561)	(7,905)	75,286
2026	2,074,660	1,196,055	63,014	32,829	3,366,558
2027	(233,124)	(254,239)	(16,232)	(11,867)	(515,462)
2028	-	(100,263)	(2,327)	(4,898)	(107,488)
Thereafter	-	(112,292)	-	(41,675)	(153,967)

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Town Pension Plans (Continued)

G. Combining Statement of Net Position – June 30, 2023

	Pension Trust Funds				Retiree Healthcare OPEB Trust Funds	Total Pension and OPEB Trust Funds
	General Employees' Pension Plan	Police Pension Plan	Firefighters' Pension Plan	Volunteer Ambulance Pension Plan		
Assets:						
Cash and Cash Equivalents	\$ 527,863	\$ 423,616	\$ 41,192	\$ 18,140	21,557	\$ 1,032,368
Investments	42,900,220	28,473,178	1,768,465	959,016	3,021,332	77,122,211
Total Assets	<u>43,428,083</u>	<u>28,896,794</u>	<u>1,809,657</u>	<u>977,156</u>	<u>3,042,889</u>	<u>78,154,579</u>
Net Position:						
Restricted for Pensions and OPEB	<u>\$ 43,428,083</u>	<u>\$ 28,896,794</u>	<u>\$ 1,809,657</u>	<u>\$ 977,156</u>	<u>\$ 3,042,889</u>	<u>\$ 78,154,579</u>

H. Combining Statement of Changes in Plan Net Position – Year ended June 30, 2023

	Pension Trust Funds				Retiree Healthcare OPEB Trust Funds	Total Pension and OPEB Trust Funds
	General Employees' Pension Plan	Police Pension Plan	Firefighters' Pension Plan	Volunteer Ambulance Pension Plan		
Additions:						
Contributions:						
Employer	\$ 405,247	\$ 762,467	\$ 167,283	\$ 78,542	\$ 476,724	\$ 1,890,263
Employee	220,903	460,314				681,217
Total Contributions	<u>626,150</u>	<u>1,222,781</u>	<u>167,283</u>	<u>78,542</u>	<u>476,724</u>	<u>2,571,480</u>
Investment Income:						
Net Depreciation in Fair Value of Investments	3,504,958	2,445,113	187,908	94,115	345,122	6,577,216
Interest and Dividends	508,019	185,162	(29,372)	(6,877)	714	657,646
Total Investment Income	<u>4,012,977</u>	<u>2,630,275</u>	<u>158,536</u>	<u>87,238</u>	<u>345,836</u>	<u>7,234,862</u>
Total Additions	<u>4,639,127</u>	<u>3,853,056</u>	<u>325,819</u>	<u>165,780</u>	<u>822,560</u>	<u>9,806,342</u>
Deductions:						
Benefit Payments	3,084,065	1,787,257	107,910	56,645	456,724	5,492,601
Administrative	22,861	24,003	22,212	3,730	-	72,806
Other	-	11,340	-	-	-	11,340
Total Deductions	<u>3,106,926</u>	<u>1,822,600</u>	<u>130,122</u>	<u>60,375</u>	<u>456,724</u>	<u>5,576,747</u>
Net Increase	<u>1,532,201</u>	<u>2,030,456</u>	<u>195,697</u>	<u>105,405</u>	<u>365,836</u>	<u>4,229,595</u>
Net Position Restricted for Pensions - Beginning of Year	<u>41,895,882</u>	<u>26,866,338</u>	<u>1,613,960</u>	<u>871,751</u>	<u>2,677,053</u>	<u>73,924,984</u>
Net Position Restricted for Pensions and OPEB - End of Year	<u>\$ 43,428,083</u>	<u>\$ 28,896,794</u>	<u>\$ 1,809,657</u>	<u>\$ 977,156</u>	<u>\$ 3,042,889</u>	<u>\$ 78,154,579</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

C. Contributions (Continued)

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

For the year ended June 30, 2023, the amount of "on-behalf" contributions made by the State was \$7,815,192 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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

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

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

At June 30, 2023, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's Proportionate Share of the Net Pension Liability	\$	-
State's Proportionate Share of the Net Pension Liability Associated with the Town		99,123,662
Total		<u>\$ 99,123,662</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2022. At June 30, 2023, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2023, the Town recognized pension expense and revenue of \$9,580,413 in Exhibit II.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increase	3.00-6.50%, Including Inflation
Investment Rate of Return	6.90% Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

Cost-of-Living Allowance

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

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

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

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

F. Actuarial Assumptions (Continued)

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Expected Return</u>		<u>Target Allocation</u>	
Domestic Equity Fund	5.40	%	20.00	%
Developed Market Intl. Stock Fund	6.40		11.00	
Emerging Market Intl. Stock Fund	8.60		9.00	
Core Fixed Income Fund	0.80		13.00	
Private Credit	6.50		5.00	
Emerging Market Debt Fund	3.80		5.00	
High Yield Bond Fund	3.40		3.00	
Real Estate Fund	5.20		19.00	
Private Equity	9.40		10.00	
Alternative Investments	3.10		3.00	
Liquidity Fund	-0.40		2.00	
 Total			<u>100.00</u>	 %

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF ROCKY HILL, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

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

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

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

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

NOTE 14 TAX ABATEMENTS

The Town provides tax abatement agreements through multiple programs to expand or construct certain properties within town. The agreements call for a 50% reduction in assessment for five years upon meeting certain specific criteria. The exact amount of the assessments that are abated are determined by the tax assessor when the Certificate of Occupancy is issued on the properties. The agreements contain specific criteria allowing for the recapture of all or a part of the abated assessments if the receiving entities fail to comply with the ongoing provisions of the agreements. For the year ended June 30, 2023 the Town abated property taxes of approximately \$90,000 under these agreements.

NOTE 15 DEFINED CONTRIBUTION PLAN

The Town provides pension benefits for its employees through a defined contribution plan, dependent on date of hire. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Town matches contributions into the plan on a discretionary basis. Town matching contributions were \$141,612 for the year ended June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF ROCKY HILL, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property Taxes:				
Revenues from Property Taxes	\$ 79,025,432	\$ 79,025,432	\$ 78,627,857	\$ (397,575)
Interest and Liens Fees	200,000	200,000	356,999	156,999
Total Property Taxes	<u>79,225,432</u>	<u>79,225,432</u>	<u>78,984,856</u>	<u>(240,576)</u>
Intergovernmental:				
Education:				
Education Cost Sharing Grant	5,778,936	5,778,936	5,795,398	16,462
Other:				
Reimbursement - Elderly, Veterans, and Disability Exemptions	10,884	10,884	9,942	(942)
State Tax-Exempt Property - In Lieu of Taxes and Tobacco Grant	971,432	971,432	971,432	-
LOCIP and Town Aid Road	460,930	460,930	350,457	(110,473)
Pequot Grant	213,545	213,545	213,545	-
Municipal Revenue Sharing	738,342	738,342	1,009,508	271,166
Miscellaneous Grants	44,210	44,210	67,291	23,081
Total Other	<u>2,439,343</u>	<u>2,439,343</u>	<u>2,622,175</u>	<u>182,832</u>
Total Intergovernmental	8,218,279	8,218,279	8,417,573	199,294
Licenses and Permits:				
Building Department	550,000	550,000	998,323	448,323
Business Licenses	1,000	1,000	930	(70)
Land Use Commission	10,000	10,000	3,711	(6,289)
Other Licenses and Permits	5,000	5,000	6,720	1,720
Total Licenses and Permits	<u>566,000</u>	<u>566,000</u>	<u>1,009,684</u>	<u>443,684</u>
Investment Income:				
Interest from Investments	25,000	25,000	679,548	654,548

**TOWN OF ROCKY HILL, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Charges for Services:				
Real Estate Conveyance Tax	\$ 300,000	\$ 300,000	\$ 353,913	\$ 53,913
Recording - Legal Instruments	85,000	85,000	70,613	(14,387)
Vital Statistics	30,000	30,000	34,395	4,395
Landlord Fee	500	500	723	223
Library Fines and Fees	3,000	3,000	154	(2,846)
Fire Charges	1,000	1,000	3,380	2,380
All Other	3,200	3,200	177	(3,023)
Total Charges for Services	422,700	422,700	463,355	40,655
Fines, Forfeitures, and Penalties:				
Parking Fines	2,000	2,000	2,282	282
Other Revenues:				
Telephone Access Lines	49,255	49,255	51,936	2,681
Refunds and Recoveries	55,000	55,000	88,667	33,667
Transit District	4,000	4,000	7,740	3,740
Sale of Assets	10,000	10,000	12,964	2,964
Housing Authority PILOT	23,983	23,983	27,295	3,312
Recycling Revenue	37,000	37,000	34,093	(2,907)
Workers' Compensation Insurance	10,000	10,000	71,522	61,522
Lease - Comm Towers	225,000	225,000	228,904	3,904
Solar Energy	90,000	90,000	90,000	-
Other Revenues	60,000	60,000	75,382	15,382
Total Other Revenues	564,238	564,238	688,503	124,265
Total Revenues	89,023,649	89,023,649	90,245,801	1,222,152
Other Financing Sources:				
Transfers from Other Funds	2,776,749	2,776,749	2,676,749	(100,000)
Use of Fund Balance	450,000	450,000	-	(450,000)
Total	\$ 92,250,398	\$ 92,250,398	92,922,550	\$ 672,152

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	
Pension Plan	7,815,192
OPEB Plan	110,538
The Town does budgets for tax refunds related to prior year collections against revenue which are reported as an expenditure under GAAP	440,557
The Town does not budget for lease proceeds which are reported as an other financing source under GAAP	38,086
The Town does not budget for Note proceeds which are reported as an other financing source under GAAP	447,264
The Town budgets for certain revenues as credits to expenditure accounts which are reported as revenues under GAAP	406,185
Cancellation of prior year encumbrances are recognized as budgetary revenue	(37,135)

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

\$ 102,143,237

**TOWN OF ROCKY HILL, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Mayor and Town Council	\$ 43,196	\$ 43,196	\$ 33,315	\$ 9,881
Town Manager	324,846	301,846	301,915	(69)
Personnel Administration	269,971	299,971	295,140	4,831
Finance and Accounting	589,519	599,519	597,980	1,539
Tax Assessor	470,471	431,471	428,589	2,882
Tax Collector	310,916	310,916	295,954	14,962
Central Services	80,949	80,949	76,403	4,546
Legal Expenditures	189,000	285,000	282,669	2,331
Probate Court	31,489	31,489	30,637	852
Registrars of Voters	133,990	133,990	127,458	6,532
Town Clerk	302,183	302,183	302,220	(37)
Town Planner	234,371	234,371	197,255	37,116
Economic Development	165,726	54,726	53,520	1,206
Total General Government	3,146,627	3,109,627	3,023,055	86,572
Public Safety:				
Police	6,698,475	6,800,475	6,821,056	(20,581)
Fire Department	1,430,404	1,415,404	1,361,616	53,788
Building Department	355,244	371,744	370,960	784
Volunteer Ambulance Association	232,754	232,754	228,033	4,721
Total Public Safety	8,716,877	8,820,377	8,781,665	38,712
Public Works:				
Highway Department	2,353,340	2,433,840	2,431,707	2,133
Engineering	549,118	549,118	528,454	20,664
Sanitation	5,003,104	4,983,104	4,967,233	15,871
Total Public Works	7,905,562	7,966,062	7,927,394	38,668
Health and Human Services:				
Public Health	145,476	145,476	145,460	16
Human Services	683,538	648,538	634,287	14,251
Total Health and Human Services	829,014	794,014	779,747	14,267
Parks, Recreation, and Facilities:				
Parks and Recreation	2,021,840	2,123,840	2,109,824	14,016
Facilities	2,339,605	2,312,605	2,258,395	54,210
Total Parks, Recreation, and Facilities	4,361,445	4,436,445	4,368,219	68,226
Library Services:				
Cora Belden Public Library	1,121,466	1,071,466	1,061,644	9,822

