

**Basic Financial Statements, Supplementary  
Information and Independent Auditor's Report**

**Town of Monroe, Connecticut**

**June 30, 2013**

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## **Independent Auditor's Report**

To the Honorable First Selectman and  
Members of the Board of Finance  
Town of Monroe, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Monroe, Connecticut (the "Town") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Monroe, Connecticut, as of June 30, 2013, 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.

**CERTIFIED PUBLIC ACCOUNTANTS**

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, the schedules of funding progress on page 60, and the budgetary comparison schedules on pages 61 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages i through ii and other supplementary information on pages 92 through 99 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Mahoney Sabol & Company, LLP*

Glastonbury, Connecticut  
January 30, 2014

# Management's Discussion and Analysis

The management of the Town of Monroe, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013.

## **FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$39,853,863 (net assets). This amount contains a deficit of \$3,702,895 which represents unrestricted net position.
- The Town's total net position increased by \$1,479,391 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,635,768, a decrease of \$3,536,152 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$4,688,184 or 5.8% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 0.7 months of general fund operating expenditures.
- The Town's total long-term bonded debt decreased by \$3,690,000 or 8.04% during the current fiscal year due to the regularly scheduled principal payments.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: general government, public safety, public works, health and welfare, culture and recreation and education. The Town has no business-type activities

The government-wide financial statements can be found on pages 13 and 14 of this report.

## **TOWN OF MONROE, CONNECTICUT**

Management's Discussion and Analysis (Unaudited) *(Continued)*

June 30, 2013

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### **OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)***

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Police Renovations Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15 - 20 of this report.

#### **Proprietary Funds**

The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its risk management activities. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 21 - 23 of this report.

#### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 24 and 25 of this report.

## TOWN OF MONROE, CONNECTICUT

Management's Discussion and Analysis (Unaudited) *(Continued)*

June 30, 2013

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### OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

#### Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 - 59 of this report.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, other than this management's discussion and analysis that can be found on pages 60 - 67 of this report.

Combining and individual fund statements and schedules and other supplementary information can be found on pages 68 - 99 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

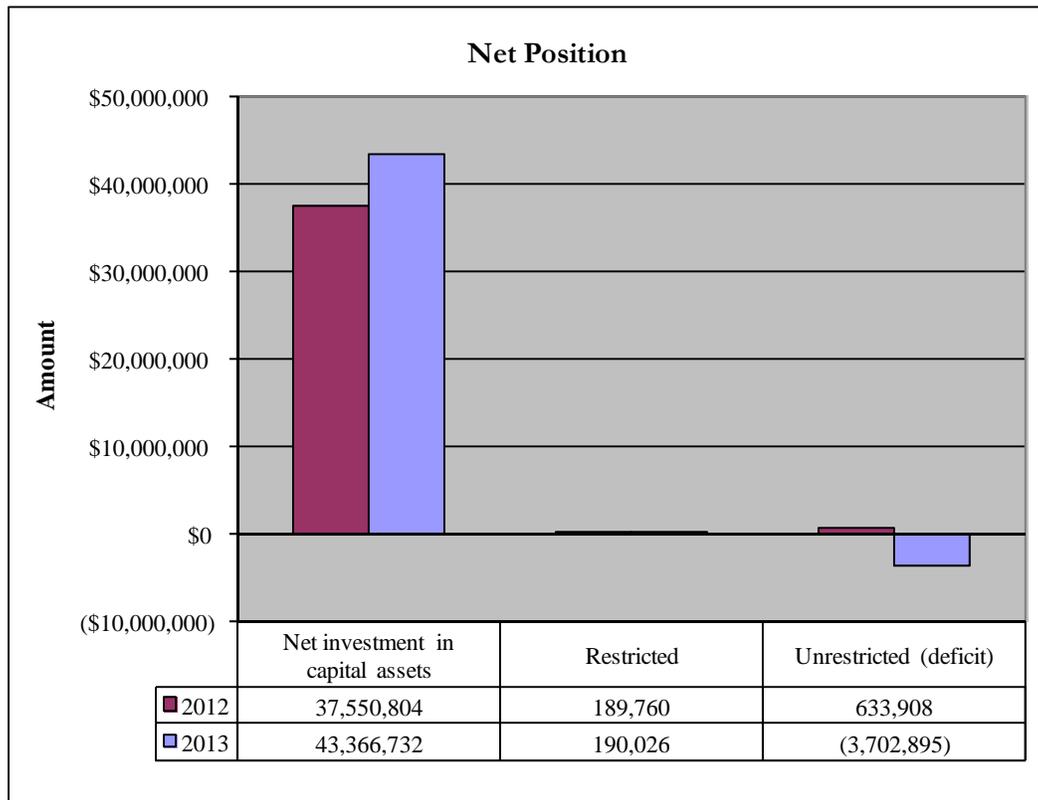
#### Net Position

Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$39,853,863 and \$38,374,472 as of June 30, 2013 and 2012, respectively, and are summarized as follows:

	Total	
	2013	2012
		<i>(As restated - see Note M)</i>
Current and other assets	\$ 18,386,269	\$ 20,066,013
Capital assets	87,091,459	85,862,139
Total assets	<u>105,477,728</u>	<u>105,928,152</u>
Deferred outflows of resources	943,329	1,020,652
Other liabilities	5,977,475	4,458,259
Long-term liabilities	60,589,719	64,116,073
Total liabilities	<u>66,567,194</u>	<u>68,574,332</u>
Net position:		
Net investment in capital assets	43,366,732	37,550,804
Restricted	190,026	189,760
Unrestricted (deficit)	(3,702,895)	633,908
Total net position	<u>\$ 39,853,863</u>	<u>\$ 38,374,472</u>

**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Net Position *(Continued)***



A significant portion of the Town's net position reflect its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the Town's net position are subject to external restriction on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Overall, net position increased by \$1,479,391 in comparison to the prior year.

**TOWN OF MONROE, CONNECTICUT**Management's Discussion and Analysis (Unaudited) *(Continued)*

June 30, 2013

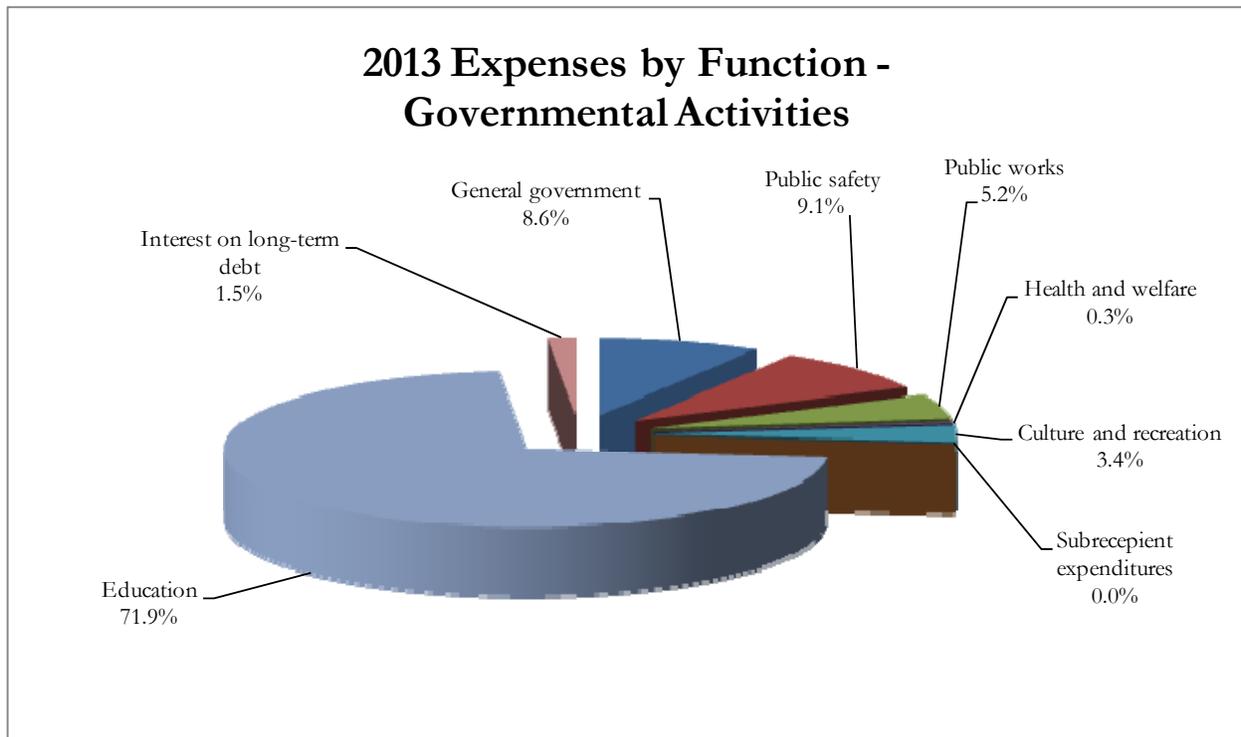
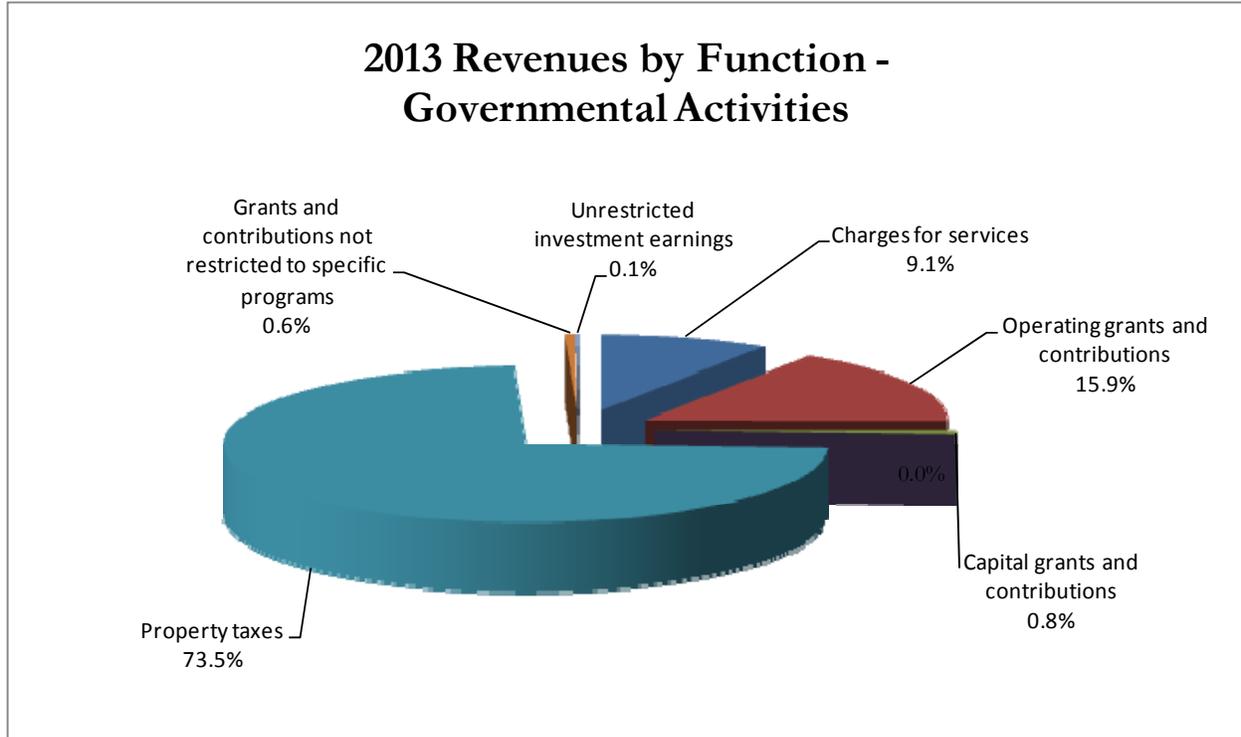
**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*****Changes in Net Position**

Changes in net position for the years ended June 30, 2013 and 2012 are as follows:

	Total	
	2013	2012
		<i>(As restated - see Note M)</i>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 8,404,917	\$ 7,762,519
Operating grants and contributions	14,682,527	14,172,938
Capital grants and contributions	708,284	785,215
General revenues:		
Property taxes	67,726,473	66,103,448
Grants and contributions not restricted to specific programs	527,634	336,908
Unrestricted investment earnings	80,527	353,118
Total revenues	<u>92,130,362</u>	<u>89,514,146</u>
<b>Expenses</b>		
General government	7,823,123	8,229,750
Public safety	8,278,987	8,326,453
Public works	4,683,225	5,631,004
Health and welfare	270,271	254,555
Culture and recreation	3,037,069	3,091,287
Subrecipient expenditures	-	5,500
Education	65,191,283	63,718,458
Interest on long-term debt	1,367,013	1,438,356
Total expenses	<u>90,650,971</u>	<u>90,695,363</u>
Change in net position	1,479,391	(1,181,217)
Net position - beginning, as originally reported	38,374,472	40,092,369
Adjustments <i>(See Note M)</i>	-	(536,680)
Net position, beginning, as adjusted	<u>38,374,472</u>	<u>39,555,689</u>
Net position, ending	<u>\$ 39,853,863</u>	<u>\$ 38,374,472</u>

**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Changes in Net Position *(Continued)***



## **TOWN OF MONROE, CONNECTICUT**

Management's Discussion and Analysis (Unaudited) *(Continued)*

June 30, 2013

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### **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The focus of the Town'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,635,768, a decrease of \$3,536,152 from the prior year.

#### **General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,688,184. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 5.7% of total General Fund expenditures, while total fund balance represents 7.1% of the same amount. The fund balance of the General Fund increased \$1,129,580 during the current fiscal year.

#### **Police Renovations**

The fund balance of the Police Renovations Fund decreased \$3,015,177 during the current fiscal year. This decrease was due to expenditures incurred during the renovation of the Town's Police Station.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The budget for 2013 did not anticipate the utilization of fund balance to cover the excess of budgeted expenses over budgeted revenues. The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$1,047,881. Expenditures were \$1,148,424 less than budgeted and total budgetary revenues were \$518,120 higher than expected primarily due to a favorable variance in property taxes. Other financing uses were \$618,663 higher than expected, due to transfers out.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2013 and 2012 totaled \$87,091,459 and \$85,862,139, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings, land improvements, vehicles, machinery and equipment, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was \$1,229,320 or 1.4%, comprised of the following:

- Current year additions of \$5,490,067, consisting of road improvements and various other additions to machinery and equipment, vehicles, and construction in progress.
- Current year depreciation expense of \$4,260,747.

**TOWN OF MONROE, CONNECTICUT**

Management’s Discussion and Analysis (Unaudited) *(Continued)*

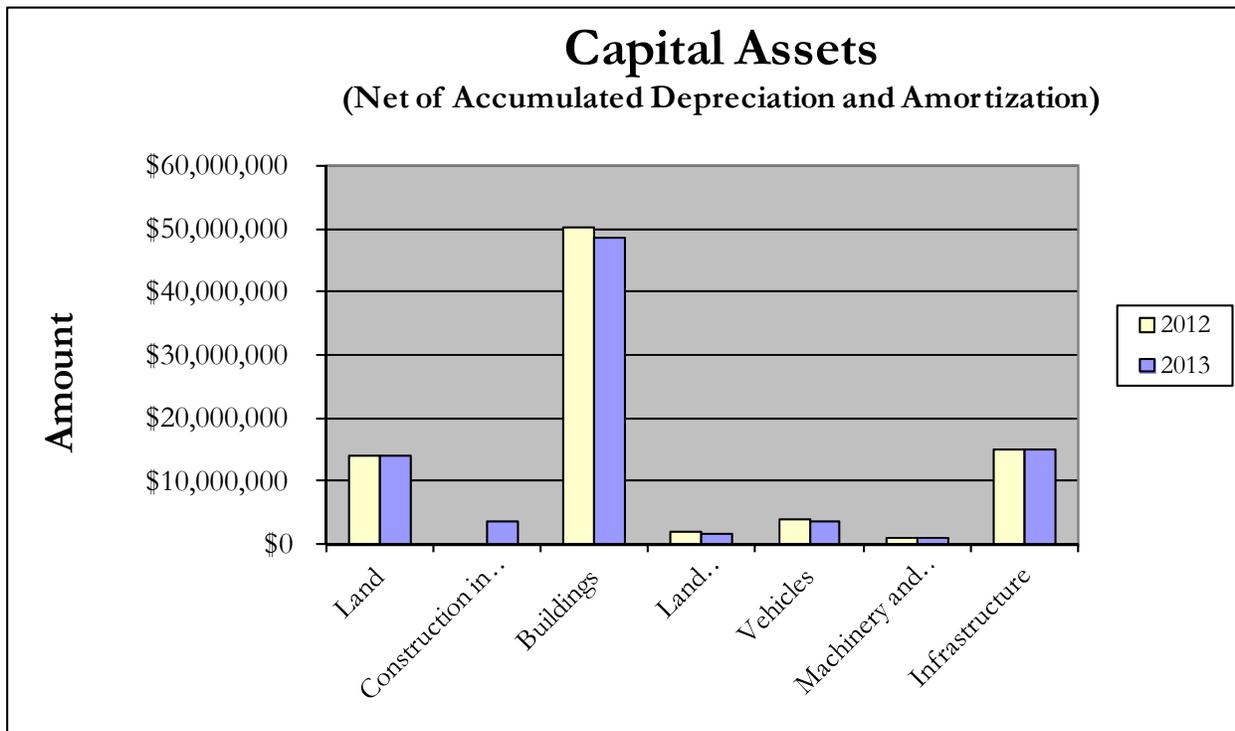
June 30, 2013

**CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)***

**Capital Assets *(Continued)***

The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation:

	Total	
	2013	2012
Land	\$ 13,922,971	\$ 13,922,971
Construction in progress	3,430,038	-
Buildings	48,541,204	50,119,591
Land improvements	1,791,990	1,885,260
Vehicles	3,530,925	3,983,381
Machinery and equipment	873,284	1,005,965
Infrastructure	15,001,047	14,944,971
Totals	<u>\$ 87,091,459</u>	<u>\$ 85,862,139</u>



Additional information on the Town’s capital assets can be found in Note D on page 37 of this report.

**TOWN OF MONROE, CONNECTICUT**

Management's Discussion and Analysis (Unaudited) *(Continued)*

June 30, 2013

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**CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)***

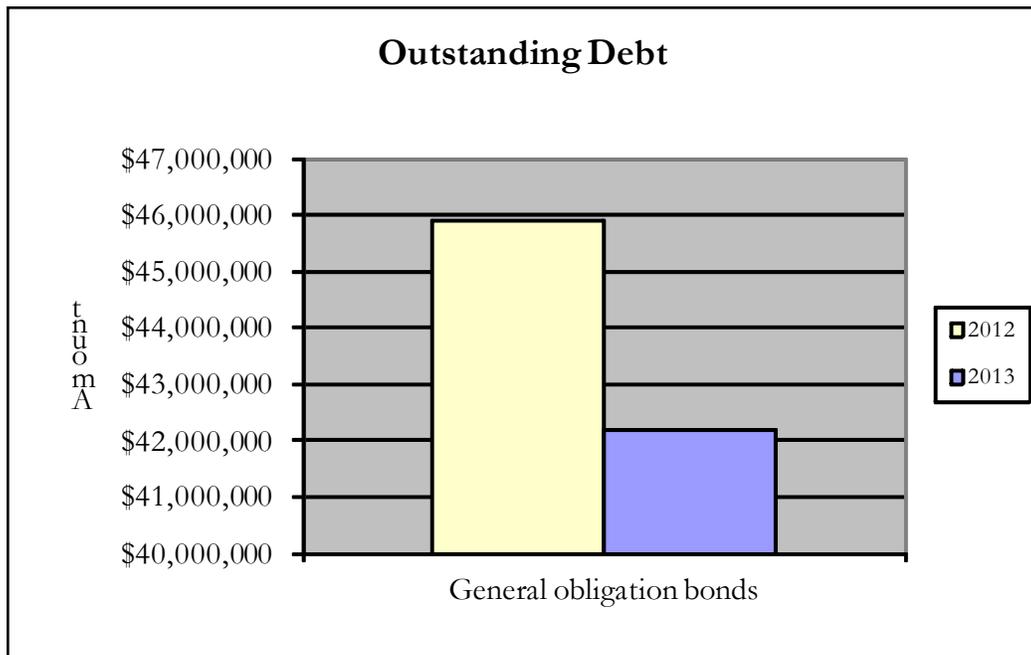
**Long-term Debt**

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$42,195,000. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total long-term bonded debt decreased by \$3,690,000 or 8.0% during the current fiscal year due to the regularly scheduled principal payments.

The Town maintains an Aa2 rating from Moody's Investor Service for general obligation debt.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$475,559,903 which is significantly in excess of the Town's outstanding general obligation debt.

The following table is a two year comparison of long-term bonded debt:



Additional information on the Town's long-term debt can be found in Note G on pages 39 - 42 of this report.

## **TOWN OF MONROE, CONNECTICUT**

Management's Discussion and Analysis (Unaudited) *(Continued)*

June 30, 2013

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### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

A summary of key economic factors affecting the Town are as follows:

- The unemployment rate for the Town is currently 6.4%. This compares favorably to the State's average unemployment rate of 8.0% and the national unemployment rate of 7.6%.
- Inflationary trends in the region are comparable to national indices.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
  - For purposes of calculating property tax revenues for fiscal year 2014, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
  - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Land Use Department, the Town Clerk and the amount of conveyance taxes and interest income.
- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in fiscal year 2014 and thereafter.

All of these factors were considered in preparing the Town's budget for fiscal year 2014.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, Town of Monroe, 7 Fan Hill Road, Monroe, Connecticut 06468.

Basic  
Financial  
Statements

**TOWN OF MONROE, CONNECTICUT**

## STATEMENT OF NET POSITION

JUNE 30, 2013

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,130,149
Investments	3,957,683
Receivables:	
Property taxes receivable, net of allowance of \$95,000	727,201
Interest receivable, net of allowance of \$42,000	97,089
Grants and contracts receivable	994,944
Accounts receivable	550,064
Prepaid items	330,132
Net pension asset	216,541
Grants and contracts receivable, long-term portion	1,382,466
Capital assets:	
Non-depreciable	17,353,009
Depreciable, net	69,738,450
Total assets	<u>105,477,728</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amount on refunding	<u>943,329</u>
<b>LIABILITIES</b>	
Accounts payable	4,088,891
Accrued liabilities:	
Salaries and benefits payable	686,488
Accrued interest	245,285
Other accrued liabilities	528,889
Unearned revenue	427,922
Noncurrent liabilities:	
Due within one year	7,027,163
Due in more than one year	53,562,556
Total liabilities	<u>66,567,194</u>
<b>NET POSITION</b>	
Net investment in capital assets	43,366,732
Restricted for:	
Trust purposes-expendable	71,469
Grant program purposes	118,557
Unrestricted	(3,702,895)
Total net position	<u>\$ 39,853,863</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF MONROE, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 7,823,123	\$ 2,928,731	\$ 47,962	\$ -	\$ (4,846,430)
Public safety	8,278,987	1,024,540	757,257	-	(6,497,190)
Public works	4,683,225	711,957	48,994	219,608	(3,702,666)
Health and welfare	270,271	1,292	66,216	-	(202,763)
Culture and recreation	3,037,069	1,090,762	241,004	-	(1,705,303)
Education	65,191,283	2,647,635	13,521,094	488,676	(48,533,878)
Interest on long-term debt	1,367,013	-	-	-	(1,367,013)
Total governmental activities	<u>\$ 90,650,971</u>	<u>\$ 8,404,917</u>	<u>\$ 14,682,527</u>	<u>\$ 708,284</u>	<u>(66,855,243)</u>
General revenues:					
Property taxes					67,726,473
Grants and contributions not restricted to specific programs					527,634
Unrestricted investment earnings					80,527
Total general revenues					<u>68,334,634</u>
Change in net position					1,479,391
Net position - beginning, as originally reported					38,911,152
Adjustments (See Note M)					(536,680)
Net position - beginning, as adjusted					38,374,472
Net position - ending					<u>\$ 39,853,863</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF MONROE, CONNECTICUT**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2013

	General Fund	Police Renovations	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,379,830	\$ -	\$ 2,130,177	\$ 7,510,007
Investments	3,756,145	-	201,538	3,957,683
Receivables:				
Property taxes receivable, net of allowance for uncollectibles of \$95,000	727,201	-	-	727,201
Interest receivable, net of allowance for uncollectibles of \$42,000	97,089	-	-	97,089
Grants and contracts receivable	2,277,512	-	99,898	2,377,410
Accounts receivable	127,243	-	422,821	550,064
Prepaid items	328,814	-	1,318	330,132
Due from other funds	2,563,364	-	1,770,720	4,334,084
Total assets	<u>\$ 15,257,198</u>	<u>\$ -</u>	<u>\$ 4,626,472</u>	<u>\$ 19,883,670</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,247,975	\$ 131,055	\$ 709,861	\$ 4,088,891
Accrued liabilities:				
Salaries and benefits payable	686,488	-	-	686,488
Other accrued liabilities	521,397	-	7,492	528,889
Due to other funds	2,250,213	88,970	2,474,394	4,813,577
Unearned revenue	96,440	-	331,482	427,922
Total liabilities	<u>6,802,513</u>	<u>220,025</u>	<u>3,523,229</u>	<u>10,545,767</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	919,280	-	-	919,280
Unavailable revenue - grants	1,782,855	-	-	1,782,855
	<u>2,702,135</u>	<u>-</u>	<u>-</u>	<u>2,702,135</u>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable:				
Prepaid items	328,814	-	1,318	330,132
Permanent fund principal	-	-	71,469	71,469
Restricted for:				
Public works	-	-	118,557	118,557
Committed to:				
Public safety	-	-	413,979	413,979
Culture and recreation	-	-	812,840	812,840
Education	-	-	195,758	195,758
Capital projects	-	-	397,932	397,932
Other purposes	-	-	318,800	318,800
Assigned to:				
Education	319,029	-	-	319,029
General government	33,327	-	-	33,327
Public safety	16,084	-	-	16,084
Capital projects	302,000	-	-	302,000
Revaluation	65,112	-	-	65,112
Unassigned	4,688,184	(220,025)	(1,227,410)	3,240,749
Total fund balances (deficit)	<u>5,752,550</u>	<u>(220,025)</u>	<u>1,103,243</u>	<u>6,635,768</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 15,257,198</u>	<u>\$ -</u>	<u>\$ 4,626,472</u>	<u>\$ 19,883,670</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF MONROE, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

Total fund balances for governmental funds \$ 6,635,768

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land and improvements	\$	16,554,179	
Construction in progress		3,430,038	
Buildings and improvements		92,309,951	
Vehicles		10,242,795	
Machinery and equipment		9,445,750	
Infrastructure		68,660,087	
Less accumulated depreciation and amortization		<u>(113,551,341)</u>	
Total capital assets, net			87,091,459

Some of the Town's taxes, assessments, interest and long-term grant receivables will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds. 919,280

Long-term school construction grant receivables received from the State of Connecticut are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds. 1,782,855