**TOWN OF ROCKY HILL, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Miscellaneous:				
Insurance - Employee Benefits	\$ 5,564,434	\$ 5,564,434	\$ 5,585,597	\$ (21,163)
Insurance - Property and Liability	1,056,108	1,066,108	1,064,099	2,009
Contingency	425,000	341,000	358,264	(17,264)
Total Miscellaneous	<u>7,045,542</u>	<u>6,971,542</u>	<u>7,007,960</u>	<u>(36,418)</u>
Capital Outlays:				
Capital Outlay - Town	804,525	449,525	367,061	82,464
Debt Service:				
Debt Redemption - Principal	5,331,258	5,331,258	5,331,258	-
Debt Redemption - Interest	3,212,185	3,224,185	3,223,311	874
Total Debt Service	<u>8,543,443</u>	<u>8,555,443</u>	<u>8,554,569</u>	<u>874</u>
Board of Education	49,775,897	49,775,897	49,771,278	4,619
Transfers to Other Funds:				
Transfer to Other Funds	-	300,000	300,000	-
Total	<u>\$ 92,250,398</u>	<u>\$ 92,250,398</u>	91,942,592	<u>\$ 307,806</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted

Pension Plan	7,815,192
OPEB Plan	110,538

The Town budgets for certain revenues as credits to expenditure accounts which are reported as revenues under GAAP	406,185
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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	(47,265)
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The Town does not budget for tax refunds related to prior year collections	440,557
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The Town does not budget for expenditures related to lease proceeds which are reported as capital outlay under GAAP	38,086
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The Town does not budget for expenditures related to note proceeds which are reported as capital outlay under GAAP	447,264
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BOE does not budget for accrued payroll	<u>245,340</u>
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Total Expenditures and Other Financing Uses as Reported
on the Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds - Exhibit IV

\$ 101,398,489

TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
GENERAL EMPLOYEES
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 788,700	\$ 764,733	\$ 876,499	\$ 852,861	\$ 884,102	\$ 838,947	\$ 937,961	\$ 1,002,384	\$ 1,035,972	\$ 1,048,535
Interest	3,419,848	3,334,556	3,169,301	3,075,623	2,881,955	2,830,147	2,915,241	2,980,336	2,914,496	2,669,474
Differences Between Expected and Actual										
Experience	1,232,140	-	1,353,182	-	1,440,376	-	(2,952,420)	(2,983,587)	(1,141,889)	-
Changes of Assumptions	-	89,614	(187,221)	(131,711)	(100,009)	(840,542)		2,850,690		
Benefit Payments, Including Refunds of Member										
Contributions	(3,084,065)	(2,907,740)	(2,576,280)	(2,391,161)	(2,228,595)	(2,026,995)	(2,008,118)	(1,959,261)	(1,640,714)	(1,338,800)
Net Change in Total Pension Liability	2,356,623	1,281,163	2,635,481	1,405,612	2,877,829	801,557	(1,107,336)	1,890,562	1,167,865	2,379,209
Total Pension Liability - Beginning	49,582,221	48,301,058	45,665,577	44,259,965	41,382,136	40,580,579	41,687,915	39,797,353	38,629,488	36,250,279
Total Pension Liability - Ending	51,938,844	49,582,221	48,301,058	45,665,577	44,259,965	41,382,136	40,580,579	41,687,915	39,797,353	38,629,488
Plan Fiduciary Net Position:										
Contributions - Employer	405,247	214,739	430,247	430,247	526,785	526,785	526,785	1,340,000	1,462,942	1,462,942
Contributions - Member	220,903	214,861	229,695	237,235	256,258	274,495	280,589	293,620	301,208	299,540
Net Investment Income	4,012,977	(7,959,293)	13,585,258	1,134,152	2,229,614	3,477,800	4,652,994	229,847	1,066,924	5,400,306
Benefit Payments, Including Refunds of Member										
Contributions	(3,084,065)	(2,907,740)	(2,576,280)	(2,391,161)	(2,228,595)	(2,026,995)	(2,008,118)	(1,959,261)	(1,640,714)	(1,338,800)
Administrative Expense	(22,861)	(43,944)	(37,061)	(33,435)	(26,260)	(23,100)	(39,000)	(33,257)	(29,950)	(15,100)
Net Change in Plan Fiduciary Net Position	1,532,201	(10,481,377)	11,631,859	(622,962)	757,802	2,228,985	3,413,250	(129,051)	1,160,410	5,808,888
Plan Fiduciary Net Position - Beginning	41,895,882	52,377,259	40,745,400	41,368,362	40,610,560	38,381,575	34,968,325	35,097,376	33,936,966	28,128,078
Plan Fiduciary Net Position - Ending	43,428,083	41,895,882	52,377,259	40,745,400	41,368,362	40,610,560	38,381,575	34,968,325	35,097,376	33,936,966
Town's Net Pension Liability (Asset) - Ending	\$ 8,510,761	\$ 7,686,339	\$ (4,076,201)	\$ 4,920,177	\$ 2,891,603	\$ 771,576	\$ 2,199,004	\$ 6,719,590	\$ 4,699,977	\$ 4,692,522
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.61%	84.50%	108.44%	89.23%	93.47%	98.14%	94.58%	83.88%	88.19%	87.85%
Covered Payroll	\$ 6,767,435	\$ 7,718,507	\$ 7,718,507	\$ 8,315,553	\$ 8,315,553	\$ 8,772,402	\$ 8,772,402	\$ 8,438,036	\$ 9,669,472	\$ 9,418,330
Town's Net Pension Liability (Asset) as a Percentage of Covered Payroll	125.76%	99.58%	-52.81%	59.17%	34.77%	8.80%	25.07%	79.63%	48.61%	49.82%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 1,286,992	\$ 751,462	\$ 708,606	\$ 678,905	\$ 446,332	\$ 431,962	\$ 445,450	\$ 490,958	\$ 455,914	\$ 387,545
Interest	2,463,753	2,290,457	1,777,625	1,715,062	1,618,025	1,583,659	1,560,520	1,534,059	1,524,104	1,424,973
Changes of Benefit Terms	-	661,934	-	-	-	-	-	-	(794,661)	-
Differences Between Expected and Actual Experience	(713,870)	-	5,287,484	188,207	262,525	(228,321)	(317,608)	(34,994)	(487,985)	-
Changes of Assumptions	-	29,359	1,226,278	(42,116)	(34,495)	-	-	973,735	553,775	-
Benefit Payments, Including Refunds of Member Contributions	(1,787,257)	(1,798,718)	(1,637,360)	(1,342,932)	(1,311,721)	(1,311,721)	(1,225,514)	(1,189,696)	(1,013,729)	(882,022)
Net Change in Total Pension Liability	1,249,618	1,934,494	7,362,633	1,197,126	980,666	475,579	462,848	1,774,062	237,418	930,496
Total Pension Liability - Beginning	34,788,000	32,853,506	25,490,873	24,293,747	23,313,081	22,837,502	22,374,654	20,600,592	20,363,174	19,432,678
Total Pension Liability - Ending	36,037,618	34,788,000	32,853,506	25,490,873	24,293,747	23,313,081	22,837,502	22,374,654	20,600,592	20,363,174
Plan Fiduciary Net Position:										
Contributions - Employer	762,467	576,732	205,672	205,672	341,085	341,085	341,085	559,822	523,044	571,380
Contributions - Member	460,314	181,531	166,692	215,124	295,137	194,089	307,145	224,786	182,435	152,513
Net Investment Income	2,630,275	(4,994,625)	8,563,409	717,926	1,398,828	2,154,051	2,874,438	32,949	683,677	3,540,920
Benefit Payments, Including Refunds of Member Contributions	(1,787,257)	(1,798,718)	(1,637,360)	(1,342,932)	(1,311,721)	(1,311,721)	(1,225,514)	(1,189,696)	(1,013,729)	(882,022)
Administrative Expense	(24,003)	(22,669)	(34,336)	(21,810)	(27,250)	(18,550)	(35,800)	(38,050)	(27,950)	(11,800)
Other	(11,340)	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,030,456	(6,057,749)	7,264,077	(226,020)	696,079	1,358,954	2,261,354	(410,189)	347,477	3,370,991
Plan Fiduciary Net Position - Beginning	26,866,338	32,924,087	25,660,010	25,886,030	25,189,951	23,830,997	21,569,643	21,979,832	21,632,355	18,261,364
Plan Fiduciary Net Position - Ending	28,896,794	26,866,338	32,924,087	25,660,010	25,886,030	25,189,951	23,830,997	21,569,643	21,979,832	21,632,355
Town's Net Pension Liability (Asset) - Ending	\$ 7,140,824	\$ 7,921,662	\$ (70,581)	\$ (169,137)	\$ (1,592,283)	\$ (1,876,870)	\$ (993,495)	\$ 805,011	\$ (1,379,240)	\$ (1,269,181)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	80.19%	77.23%	100.21%	100.66%	106.55%	108.05%	104.35%	96.40%	106.70%	106.23%
Covered Payroll	\$ 4,586,429	\$ 4,836,368	\$ 2,972,675	\$ 3,278,451	\$ 3,278,451	\$ 3,283,573	\$ 3,283,573	\$ 3,249,728	\$ 2,446,151	\$ 2,028,338
Town's Net Pension Liability (Asset) as a Percentage of Covered Payroll	155.69%	163.79%	-2.37%	-5.16%	-48.57%	-57.16%	-30.26%	24.77%	-56.38%	-62.57%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 26,134	\$ 26,117	\$ 27,346	\$ 27,424	\$ 20,523	\$ 20,592	\$ 17,550	\$ 15,979	\$ 18,274	\$ 18,274
Interest	194,178	187,314	181,652	173,925	118,136	113,783	106,814	108,315	98,621	93,504
Changes of Benefit Terms	-	-	-	-	719,925	-	-	-	-	-
Differences Between Expected and Actual Experience	(39,822)	-	27,703	-	8,135	-	35,751	(65,336)	(23,854)	-
Changes of Assumptions	-	1,143	(47,086)	(6,568)	(3,909)	(5,909)	-	85,364	102,470	-
Benefit Payments, Including Refunds of Member Contributions	(107,910)	(124,869)	(90,706)	(78,153)	(67,463)	(65,003)	(62,250)	(65,963)	(62,034)	(61,619)
Net Change in Total Pension Liability	72,580	89,705	98,909	116,628	795,347	63,463	97,865	78,359	133,477	50,159
Total Pension Liability - Beginning	2,800,880	2,711,175	2,612,266	2,495,638	1,700,291	1,636,828	1,538,963	1,460,604	1,327,127	1,276,968
Total Pension Liability - Ending	2,873,460	2,800,880	2,711,175	2,612,266	2,495,638	1,700,291	1,636,828	1,538,963	1,460,604	1,327,127
Plan Fiduciary Net Position:										
Contributions - Employer	167,283	167,283	28,163	28,163	47,740	47,740	47,740	81,500	76,500	76,500
Contributions - Member										
Net Investment Income	158,536	(279,367)	476,974	39,639	78,270	117,403	159,761	478	46,075	198,508
Benefit Payments, Including Refunds of Member Contributions	(107,910)	(124,869)	(90,706)	(78,153)	(67,463)	(65,003)	(62,250)	(65,963)	(62,034)	(61,619)
Administrative Expense	(22,212)	(10,644)	(1,110)	(12,925)	(14,364)	(14,300)	(15,632)	(18,700)	(8,900)	(5,500)
Net Change in Plan Fiduciary Net Position	195,697	(247,597)	413,321	(23,276)	44,183	85,840	129,619	(2,685)	51,641	207,889
Plan Fiduciary Net Position - Beginning	1,613,960	1,861,557	1,448,236	1,471,512	1,427,329	1,341,489	1,211,870	1,214,555	1,162,914	955,025
Plan Fiduciary Net Position - Ending	1,809,657	1,613,960	1,861,557	1,448,236	1,471,512	1,427,329	1,341,489	1,211,870	1,214,555	1,162,914
Town's Net Pension Liability - Ending	\$ 1,063,803	\$ 1,186,920	\$ 849,618	\$ 1,164,030	\$ 1,024,126	\$ 272,962	\$ 295,339	\$ 327,093	\$ 246,049	\$ 164,213
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	57.62%	68.66%	55.44%	58.96%	83.95%	81.96%	78.75%	83.15%	87.63%
Covered Payroll *	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Town's Net Pension Liability as a Percentage of Covered Payroll *	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Pay for volunteer firefighters is not available