The net pension asset resulting from contributions in excess of the annual required contributions are not financial resources and therefore are not reported in the funds. 216,541

Internal service funds are used by the Town to charge the cost of certain employee benefit management activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 1,970,191

*(Continued)*

**TOWN OF MONROE, CONNECTICUT**

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF NET POSITION *(Continued)*

JUNE 30, 2013

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Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Long-term debt:

Bonds payable	\$	(42,195,000)
Unamortized premiums		(2,138,428)
Unamortized deferred amount on refundings		943,329
Obligations under capital lease		(334,628)
Accrued interest payable		(245,285)

Other long-term liabilities:

Net OPEB obligation		(2,771,977)
Net pension obligation		(977,543)
Compensated absences		(2,402,913)
Termination benefits		(8,053,034)
Retired employee obligations		(586,752)

Total long-term liabilities		<u>(58,762,231)</u>
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Net position of governmental activities		<u>\$ 39,853,863</u>
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**TOWN OF MONROE, CONNECTICUT**

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

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2013

	General Fund	Police Renovations	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 67,784,322	\$ -	\$ -	\$ 67,784,322
Intergovernmental revenues	13,856,850	-	2,142,227	15,999,077
Licenses, permits and other charges	643,720	-	-	643,720
Charges for services	299,516	-	5,197,923	5,497,439
Donations	-	-	326,550	326,550
Investment earnings	64,143	-	4,367	68,510
Miscellaneous	220,772	-	39,492	260,264
Total revenues	<u>82,869,323</u>	<u>-</u>	<u>7,710,559</u>	<u>90,579,882</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,583,687	-	12,680	7,596,367
Public safety	6,244,359	-	1,190,820	7,435,179
Public works	2,496,482	-	740,407	3,236,889
Health and welfare	199,762	-	70,387	270,149
Culture and recreation	1,458,186	-	1,217,120	2,675,306
Education	56,376,507	-	5,260,321	61,636,828
Capital outlays	1,069,737	3,015,177	1,743,042	5,827,956
Debt service:				
Principal payments	3,940,046	-	-	3,940,046
Interest and fiscal charges	1,497,314	-	-	1,497,314
Total expenditures	<u>80,866,080</u>	<u>3,015,177</u>	<u>10,234,777</u>	<u>94,116,034</u>
Excess (deficiency) of revenues over expenditures	2,003,243	(3,015,177)	(2,524,218)	(3,536,152)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	35,000	-	1,007,447	1,042,447
Transfers out	(908,663)	-	(133,784)	(1,042,447)
Total other financing sources (uses)	<u>(873,663)</u>	<u>-</u>	<u>873,663</u>	<u>-</u>
Net change in fund balances	1,129,580	(3,015,177)	(1,650,555)	(3,536,152)
Fund balances (deficits) - beginning	<u>4,622,970</u>	<u>2,795,152</u>	<u>2,753,798</u>	<u>10,171,920</u>
Fund balances (deficits) - ending	<u>\$ 5,752,550</u>	<u>\$ (220,025)</u>	<u>\$ 1,103,243</u>	<u>\$ 6,635,768</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF MONROE, CONNECTICUT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013

Net change in fund balances (deficit) - total governmental funds \$ (3,536,152)

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation and amortization exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 5,490,067	
Depreciation and amortization expense	<u>(4,260,747)</u>	
Net adjustment		1,229,320

Intergovernmental revenue on school construction grants is not susceptible to accrual and, therefore, is only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the grant receivable recognized in the government-wide statement of net position. (407,182)

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

Principal repayments:		
Bonds payable	3,690,000	
Obligations under capital lease	<u>250,046</u>	
Net adjustment		3,940,046
Amortization of bond premiums	187,205	
Amortization of deferred charge on refundings	<u>(77,323)</u>	
		109,882

*(Continued)*

**TOWN OF MONROE, CONNECTICUT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCES (DEFICITIS) OF GOVERNMENTAL FUNDS TO THE STATE OF ACTIVITIES *(Continued)*

YEAR ENDED JUNE 30, 2013

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Compensated absences	\$ (53,096)	
Termination benefits	(114,628)	
Retired employee obligations	476,449	
Accrued interest	20,419	
Net OPEB obligation	(159,180)	
Net pension asset	(19,034)	
Net pension obligation	<u>(52,309)</u>	
		\$ 98,621

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in governmental funds. This amount represents the change in deferred inflows of resources.

(57,849)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds are reported with governmental activities.

102,705

Change in net position of governmental activities

\$ 1,479,391

**TOWN OF MONROE, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

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	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,620,142
Due from other funds	479,492
Total assets	<u>3,099,634</u>
<b>LIABILITIES</b>	
Current liabilities:	
Risk management claims	681,452
Other liabilities:	
Risk management claims, less current portion	447,992
Total liabilities	<u>1,129,444</u>
<b>NET POSITION</b>	
Unrestricted	<u>1,970,190</u>
Total net position	<u>\$ 1,970,190</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF MONROE, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>	
Employer contributions	\$ 5,492,273
Charges for services	2,003,494
Total operating revenues	<u>7,495,767</u>
<b>OPERATING EXPENSES</b>	
Claims and benefits	6,442,616
Premiums and administrative charges	962,464
Total operating expenses	<u>7,405,080</u>
Operating income	90,687
<b>NON-OPERATING REVENUES</b>	
Interest and investment income	12,017
Total non-operating revenues	<u>12,017</u>
Change in net position	102,704
Net position - beginning	<u>1,867,486</u>
Net position - ending	<u><u>\$ 1,970,190</u></u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF MONROE, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR END JUNE 30, 2013**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from employer contributions	\$ 5,492,273
Receipts from charges for services	2,003,494
Payments to employees, vendors and others	<u>(7,682,610)</u>
Net cash used in operating activities	<u>(186,843)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	12,017
Net cash provided by investing activities	<u>12,017</u>
Net decrease in cash and cash equivalents	(174,826)
Cash and cash equivalents, beginning of year	<u>2,794,968</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,620,142</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 90,687
Adjustments to reconcile operating income to net cash used in operating activities:	
Increase in assets:	
Due from other funds	44,989
Decrease in liabilities:	
Risk management claims	<u>(322,519)</u>
Net cash used in operating activities	<u><u>\$ (186,843)</u></u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF MONROE, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2013**

	<b>Pension Trust Funds</b>	<b>Private- Purpose Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 72,172	\$ 908,000
Investments, at fair value:			
Pooled separate accounts	2,867,412	-	-
Equity mutual funds	13,218,090	-	-
Guarenteed deposit accounts	1,268,596	-	-
Other receivable	-	-	22,131
Total assets	<u>17,354,098</u>	<u>72,172</u>	<u>\$ 930,131</u>
<b>LIABILITIES</b>			
Accounts payable	40,977	-	\$ -
Due to student groups	-	-	279,148
Due to others	-	-	650,983
Total liabilities	<u>40,977</u>	<u>-</u>	<u>\$ 930,131</u>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 17,313,121</u>	<u>\$ 72,172</u>	

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF MONROE, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED JUNE 30, 2013**

	<b>Pension Trust Funds</b>	<b>Private- Purpose Trust Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 738,993	\$ -
Plan members	331,145	-
Private donations	-	465
Total contributions	<u>1,070,138</u>	<u>465</u>
Investment earnings:		
Interest and dividends	188,358	8
Net appreciation in fair value of investments	1,668,625	-
Total investment earnings	<u>1,856,983</u>	<u>8</u>
Total additions	<u>2,927,121</u>	<u>473</u>
<b>DEDUCTIONS</b>		
Benefit payments	1,025,557	4,641
Administrative expenses	121,555	-
Total deductions	<u>1,147,112</u>	<u>4,641</u>
Change in net position	1,780,009	(4,168)
Net position - beginning	<u>15,533,112</u>	<u>76,340</u>
Net position - ending	<u>\$ 17,313,121</u>	<u>\$ 72,172</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements

June 30, 2013

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## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Monroe, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

### **Financial Reporting Entity**

The Town of Monroe, Connecticut was incorporated in 1823. The Town operates under a Selectman/Council form of government. The Selectman is the chief executive officer and the Town Council (made up of nine members) is the legislative body of the Town. The Town Council may enact, amend or repeal ordinances and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Council approval. The Board of Education is responsible for the operation of the school system.

The Town operates under a charter and provides the following services as authorized by such: public safety, public works, solid waste disposal, recycling, health and welfare, culture and recreation, education, planning and zoning and general administration.

The basic financial statements of the reporting entity include only the funds of the Town (the primary government) as no component units exist based on operational or financial relationships with the Town.

### **Government-wide and Fund Financial Statements**

#### **Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

#### **Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

**Fund Financial Statements (Continued)**

The Town reports the following major governmental funds:

**General Fund** - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

**Police Renovations Fund** - This capital projects fund is used to account for the revenues and expenditures associated with the Police Department's renovations and various projects.

In addition, the Town reports the following proprietary and fiduciary fund types:

**Internal Service Funds (proprietary)** - These funds account for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes internal service funds to account for self-insured programs for heart and hypertension, medical and dental, and an employer sponsored post-employment medical benefit program.

**Pension Trust Funds** - This fund type is used to account for resources held in trust for the members and beneficiaries of the Town of Monroe Employees' Retirement Plan and the Town of Monroe Board of Education Pension Plan, both of which are defined benefit pension plans. These plans are discussed more fully in Note H.

**Private-Purpose Trust Fund** - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. There is no requirement that any portion of the resources be preserved as capital. The Town utilizes a private-purpose trust fund to account for the activities of the School Scholarships Private Purpose Trust Fund.

**Agency Funds** - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities funds and the performance and driveway bonds fund. The student activities fund accounts for monies generated by student activities in the Town's school system. The performance and driveway bonds fund accounts for monies received to ensure that driveways are installed to correct specifications for new home construction.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**Measurement Focus and Basis of Accounting (*Continued*)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund consists of charges for services. Operating expenses of the Town's internal service fund consist of claims incurred and administrative expenses. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity**

**Cash Equivalents**

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.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (*Continued*)**

**Investments**

Investments for the Town are reported at fair value (generally based on quoted market prices) except as described below.

The Town invests in the State Treasures Short Term Investment Fund (STIF) which is an investment pool managed by the State Treasurer's Office, and the Cooperative Liquid Asset Security Systems Fund (CLASS), which is an investment pool managed by Cutwater Asset Management. STIF and CLASS operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, STIF and CLASS qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. STIF and CLASS are subject to regulatory oversight even though they are not registered by the SEC.

The Cornelia Rogers Trust Fund is considered to be a permanent endowment for which principal amounts which can be expended. Any appreciation of the funds is also expendable.

The Town allocates investment income in accordance with donor restrictions and Connecticut law, which adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

**Prepaid Items**

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.

**Property Taxes**

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Property taxes receivable are recorded on the due date. Taxes not paid within thirty days of the due date are subject to an interest charge of one and one-half percent per month.

**Capital Assets**

Capital assets, which include property, 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 Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2013

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity *(Continued)***

**Capital Assets *(Continued)***

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

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 40
Land improvements	20 - 30
Infrastructure	30 - 50
Machinery and equipment	5 - 12
Vehicles	3 - 15

**Unearned Revenue**

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reporting in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunding reported 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. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town only has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and school construction grant funding. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

*Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (Continued)*

**Compensated Absences and Termination Benefits**

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination, or death, eligible employees are compensated for unused sick and vacation leave (subject to certain limitations) at specified payment rates established by union contract, regulation or policy. Additionally, Board of Education administrators and teachers are eligible for retirement incentive amounts that are amortized over four years upon retirement.

All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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 the applicable bond premium or discount.

In the fund financial statements, governmental funds 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.

**Net Position and Fund Balance**

The government-wide statement of net position presents the Town's non-fiduciary assets, deferred outflows of resources and liabilities, with the difference reported as net position. Net position is reported in three categories:

***Net investment in capital assets*** - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

***Restricted net position*** - This component of net position consists of amounts restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

***Unrestricted net position*** - This component of net position is the net amount of the assets, liabilities, and deferred inflows/outflows of resources which do not meet the definition of the two preceding categories.

The Town's governmental funds report the following fund balance categories:

***Nonspendable*** - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

***Restricted*** - Constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments, or imposed by law through enabling legislation.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (Continued)**

**Net Position and Fund Balance (Continued)**

**Committed** - Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council or Board of Finance (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

**Assigned** - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter and include the Selectman and the Director of Finance.

**Unassigned** - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

***Net Position Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumption***

Sometimes the Town 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.

The Town does not have a formal policy over the use of fund balance. In practice, the Town uses restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements (*Continued*)

June 30, 2013

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**Interfund Activities (*Continued*)**

**Interfund Services Provided and Used**

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

**Interfund Transfers**

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

**Interfund Reimbursements**

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

**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 and disclosures in the financial statements. Actual results could differ from those estimates.

**NOTE B - DEFICIT FUND BALANCES**

The following funds have deficit fund balances as of June 30, 2013, none of which constitutes a violation of statutory provisions:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Police Renovation Fund	\$ 220,025 *
Library Grants	6,060 *
Senior Center	3,199 *
Plan of Conservation & Development	38,149 *
Chalk Hill Asbestos Removal	303,667 **
Town Paving Program	924,669 **

\* Deficit will be reduced in future years when additional revenues are realized or when the General Fund appropriates and transfers funds.

\*\* Deficit will be funded primarily through a grant from the State of Connecticut.