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 31,930	\$ 31,895	\$ 27,160	\$ 27,238	\$ 13,084	\$ 13,129	\$ 13,293	\$ 11,691	\$ 12,451	\$ 11,777
Interest	87,538	82,421	78,113	73,083	45,496	43,456	44,258	31,978	33,110	34,346
Changes of Benefit Terms	-	-	-	-	316,592	-	-	-	-	-
Differences Between Expected and Actual Experience	(79,128)	-	(16,915)	10,237	21,410	-	(43,777)	37,229	(22,659)	(24,908)
Changes of Assumptions	-	1,907	(3,538)	(2,867)	(1,818)	(2,342)	-	58,156	-	-
Benefit Payments, Including Refunds of Member Contributions	(56,645)	(30,135)	(25,960)	(25,060)	(25,060)	(25,060)	(25,060)	(27,319)	(27,050)	(25,920)
Net Change in Total Pension Liability	(16,305)	86,088	58,860	82,631	369,704	29,183	(11,286)	111,735	(4,148)	(4,705)
Total Pension Liability - Beginning	1,246,455	1,160,367	1,101,507	1,018,876	649,172	619,989	631,275	519,540	523,688	528,393
Total Pension Liability - Ending	1,230,150	1,246,455	1,160,367	1,101,507	1,018,876	649,172	619,989	631,275	519,540	523,688
Plan Fiduciary Net Position:										
Contributions - Employer	78,542	72,542	3,312	3,312	5,945	5,945	5,945	-	10,000	28,419
Contributions - Member										
Net Investment Income (Loss)	87,238	(153,043)	256,023	20,710	41,855	64,806	87,204	(2,599)	27,187	112,461
Benefit Payments, Including Refunds of Member Contributions	(56,645)	(30,135)	(25,960)	(25,060)	(25,060)	(25,060)	(25,060)	(27,319)	(27,050)	(25,920)
Administrative Expense	(3,730)	(6,143)	(7,110)	(6,226)	(6,569)	(8,000)	(9,143)	(1,500)	(750)	(1,250)
Net Change in Plan Fiduciary Net Position	105,405	(116,779)	226,265	(7,264)	16,171	37,691	58,946	(31,418)	9,387	113,710
Plan Fiduciary Net Position - Beginning	871,751	988,530	762,265	769,529	753,358	715,667	656,721	688,139	678,752	565,042
Plan Fiduciary Net Position - Ending	977,156	871,751	988,530	762,265	769,529	753,358	715,667	656,721	688,139	678,752
Town's Net Pension Liability (Asset) - Ending	<u>\$ 252,994</u>	<u>\$ 374,704</u>	<u>\$ 171,837</u>	<u>\$ 339,242</u>	<u>\$ 249,347</u>	<u>\$ (104,186)</u>	<u>\$ (95,678)</u>	<u>\$ (25,446)</u>	<u>\$ (168,599)</u>	<u>\$ (155,064)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	79.43%	69.94%	85.19%	69.20%	75.53%	116.05%	115.43%	104.03%	132.45%	129.61%
Covered Payroll *	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Town's Net Pension Liability as a Percentage of Covered Payroll *	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Pay for volunteer ambulance is not available

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 302,365	\$ 464,739	\$ 458,990	\$ 430,247	\$ 446,336	\$ 526,785	\$ 674,581	\$ 1,414,908	\$ 1,421,628	\$ 1,461,942
Contributions in Relation to the Actuarially Determined Contribution	405,247	214,739	430,247	430,247	526,785	526,785	526,785	1,340,000	1,462,942	1,462,942
Contribution Deficiency (Excess)	<u>\$ (102,882)</u>	<u>\$ 250,000</u>	<u>\$ 28,743</u>	<u>\$ -</u>	<u>\$ (80,449)</u>	<u>\$ -</u>	<u>\$ 147,796</u>	<u>\$ 74,908</u>	<u>\$ (41,314)</u>	<u>\$ (1,000)</u>
Covered Payroll	\$ 6,767,435	\$ 7,718,507	\$ 7,718,507	\$ 8,315,553	\$ 8,315,553	\$ 8,772,402	\$ 8,772,402	\$ 8,438,036	\$ 9,669,472	\$ 9,418,330
Contributions as a Percentage of Covered Payroll	5.99%	2.78%	5.57%	5.17%	6.33%	6.01%	6.01%	15.88%	15.13%	15.53%

Notes to Schedule

Valuation Date: September 1, 2022
 Measurement Date: June 30, 2023
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	21 years
Asset Valuation Method	5-year asset average, subject to a 20% corridor around the market value of assets
Inflation	2.47%
Salary Increases	3.00%
Investment Rate of Return	7.00%
Retirement Age	Graduated rates ages 62-70
Mortality	SOA RP-2014 Total Dataset, adjusted to 2006, with MP-2021 scaling

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,211,531	\$ 903,826	\$ 787,467	\$ 205,672	\$ 226,289	\$ 329,372	\$ 355,298	\$ 499,336	\$ 484,928	\$ 571,380
Contributions in Relation to the Actuarially Determined Contribution	762,467	576,732	205,672	205,672	341,085	341,085	341,085	559,822	523,044	571,380
Contribution Deficiency (Excess)	\$ 449,064	\$ 327,094	\$ 581,795	\$ -	\$ (114,796)	\$ (11,713)	\$ 14,213	\$ (60,486)	\$ (38,116)	\$ -
Covered Payroll	\$ 4,586,429	\$ 4,836,368	\$ 2,972,675	\$ 3,278,451	\$ 3,278,451	\$ 3,283,573	\$ 3,283,573	\$ 3,249,728	\$ 2,446,151	\$ 2,028,338
Contributions as a Percentage of Covered Payroll	16.62%	11.92%	6.92%	6.27%	10.40%	10.39%	10.39%	17.23%	21.38%	28.17%

Notes to Schedule

Valuation Date: September 1, 2022
 Measurement Date: June 30, 2023
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine

Contribution Rates:	
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed, with amortization bases created in accordance with the funding policy
Remaining Amortization Period	21 years
Asset Valuation Method	Five-year asset average, subject to a 20% corridor around the market value of assets
Inflation	2.47%
Salary Increases	4.50%
Investment Rate of Return	7.00%
Retirement Age	Earlier of age 48 w/25 years of service or age 65
Mortality	SOA RP-2014 Total Dataset, adjusted to 2006, with MP-2021 scaling

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 171,907	\$ 167,283	\$ 167,283	\$ 28,163	\$ 28,163	\$ 44,740	\$ 44,740	\$ 49,697	\$ 49,697	\$ 76,430
Contributions in Relation to the Actuarially Determined Contribution	167,283	167,283	28,163	28,163	47,740	47,740	47,740	81,500	76,500	76,500
Contribution Deficiency (Excess)	4,624	-	\$ 139,120	\$ -	\$ (19,577)	\$ (3,000)	\$ (3,000)	\$ (31,803)	\$ (26,803)	\$ (70)
Covered Payroll*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Pay for volunteer firefighters is not available

Notes to Schedule

Valuation Date: July 1, 2022
 Measurement Date: June 30, 2023
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine

Contribution Rates:	
Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar amount, closed, with amortization bases created in accordance with funding policy
Remaining Amortization Period	21 years
Asset Valuation Method	Five-year smoothed, subject to a 20% corridor around the market value of assets
Inflation	2.47%
Salary Increases	N/A
Investment Rate of Return	7.00%, net of pension plan investment expenses
Retirement Age	Normal Retirement Age
Mortality	SOA RP-2014 Total Dataset Mortality, adjusted to 2006, with MP-2021 Scaling

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 64,585	\$ 72,542	\$ 72,542	\$ 3,312	\$ 3,312	\$ 5,945	\$ 5,945	\$ -	\$ -	\$ 6,286
Contributions in Relation to the Actuarially Determined Contribution	78,542	72,542	3,312	3,312	5,945	5,945	5,945	-	10,000	28,419
Contribution Deficiency (Excess)	<u>\$ (13,957)</u>	<u>\$ -</u>	<u>\$ 69,230</u>	<u>\$ -</u>	<u>\$ (2,633)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ (22,133)</u>
Covered Payroll*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Pay for volunteer ambulance is not available

Notes to Schedule

Valuation Date: July 1, 2022
 Measurement Date: June 30, 2022
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine

Contribution Rates:	
Actuarial Cost Method	Collective Aggregate Cost Method
Amortization Method	Level dollar amount, closed, with amortization bases created in accordance with funding policy
Remaining Amortization Period	30 years, open
Asset Valuation Method	Market value
Inflation	2.47%
Investment Rate of Return	7.00%, net of pension plan investment expenses
Retirement Age	Normal retirement age
Mortality	SOA RP-2014 Adjusted to 2006 Total Dataset Mortality with Scale MP-2021

Other information:

**TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF PENSION INVESTMENT RETURNS
LAST TEN FISCAL YEARS***

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense:										
General Employees	9.84%	-15.57%	34.09%	2.80%	5.60%	9.20%	13.58%	0.68%	3.20%	19.11%
Police Officers	9.92%	-15.51%	34.23%	2.82%	5.65%	9.24%	13.56%	0.17%	3.21%	19.49%
Firefighters	9.77%	-15.33%	33.85%	2.76%	5.57%	8.99%	13.51%	0.13%	4.07%	20.81%
Ambulance	9.87%	-15.55%	34.18%	2.74%	5.65%	9.25%	13.59%	-0.15%	3.97%	19.74%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Town	99,123,662	81,602,029	103,031,762	87,024,703	67,101,102	66,408,496	70,061,472	51,725,859	47,810,191
Total	<u>\$ 99,123,662</u>	<u>\$ 81,602,029</u>	<u>\$ 103,031,762</u>	<u>\$ 87,024,703</u>	<u>\$ 67,101,102</u>	<u>\$ 66,408,496</u>	<u>\$ 70,061,472</u>	<u>\$ 51,725,859</u>	<u>\$ 47,810,191</u>
Town's Covered Payroll	\$ 25,113,906	\$ 24,529,231	\$ 23,240,881	\$ 23,240,881	\$ 23,082,923	\$ 21,094,706	\$ 20,294,620	\$ 19,584,545	\$ 18,725,185
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	Legislation was passed restoring the 25% wear down of Plan benefits to vested members as of June 30, 2019.
Changes of assumptions	None
Actuarial Cost Method	Entry age
Amortization Method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single Equivalent Amortization Period	27.8 years
Asset Valuation Method	4-year smoothed market
Inflation	2.50%
Salary Increase	3.00%-6.50%, including inflation
Investment Rate of Return	6.90%, net of investment-related expense

Notes:

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service Cost	\$ 364,139	\$ 766,993	\$ 874,376	\$ 1,196,745	\$ 1,082,023	\$ 1,496,837	\$ 1,109,463
Interest	733,712	669,127	579,567	796,461	757,195	819,109	817,864
Changes of Benefit Terms	74,867	-	-	-	1,586	-	-
Differences Between Expected and Actual Experience	(1,683,186)	(17,393)	(1,152,576)	(1,706,829)	(5,417,065)	-	-
Changes of Assumptions	(4,366,158)	(2,559,533)	(2,581,986)	5,073,650	1,373,722	(4,383,463)	-
Benefit Payments	(422,147)	(581,811)	(672,068)	(580,059)	(397,430)	(451,411)	(392,917)
Net Change in Total OPEB Liability	(5,298,773)	(1,722,617)	(2,952,687)	4,779,968	(2,599,969)	(2,518,928)	1,534,410
Total OPEB Liability - Beginning	19,882,520	21,605,137	24,557,824	19,777,856	22,377,825	24,896,753	23,362,343
Total OPEB Liability - Ending	14,583,747	19,882,520	21,605,137	24,557,824	19,777,856	22,377,825	24,896,753
Plan Fiduciary Net Position:							
Contributions - Employer	442,147	606,811	722,068	680,059	597,430	651,411	592,917
Expected Investment Income	102,263	91,665	55,919	80,478	73,901	134,676	169,676
Investment Gains	243,573	(464,872)	673,587	(25,069)	27,072	-	-
Benefit Payments	(422,147)	(581,811)	(672,068)	(580,059)	(397,430)	(451,411)	(392,917)
Net Change in Plan Fiduciary Net Position	365,836	(348,207)	779,506	155,409	300,973	334,676	369,676
Plan Fiduciary Net Position - Beginning	2,677,053	3,025,260	2,245,754	2,090,345	1,789,372	1,454,696	1,085,020
Plan Fiduciary Net Position - Ending	3,042,889	2,677,053	3,025,260	2,245,754	2,090,345	1,789,372	1,454,696
Net OPEB Liability - Ending	<u>\$ 11,540,858</u>	<u>\$ 17,205,467</u>	<u>\$ 18,579,877</u>	<u>\$ 22,312,070</u>	<u>\$ 17,687,511</u>	<u>\$ 20,588,453</u>	<u>\$ 23,442,057</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.86%	13.46%	14.00%	9.14%	10.57%	8.00%	5.84%
Covered Payroll	\$ 5,810,215	\$ 6,907,382	\$ 6,738,909	\$ 5,582,991	\$ 5,446,820	\$ 10,233,690	\$ 9,984,088
Net OPEB Liability as a Percentage of Covered Payroll	198.63%	249.09%	275.71%	399.64%	324.73%	201.18%	234.79%

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution (1)	\$ 1,653,224	\$ 1,634,879	\$ 1,725,195	\$ 2,071,627	\$ 1,256,429	\$ 1,304,811	\$ 1,374,997	\$ 1,124,929	\$ 1,134,120	\$ 1,199,180
Contributions in Relation to the Actuarially Determined Contribution	<u>1,621,435</u>	<u>1,589,774</u>	<u>1,664,245</u>	<u>592,917</u>	<u>651,411</u>	<u>680,059</u>	<u>722,068</u>	<u>606,811</u>	<u>606,811</u>	<u>442,147</u>
Contribution Deficiency (Excess)	<u>\$ 31,789</u>	<u>\$ 45,105</u>	<u>\$ 60,950</u>	<u>\$ 1,478,710</u>	<u>\$ 605,018</u>	<u>\$ 624,752</u>	<u>\$ 652,929</u>	<u>\$ 518,118</u>	<u>\$ 527,309</u>	<u>\$ 757,033</u>
Covered Payroll	\$ 9,832,453	\$ 9,515,627	\$ 9,515,627	\$ 9,984,088	\$ 5,446,820	\$ 5,582,991	\$ 6,738,909	\$ 6,907,382	\$ 6,907,382	\$ 5,810,215
Contributions as a Percentage of Covered Payroll	16.49%	16.71%	17.49%	5.94%	11.96%	12.18%	10.71%	8.78%	8.78%	7.61%

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

Notes to Schedule

Valuation Date: July 1, 2022
 Measurement Date: June 30, 2023
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine

Contribution Rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Amortization Period	30 years
Asset Valuation Method	Market value of assets
Inflation	2.00%
Healthcare Cost Trend Rates	7.00% initial, decreasing to an ultimate rate of 4.75% in 2026
Salary Increases	3.50%, average, including inflation
Investment Rate of Return	6.00%, net of pension plan investment expense, including inflation
Retirement Age	Retirement rates are for Town employees start at 2% at age 55 increasing to 100% at age 70 and above, for Police the retirement rates start at 50% at age 46 increasing to 100% at age 65 and above.
Mortality	RPH-2014 total dataset mortality table projected with projection scale MP-2021

Other Information:

The mortality table has been updated to the RPH-2014 total dataset mortality table projected using scale MP-2021. The healthcare cost trend was reset to 7.0% in 2022, grading down to an ultimate rate of 4.75% in years 2026 and later.

**TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
TOWN RETIREE HEALTHCARE PLAN
LAST SEVEN FISCAL YEARS***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.92%	-12.33%	32.22%	2.60%	5.40%	9.25%	0.1515

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

TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
BOARD OF EDUCATION RETIREE HEALTHCARE PLAN
LAST SIX FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:						
Service Cost	\$ 85,677	\$ 86,195	\$ 83,474	\$ 72,975	\$ 67,094	\$ 59,592
Interest	52,114	27,134	26,112	38,150	38,287	29,067
Differences Between Expected and Actual Experience	189,847	3,950	(102,355)	(10,699)	37,349	
Changes of Assumptions and Other Inputs	171,414	(99,137)	40,975	91,167	29,389	(47,460)
Benefit Payments	<u>(34,577)</u>	<u>(28,822)</u>	<u>(44,645)</u>	<u>(55,050)</u>	<u>(19,842)</u>	<u>(36,302)</u>
Net Change in Total OPEB Liability	464,475	(10,680)	3,561	136,543	152,277	4,897
Total OPEB Liability - Beginning	<u>1,173,710</u>	<u>1,184,390</u>	<u>1,180,829</u>	<u>1,044,286</u>	<u>892,009</u>	<u>887,112</u>
Total OPEB Liability - Ending	<u>\$ 1,638,185</u>	<u>\$ 1,173,710</u>	<u>\$ 1,184,390</u>	<u>\$ 1,180,829</u>	<u>\$ 1,044,286</u>	<u>\$ 892,009</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Notes to Schedule

For the July 1, 2022 valuation, the discount rate was 3.54%

The discount rate changed from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution (1)	\$ 164,998	\$ 180,143	\$ 188,380	\$ 139,217	\$ 139,217	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	59,260	60,816	60,201	34,624	36,302	19,842	55,050	44,645	28,822	34,577
Contribution Deficiency (Excess)	<u>\$ 105,738</u>	<u>\$ 119,327</u>	<u>\$ 128,179</u>	<u>\$ 104,593</u>	<u>\$ 102,915</u>	<u>\$ (19,842)</u>	<u>\$ (55,050)</u>	<u>\$ (44,645)</u>	<u>\$ (28,822)</u>	<u>\$ (34,577)</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Notes to Schedule

Valuation Date: July 1, 2022

Measurement Date: June 30, 2023

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Amortization Period	30 years
Asset Valuation Method	Market value of assets
Inflation	2.00%
Healthcare Cost Trend Rates	7.0% initial, decreasing to an ultimate rate of 4.5%
Salary Increases	3.5%, average, including inflation
Investment Rate of Return	3.65%, net of pension plan investment expense, including inflation
Retirement Age	Retirement rates are assumed starting at 2.0% at ages 55-59 increasing to 100% at ages 70 and above.
Mortality	RPH-2014 total dataset mortality table projected with projection scale MP-2021

Other Information:

The mortality table has been updated to the RPH-2014 total dataset mortality table projected using scale MP-2021. The healthcare cost trend rate was reset to 7.0% in 2020, grading down to an ultimate rate of 4.5% in years 2026 and later.

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

	2023	2022	2021	2020	2019	2018
Town's Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Town	8,680,959	8,890,392	15,367,191	13,571,994	13,413,903	17,092,784
Total	<u>\$ 8,680,959</u>	<u>\$ 8,890,392</u>	<u>\$ 15,367,191</u>	<u>\$ 13,571,994</u>	<u>\$ 13,413,903</u>	<u>\$ 17,092,784</u>
Town's Covered Payroll	25,113,906	24,529,231	23,702,237	23,240,881	23,082,923	21,094,706
Town's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in Benefit Terms

There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.