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements (*Continued*)

June 30, 2013

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**NOTE C - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

A reconciliation of the Town's cash and cash equivalents as of June 30, 2013 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 10,130,149
Less: cash equivalents considered investments under GASB Statement No. 40	<u>(802,323)</u>
	<u>9,327,826</u>
Statement of fiduciary net position:	
Agency Funds	908,000
Private-Purpose Trust Fund	<u>72,172</u>
	<u>980,172</u>
	<u>\$ 10,307,998</u>

**Cash Deposits – Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$9,568,110 of the Town's bank balance of \$10,557,154 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,611,299
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>956,811</u>
	<u>\$ 9,568,110</u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut general statutes. Under these statutes, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

**Cash Deposits – Concentrations of Credit Risk**

The Town's formalized investment policy states "At the time of acquisition, no more than ten percent (10%) of the overall portfolio may be invested in deposits with a single bank, unless the deposits are fully collateralized or fully insured". At June 30, 2013, the Town had deposits with three banking institution that exceeded the 10% limitation.

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements (*Continued*)

June 30, 2013

**NOTE C - CASH DEPOSITS AND INVESTMENTS (*Continued*)**

**Investments**

A reconciliation of the Town's investments as of June 30, 2013 is as follows:

Government-wide statement of net position:

Investments	\$ 3,957,683
Add: cash equivalents considered investments under GASB Statement No. 40	802,323
	<u>4,760,006</u>

Statement of fiduciary net position:

Pension Trust Funds	17,354,098
	<u>\$ 22,114,104</u>

As of June 30, 2013, the Town's investments consisted of the following:

Investment type	Investments (except for Pension Trust Funds)				
	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
<b>Debt Securities:</b>					
U.S. Agencies	\$ 3,756,145	\$ -	\$ -	\$ -	\$ 3,756,145
Certificates of deposit	201,538	-	201,538	-	-
Money market mutual funds	93,951	93,951	-	-	-
State Treasurer's Short Term Investment Fund (STIF)	572,113	572,113	-	-	-
Cooperative Liquid Asset Security Systems Fund (CLASS)	136,259	136,259	-	-	-
	<u>\$ 4,760,006</u>	<u>\$ 802,323</u>	<u>\$ 201,538</u>	<u>\$ -</u>	<u>\$ 3,756,145</u>

Because STIF and CLASS had weighted average maturities of less than 90 days, they were presented as investments with maturities of less than one year.

In accordance with GASB Statement No. 40 *Deposit and Investment Risk Disclosures*, the Town has separately disclosed its Pension Trust Fund investments, as these investments are deemed to have greater risk exposure than the Town's investments.

As of June 30, 2013, the Pension Trust Funds investments consisted of the following:

Pension Trust Funds	
Investment type	Fair Value
<b>Other investments:</b>	
Pooled separate accounts	\$ 2,867,412
Guaranteed deposit account	1,268,596
Equity mutual funds	13,218,090
<b>Total</b>	<u>\$ 17,354,098</u>

**NOTE C - CASH DEPOSITS AND INVESTMENTS (*Continued*)**

**Investments (*Continued*)**

**Interest Rate Risk**

The Town's formalized investment policy does not specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Policy does suggest that investments be undertaken in a manner to protect against the erosion of market prices from rising interest rates. The Town's investment policy does not pertain to the Pension Trust Fund and the Internal Service Fund investments. Investment policies have not been formalized for these funds.

**Credit Risk**

The Town's investment policy does not further limit its investment choices beyond those limited by Connecticut general statutes. Connecticut general statutes permit the Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; (3) in 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; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. 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 does not specify permitted investments. Therefore, the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Town's investments in certificates of deposit and money market mutual funds were unrated. The Town's investment in STIF were rated AAA by Standard and Poor's, and investments in CLASS were rated BBB at June 30, 2013. No credit risk disclosures are required under GASB Statement No. 40 relating to investments in U.S. Agencies.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counter-party, 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's investments are not exposed to custodial credit risk at June 30, 2013, as they are held by a trustee in the Town's name.

**Concentrations of Credit Risk**

The Town's formalized investment policy places no limit on the amount of investment in any one issuer. The investments in U.S Agencies are not exposed to concentrations of credit risk. 15% of the Town's investments are in STIF, which is an external investment pool that is considered to be diversified by nature.

More than 5 percent of the Pension Trust Fund investments are in a guaranteed deposit account held with Prudential Retirement Insurance and Annuity Company, pooled separate accounts held with Prudential Financial and equity mutual funds held with Prudential Financial and Wilmington Trust Company. These investments represent 7%, 17% and 76% of the Pension Trust Fund investments, respectively.

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements *(Continued)*

June 30, 2013

**NOTE D - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	13,922,971	\$ -	\$ -	\$ 13,922,971
Construction in progress	-	3,430,038	-	3,430,038
Total capital assets, not being depreciated	<u>13,922,971</u>	<u>3,430,038</u>	<u>-</u>	<u>17,353,009</u>
Capital assets, being depreciated:				
Buildings	91,765,510	544,441	-	92,309,951
Land improvements	2,631,208	-	-	2,631,208
Vehicles	10,060,056	247,054	(64,315)	10,242,795
Machinery and equipment	9,273,070	172,680	-	9,445,750
Infrastructure	67,564,233	1,095,854	-	68,660,087
Total capital assets, being depreciated	<u>181,294,077</u>	<u>2,060,029</u>	<u>(64,315)</u>	<u>183,289,791</u>
Less accumulated depreciation and amortization for:				
Buildings	41,645,919	2,122,828	-	43,768,747
Land improvements	745,948	93,270	-	839,218
Vehicles	6,076,675	699,510	(64,315)	6,711,870
Machinery and equipment	8,267,105	305,361	-	8,572,466
Infrastructure	52,619,262	1,039,778	-	53,659,040
Total accumulated depreciation and amortization	<u>109,354,909</u>	<u>4,260,747</u>	<u>(64,315)</u>	<u>113,551,341</u>
Total capital assets, being depreciated, net	<u>71,939,168</u>	<u>(2,200,718)</u>	<u>-</u>	<u>69,738,450</u>
Governmental activities capital assets, net	<u>\$ 85,862,139</u>	<u>\$ 1,229,320</u>	<u>\$ -</u>	<u>\$ 87,091,459</u>

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

Governmental Activities:	
General government	\$ 101,256
Public safety	597,625
Public works	1,305,030
Culture and recreation	350,403
Education	1,906,433
Total depreciation and amortization expense - governmental activities	<u>\$ 4,260,747</u>

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements *(Continued)*

June 30, 2013

**NOTE E - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2013 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Other Funds	\$ 2,474,394
	Police Renovations	88,970
Other Funds	General Fund	<u>1,770,720</u>
		<u>4,334,084</u>
<b>Proprietary Fund</b>		
Internal Service Fund	General Fund	<u>479,493</u>
		<u>\$ 4,813,577</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE F - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2013 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Other Funds	\$ 35,000
Other Funds	General Fund	908,663
Other Funds	Other Funds	<u>98,784</u>
		<u>1,007,447</u>
		<u>\$ 1,042,447</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements (*Continued*)

June 30, 2013

**NOTE G - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 45,885,000	\$ -	\$ (3,690,000)	\$ 42,195,000	\$ 4,025,000
Unamortized premium	2,325,633	-	(187,205)	2,138,428	-
Total bonds payable	48,210,633	-	(3,877,205)	44,333,428	4,025,000
Other liabilities:					
Capital leases	584,674	-	(250,046)	334,628	176,960
Net pension obligation	925,234	52,309	-	977,543	-
Net OPEB obligation	2,612,797	159,180	-	2,771,977	-
Compensated absences	2,349,817	131,330	(78,234)	2,402,913	1,027,838
Termination benefits	7,938,406	128,900	(14,272)	8,053,034	783,600
Retired employee obligations	1,063,201	121,968	(598,417)	586,752	332,313
Risk management claims	1,451,963	6,120,097	(6,442,616)	1,129,444	681,452
	<u>\$ 65,136,725</u>	<u>\$ 6,713,784</u>	<u>\$ (11,260,790)</u>	<u>\$ 60,589,719</u>	<u>\$ 7,027,163</u>

General obligation bonds are secured by the full faith and credit of the Town. All of the above liabilities above typically have been liquidated in the general and other governmental funds.

**General Obligation Bonds**

A summary of general obligation bonds outstanding at June 30, 2013 is as follows:

<b>Description</b>	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Amount Outstanding</b>
<b>Governmental Activities</b>			
General obligation bonds issued 2008, original amount \$4,855,000	2023	3.25% - 5.0%	\$ 355,000
Refunding bonds issued 2009, original amount \$18,975,000	2024	2.0% - 5.0%	15,175,000
General obligation bonds issued 2010, original amount \$5,325,000	2026	2.0% - 3.0%	4,975,000
Refunding bonds issued 2010, original amount \$10,805,000	2024	2.0% - 4.0%	9,825,000
General obligation bonds issued 2012, original amount \$3,605,000	2027	2.0% - 3.0%	3,605,000
General obligation bonds issued 2012, original amount \$460,000	2022	2.375% - 3.5%	460,000
Refunding bonds issued 2012, original amount \$8,785,000	2024	2.0% - 3.0%	7,800,000
			<u>\$ 42,195,000</u>

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements *(Continued)*

June 30, 2013

**NOTE G - LONG-TERM LIABILITIES *(Continued)*****General Obligation Bonds *(Continued)***

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2013:

Year ending <u>June 30:</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 4,025,000	\$ 1,368,088	\$ 5,393,088
2015	4,115,000	1,251,400	5,366,400
2016	4,345,000	1,119,062	5,464,062
2017	4,350,000	975,037	5,325,037
2018	3,745,000	830,332	4,575,332
2019-2023	16,065,000	2,246,476	18,311,476
2024-2027	5,550,000	285,596	5,835,596
	<u>\$ 42,195,000</u>	<u>\$ 8,075,991</u>	<u>\$ 50,270,991</u>

**Debt Refunding**

The proceeds of the refunding bonds were used to purchase U.S. Government securities which were deposited into an irrevocable trust with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net assets.

**Statutory Debt Limitation**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$475,559,903 as of June 30, 2013. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2013.

As of June 30, 2013 the Town has authorized, unissued bonds of approximately \$1,978,000 for general purposes and \$271,466 for schools.

**School Bond Reimbursements**

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2013 was \$488,676. Additional reimbursements of principal and interest aggregating \$1,782,855 and \$190,899, respectively, are expected to be received through the applicable bonds' maturity dates. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net assets. The long term portion of \$1,382,466 will be realized by the Town through fiscal year 2019.

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements *(Continued)*

June 30, 2013

**NOTE G - LONG-TERM LIABILITIES *(Continued)*****Capital Leases**

The Town has entered into multi-year capital leases for the purpose of acquiring certain equipment. A summary of assets acquired through capital leases is as follows as of June 30, 2013:

	<b>Governmental Activities</b>
Vehicles	\$ 1,936,345
Machinery and equipment	169,624
	<u>2,105,969</u>
Less: accumulated amortization	1,522,953
	<u>\$ 583,016</u>

Amortization expense relative to leased property under capital leases totaled \$157,883 for the year ended June 30, 2013 and is included in depreciation and amortization expense disclosed in Note D.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 are as follows:

	<b>Governmental Activities</b>
Year Ending June 30:	
2014	\$ 192,691
2015	130,304
2016	18,310
2017	18,308
Total minimum lease payments	<u>359,613</u>
Less: amount representing interest	24,985
Present value of minimum lease payments	<u>\$ 334,628</u>

**Compensated Absences**

Employees can accumulate unused vacation and sick leave (as determined by individual union contracts) until termination of their employment. At termination, pay-out provisions as determined by individual union contract provides for payments to vested employees. Board of Education teachers and administrators are granted retirement incentive payments payable over four years upon retirement.

The following is a summary of management's estimate of the vested and non-vested potential liability for lump sum payments to employees:

	<b>Governmental Activities</b>
Town:	
Vested:	
Vacation	\$ 439,565
Board of Education:	
Vested:	
Sick	1,172,174
Vacation	109,172
Non-vested:	
Sick	682,002
	<u>\$ 2,402,913</u>

\* Based on estimated percentage of total non-vested obligation that potentially will vest in future years.

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements (Continued)

June 30, 2013

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**NOTE G - LONG-TERM LIABILITIES (Continued)**

**Termination Benefits**

Board of Education administrators and teachers are granted retirement awards of \$40,000 at the time of retirement. The award is payable in four annual installments of \$10,000. Years of service provisions must be achieved in conjunction with the Board of Education formal approval if retirement is requested in an odd calendar year. The Board of Education has consistently approved the retirement award in odd calendar years. The following is a summary of management's estimate of the vested and non-vested potential liability for payments to retirees.

	<b>Governmental Activities</b>
Vested:	
Retirement incentives	\$ 2,827,100
Non-vested:	
Retirement incentives	<u>5,225,934</u> *
	<u>\$ 8,053,034</u>

\* Based on estimated percentage of total non-vested obligation that potentially will vest in future years.

**Retired Employee Obligations**

Board of Education retirement obligations in the amount of \$586,752 represent payments owed to retired employees for termination benefits and payments for unused compensated absences that have been amortized out over several years.

The following is a summary of annual payments owed as of June 30, 2013:

	<b>Governmental Activities</b>
Year Ending June 30:	
2014	\$ 332,313
2015	204,813
2016	24,813
2017	24,813
	<u>\$ 586,752</u>

**NOTE H - PENSION PLANS**

**Town Employees' Retirement Plan**

**Plan Description**

The Town administers the Town Employees' Retirement Plan (the "Plan") which is a single employer Public Employee Retirement System (PERS) to provide pension benefits for its employees. The Plan does not issue stand-alone financial statements and is part of the Town's financial reporting entity. As such, the Plan is accounted for in the fiduciary fund financial statements as a pension trust fund.