Changes of Assumptions

Based on the procedure described in GASB 74, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2022 was updated to equal the SEIR of 3.53% as of June 30, 2022;

Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;

The assumed age-related annual percentage increases in expected annual per capita health care claims costs were updated;

Long-term health care cost trend rates were updated; and

The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

Actuarial Cost Method

Entry age

Amortization Method

Level percent of payroll over an open period

Remaining Amortization Period

30 years

Asset Valuation Method

Market value of assets

Investment Rate of Return

3.00%, net of investment related expense including price inflation

Price Inflation

2.50%

Notes:

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

- The measurement date is one year earlier than the employer's reporting date.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

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

**TOWN OF ROCKY HILL, CONNECTICUT
COMPARATIVE BALANCE SHEET
GENERAL FUND
JUNE 30, 2023**

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 16,704,519	\$ 12,957,902
Property Taxes Receivable, Net of Allowance for Doubtful Accounts of \$25,000 in 2023 and 2022	886,907	901,560
Accounts Receivable	2,216,990	2,256,741
Interest Receivable	197,769	256,798
Due from Other Funds	873,091	1,713,573
Total Assets	\$ 20,879,276	\$ 18,086,574
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts Payable and Accrued Expenditures	\$ 1,452,013	\$ 1,283,289
Due to Other Funds	3,537,131	4,973,163
Deposits Payable	271,944	271,911
Total Liabilities	5,261,088	6,528,363
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	904,705	1,092,929
Lease Receivable	1,723,681	1,902,237
Advance Property Tax Collections	6,385,500	2,703,491
Total Deferred Inflows of Resources	9,013,886	5,698,657
FUND BALANCES		
Assigned for:		
Subsequent Year's Budget	410,000	450,000
Encumbrances	875,289	865,159
Unassigned	5,319,013	4,544,395
Total Fund Balances	6,604,302	5,859,554
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,879,276	\$ 18,086,574

**TOWN OF ROCKY HILL, CONNECTICUT
REPORT OF TAX COLLECTOR
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

Grand List as of October 1,	Uncollected Taxes July 1, 2022	Lawful Corrections		Transfers to Suspense	Other Adjustments	Net Amount Collectible	Collections				Uncollected Taxes June 30, 2023	
		Additions	Deductions				Taxes	Interest	Lien Fees	Suspense Taxes		Total
2021	\$ 79,336,733 *	\$ 166,198	\$ 557,107	\$ -	\$ -	\$ 78,945,824	\$ 78,429,445	\$ 178,441	\$ 763	\$ -	\$ 78,608,649	\$ 516,379
2020	484,142	156,417	131,139	-	(3,747)	505,673	290,118	61,383	933	-	352,434	215,555
2019	196,681	198,947	64,162	88,282	(3,740)	239,444	152,750	39,350	312	6,419	198,831	86,694
2018	146,104	68,683	52,573	97,807	(2,364)	62,043	40,267	26,563	168	6,834	73,832	21,776
2017	33,050	-	339	-	(558)	32,153	11,738	6,851	96	4,624	23,309	20,415
2016	14,226	694	2	-	(694)	14,224	1,770	1,784	24	2,183	5,761	12,454
2015	11,659	14	2	-	(14)	11,657	2,176	2,579	24	1,655	6,434	9,481
2014	5,288	-	-	-	-	5,288	2,087	2,846	24	365	5,322	3,201
2013	8,325	48	-	-	(48)	8,325	2,086	3,222	24	161	5,493	6,239
2012	9,053	-	4	-	-	9,049	1,971	3,405	24	1,391	6,791	7,078
2011	7,192	-	4	-	-	7,188	1,694	3,217	24	421	5,356	5,494
2010	4,900	-	-	-	-	4,900	1,786	3,676	48	384	5,894	3,114
2009	3,450	-	-	-	-	3,450	1,732	3,893	48	431	6,104	1,718
2008	2,490	-	-	-	-	2,490	1,581	3,844	48	1,188	6,661	909
2007	-	1,400	-	-	-	1,400	-	-	-	-	-	1,400
Total	\$ 80,263,293	\$ 592,401	\$ 805,332	\$ 186,089	\$ (11,165)	\$ 79,853,108	\$ 78,941,201	\$ 341,054	\$ 2,560	\$ 26,056	79,310,871	\$ 911,907

Property Taxes Receivable Considered Available:

June 30, 2022

(65,429)

June 30, 2023

179,971

Total Property Tax Revenue

\$ 79,425,413

* Includes motor vehicle supplement in the amount of \$887,201

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
DECD Grants	State Grants	State Grants for Economic Development Projects
Youth Services	Fees and Donations	Various Youth Activities Administered Through The Youth Services Department
Local Transportation Capital Improvement Program	State Grants	Pavement Rehabilitation for Old Forge Road
Parks Grants	State Grants	State Dep Grants for The Parks Amphitheater, Ferry Landing and Skateboard Park Projects
Economic Development Grants	State Grants	Silas Deane Revitalization Project
Town Clerk	Town Clerk Fees	Town Clerk Activities
Police Private Duty	Police Operations	Highway Construction Safety
Ruth Wilcox	Donations	Educational Library Materials
Silas Deane Streetscape Phase III	Federal Grants	Silas Deane Revitalization Project
Flexible Spending Account	Employee Contributions	To Pay Employees' Daycare and Health Expenses
Student Activity	Fees	Various Student Functions and Activities
Straska Farm Improvement	State Dept of Economic and Community Development (DECD)-Brownfields	For Environmental assessment and remediation of agricultural farmland (Straska)

DEBT SERVICE FUND

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

PERMANENT FUNDS

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

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

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

	Special Revenue							
	School Cafeteria	CDBG Small Cities	Federal and State School Programs	Industrial Park Development	Recreation Program	Insurance Loss	Library Operating	Dog
ASSETS								
Cash and Cash Equivalents	\$ 1,034,383	\$ 163,800	\$ 602,847	\$ -	\$ 79,500	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Other Governments	322,463	-	-	-	-	-	-	-
Due from Other Funds	67,470	8,077	83,711	28,665	415,943	3,579	28,257	42,635
Inventory	26,498	-	-	-	-	-	-	-
Total Assets	<u>\$ 1,450,814</u>	<u>\$ 171,877</u>	<u>\$ 686,558</u>	<u>\$ 28,665</u>	<u>\$ 495,443</u>	<u>\$ 3,579</u>	<u>\$ 28,257</u>	<u>\$ 42,635</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable and Accrued Payroll	\$ 261,895	\$ -	\$ -	\$ -	\$ 23,094	\$ -	\$ 1,372	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-
Unearned Revenue	36,977	-	580,346	-	110,253	-	-	-
Total Liabilities	<u>298,872</u>	<u>-</u>	<u>580,346</u>	<u>-</u>	<u>133,347</u>	<u>-</u>	<u>1,372</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Intergovernmental Funds	47,680	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	26,498	-	-	-	-	-	-	-
Restricted	-	171,877	106,212	-	-	-	-	-
Committed	1,077,764	-	-	28,665	362,096	3,579	26,885	42,635
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>1,104,262</u>	<u>171,877</u>	<u>106,212</u>	<u>28,665</u>	<u>362,096</u>	<u>3,579</u>	<u>26,885</u>	<u>42,635</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,450,814</u>	<u>\$ 171,877</u>	<u>\$ 686,558</u>	<u>\$ 28,665</u>	<u>\$ 495,443</u>	<u>\$ 3,579</u>	<u>\$ 28,257</u>	<u>\$ 42,635</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023**

	Special Revenue							
	Asset Forfeiture	Narcotics Enforcement	Human Services	DECD Grants	Youth Services	Local Transportation Capital Improv. Program	Parks Grants	Economic Development Grants
ASSETS								
Cash and Cash Equivalents	\$ -	\$ 993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	28,700	-
Due from Other Governments	-	-	-	51,537	-	-	-	79,854
Due from Other Funds	170,316	-	242,552	-	120,685	174,329	-	-
Inventory	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 170,316</u>	<u>\$ 993</u>	<u>\$ 242,552</u>	<u>\$ 51,537</u>	<u>\$ 120,685</u>	<u>\$ 174,329</u>	<u>\$ 28,700</u>	<u>\$ 79,854</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable and Accrued Payroll	\$ 635	\$ -	\$ 16,207	\$ -	\$ 1,360	\$ -	\$ 8,700	\$ -
Due to Other Funds	-	991	-	83,562	-	-	15,294	78,831
Unearned Revenue	-	-	-	-	-	137,966	-	-
Total Liabilities	<u>635</u>	<u>991</u>	<u>16,207</u>	<u>83,562</u>	<u>1,360</u>	<u>137,966</u>	<u>23,994</u>	<u>78,831</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Intergovernmental Funds	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	2	-	-	-	-	4,706	1,023
Committed	169,681	-	226,345	-	119,325	36,363	-	-
Unassigned	-	-	-	(32,025)	-	-	-	-
Total Fund Balances	<u>169,681</u>	<u>2</u>	<u>226,345</u>	<u>(32,025)</u>	<u>119,325</u>	<u>36,363</u>	<u>4,706</u>	<u>1,023</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 170,316</u>	<u>\$ 993</u>	<u>\$ 242,552</u>	<u>\$ 51,537</u>	<u>\$ 120,685</u>	<u>\$ 174,329</u>	<u>\$ 28,700</u>	<u>\$ 79,854</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023**

	Special Revenue							Total
	Town Clerk	Police Private Duty	Ruth Wilcox	Silas Deane Streetscape Phase III	Flexible Spending Account	Student Activity Fund	Straska Farm Improvement	
ASSETS								
Cash and Cash Equivalents	\$ -	\$ -	\$ 155,098	\$ -	\$ 7,478	\$ 529,176	\$ -	\$ 2,573,275
Investments	-	-	-	-	-	180,812	-	180,812
Accounts Receivable	-	139,455	-	388,699	-	-	-	556,854
Due from Other Governments	-	-	-	-	-	-	-	453,854
Due from Other Funds	66,229	-	-	-	-	-	34,670	1,487,118
Inventory	-	-	-	-	-	-	-	26,498
Total Assets	\$ 66,229	\$ 139,455	\$ 155,098	\$ 388,699	\$ 7,478	\$ 709,988	\$ 34,670	\$ 5,278,411
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable and Accrued Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,263
Due to Other Funds	-	80,361	104,559	388,698	-	-	-	752,296
Unearned Revenue	-	-	-	-	-	-	-	865,542
Total Liabilities	-	80,361	104,559	388,698	-	-	-	1,931,101
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Intergovernmental Funds	-	-	-	388,699	-	-	-	436,379
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	26,498
Restricted	-	-	-	-	-	709,988	-	993,808
Committed	66,229	59,094	50,539	-	7,478	-	34,670	2,311,348
Unassigned	-	-	-	(388,698)	-	-	-	(420,723)
Total Fund Balances	66,229	59,094	50,539	(388,698)	7,478	709,988	34,670	2,910,931
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 66,229	\$ 139,455	\$ 155,098	\$ 388,699	\$ 7,478	\$ 709,988	\$ 34,670	\$ 5,278,411

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023**

	Debt Service		Permanent			Total	Total Nonmajor Governmental Funds
	Debt Service	Abigail Williams	Adelaide Wright	Center Cemetery	Land Preservation Trust		
ASSETS							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 27,593	\$ 27,593	\$ 2,600,868
Investments	-	-	-	-	-	-	180,812
Accounts Receivable	-	-	-	-	-	-	556,854
Due from Other Governments	-	-	-	-	-	-	453,854
Due from Other Funds	100,438	18,369	5,306	49,579	-	73,254	1,660,810
Inventory	-	-	-	-	-	-	26,498
Total Assets	\$ 100,438	\$ 18,369	\$ 5,306	\$ 49,579	\$ 27,593	\$ 100,847	\$ 5,479,696
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable and Accrued Payroll	\$ -	\$ -	\$ -	\$ 255	\$ -	\$ 255	\$ 313,518
Due to Other Funds	-	-	-	-	19	19	752,315
Unearned Revenue	47,598	-	-	-	-	-	913,140
Total Liabilities	47,598	-	-	255	19	274	1,978,973
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Intergovernmental Funds	-	-	-	-	-	-	436,379
FUND BALANCES							
Nonspendable	-	18,369	5,306	20,249	27,116	71,040	97,538
Restricted	-	-	-	29,075	458	29,533	1,023,341
Committed	52,840	-	-	-	-	-	2,364,188
Unassigned	-	-	-	-	-	-	(420,723)
Total Fund Balances	52,840	18,369	5,306	49,324	27,574	100,573	3,064,344
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 100,438	\$ 18,369	\$ 5,306	\$ 49,579	\$ 27,593	\$ 100,847	\$ 5,479,696

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	Special Revenue							
	School Cafeteria	CDBG Small Cities	Federal and State School Programs	Industrial Park Development	Recreation Program	Insurance Loss	Library Operating	Dog
REVENUES								
Intergovernmental Revenues	\$ 1,841,584	\$ 21,950	\$ 2,551,322	\$ -	\$ -	\$ -	\$ 6,731	\$ -
Charges for Services	65,424	-	-	-	1,133,192	-	16,045	12,511
Investment Income	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	19,688	-	-
Total Revenues	<u>1,907,008</u>	<u>21,950</u>	<u>2,551,322</u>	<u>-</u>	<u>1,133,192</u>	<u>19,688</u>	<u>22,776</u>	<u>12,511</u>
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	88,300	-	-
Public Safety	-	-	-	-	-	-	-	8,256
Public Works	-	-	-	-	-	-	-	-
Health and Human Services	-	-	-	-	-	-	-	-
Parks, Recreation, and Facilities	-	-	-	-	906,567	-	-	-
Library Services	-	-	-	-	-	-	27,813	-
Education	1,805,372	-	2,469,327	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Total Expenditures	<u>1,805,372</u>	<u>-</u>	<u>2,469,327</u>	<u>-</u>	<u>906,567</u>	<u>88,300</u>	<u>27,813</u>	<u>8,256</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	101,636	21,950	81,995	-	226,625	(68,612)	(5,037)	4,255
OTHER FINANCING SOURCES (USES)								
Transfer Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	101,636	21,950	81,995	-	226,625	(68,612)	(5,037)	4,255
Fund Balances - Beginning of Year	1,002,626	149,927	24,217	28,665	135,471	72,191	31,922	38,380
FUND BALANCES - END OF YEAR	<u>\$ 1,104,262</u>	<u>\$ 171,877</u>	<u>\$ 106,212</u>	<u>\$ 28,665</u>	<u>\$ 362,096</u>	<u>\$ 3,579</u>	<u>\$ 26,885</u>	<u>\$ 42,635</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Special Revenue							
	Asset Forfeiture	Narcotics Enforcement	Human Services	DECD Grants	Youth Services	Local Transportation Capital Improv. Program	Parks Grants	
REVENUES								
Intergovernmental Revenues	\$ 230,135	\$ -	\$ -	\$ 115,024	\$ -	\$ -	\$ 59,203	\$ -
Charges for Services	-	-	-	-	47,833	25,142	-	-
Investment Income	-	2	-	-	-	-	-	-
Miscellaneous	-	-	17,473	-	-	-	-	-
Total Revenues	<u>230,135</u>	<u>2</u>	<u>17,473</u>	<u>115,024</u>	<u>47,833</u>	<u>25,142</u>	<u>59,203</u>	<u>-</u>
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	-	-
Public Safety	185,251	-	-	-	-	-	-	-
Public Works	-	-	-	147,049	-	-	-	-
Health and Human Services	-	-	61,108	-	56,415	-	-	-
Parks, Recreation, and Facilities	-	-	-	-	-	-	55,833	-
Library Services	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Total Expenditures	<u>185,251</u>	<u>-</u>	<u>61,108</u>	<u>147,049</u>	<u>56,415</u>	<u>-</u>	<u>55,833</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	44,884	2	(43,635)	(32,025)	(8,582)	25,142	3,370	-
OTHER FINANCING SOURCES (USES)								
Transfer Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	44,884	2	(43,635)	(32,025)	(8,582)	25,142	3,370	-
Fund Balances - Beginning of Year	<u>124,797</u>	<u>-</u>	<u>269,980</u>	<u>-</u>	<u>127,907</u>	<u>11,221</u>	<u>1,336</u>	<u>1,023</u>
FUND BALANCES - END OF YEAR	<u>\$ 169,681</u>	<u>\$ 2</u>	<u>\$ 226,345</u>	<u>\$ (32,025)</u>	<u>\$ 119,325</u>	<u>\$ 36,363</u>	<u>\$ 4,706</u>	<u>\$ 1,023</u>

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Special Revenue							Total
	Town Clerk	Police Private Duty	Ruth Wilcox	Silas Deane Streetscape Phase III	Flexible Spending Account	Student Activity Fund	Straska Farm Improvement	
REVENUES								
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 91,426	\$ -	\$ -	\$ -	\$ 4,917,375
Charges for Services	3,094	656,553	-	-	-	411,500	-	2,371,294
Investment Income	-	-	15	-	-	-	-	17
Miscellaneous	10,527	-	-	-	39,615	-	1,024	88,327
Total Revenues	13,621	656,553	15	91,426	39,615	411,500	1,024	7,377,013
EXPENDITURES								
Current:								
General Government	8,448	-	-	-	-	-	-	96,748
Public Safety	-	584,321	-	-	-	-	-	777,828
Public Works	-	-	-	105,668	-	-	-	252,717
Health and Human Services	-	-	-	-	43,570	-	-	161,093
Parks, Recreation, and Facilities	-	-	-	-	-	-	-	962,400
Library Services	-	-	-	-	-	-	-	27,813
Education	-	-	-	-	-	392,894	-	4,667,593
Debt Service	-	-	-	-	-	-	-	-
Total Expenditures	8,448	584,321	-	105,668	43,570	392,894	-	6,946,192
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,173	72,232	15	(14,242)	(3,955)	18,606	1,024	430,821
OTHER FINANCING SOURCES (USES)								
Transfer Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	5,173	72,232	15	(14,242)	(3,955)	18,606	1,024	430,821
Fund Balances - Beginning of Year	61,056	(13,138)	50,524	(374,456)	11,433	691,382	33,646	2,480,110
FUND BALANCES - END OF YEAR	\$ 66,229	\$ 59,094	\$ 50,539	\$ (388,698)	\$ 7,478	\$ 709,988	\$ 34,670	\$ 2,910,931

**TOWN OF ROCKY HILL, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Debt Service		Permanent			Total	Total Nonmajor Governmental Funds
	Debt Service	Abigail Williams	Adelaide Wright	Center Cemetery	Land Preservation Trust		
REVENUES							
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,917,375
Charges for Services	-	-	-	-	-	-	2,371,294
Investment Income	-	-	-	-	458	458	475
Miscellaneous	-	-	-	19,050	-	19,050	107,377
Total Revenues	-	-	-	19,050	458	19,508	7,396,521
EXPENDITURES							
Current:							
General Government	-	-	-	18,093	-	18,093	114,841
Public Safety	-	-	-	-	-	-	777,828
Public Works	-	-	-	-	-	-	252,717
Health and Human Services	-	-	-	-	-	-	161,093
Parks, Recreation, and Facilities	-	-	-	-	-	-	962,400
Library Services	-	-	-	-	-	-	27,813
Education	-	-	-	-	-	-	4,667,593
Debt Service	-	-	-	-	-	-	-
Total Expenditures	-	-	-	18,093	-	18,093	6,964,285
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	957	458	1,415	432,236
OTHER FINANCING SOURCES (USES)							
Transfer Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	957	458	1,415	432,236
Fund Balances - Beginning of Year	52,840	18,369	5,306	48,367	27,116	99,158	2,632,108
FUND BALANCES - END OF YEAR	<u>\$ 52,840</u>	<u>\$ 18,369</u>	<u>\$ 5,306</u>	<u>\$ 49,324</u>	<u>\$ 27,574</u>	<u>\$ 100,573</u>	<u>\$ 3,064,344</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 annual comprehensive financial reports for the relevant year.

**TOWN OF ROCKY HILL, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017 (3)	2016	2015	2014 (2)
Governmental Activities:										
Net Investment in Capital Assets	\$ 64,126	\$ 60,726	\$ 57,835	\$ 52,991	\$ 52,283	\$ 51,072	\$ 49,808	\$ 43,831	\$ 20,007	\$ 34,661
Restricted	1,193	1,020	5,836	71	71	71	71	50	50	50
Unrestricted	<u>(27,706)</u>	<u>(25,345)</u>	<u>(27,632)</u>	<u>(20,473)</u>	<u>(18,186)</u>	<u>(21,927)</u>	<u>(20,774)</u>	<u>(7,213)</u>	<u>12,776</u>	<u>(4,934)</u>
Total Governmental Activities Net Position	<u>\$ 37,613</u>	<u>\$ 36,401</u>	<u>\$ 36,039</u>	<u>\$ 32,589</u>	<u>\$ 34,168</u>	<u>\$ 29,216</u>	<u>\$ 29,105</u>	<u>\$ 36,668</u>	<u>\$ 32,833</u>	<u>\$ 29,777</u>

Note:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The fiscal year 2014 governmental activities net position was restated as a result of implementing GASB No. 68
- (3) The fiscal year 2017 governmental activities net position was restated as result of implementing GASB No.75

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

	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental Activities:										
General Government	\$ 10,932	\$ 9,926	\$ 9,478	\$ 10,746	\$ 10,529	\$ 9,634	\$ 11,252	\$ 11,196	\$ 10,521	\$ 12,123
Public Safety	13,150	13,299	9,999	10,625	11,128	9,940	8,458	7,774	6,271	6,959
Public Works	11,926	11,371	12,188	10,099	9,233	9,486	9,791	6,952	8,114	7,969
Health and Human Services	1,029	834	530	787	688	728	697	606	599	686
Parks, Recreation, and Facilities	6,210	5,612	3,760	4,867	5,161	4,779	4,953	4,949	4,970	6,962
Library Services	1,210	1,116	1,074	1,166	1,105	1,243	1,067	1,174	971	1,049
Education	64,289	59,147	64,956	57,989	48,714	51,096	50,040	45,034	42,885	38,741
Interest on Long-Term Debt	2,185	2,571	1,102	3,779	1,846	2,112	917	922	778	472
Total Governmental Activities Expenses	110,931	103,876	103,087	100,058	88,404	89,018	87,175	78,607	75,109	74,961
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	699	721	946	971	584	1,076	942	712	911	872
Parks, Recreation, and Facilities	1,133	629	343	646	724	696	754	692	561	751
Education	477	406	362	434	625	542	544	536	502	482
Other	1,729	1,548	1,507	1,336	1,367	1,340	1,559	896	1,325	1,023
Operating Grants and Contributions	23,923	19,762	23,403	17,214	10,365	15,485	14,911	11,448	9,720	10,613
Capital Grants and Contributions	724	338	2,177	2,526	7,773	1,238	8,530	4,988	2,842	40
Total Governmental Activities Program Revenues	28,685	23,404	28,738	23,127	21,438	20,377	27,240	19,272	15,861	13,781
NET EXPENSE										
Governmental Activities	(82,246)	(80,472)	(74,349)	(76,931)	(66,966)	(68,641)	(59,935)	(59,335)	(59,248)	(61,180)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes	79,237	77,008	74,914	72,533	68,566	66,117	63,875	60,309	59,583	57,992
Grants and Contributions Not Restricted to Specific Purposes	2,657	2,032	2,017	1,476	1,443	1,694	2,721	1,971	2,037	1,958
Unrestricted Investment Earnings	689	31	34	318	434	165	103	114	81	39
Other General Revenues	875	1,763	104	1,009	1,475	776	773	776	604	643
Total Governmental Activities General Revenues and Other Changes in Net Position	83,458	80,834	77,069	75,336	71,918	68,752	67,472	63,170	62,305	60,632
CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 1,212</u>	<u>\$ 362</u>	<u>\$ 2,720</u>	<u>\$ (1,595)</u>	<u>\$ 4,952</u>	<u>\$ 111</u>	<u>\$ 7,537</u>	<u>\$ 3,835</u>	<u>\$ 3,057</u>	<u>\$ (548)</u>