**NOTE H - PENSION PLANS *(Continued)***

**Town Employees' Retirement Plan *(Continued)***

**Summary of Significant Accounting Policies**

The Plan is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments are recorded at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

**Plan Membership**

Membership of the Plan consisted of the following as of January 1, 2012 (the date of the latest actuarial valuation):

Retirees and beneficiaries receiving benefits	45
Terminated plan members entitled to but not yet receiving benefits	14
Active plan members with fully vested rights	59
Inactive non vested plan members	3
	<u>121</u>

**Contributions**

Supervisors, clerical and non-union employees contribute to the Plan at a rate of 3.85% of salary. Highway employees contribute to the Plan at a rate of 3% of salary. Benefits and employee contributions are fixed by contract and can be amended by union negotiation. The Town's funding policy provides for periodic employer contributions at actuarially determined rates. The Town's current contribution percentage is 3.3% of covered payroll.

**Benefit Provisions**

The plan covers substantially all Town employees, except police department employees. Participants are eligible to retire at the age of sixty-five with five years of service. The retirement benefit for highway employees is 1.625% of final average earnings per year of service, to a maximum of 35 years. The retirement benefit for supervisors, clerical and nonunion employees is 1.75% of final average earnings per year of service, to a maximum of 35 years. An additional \$200 per month benefit is provided for the Town Clerical Unit employees who retire on or after the age of sixty-two with twenty or more continuing years of service. The employee contribution for this benefit is 1% of the basic annual salary (in addition to any other required contribution).

The Plan includes provisions for early retirement at the age of fifty-five and fifteen years of service at a reduced benefit. Participants are 100% vested upon five years of service. The Plan also provides for pre and post retirement death benefits.

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements *(Continued)*

June 30, 2013

**NOTE H - PENSION PLANS *(Continued)*****Town Employees' Retirement Plan *(Continued)*****Concentrations**

The following table represents individual investments totaling 5% or more of plan net assets:

<u>Investment Type</u>	<u>Issuer</u>	<u>Fair Value</u>
Dryden S&P 500 Index	Prudential Financial	\$ 1,092,601
Guaranteed Deposit Account	Prudential Financial	1,034,617
Large Cap Value/LSV Asset Mgmt	Prudential Financial	543,127
Large Cap Growth/JP Morgan	Prudential Financial	469,691
SSgA R AC Idx See Lndg S	Prudential Financial	439,944

**Additional Information and Actuarial Assumptions**

The actuarial assumptions used in the most recent actuarial valuation were as follows:

Valuation date:	July 1, 2012
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Level Dollar, Closed
Remaining amortization period:	15 years
Asset valuation method:	5-year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.00%

**Annual Pension Cost and Net Pension Obligation**

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

Annual required contribution	\$ 381,679
Interest on net pension asset	69,393
Adjustment to annual required contribution	<u>(97,496)</u>
Annual pension cost	353,576
Contributions made	<u>301,267</u>
Increase in net pension obligation	52,309
Net pension obligation, beginning of year	<u>925,234</u>
Net pension obligation, end of year	<u><u>\$ 977,543</u></u>

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements *(Continued)*

June 30, 2013

**NOTE H - PENSION PLANS *(Continued)*****Town Employees' Retirement Plan *(Continued)*****Three-Year Trend Information**

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30			
2011	\$ 543,933	20%	\$ 527,381
2012	499,954	20%	925,234
2013	353,576	85%	977,543

**Funded Status**

The funded status of the plan as of the most recent actuarial date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2012	\$ 7,486,638	\$ 9,598,303	\$ 2,111,665	78%	\$ 3,044,942	69%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

**Schedule of Employer Contributions**

Year Ended	Annual Required Contributions	Percentage Contributed
June 30		
2008	\$ 89,239	13%
2009	138,305	16%
2010	146,417	73%
2011	555,705	19%
2012	564,832	18%
2013	381,679	79%

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements (Continued)

June 30, 2013

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**NOTE H - PENSION PLANS (Continued)**

**Town of Monroe Board of Education Pension Plan**

**Plan Description**

The Board of Education administers the Town of Monroe Board of Education Pension Plan (the “BOE Plan”) which is a single employer Public Employee Retirement System (PERS) to provide pension benefits for employees of the Board of Education. The BOE Plan does not issue stand-alone financial statements and is part of the Town’s financial reporting entity. As such, the Plan is accounted for in the fiduciary fund financial statements as a pension trust fund. The Board of Education establishes and amends the benefit provisions for the plan.

**Summary of Significant Accounting Policies**

The plan is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the BOE Plan.

Investments are recorded at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

**Plan Membership**

Membership of the BOE Plan consisted of the following as of January 1, 2012 (the date of the latest actuarial valuation):

Retirees and beneficiaries receiving benefits	52
Terminated plan members entitled to but not yet receiving benefits	19
Active plan members with fully vested rights	88
Inactive non vested plan members	17
	<u>176</u>

**Contributions**

Board of Education employees contribute to the Plan at a rate of 4.75% of basic earnings. Benefits and employee contributions are fixed by contract and can be amended by union negotiation. The Superintendent of Schools is responsible for monitoring the Plan. The Board of Education’s funding policy provides for periodic employer contributions at actuarially determined rates. The Board of Education’s current contribution percentage is 7.9% of covered payroll.

**Benefit Provisions**

The PERS covers substantially all Board of Education employees, except teachers. Participants are eligible to retire at the age of sixty-five with five years of service. The retirement benefit for Board of Education employees is 1.75% of final average earnings per year of credited service, to a maximum of 35 years.

The Plan includes provisions for early retirement at the age of fifty-five with fifteen years of service at a reduced benefit. Participants are 100% vested upon five years of service. The Plan also provides for pre and post retirement death benefits.

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements *(Continued)*

June 30, 2013

**NOTE H - PENSION PLANS *(Continued)*****Town of Monroe Board of Education Pension Plan *(Continued)*****Concentrations**

The following table represents individual investments totaling 5% of more of plan net assets:

<u>Investment Type</u>	<u>Issuer</u>	<u>Fair Value</u>
Intermediate Fixed Income Portfolio	Wilmington Trust Co.	\$ 1,861,202
Fixed Income Index Portfolio	Wilmington Trust Co.	1,838,921
Large Co Value Portfolio	Wilmington Trust Co.	1,449,089
Strategic Growth Portfolio	Wilmington Trust Co.	1,413,773
International Value Portfolio	Wilmington Trust Co.	682,927
International Growth Portfolio	Wilmington Trust Co.	680,642

**Additional Information and Actuarial Assumptions**

The actuarial assumptions used in the most recent actuarial valuation were as follows:

Valuation date:	July 1, 2012
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Level Dollar, Closed
Remaining amortization period:	15 years
Asset valuation method:	5-year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.00%

**Annual Pension Cost and Net Pension Asset**

The Town's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	\$ 357,276
Interest on net pension asset	(17,010)
Adjustment to annual required contribution	<u>36,044</u>
Annual pension cost	376,310
Contributions made	<u>357,276</u>
Increase in net pension asset	19,034
Net pension asset, beginning of year	<u>(235,575)</u>
Net pension asset, end of year	<u><u>\$ (216,541)</u></u>

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements *(Continued)*

June 30, 2013

**NOTE H - PENSION PLANS *(Continued)******Town of Monroe Board of Education Pension Plan (Continued)*****Three-Year Trend Information**

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset)
2011	\$ 315,132	97%	\$ (237,557)
2012	359,258	99%	(235,575)
2013	376,310	95%	(216,541)

**Funded Status**

The funded status of the plan as of the most recent actuarial date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2012	\$ 8,994,081	\$ 10,626,487	\$ 1,632,406	85%	\$ 4,268,569	38%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contributions	Percentage Contributed
2008	\$ 227,071	100%
2009	235,677	100%
2010	295,652	100%
2011	304,258	100%
2012	348,507	103%
2013	357,276	100%

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements *(Continued)*

June 30, 2013

**NOTE H - PENSION PLANS *(Continued)******Plan Financial Statements*****TOWN OF MONROE, CONNECTICUT**

## STATEMENT OF PLAN NET POSITION

JUNE 30, 2013

	Pension Trust Funds		
	Town	Board of	Total
	Employees' Retirement Plan	Education Pension Plan	
<b>ASSETS</b>			
Investments, at fair value:			
Pooled separate accounts	\$ 2,867,412	\$ -	\$ 2,867,412
Equity mutual accounts	4,412,223	8,805,867	13,218,090
Fixed income	1,268,596	-	1,268,596
Total assets	<u>8,548,231</u>	<u>8,805,867</u>	<u>17,354,098</u>
<b>LIABILITIES</b>			
Accounts payable	-	40,977	40,977
Total liabilities	<u>-</u>	<u>40,977</u>	<u>40,977</u>
<b>NET POSITION</b>			
Held in trust for pension benefits	8,548,231	8,764,890	17,313,121
Total net position	<u>\$ 8,548,231</u>	<u>\$ 8,764,890</u>	<u>\$ 17,313,121</u>

**TOWN OF MONROE, CONNECTICUT**

## STATEMENT OF CHANGES IN PLAN NET POSITION

YEAR ENDED JUNE 30, 2013

	Pension Trust Funds		
	Town	Board of	Total
	Employees' Retirement Plan	Education Pension Plan	
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 381,267	\$ 357,726	\$ 738,993
Plan members	128,066	203,079	331,145
Total contributions	<u>509,333</u>	<u>560,805</u>	<u>1,070,138</u>
Investment earnings:			
Interest and dividends	188,356	2	188,358
Net appreciation in the fair value of investme	767,443	901,182	1,668,625
Total investment earnings	<u>955,799</u>	<u>901,184</u>	<u>1,856,983</u>
Total additions	<u>1,465,132</u>	<u>1,461,989</u>	<u>2,927,121</u>
<b>DEDUCTIONS</b>			
Benefit payments	461,488	564,069	1,025,557
Administrative expenses	41,638	79,917	121,555
Total deductions	<u>503,126</u>	<u>643,986</u>	<u>1,147,112</u>
Change in net position	962,006	818,003	1,780,009
Net position, beginning	<u>7,586,225</u>	<u>7,946,887</u>	<u>15,533,112</u>
Net position, ending	<u>\$ 8,548,231</u>	<u>\$ 8,764,890</u>	<u>\$ 17,313,121</u>

**NOTE H - PENSION PLANS *(Continued)***

**Teachers' Retirement System**

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. The State Teacher's Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town basis. For the year ended June 30, 2013, Town teachers contributed \$1,903,394 to the plan and covered payroll for the year was \$26,253,710.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$5,505,403 made by the State of Connecticut into the plan as intergovernmental revenues and education expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

**Connecticut Municipal Employees' Retirement System – Fund B**

**Plan Description and Benefit Provisions**

All uniformed police officers of the Town of Monroe, who are age 55 or younger at the date of hire participate in the Connecticut Municipal Employees' Retirement System Fund B (MERS), a cost sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost of living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Annual cost of living increases between 3% and 5% are paid to disabled members and nondisabled retired members which have reached age 65. All benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life. Chapter 113, Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERS is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

**Contributions**

Plan members are required by State Statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 16.65% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to the MERS for the years ended June 30, 2013, 2012 and 2011 were \$779,484, \$707,224, and \$633,964, respectively, equal to the required contributions for each year.

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements *(Continued)*

June 30, 2013

**NOTE H - PENSION PLANS *(Continued)*****Connecticut Municipal Employees' Retirement System – Fund B *(Continued)*****Funded Status (in millions of dollars)**

The funded status of the plan as of July 1, 2012, the date of the most recent actuarial data, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2012	\$ 1,829	\$ 2,151	\$ 322	85%	\$ 459	70%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The actuarial accrued liability is a measure that uses the benefit provisions and is intended to i) help users assess the plan's funding status on a going-concern basis, and ii) assess progress being made in accumulating sufficient assets to pay benefits when due. Allocation of the actuarial present value of projected benefits between past and future service was based on service using the entry age actuarial cost method. Entry age was established by subtracting credited service from current age on the valuation date. Assumptions, including projected pay increases, were the same as those used to determine the annual required contribution between entry age and assumed exit age.

The actuarial value of assets is based on a market-related method that recognizes i) 20% of any difference between actual and expected investment income (gain/loss) in the valuation year and ii) 20% of any previous years' unrecognized investment gains/losses. Such smoothed actuarial asset value shall not be less than 80% or greater than 120% of the market value of assets.

The actuarial accrued liability was determined as part of an actuarial valuation at July 1, 2012.

Significant actuarial assumptions used include:

- a. Rate of return on the investment of present and future assets of 8.0% per year compounded annually.
- b. Projected salary increases of 3.5% per year compounded annually, attributable to inflation.
- c. Additional projected salary increases ranging from 4.25% to 11.0%, per year, attributable to seniority/merit.
- d. Annual cost of living increases are applied to disabled and non-disabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases of 3.5% are assumed for those who have reached age 65 and (effective January 1, 2002) increases of 2.5% are assumed for those who have not yet reached age 65. For members that retire after December 31, 2001, increases of 2.6% are assumed, regardless of age.

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2013

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**NOTE I - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Town Police Plan**

**Plan Description**

The Town of Monroe administers the Town of Monroe Police Postemployment Benefit Program (the “Plan”), which is a single-employer defined benefit plan. The Plan provides for post employment medical coverage for those police officers who retire from employment with the Town. Under the Plan, the retiree is provided medical coverage at a cost equal to twenty-five percent of the annual premium and is provided coverage from retirement up to the qualification for Medicare benefits. Benefit provisions are established by the Town and the union representing it’s police officers. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity. The plan is funded on a pay-as-you-go basis and no trust has been established to hold plan assets. Accordingly, the plan is not presented as a pension and other post employment benefits trust fund in the accompanying financial statements.