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

**TOWN OF ROCKY HILL, CONNECTICUT
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund:										
Assigned	\$ 1,285	\$ 1,315	\$ 2,153	\$ 2,288	\$ 668	\$ 1,568	\$ 542	\$ 1,733	\$ 1,085	\$ 1,552
Unassigned	5,319	4,544	4,924	5,348	5,118	4,566	5,642	4,270	5,204	4,587
Total General Fund	<u>\$ 6,604</u>	<u>\$ 5,859</u>	<u>\$ 7,077</u>	<u>\$ 7,636</u>	<u>\$ 5,786</u>	<u>\$ 6,134</u>	<u>\$ 6,184</u>	<u>\$ 6,003</u>	<u>\$ 6,289</u>	<u>\$ 6,139</u>
All Other Governmental Funds:										
Nonspendable	\$ 98	\$ 98	\$ 91	\$ 89	\$ 83	\$ 82	\$ 78	\$ 56	\$ 59	\$ 58
Restricted	1,122	949	891	1,376	146	169	108	159	164	152
Committed	4,650	6,343	4,611	9,216	6,330	7,928	10,322	3,147	6,475	3,922
Unassigned	<u>(4,629)</u>	<u>(2,715)</u>	<u>(9,858)</u>	<u>(2,374)</u>	<u>(27,163)</u>	<u>(7,057)</u>	<u></u>	<u>(14,099)</u>	<u>(1,107)</u>	<u>(2,809)</u>
Total All Other Governmental Funds	<u>\$ 1,241</u>	<u>\$ 4,675</u>	<u>\$ (4,265)</u>	<u>\$ 8,307</u>	<u>\$ (20,604)</u>	<u>\$ 1,122</u>	<u>\$ 10,508</u>	<u>\$ (10,737)</u>	<u>\$ 5,591</u>	<u>\$ 1,323</u>

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

TABLE 4

**TOWN OF ROCKY HILL, CONNECTICUT
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Taxes and Assessments	\$ 79,425	\$ 76,664	\$ 74,899	\$ 72,369	\$ 68,994	\$ 65,847	\$ 63,825	\$ 60,302	\$ 59,840	\$ 57,823
Intergovernmental	24,339	22,332	18,106	18,200	23,065	14,916	25,927	18,187	14,540	12,545
Charges for Services	3,847	3,046	2,804	2,889	3,108	3,103	3,381	2,591	3,010	2,683
Income on Investments	689	31	34	317	434	165	103	114	81	39
Miscellaneous	1,188	2,174	1,503	1,581	1,331	1,410	1,427	1,241	953	1,153
Total Revenues	<u>109,488</u>	<u>104,247</u>	<u>97,346</u>	<u>95,356</u>	<u>96,932</u>	<u>85,441</u>	<u>94,663</u>	<u>82,435</u>	<u>78,424</u>	<u>74,243</u>
EXPENDITURES										
General Government	10,024	9,253	2,727	2,589	2,672	2,501	2,632	2,454	2,387	2,388
Public Safety	11,126	10,034	8,239	8,076	7,842	7,279	6,819	6,701	6,524	6,200
Public Works	8,180	8,464	9,660	8,074	7,234	6,643	6,765	5,910	5,944	5,953
Health and Human Services	941	764	718	747	705	647	622	596	603	757
Parks, Recreation, and Facilities	5,375	4,995	4,203	4,350	4,567	4,334	4,318	4,786	4,803	6,767
Library Services	1,089	1,116	1,074	1,059	1,046	1,031	1,025	963	953	1,011
Education	62,474	58,575	54,668	52,870	51,386	48,098	48,622	43,984	41,074	37,844
Miscellaneous	-	-	7,234	7,471	7,956	7,355	7,010	7,172	7,455	8,172
Capital Outlay	5,162	7,060	12,929	16,938	30,490	13,859	24,177	23,171	21,796	4,725
Debt Service:										
Debt Redemption - Principal	4,990	16,910	5,060	3,135	3,170	2,110	2,250	2,265	1,555	1,555
Debt Redemption - Interest	3,565	(8,419)	4,080	2,962	2,871	1,242	1,167	1,410	407	116
Total Expenditures	<u>112,926</u>	<u>108,752</u>	<u>110,592</u>	<u>108,271</u>	<u>119,939</u>	<u>95,099</u>	<u>105,407</u>	<u>99,412</u>	<u>93,501</u>	<u>75,488</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(3,438)	(4,505)	(13,246)	(12,915)	(23,007)	(9,658)	(10,744)	(16,977)	(15,077)	(1,245)
OTHER FINANCING SOURCES (USES)										
Payment to Refunded Bond Escrow	-	(12,023)	-	-	-	-	-	-	-	-
Proceeds from Lease Payable	302	331	-	-	-	-	-	-	-	-
Proceeds from Notes Payable	447	100	-	-	-	-	-	-	-	-
Proceeds from Leases	-	-	-	253	523	201	359	363	-	-
Proceeds from Bond Issues	-	10,640	116	42,676	410	20	31,813	-	-	-
Proceeds from Refunding Bond Issues	-	10,430	-	-	-	-	-	-	-	-
Premium on Sale of Bonds	-	1,035	-	-	-	-	-	-	-	-
Premium on Sale of Refunding Bonds	-	1,714	-	-	-	-	-	-	-	-
Transfers In	2,977	3,457	1,229	221	500	675	2,534	567	1,706	2,177
Transfers Out	(2,977)	(3,457)	(1,229)	(221)	(500)	(675)	(2,534)	(567)	(1,706)	(2,177)
Total Other Financing Sources	<u>749</u>	<u>12,227</u>	<u>116</u>	<u>42,929</u>	<u>933</u>	<u>221</u>	<u>32,172</u>	<u>363</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,689)</u>	<u>\$ 7,722</u>	<u>\$ (13,130)</u>	<u>\$ 30,014</u>	<u>\$ (22,074)</u>	<u>\$ (9,437)</u>	<u>\$ 21,428</u>	<u>\$ (16,614)</u>	<u>\$ (15,077)</u>	<u>\$ (1,245)</u>
Debt Service as a Percentage of Noncapital Expenditures	7.7%	8.2%	9.1%	6.5%	6.8%	4.1%	4.7%	2.6%	2.1%	2.2%

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

**TOWN OF ROCKY HILL, CONNECTICUT
 ASSESSED VALUE AND ESTIMATED ACTUAL 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							
2023	\$ 1,195,108,020	\$ 567,652,380	\$ 126,170,480	\$ 197,719,780	\$ 225,363,250	\$ 25,163,740	\$ 2,286,850,170	34.52 %	3,266,928,814	70.00 %
2022	1,195,108,020	567,652,380	126,170,480	197,719,780	225,363,250	25,163,740	2,286,850,170	34.10	3,266,928,814	70.00
2021	1,185,260,240	566,640,380	130,417,260	191,512,620	180,263,799	19,037,131	2,235,057,168	33.60	3,192,938,811	70.00
2020	1,181,943,024	555,312,930	132,349,400	179,411,850	171,097,662	15,870,836	2,204,244,030	32.50	3,148,920,043	70.00
2019	1,180,372,846	490,096,709	112,964,390	156,353,670	172,788,522	18,521,742	2,094,054,395	32.40	2,991,506,279	70.00
2018	1,174,657,836	477,473,434	113,693,790	145,953,150	170,023,764	20,165,184	2,061,636,790	31.60	2,945,195,414	70.00
2017	1,169,068,266	472,746,614	113,775,200	129,706,285	165,743,532	18,332,751	2,032,707,146	31.00	2,903,867,351	70.00
2016	1,164,708,090	473,287,300	113,411,480	123,143,150	162,682,870	18,834,170	2,018,398,720	29.70	2,883,426,743	70.00
2015(a)	1,158,076,430	458,778,710	111,735,820	117,595,150	159,711,790	17,395,540	1,988,502,360	29.70	2,840,717,657	70.00
2014	1,322,398,835	450,838,960	131,081,650	118,465,065	157,276,509	18,133,665	2,161,927,354	26.60	3,088,467,649	70.00

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
2023	12.825	18.626	3.069	34.520
2022	12.617	18.414	3.069	34.100
2021	12.432	18.144	3.024	33.600
2020 (a)	13.000	17.875	1.625	32.500
2019	12.960	17.820	1.620	32.400
2018	12.008	18.012	1.580	31.600
2017	12.927	16.740	1.333	31.000
2016	12.448	16.109	1.143	29.700
2015 (a)	13.510	15.298	0.892	29.700
2014	13.215	12.709	0.676	26.600

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 TAXPAYERS
OCTOBER 1, 2020 AND OCTOBER 1, 2011
(IN THOUSANDS)**

Taxpayer	October 1, 2021			October 1, 2012		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value (a)	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value (b)
Century Hills Property Owner LLC	\$ 41,972	1	1.84%	\$ 28,700	1	1.33%
RP Glenbrook LLC	31,270	2	1.37	18,205	5	
MKS 500 Enterprise LLC	26,250	3	1.15	26,410	2	1.22
Burris Logistics Inc.	20,243	4	0.89	25,227	3	1.17
Churchill Property Portfolio	17,500	5	0.77	14,441	6	
Stepney Place LLC	13,966	6	0.61			0.00
Albany Rd - Winbrook LLC	13,671	7	0.60	12,967	8	
Henkel (Loctite Corporation)	13,510	8	0.59	25,068	4	
Rocky Hill Properties LLC	13,360	9	0.58			
ANZ Rocky Hill LLC	13,339	10	0.58			
Acadia Town Line LLC				13,300	7	0.62
Auxxi Horizon Commons LLC				12,257	10	0.57
Sysco Corporation				12,446	9	0.58
Total	\$ 205,081		8.97%	\$ 189,021		8.74%

Source: Town of Rocky Hill, Office of Tax Assessor

(a) Based on Net Taxable Grand List of \$2,232,910,705 (amount not rounded)

(b) Based on Net Taxable Grand List of \$2,155,868,126 (amount not rounded)

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

Fiscal Year Ended June 30,	Tax Rate In Mills	Taxes Levied For This Fiscal Year	Collected Within The Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2023	34.520	\$ 78,946	\$ 78,433	99.35%	\$ 69	\$ 78,502	99.44%
2022	34.100	76,699	76,215	99.37	275	76,490	99.73
2021	33.600	75,465	74,430	98.63	244	74,674	98.95
2020	32.500	72,394	71,870	99.28	178	72,048	99.52
2019	32.400	68,372	68,010	99.47	745	68,755	100.56
2018	31.600	65,828	65,220	99.08	363	65,583	99.63
2017	31.000	63,540	63,097	99.30	134	63,231	99.51
2016	29.700	60,050	59,618	99.28	342	59,960	99.85
2015	29.700	59,330	58,987	99.42	855	59,842	100.86
2014	26.600	57,774	57,170	98.95	421	57,591	99.68

**TOWN OF ROCKY HILL, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(THOUSANDS, EXCEPT PER CAPITA)**

Fiscal Year	General Obligation Bonds	Lease Payable	Notes Payable	Total Primary Government	(a) Ratio of Debt to Taxable Assessed Value	(b) Debt Per Capita	(c) Debt Per Personal Income
2023	\$ 76,270	\$ 427	\$ 448	\$ 77,145	3.37%	\$ 3,719	\$ 893
2022	89,129	269	262	89,660	3.92	4,315	1,053
2021	83,772	9	335	84,116	3.76	4,171	1,059
2020	90,008	-	589	90,597	4.11	4,504	1,108
2019	50,973	-	657	51,630	2.47	2,563	650
2018	54,401	-	491	54,892	2.66	2,730	670
2017	56,768	-	731	57,499	2.83	2,858	705
2016	27,463	-	544	28,007	1.39	1,399	371
2015 #	29,843	-	349	30,192	1.52	1,503	459
2014	12,211	-	303	12,514	0.58	628	228

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
2022	\$ 76,270	2.33%	\$ 3,676
2022	89,129	2.73%	4,289
2021	77,100	2.41%	3,823
2020 #	90,008	2.86%	4,475
2019	50,973	1.70%	2,530
2018	54,401	1.85%	2,706
2017	56,768	1.95%	2,822
2016	27,463	0.95%	1,372
2015 #	29,843	1.05%	1,485
2014	12,211	0.40%	613

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, 2023
(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	\$ 862,267	6.21%	\$ 53,547
Town Direct Debt	77,145	100.00%	<u>77,145</u>
Total			<u><u>\$ 130,692</u></u>

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

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

**TOWN OF ROCKY HILL, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2023**

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2022					<u>\$ 76,762,036</u>
Base					<u>\$ 76,762,036</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 times base	\$ 172,714,581				
4-1/2 times base		345,429,162			
3-3/4 times base			287,857,635		
3-1/4 times base				249,476,617	
3 times base					230,286,108
Total Debt Limitation	<u>172,714,581</u>	<u>345,429,162</u>	<u>287,857,635</u>	<u>249,476,617</u>	<u>230,286,108</u>
Indebtedness:					
Bonds Payable	32,675,894	43,594,106			
Bonds Authorized - Unissued	9,280,000	11,857,026			
Overlapping Debt			53,546,763		
Total Indebtedness	<u>41,955,894</u>	<u>55,451,132</u>	<u>53,546,763</u>	-	-
Less: Amounts to be Provided by the State	-	-			
Net Indebtedness	<u>41,955,894</u>	<u>55,451,132</u>	<u>53,546,763</u>	-	-
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 130,758,687</u>	<u>\$ 289,978,030</u>	<u>\$ 234,310,872</u>	<u>\$ 249,476,617</u>	<u>\$ 230,286,108</u>

Note 1: In no case shall total indebtedness exceed \$537,334,252 or seven times annual receipts from taxation.

Note 2: The Town is a member of the Metropolitan District Commission, a regional sewer and water authority. Total outstanding debt of the Metropolitan District Commission as of June 30, 2023 was \$862,266,719. The Town's share of the debt at June 30, 2023 was 6.21% or \$53,546,763. The estimated percentage is calculated based upon the proration of the tax collection from the eight member towns.

**TOWN OF ROCKY HILL, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limitation	\$ 537,334	\$ 524,483	\$ 505,887	\$ 483,991	\$ 460,537	\$ 446,474	\$ 446,474	\$ 421,620	\$ 419,165	\$ 405,494
Total Net Debt Applicable to Limit	<u>150,954</u>	<u>142,813</u>	<u>155,665</u>	<u>180,021</u>	<u>158,336</u>	<u>173,521</u>	<u>191,472</u>	<u>141,558</u>	<u>119,413</u>	<u>123,955</u>
Legal Debt Margin	<u>\$ 386,380</u>	<u>\$ 381,670</u>	<u>\$ 350,222</u>	<u>\$ 303,970</u>	<u>\$ 302,201</u>	<u>\$ 272,953</u>	<u>\$ 255,002</u>	<u>\$ 280,062</u>	<u>\$ 299,752</u>	<u>\$ 281,539</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.09%	27.23%	30.77%	37.20%	34.38%	38.86%	42.89%	33.57%	28.49%	30.57%

Source: Annual comprehensive 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>
2023	20,746	\$ 49,145	\$ 86,410	43.2	2,543	3.8%
2022	20,780	71,994	85,125	43.2	2,549	4.3%
2021	20,168	45,689	79,421	43.2	2,596	5.4%
2020	20,115	46,263	81,737	42.1	2,625	2.4%
2019	20,145	44,956	79,421	44.7	2,742	2.4%
2018	20,105	43,921	81,988	43.8	2,716	3.4%
2017	20,119	42,252	81,576	43.2	2,698	4.1%
2016	20,021	43,207	75,442	43.4	2,623	4.6%
2015	20,094	42,229	65,814	43.4	2,608	3.9%
2014	19,915	39,785	63,343	43.7	2,487	4.8%

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

(2) Source: CERC's Site finder

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

(4) Source: State of Connecticut Department of Labor

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

Employer	Nature of Business	2023			2013		
		Employees	Rank	Percentage of Total Town Employment (a)	Employees	Rank	Percentage of Total Town Employment (b)
Town of Rocky Hill	Municipality	534	1	4.69%	448	2	4.33%
SYSCO Food Services	Food Distribution Warehouse	500	2	4.39%	350	3	3.38%
Henkel Corporation (Loctite)	Adhesives and Sealants	490	3	4.30%	500	1	4.83%
State Veterans Home and Hospital	Hospital	422	4	3.70%	335	5	3.24%
Liberty Mutual	Insurance	315	5	2.76%			
AECOM Technical Service Systems	Engineering Consultant	305	6	2.68%			
Burris Logistics	Refrigerated Logistics Warehouse	300	7	2.63%	200	7	1.93%
Wal-Mart Store	Retail Store	200	8	1.76%	208	6	2.01%
Meredith Corporation	Television Station	200	9	1.76%			
Sheraton Hotel	Hotel-Restaurant	180	10	1.58%			
ISGN (formerly Fiserv and Integrated Loan Serv)	Finance - Loan Processing				340	4	3.29%
Paychex	Financial Services				150	9	1.45%
Connecticut State Lottery	State of CT - Lottery				138	10	1.33%
McKesson Drug Company	Pharmaceuticals, Warehouse				185	8	1.79%
Total		<u>3,446</u>		<u>30.24%</u>	<u>2,854</u>		<u>27.60%</u>

Source: Town of Rocky Hill, Economic Development Department

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

Function/Program	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government	26.0	26.0	25.0	25.0	25.0	23.0	19.0	18.0	18.5	18.5
Police	53.0	52.0	50.0	50.0	50.0	49.0	47.0	47.0	46.0	44.0
Fire	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.5	4.5
Building Department	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Public Works:										
Engineering	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Highway	18.0	17.0	18.0	18.0	18.0	16.0	15.0	15.5	15.0	16.0
Human Services	7.0	7.0	7.0	7.0	7.0	8.0	5.0	5.0	5.0	6.0
Parks and Recreation	11.0	11.0	11.0	11.0	11.0	14.0	13.0	13.0	13.0	12.0
Facilities:										
Town	10.0	9.0	8.0	8.0	8.0	2.0	11.0	10.5	10.0	10.0
Schools (b)										24.0
Library	11.0	11.0	11.0	11.0	11.0	11.0	12.0	12.0	11.0	11.0
Education (a)	<u>424.0</u>	<u>467.0</u>	<u>351.0</u>	<u>351.0</u>	<u>353.0</u>	<u>343.0</u>	<u>338.0</u>	<u>360.0</u>	<u>328.0</u>	<u>298.0</u>
Total	<u>573.0</u>	<u>613.0</u>	<u>494.0</u>	<u>494.0</u>	<u>496.0</u>	<u>479.0</u>	<u>473.0</u>	<u>493.0</u>	<u>458.0</u>	<u>451.0</u>

Source: Town of Rocky Hill, Finance Department

(a) Town of Rocky Hill, Board of Education

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

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

Function/Program	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Building Department:										
Permits Issued	1,658	1,702	1,711	1,371	1,316	1,250	1,184	1,345	1,373	1,252
Certificates of Occupancy	6	12	29	59	47	48	67	163	139	108
Number of Inspections	2,858	2,665	2,052	1,990	1,919	1,638	1,961	2,214	1,986	1,783
Police:										
Total Criminal Arrests	463	271	246	267	258	309	342	411	544	518
Total Town Tickets Issued	163	107	65	69	95	103	87	96	585	471
Medical Calls	707	1,822	3,254	1,870	3,257	1,841	2,640	3,132	2,729	2,878
Animal Complaints	330	402	430	528	515	403	376	354	273	305
Police Training Hours	5,078	3,634	2,025	2,719	3,729	3,675	4,600	4,664	3,414	4,805
Fire:										
Emergency Responses	683	673	751	592	675	745	648	626	646	575
Inspections	579	359	560	487	725	745	967	843	809	698
Fire Training Man-hours	4,329	3,932	4,940	5,276	5,500	4,208	5,622	5,122	5,047	5,860
Sanitation:										
Commercial Solid Waste (Tons)	0	Not reported	6,367	7,844	7,034	5,827	5,444	6,138	6,244	6,547
Residential Solid Waste (Tons)	5,664	6,026	6,143	5,866	5,750	5,547	5,624	5,445	5,540	5,620
Bulky Waste (Tons)	494	414	705	644	650	641	537	755	762	705
Highway Department:										
Snow and Ice Callouts	18	16	12	22	21	26	15	20	35	23
Leaf Pickups (Cubic Yards)	8,000	10,760	10,192	8,132	4,636	6,386	7,210	6,325	6,475	6,056
Catch Basin Repairs	108	108	85	125	87	81	85	35	40	26
Parks and Recreation:										
Number of Programs Offered	537	480	282	282	445	399	448	415	505	495
Number of Participants	16,577	15,850	10,120	10,120	13,129	10,924	10,600	10,000	10,150	10,100
Library:										
Volumes in Collection	56,226	57,495	56,490	62,436	61,480	61,284	60,291	60,294	59,134	58,769
Total Volumes Borrowed	199,531	206,152	192,099	194,886	259,830	242,239	216,859	235,346	244,820	253,340
Human Services:										
Number Elderly/Disabled:										
Individual Bus Trips	10,157	8,363	4,023	7,535	10,250	9,687	9,404	10,227	10,374	10,797

Source: Town of Rocky Hill various Town Departments

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

Function/Program	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Parks and Recreation:										
Acreage Maintained	475	475	181	181	181	180	180	180	180	180
Number of Parks	10	10	9	9	9	7	7	7	7	7
Baseball Fields	10	10	12	12	12	12	12	12	12	12
Soccer Fields	10	10	10	10	10	9	9	9	9	9
Football Field	2	2	1	1	1	1	1	1	1	1
Skatepark	0	1	1	1	1	1	1	1	1	1
Lacrosse Field	2	2	0	0	0	0	1	1	1	1
Miracle Field	1	1	1	1	1	1	1	0	0	0
Number of Pools	2	2	2	2	2	2	2	2	2	2
Amphitheater	1	1	1	1	1	1	1	1	1	1
Facilities:										
Number of Town Buildings	21	21	15	15	15	15	15	15	15	15
Number of Schools	5	5	5	5	5	5	4	4	4	4
Human Services:										
Mini-Buses	3	4	4	4	4	3	3	3	3	3

Source: Town of Rocky Hill, various Town Departments