**Plan Provisions**

Police personnel with 25 years of service are eligible to receive medical benefits for self (spousal benefits are paid for by the retiree, if applicable). The benefits are offered for a maximum period of fifteen years or to age 65 (whichever occurs first).

**Funding Policy**

Contribution requirements of the plan members and the Town are established in the provisions of the program. Police receiving benefits contribute 25% of the cost of single coverage and 25% of the HRA single deductible if with at least 15 years of service. Currently, the Plan is funded on a pay-as -you-go basis.

**Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$ 162,881
Interest on net OPEB obligation	15,587
Adjustment to annual required contribution	<u>(20,351)</u>
Annual OPEB cost (expense)	158,117
Contributions made	<u>46,500</u>
Increase in net OPEB obligation	111,617
Net OPEB obligation, beginning of year	<u>346,376</u>
Net OPEB obligation, end of year	<u>\$ 457,993</u>

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements *(Continued)*

June 30, 2013

**NOTE I - OTHER POST EMPLOYMENT BENEFITS (OPEB) *(Continued)*****Town Police Plan *(Continued)*****Three-Year Trend Information**

Year Ended	Annual	Percentage of	Net OPEB
June 30	OPEB Cost	Annual OPEB	Obligation
		Cost Contributed	
2011	\$ 109,766	41%	\$ 232,158
2012	156,733	27%	346,376
2013	158,117	29%	457,993

**Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2010 (the date of the most recent actuarial valuation) was as follows:

Actuarial	Actuarial	Overfunded			UAAL as a
Value of	Liability (AAL) -	(Unfunded)	Funded	Covered	Percentage of
Assets	Projected Unit Credit	AAL	Ratio	Payroll	Covered
(A)	Cost Method (B)	(UAAL)	(A/B)	(C)	Payroll
		(B-A)			((B-A)/C)
\$ -	\$ 1,702,216	\$ 1,702,216	0%	\$ 2,732,999	62%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements (Continued)

June 30, 2013

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**NOTE I - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Town Police Plan (Continued)**

**Actuarial Methods and Assumptions (Continued)**

Valuation date:	July 1, 2012
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar
Remaining amortization period:	30 years, open
Asset valuation method:	N/A
Actuarial assumptions:	
Discount rate	4.50%
Healthcare cost trend rate	10.00% initial, decreasing by 1.0% per year 5.00% final (2015 and beyond)

**Board of Education Plan**

**Plan Description**

The Town of Monroe administers the Town of Monroe Board of Education Postemployment Welfare Benefit Program (the "Plan"), which is a single-employer defined benefit plan. The Plan provides medical, prescription drug and dental benefits for eligible retirees and their spouses and life insurance benefits for retirees only through the Town's group health insurance plan, which covers both active and retired members. Benefit provisions are established by the Town and the General Statutes of the State of Connecticut. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity. The plan is funded on a pay-as-you-go basis and no trust has been established to hold plan assets. Accordingly, the plan is not presented as a pension and other post employment benefits trust fund in the accompanying financial statements.

**Plan Provisions**

*Teachers and administrators:* Teachers or administrators retiring under the Connecticut State Teachers Retirement System are eligible to receive medical, prescription drug and dental benefits for self and spouse and life insurance for self. Eligibility for the Plan follows the State of Connecticut Teacher's Retirement Board requirements. The benefits are offered for a maximum period of ten years or to age 65 (whichever occurs first) or for life if not eligible for Medicare.

*Non-Certified Staff:* Non-certified staff is eligible to receive lifetime medical, prescription drug and dental benefits for self and spouse and life insurance for self. Non-Certified Staff who have reached the age of 55 with 15 years or service or age 65 with 5 years of service are eligible for participation in the Plan.

**Funding Policy**

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. Teachers receiving benefits contribute 50% of the cost of premiums if with at least 20 years of service or 62.5% of the cost of premiums if with at least 15 years of service, both less Teacher's Retirement Board contributions. Non-certified staff receiving benefits contributes 100% of the cost of premiums minus a Board of Education contribution based upon age and years of service (\$2,400 if under rule of 75, \$3,000 if under rule of 80, \$3,600 if under rule of 85 and \$4,200 if under rule of 90). Currently, the Plan is funded on a pay-as -you-go basis.

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements (Continued)

June 30, 2013

**NOTE I - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Board of Education Plan (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$ 545,568
Interest on net OPEB obligation	101,989
Adjustment to annual required contribution	<u>(133,162)</u>
Annual OPEB cost (expense)	514,395
Contributions made	<u>466,832</u>
Increase in net OPEB obligation	47,563
Net OPEB obligation, beginning of year	<u>2,266,421</u>
Net OPEB obligation, end of year	<u><u>\$ 2,313,984</u></u>

**Three-Year Trend Information**

Year Ended <u>June 30</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
2011	\$ 783,544	70%	\$ 2,200,667
2012	564,279	88%	2,266,421
2013	514,395	91%	2,313,984

**Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2013 (the date of the most recent actuarial valuation) was as follows:

Actuarial Value of Assets <u>(A)</u>	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method <u>(B)</u>	Unfunded AAL (UAAL) <u>(B-A)</u>	Funded Ratio <u>(A/B)</u>	Covered Payroll <u>(C)</u>	UAAL as a Percentage of Covered Payroll <u>((B-A)/C)</u>
\$ -	\$ 9,652,132	\$ 9,652,132	0%	N/A	N/A

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2013

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**NOTE I - OTHER POST EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Board of Education Plan *(Continued)***

**Funded Status and Funding Progress *(Continued)***

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	June 30, 2012
Actuarial cost method:	Projected Unit Credit
Amortization method:	Payments increasing at 4.0%
Remaining amortization period:	30 years
Asset valuation method:	Market value
Actuarial assumptions:	
Discount rate	4.50%
Inflation rate	4.00%
Healthcare cost trend rate	8.00% initial 5.00% final
Dental cost trend rate	5.00%

**NOTE J - COMMITMENTS AND CONTINGENCIES**

There are several pending lawsuits involving the Town. The outcome and eventual liability to the Town, if any, is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, would not materially affect the financial position of the Town.

As of June 30, 2013, the Town has recorded \$368,440 in encumbrances, the most significant of which are for education. Such encumbrances have been included in the General Fund's assigned fund balance as of June 30, 2013.

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements *(Continued)*

June 30, 2013

**NOTE K - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. Generally, the Town obtains commercial insurance for all risks of loss, but has chosen to retain the risk for the Town employee dental claims (Town Dental), Board of Education employee medical and dental claims (Board of Education Medical and Dental) and heart and hypertension claims of Town police officers (Heart and Hypertension). These funds are reported as Internal Service Funds. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2013. Claims liabilities are recorded in accordance with GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

The Town dental self-insurance program was established to provide dental coverage for all Town employees previously covered by dental insurance. The dental claims liability of \$9,350 for this program reported at June 30, 2013 is based on estimated claims incurred but not reported. A summary of claims activity for the years ended June 30, 2013 and 2012 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2012	\$ 7,975	\$ 90,978	\$ 90,189	\$ 8,764
2013	8,764	101,178	100,592	9,350

The Board of Education medical and dental self-insurance program was established on March 1, 1990 to provide health and dental coverage for Board of Education employees previously covered by insured hospital, major medical and dental insurance.

The Board of Education has acquired insurance to cover claims for any member in excess of \$150,000 for medical and prescription combined (\$5,000,000 Lifetime Maximum payout per member). The Board of Education has acquired insurance to cover claims for all covered members combined in excess of \$5,762,340 for medical claims only (\$1,000,000 annual maximum).

The Board of Education self-insurance program is being administered by a professional benefit administrator (the "Administrator"). When a claim is submitted, the Administrator processes and pays the claim from funds accumulated by the Board of Education in an internal service fund. The internal service fund is funded by the Board of Education based upon information provided by the Administrator using an actuarial method to determine such information. The charges by the internal service fund to the Board of Education are adjusted over future contract years so that the internal service fund revenues and expenses are approximately equal over such period. A summary of claims activity for the years ended June 30, 2013 and 2012 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2012	\$ 854,723	\$ 6,480,123	\$ 6,604,358	\$ 730,488
2013	730,488	6,079,652	6,199,813	610,327

**TOWN OF MONROE, CONNECTICUT**Notes to Financial Statements *(Continued)*

June 30, 2013

**NOTE K - RISK MANAGEMENT *(Continued)***

The Town has established an additional self-insurance program under the provisions of Section 7-433(c) of the Connecticut General Statutes for heart and hypertension claims of Town police officers. The death benefits liability is adjusted annually to reflect cost of living increases. The present value of the benefits payable was computed at an assumed rate of return of 3.0% in 2013 and 2012, respectively. A summary of claims activity for the years ended June 30, 2013 and 2012 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2012	\$ 537,139	\$ 541,662	\$ 366,090	\$ 712,711
2013	712,711	(345,155)	142,211	509,767

**NOTE L – IMPLEMENTATION OF NEW PRONOUNCEMENTS**

The Town has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* effective July 1, 2012. GASB Statement No. 63 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 results in the reclassification of certain financial statement line items on the statement of net position and balance sheet. In addition to reclassifications to these new categories, GASB No. 65 has also resulted in a change to the accounting treatment for certain items, including debt issuance costs.

Net position as of July 1, 2012 has been restated as follows:

	Government-wide Financial Statements Governmental Activities
Net position - beginning, as originally reported	\$ 38,911,152
Expense unamortized bond issuance costs	(536,680)
Net position - beginning, as restated	<u>\$ 38,374,472</u>

**NOTE M - RECENTLY ISSUED ACCOUNTING STANDARDS**

The GASB has issued several new accounting standards that will become effective in future years. Management is currently evaluating the effect implementation of these standards, as applicable, will have on its financial statements. A summary of recently issued accounting standards that will become effective in future years is as follows:

The GASB has issued Statement No. 66, *Technical Corrections – 2012*, which amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for 1) operating lease payments that vary from a straight-line basis, 2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and 3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The provisions in GASB 66 are effective for periods beginning after December 15, 2012 and early adoption is permitted.

The GASB has issued Statement No. 67, *Financial Reporting for Pension Plans - An amendment of GASB Statement No. 25*, which replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. The provisions in GASB 67 are effective for financial statements for periods beginning after June 15, 2013 and early adoption is permitted.

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014 and early adoption is permitted.

Required  
Supplementary  
Information

**TOWN OF MONROE, CONNECTICUT**  
**SCHEDULES OF FUNDING PROGRESS (UNAUDITED)**  
**JUNE 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
<b>Town Employees' Retirement Plan</b>						
July 1, 2012	\$ 7,486,638	\$ 9,598,303	\$ 2,111,665	78%	\$ 3,044,942	69%
January 1, 2010	7,124,118	8,784,914	1,660,796	81%	3,205,710	52%
January 1, 2008	8,221,381	7,967,922	(253,459)	103%	2,938,871	-9%
January 1, 2006	7,590,537	6,963,392	(627,145)	109%	2,855,405	-22%
July 1, 2004	7,166,828	6,609,256	(557,572)	108%	2,707,577	-21%
July 1, 2002	6,717,500	5,672,885	(1,044,615)	118%	2,604,890	-40%

**Town of Monroe Board of Education Pension Plan**

July 1, 2012	\$ 8,994,081	\$ 10,626,487	\$ 1,632,406	85%	\$ 4,268,569	38%
January 1, 2011	8,502,820	9,675,631	1,172,811	88%	3,839,606	31%
January 1, 2009	7,735,096	8,601,200	866,104	90%	3,828,126	23%
January 1, 2007	7,241,315	7,743,658	502,343	94%	3,140,757	16%
January 1, 2005	6,192,809	6,625,058	432,249	93%	3,221,036	13%
January 1, 2003	5,695,894	5,872,676	176,782	97%	2,846,496	6%

**Connecticut Municipal Employee's Retirement System Fund B (in millions of dollars)**

July 1, 2011	\$ 1,753	\$ 1,985	\$ 232	88%	\$ 439	53%
July 1, 2010	1,663	1,881	218	88%	422	52%
July 1, 2009	1,619	1,821	202	89%	427	47%
July 1, 2008	1,779	1,722	(57)	103%	412	-14%
July 1, 2007	1,701	1,640	(61)	104%	388	-16%
July 1, 2006	1,588	1,550	(38)	102%	366	-10%

The above schedule contains data for the MERS plan as a whole, of which the Town of Monroe is one participating employer. In order to understand the scale of the MERS compared to the Town, the Town contributed \$779,484 to the MERS for the year ended June 30, 2013.

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
<b>Town of Monroe Board of Education OPEB Plan</b>						
June 30, 2012	\$ -	\$ 9,652,132	\$ 9,652,132	0%	N/A	N/A
June 30, 2010	-	10,403,104	10,403,104	0%	N/A	N/A
June 30, 2009	-	9,652,132	9,652,132	0%	N/A	N/A
<b>Town of Monroe Police OPEB Plan</b>						
July 1, 2012	\$ -	\$ 1,702,216	\$ 1,702,216	0%	\$ 2,732,999	62%
July 1, 2010	-	1,568,829	1,568,829	0%	2,702,454	58%
July 1, 2008	-	884,014	884,014	0%	2,567,152	34%

The accompanying notes are an integral part of this schedule of required supplementary information.

**TOWN OF MONROE, CONNECTICUT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)

YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
<b>REVENUES</b>				
Property taxes	\$ 67,551,637	\$ 67,551,637	\$ 67,738,563	\$ 186,926
Licenses, permits and other charges	526,200	526,200	643,901	117,701
Intergovernmental	7,556,894	7,556,894	7,871,300	314,406
Charges for services	373,210	373,210	293,902	(79,308)
Investment earnings	275,000	275,000	64,143	(210,857)
Miscellaneous	40,000	40,000	229,252	189,252
Total revenues	<u>76,322,941</u>	<u>76,322,941</u>	<u>76,841,061</u>	<u>518,120</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,596,815	7,631,509	7,491,907	(139,602)
Public safety	6,013,744	5,947,404	5,870,201	(77,203)
Public works	3,590,872	3,590,302	3,267,631	(322,671)
Health and welfare	206,480	206,480	199,762	(6,718)
Culture and recreation	1,433,763	1,465,979	1,465,980	1
Education	51,434,739	51,434,739	51,045,321	(389,418)
Capital outlays - special projects	80,500	80,500	3,680	(76,820)
Debt service	5,586,028	5,586,028	5,450,035	(135,993)
Total expenditures	<u>75,942,941</u>	<u>75,942,941</u>	<u>74,794,517</u>	<u>(1,148,424)</u>
Excess of revenues over expenditures	380,000	380,000	2,046,544	1,666,544
<b>OTHER FINANCING USES</b>				
Transfers out	(380,000)	(380,000)	(998,663)	(618,663)
Total other financing uses	<u>(380,000)</u>	<u>(380,000)</u>	<u>(998,663)</u>	<u>(618,663)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,047,881	<u>\$ 1,047,881</u>
Fund balance - beginning			<u>4,271,117</u>	
Fund balances - ending			<u>\$ 5,318,998</u>	

*The accompanying notes are an integral part of this schedule of required supplementary information.*

**TOWN OF MONROE, CONNECTICUT**

## SCHEDULE OF REVENUES BUDGET AND ACTUAL - BUDGETARY BASIS -

## GENERAL FUND (UNAUDITED)

YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
<b>PROPERTY TAXES</b>				
Tax levies	\$ 67,351,637	\$ 67,351,637	\$ 67,329,233	\$ (22,404)
Interest and lien fees	200,000	200,000	409,330	209,330
Total property taxes	<u>67,551,637</u>	<u>67,551,637</u>	<u>67,738,563</u>	<u>186,926</u>
<b>LICENSES AND PERMITS</b>				
Police department permits	8,000	8,000	18,424	10,424
Building permits	175,000	175,000	176,556	1,556
Burning permits	2,000	2,000	2,180	180
Planning and zoning	15,000	15,000	45,342	30,342
Library	20,000	20,000	17,014	(2,986)
Refuse permits	4,000	4,000	2,600	(1,400)
Canine licenses	2,000	2,000	1,185	(815)
Town clerk's fees	300,000	300,000	380,600	80,600
Driveway permits	200	200	-	(200)
Total licenses and permits	<u>526,200</u>	<u>526,200</u>	<u>643,901</u>	<u>117,701</u>
<b>INTERGOVERNMENTAL</b>				
State and Federal Education Grants:				
Education cost sharing	6,572,118	6,572,118	6,592,969	20,851
School transportation	91,000	91,000	61,647	(29,353)
Other:				
Revenue sharing grant	-	-	143,957	143,957
Tax grant - disabled persons	2,400	2,400	2,563	163
PILOT - state property	11,500	11,500	11,261	(239)
Tax grant - circuit breaker	160,000	160,000	162,796	2,796
Bond subsidy payments	488,676	488,676	488,676	-
PILOT - capital equipment	140,000	140,000	144,517	4,517
Boat tax reimbursement	3,000	3,000	-	(3,000)
Veteran exemption	11,000	11,000	11,677	677
Municipal video competition trust fund	-	-	16,718	16,718
Mashantucket pequot grant	27,200	27,200	34,145	6,945
Telephone access	50,000	50,000	45,759	(4,241)
Miscellaneous grants	-	-	154,615	154,615
Total intergovernmental	<u>7,556,894</u>	<u>7,556,894</u>	<u>7,871,300</u>	<u>314,406</u>

*(Continued)**The accompanying notes are an integral part of this schedule of required supplementary information.*

**TOWN OF MONROE, CONNECTICUT**

## SCHEDULE OF REVENUES BUDGET AND ACTUAL - BUDGETARY BASIS -

GENERAL FUND (UNAUDITED) *(Continued)*

YEAR ENDED JUNE 30, 2013

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
CHARGES FOR SERVICES				
Bus barn	\$ 15,960	\$ 15,960	\$ -	\$ (15,960)
Recreation department fees	230,000	230,000	184,146	(45,854)
Landfill lease	41,000	41,000	42,105	1,105
Nutrition	2,750	2,750	1,292	(1,458)
Tuition	10,000	10,000	12,814	2,814
Senior citizens transportation	5,000	5,000	5,569	569
Senior citizens registration	3,500	3,500	3,543	43
Special police assignments	50,000	50,000	35,000	(15,000)
Inland wetlands commission	15,000	15,000	9,433	(5,567)
Total charges for services	<u>373,210</u>	<u>373,210</u>	<u>293,902</u>	<u>(79,308)</u>
 INTEREST AND DIVIDENDS	 <u>275,000</u>	 <u>275,000</u>	 <u>64,143</u>	 <u>(210,857)</u>
 OTHER REVENUES	 <u>40,000</u>	 <u>40,000</u>	 <u>229,252</u>	 <u>189,252</u>
Total revenue	<u>76,322,941</u>	<u>76,322,941</u>	<u>76,841,061</u>	<u>518,120</u>
 Total revenues	<u>\$ 76,322,941</u>	<u>\$ 76,322,941</u>	<u>\$ 76,841,061</u>	<u>\$ 518,120</u>

*The accompanying notes are an integral part of this schedule of required supplementary information.*

**TOWN OF MONROE, CONNECTICUT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES

BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)

YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
<b>GENERAL GOVERNMENT</b>				
Selectmen	\$ 273,990	\$ 587,640	\$ 586,390	\$ (1,250)
Town council	5,095	7,208	7,206	(2)
Board of finance	41,450	39,338	29,013	(10,325)
Registrar of voters	100,100	116,680	116,680	-
Town clerk	181,711	183,190	183,190	-
Tax collector	163,837	165,397	165,397	-
Town treasurer	10,384	10,384	10,384	-
Boards and commissions	16,600	9,912	5,582	(4,330)
Senior citizen	216,134	224,057	224,056	(1)
Economic development	10,825	10,825	5,152	(5,673)
Engineering	155,500	148,888	140,732	(8,156)
Inland wetlands commission	97,710	99,118	96,876	(2,242)
Human resource - fringe benefits	4,180,364	3,964,703	3,960,630	(4,073)
Finance department	247,770	263,197	263,198	1
Technology	553,537	555,128	555,128	-
Assessor	223,107	225,074	207,244	(17,830)
Building inspection department	152,730	154,946	154,532	(414)
Planning and zoning department	201,356	202,775	184,337	(18,438)
Town hall maintenance	374,387	375,821	329,588	(46,233)
Chalk Hill	150,000	47,000	46,441	(559)
Special programs	185,006	185,006	167,630	(17,376)
Regional programs	55,222	55,222	52,521	(2,701)
Total general government	<u>7,596,815</u>	<u>7,631,509</u>	<u>7,491,907</u>	<u>(139,602)</u>
<b>PUBLIC SAFETY</b>				
Police department	4,652,184	4,581,121	4,506,109	(75,012)
Animal control	117,892	118,904	118,607	(297)
Park ranger	53,212	55,905	55,904	(1)
Monroe fire department	201,071	201,071	201,071	-
Stevenson fire department	174,516	174,516	174,516	-
Stepney fire service	198,528	198,528	198,528	-
Fire service	511,881	517,185	517,185	-
Fire marshal	94,035	88,935	87,042	(1,893)
Emergency management	10,425	11,239	11,239	-
Total public safety	<u>6,013,744</u>	<u>5,947,404</u>	<u>5,870,201</u>	<u>(77,203)</u>

*(Continued)*

*The accompanying notes are an integral part of this schedule of required supplementary information*

**TOWN OF MONROE, CONNECTICUT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES

BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)

YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
<b>PUBLIC WORKS</b>				
Highway administration	\$ 263,051	\$ 270,273	\$ 265,974	\$ (4,299)
General maintenance	1,255,247	1,265,981	1,272,155	6,174
Snow removal	393,450	393,450	311,207	(82,243)
Operations	1,189,850	1,189,850	1,028,209	(161,641)
Tree warden	44,800	44,800	28,965	(15,835)
Traffic control	76,005	76,005	75,758	(247)
Sanitation:				
Solid waste	15,021	19,307	19,307	-
Recycling	353,448	330,636	266,056	(64,580)
Total public works	<u>3,590,872</u>	<u>3,590,302</u>	<u>3,267,631</u>	<u>(322,671)</u>
<b>HEALTH AND WELFARE</b>				
Health Department	143,330	143,330	139,124	(4,206)
Department of Social Services	63,150	63,150	60,638	(2,512)
Total health and welfare	<u>206,480</u>	<u>206,480</u>	<u>199,762</u>	<u>(6,718)</u>
<b>CULTURE AND RECREATION</b>				
Library	702,019	692,810	692,811	1
Recreation Department	731,744	773,169	773,169	-
Total culture and recreation	<u>1,433,763</u>	<u>1,465,979</u>	<u>1,465,980</u>	<u>1</u>
EDUCATION	<u>51,434,739</u>	<u>51,434,739</u>	<u>51,045,321</u>	<u>(389,418)</u>
DEBT SERVICE	<u>5,586,028</u>	<u>5,586,028</u>	<u>5,450,035</u>	<u>(135,993)</u>
CAPITAL OUTLAY - SPECIAL PROJECTS	80,500	80,500	3,680	(76,820)
Total budgetary expenditures	<u>75,942,941</u>	<u>75,942,941</u>	<u>74,794,517</u>	<u>(1,148,424)</u>
<b>OTHER FINANCING USES</b>				
Operating transfers out	380,000	380,000	998,663	618,663
Total other financing uses	<u>380,000</u>	<u>380,000</u>	<u>998,663</u>	<u>618,663</u>
Total expenditures and other financing uses	<u>\$ 76,322,941</u>	<u>\$ 76,322,941</u>	<u>\$ 75,793,180</u>	<u>\$ (529,761)</u>

The accompanying notes are an integral part of this schedule of required supplementary information.

## TOWN OF MONROE, CONNECTICUT

Notes to Required Supplementary Information

June 30, 2013

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### **BUDGETARY INFORMATION**

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- Estimates of revenues and expenditures are prepared by each department, office, agency, commission, committee, and authority for submission to the First Selectman and Director of Finance no later than January 2<sup>nd</sup>. Board of Education estimates of revenues and expenditures are prepared for submission to the First Selectman and Director of Finance no later than January 9<sup>th</sup>.
- The First Selectman's proposed budget must be presented to the Town Council by February 8<sup>th</sup>. During the Town Council's review of the budget, one public hearing is held. The Town Council will make revisions to the budget that the Council deems necessary and forward the budget to the Board of Finance by February 28<sup>th</sup>.
- During the Board of Finance's review of the budget, one public hearing is held. The Board of Finance will make revisions to the budget that the Board deems necessary and deliver its final proposed Annual Budget to the First Selectman by March 21<sup>st</sup>.
- The First Selectman will prepare the final proposed Annual Budget for Annual Budget Referendum. The Annual Referendum is held on the first Tuesday of April each year.
- Upon request of the Selectman, the Board of Finance may authorize the transfer of any unencumbered appropriation from one department, office, agency, board or commission to another. In addition, the Board of Finance may authorize the transfer of funds up to \$150,000 from the unassigned fund balance. A Special Town Meeting must be called to authorize the transfer of unassigned fund balance over \$150,000. No additional appropriations from fund balance were approved during the fiscal year.
- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on the modified accrual basis of accounting except for encumbrances which are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued. Encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year. Additionally, "On behalf" payments made by the State of Connecticut into the State Teacher's Retirement System (*see Note H*) are not recorded for budgetary purposes.
- Generally, all unencumbered appropriations lapse at year-end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

As previously described, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). The differences include additional revenues and expenditures pertaining to certain Town funds that are not budgeted for by the Town due to perspective differences.

**TOWN OF MONROE, CONNECTICUT**  
Notes to Required Supplementary Information *(Continued)*  
June 30, 2013

***BUDGETARY INFORMATION (Continued)***

A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2013:

	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other</u> <u>Financing Sources</u> <u>(Uses), net</u>	<u>Net Change</u> <u>in</u> <u>Fund Balance</u>
Budgetary basis	\$ 76,841,061	\$ 74,794,517	\$ (998,663)	\$ 1,047,881
"On-behalf" payments - State Teachers Retirement Fund <i>(see Note H)</i>	5,505,403	5,505,403	-	-
Adjustment for encumbrances	-	(12,162)	-	12,162
Certain grant and local revenues netted in expense for budgetary purposes	517,245	517,245	-	-
Certain transfers recorded as expenditures for budgetary purposes	(35,000)	20,000	55,000	-
Assessor's revaluation activity	-	463	70,000	69,537
Chalk Hill School activity	40,614	40,614	-	-
GAAP basis	<u>\$ 82,869,323</u>	<u>\$ 80,866,080</u>	<u>\$ (873,663)</u>	<u>\$ 1,129,580</u>

For the year ended June 30, 2013, there were no expenditures which exceeded appropriations in any of the departments of the General Fund.

Combining and  
Individual Fund  
Statements and  
Schedules

# Governmental Funds

**TOWN OF MONROE, CONNECTICUT**

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

YEAR ENDED JUNE 30, 2013

Grand List Year	Uncollected Taxes July 1, 2012	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2013
			Additions	Deletions			Taxes	Interest	Liens	
2011	\$ -	\$ 67,176,333	\$ 153,663	\$ 171,385	\$ (51,473)	\$ 67,210,084	\$ 66,544,399	\$ 213,165	\$ 1,248	\$ 665,685
2010	779,332	-	14,698	21,476	(29,384)	801,938	652,333	133,948	3,216	149,605
2009	328,697	-	9,331	6,327	170,335	161,366	154,455	45,540	936	6,911
2008	25,908	-	13,845	2,034	22,339	15,380	15,380	11,094	48	-
2007	24,695	-	-	222	18,812	5,661	5,661	-	-	-
2006	(3,556)	-	-	-	(1,084)	(2,472)	(2,472)	110	24	-
2005	(4,754)	-	-	-	-	(4,754)	(4,754)	-	-	-
2004	-	-	-	-	-	-	-	-	-	-
2003	-	-	7	-	7	-	-	-	-	-
2002	-	-	-	168	(168)	-	-	-	-	-
2001	-	-	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-	-	-
1999	-	-	-	462	(462)	-	-	-	-	-
	<u>\$ 1,150,322</u>	<u>\$ 67,176,333</u>	<u>\$ 191,544</u>	<u>\$ 202,074</u>	<u>\$ 128,922</u>	<u>68,187,203</u>	<u>\$ 67,365,002</u>	<u>\$ 403,857</u>	<u>\$ 5,472</u>	<u>\$ 822,201</u>

See accompanying Independent Auditor's Report

**TOWN OF MONROE, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**YEAR ENDED JUNE 30, 2013**

Total cash collections for the year ended  
June 30, 2013:

Taxes	\$ 67,365,003
Interest and lien fees	409,330
Total	<u>67,774,333</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	162,796
Base	<u>\$ 67,937,129</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 152,858,540	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	305,717,081	-	-	-
3-3/4 times base	-	-	254,764,234	-	-
3-1/4 times base	-	-	-	220,795,669	-
3 times base	-	-	-	-	203,811,387
Total debt limitation	<u>152,858,540</u>	<u>305,717,081</u>	<u>254,764,234</u>	<u>220,795,669</u>	<u>203,811,387</u>
Indebtedness:					
Bonds payable	20,170,249	22,024,751	-	-	-
Debt authorized - unissued	1,978,000	271,466	-	-	-
Total indebtedness	<u>22,148,249</u>	<u>22,296,217</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 130,710,291</u>	<u>\$ 283,420,864</u>	<u>\$ 254,764,234</u>	<u>\$ 220,795,669</u>	<u>\$ 203,811,387</u>
Total capacity of borrowing (7 times base)	\$ 475,559,903				
Total present indebtedness	<u>44,444,466</u>				
Margin for additional borrowing	<u>\$ 431,115,437</u>				

*See accompanying Independent Auditor's Report*

**TOWN OF MONROE, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	<b>Special Revenue Funds</b>				
	<b>Library Grants</b>	<b>School Cafeteria</b>	<b>Educational Grants</b>	<b>WMNR Radio Station</b>	<b>Seized Assets</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 146,444	\$ -	\$ 419,048	\$ 8,155
Investments	-	-	-	-	-
Grants and contracts receivable	-	31,935	-	-	-
Accounts receivable	-	6,012	-	2,228	-
Prepaid items	-	-	-	1,318	-
Due from other funds	12,481	-	138,708	-	2,656
Total assets	<u>\$ 12,481</u>	<u>\$ 184,391</u>	<u>\$ 138,708</u>	<u>\$ 422,594</u>	<u>\$ 10,811</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 96,472	\$ 54,273	\$ 5,416	\$ -
Other accrued liabilities	-	-	3,670	-	-
Due to other funds	-	-	-	3,003	2,275
Unearned revenue	18,541	-	79,232	-	-
Total liabilities	<u>18,541</u>	<u>96,472</u>	<u>137,175</u>	<u>8,419</u>	<u>2,275</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable:					
Prepaid items	-	-	-	1,318	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Public works	-	-	-	-	-
Committed to:					
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	412,857	-
Education	-	87,919	1,533	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	8,536
Unassigned	(6,060)	-	-	-	-
Total fund balances (deficit)	<u>(6,060)</u>	<u>87,919</u>	<u>1,533</u>	<u>414,175</u>	<u>8,536</u>
Total liabilities and fund balances (deficit)	<u>\$ 12,481</u>	<u>\$ 184,391</u>	<u>\$ 138,708</u>	<u>\$ 422,594</u>	<u>\$ 10,811</u>

*(Continued)*

**TOWN OF MONROE, CONNECTICUT**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 JUNE 30, 2013

	Special Revenue Funds				
	BOE Miscellaneous Program	School Operations	Police Grants	Miscellaneous Donations	Miscellaneous Grants and Programs
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 131,458
Investments	-	-	-	-	-
Grants and contracts receivable	-	-	3,190	-	-
Accounts receivable	54,007	-	-	-	200
Prepaid items	-	-	-	-	-
Due from other funds	56,121	-	21,227	40,571	93,733
Total assets	<u>\$ 110,128</u>	<u>\$ -</u>	<u>\$ 24,417</u>	<u>\$ 40,571</u>	<u>\$ 225,391</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 44	\$ -	\$ 5,312
Other accrued liabilities	3,822	-	-	-	-
Due to other funds	-	-	-	-	18,592
Unearned revenue	-	-	17,666	-	-
Total liabilities	<u>3,822</u>	<u>-</u>	<u>17,710</u>	<u>-</u>	<u>23,904</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Public works	-	-	-	-	-
Committed to:					
Public safety	-	-	6,707	-	-
Culture and recreation	-	-	-	40,571	-
Education	106,306	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	201,487
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>106,306</u>	<u>-</u>	<u>6,707</u>	<u>40,571</u>	<u>201,487</u>
Total liabilities and fund balances (deficit)	<u>\$ 110,128</u>	<u>\$ -</u>	<u>\$ 24,417</u>	<u>\$ 40,571</u>	<u>\$ 225,391</u>

(Continued)

**TOWN OF MONROE, CONNECTICUT**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 JUNE 30, 2013

	Special Revenue Funds				
	Exchange Programs	Waste Disposal	Police Private Duty	Recreation Programs	Senior Citizen Programs
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Grants and contracts receivable	-	-	19,813	-	-
Accounts receivable	-	145,924	69,584	-	-
Prepaid items	-	-	-	-	-
Due from other funds	85,036	-	166,416	201,215	4,084
Total assets	<u>\$ 85,036</u>	<u>\$ 145,924</u>	<u>\$ 255,813</u>	<u>\$ 201,215</u>	<u>\$ 4,084</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 6,139	\$ 32,636	\$ 3,110	\$ 16,736	\$ -
Other accrued liabilities	-	-	-	-	-
Due to other funds	-	64,954	-	-	-
Unearned revenue	-	-	-	128,792	-
Total liabilities	<u>6,139</u>	<u>97,590</u>	<u>3,110</u>	<u>145,528</u>	<u>-</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Public works	-	-	-	-	-
Committed to:					
Public safety	-	-	252,703	-	-
Culture and recreation	-	-	-	55,687	4,084
Education	-	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	78,897	-	-	-	-
Unassigned	-	48,334	-	-	-
Total fund balances (deficit)	<u>78,897</u>	<u>48,334</u>	<u>252,703</u>	<u>55,687</u>	<u>4,084</u>
Total liabilities and fund balances (deficit)	<u>\$ 85,036</u>	<u>\$ 145,924</u>	<u>\$ 255,813</u>	<u>\$ 201,215</u>	<u>\$ 4,084</u>

(Continued)

**TOWN OF MONROE, CONNECTICUT**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 JUNE 30, 2013

	<b>Special Revenue Funds</b>				
	<b>EMS Intercept</b>	<b>Canine</b>	<b>Local Capital Improvements Program</b>	<b>Town Aid Road</b>	<b>Senior Center</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	-
Accounts receivable	144,866	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	47,204	24,784	47,326	126,456	47,120
Total assets	<u>\$ 192,070</u>	<u>\$ 24,784</u>	<u>\$ 47,326</u>	<u>\$ 126,456</u>	<u>\$ 47,120</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 25,353	\$ -	\$ 17,446	\$ 7,899	\$ -
Other accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	36,932	-	-	-	50,319
Total liabilities	<u>62,285</u>	<u>-</u>	<u>17,446</u>	<u>7,899</u>	<u>50,319</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Public works	-	-	-	118,557	-
Committed to:					
Public safety	129,785	24,784	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	29,880	-	-
Unassigned	-	-	-	-	(3,199)
Total fund balances (deficit)	<u>129,785</u>	<u>24,784</u>	<u>29,880</u>	<u>118,557</u>	<u>(3,199)</u>
Total liabilities and fund balances (deficit)	<u>\$ 192,070</u>	<u>\$ 24,784</u>	<u>\$ 47,326</u>	<u>\$ 126,456</u>	<u>\$ 47,120</u>

(Continued)

**TOWN OF MONROE, CONNECTICUT**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 JUNE 30, 2013

	Special Revenue Funds		Capital Project Funds		
	Wheeler Library Trust	Total Nonmajor Special Revenue Funds	Plan of Conservation & Development	Capital Reserve	Chalk Hill Asbestos Removal
<b>ASSETS</b>					
Cash and cash equivalents	\$ 93,951	\$ 799,056	\$ -	\$ -	\$ -
Investments	201,538	201,538	-	-	-
Grants and contracts receivable	-	54,938	-	-	-
Accounts receivable	-	422,821	-	-	-
Prepaid items	-	1,318	-	-	-
Due from other funds	4,152	1,119,290	-	190,543	-
Total assets	<u>\$ 299,641</u>	<u>\$ 2,598,961</u>	<u>\$ -</u>	<u>\$ 190,543</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 270,836	\$ 24,000	\$ 182,029	\$ -
Other accrued liabilities	-	7,492	-	-	-
Due to other funds	-	88,824	14,149	-	303,667
Unearned revenue	-	331,482	-	-	-
Total liabilities	<u>-</u>	<u>698,634</u>	<u>38,149</u>	<u>182,029</u>	<u>303,667</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable:					
Prepaid items	-	1,318	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Public works	-	118,557	-	-	-
Committed to:					
Public safety	-	413,979	-	-	-
Culture and recreation	299,641	812,840	-	-	-
Education	-	195,758	-	-	-
Capital projects	-	-	-	8,514	-
Other purposes	-	318,800	-	-	-
Unassigned	-	39,075	(38,149)	-	(303,667)
Total fund balances (deficit)	<u>299,641</u>	<u>1,900,327</u>	<u>(38,149)</u>	<u>8,514</u>	<u>(303,667)</u>
Total liabilities and fund balances (deficit)	<u>\$ 299,641</u>	<u>\$ 2,598,961</u>	<u>\$ -</u>	<u>\$ 190,543</u>	<u>\$ -</u>

(Continued)

**TOWN OF MONROE, CONNECTICUT**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 JUNE 30, 2013

	Capital Projects Funds				
	Fire Trucks	Fire Hoses	Cross Hill Reclamation	Town Paving Program	Fire Cistern STEAP Grant
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	7,425
Accounts receivable	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,425</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 232,996	\$ -
Other accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	691,673	7,425
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>924,669</u>	<u>7,425</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Public works	-	-	-	-	-
Committed to:					
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned	-	-	-	(924,669)	-
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(924,669)</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,425</u>

(Continued)

**TOWN OF MONROE, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2013**

	Capital Projects Funds			Total Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
	Food Pantry Paving STEAP Grant	Honeywell Project	BOE Capital Reserve		Cornelia Rogers Trust	
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 1,331,121	\$ -	\$ 1,331,121	\$ -	\$ 2,130,177
Investments	-	-	-	-	-	201,538
Grants and contracts receivable	37,535	-	-	44,960	-	99,898
Accounts receivable	-	-	-	-	-	422,821
Prepaid items	-	-	-	-	-	1,318
Due from other funds	-	-	389,418	579,961	71,469	1,770,720
Total assets	<u>\$ 37,535</u>	<u>\$ 1,331,121</u>	<u>\$ 389,418</u>	<u>\$ 1,956,042</u>	<u>\$ 71,469</u>	<u>\$ 4,626,472</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 439,025	\$ -	\$ 709,861
Other accrued liabilities	-	-	-	-	-	7,492
Due to other funds	37,535	1,331,121	-	2,385,570	-	2,474,394
Unearned revenue	-	-	-	-	-	331,482
Total liabilities	<u>37,535</u>	<u>1,331,121</u>	<u>-</u>	<u>2,824,595</u>	<u>-</u>	<u>3,523,229</u>
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable:						
Prepaid items	-	-	-	-	-	1,318
Permanent fund principal	-	-	-	-	71,469	71,469
Restricted for:						
Public works	-	-	-	-	-	118,557
Committed to:						
Public safety	-	-	-	-	-	413,979
Culture and recreation	-	-	-	-	-	812,840
Education	-	-	-	-	-	195,758
Capital projects	-	-	389,418	397,932	-	397,932
Other purposes	-	-	-	-	-	318,800
Unassigned	-	-	-	(1,266,485)	-	(1,227,410)
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>389,418</u>	<u>(868,553)</u>	<u>71,469</u>	<u>1,103,243</u>
Total liabilities and fund balances (deficit)	<u>\$ 37,535</u>	<u>\$ 1,331,121</u>	<u>\$ 389,418</u>	<u>\$ 1,956,042</u>	<u>\$ 71,469</u>	<u>\$ 4,626,472</u>

See accompanying Independent Auditor's Report

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2013

	Special Revenue Funds				
	Library Grants	School Cafeteria	Educational Grants	WMNR Radio Station	Seized Assets
<b>REVENUES</b>					
Intergovernmental	\$ 1,330	\$ 257,423	\$ 1,503,554	\$ -	\$ -
Charges for services	-	919,765	-	514,946	-
Donations	-	-	-	191,049	-
Investment earnings	-	138	-	1,417	-
Miscellaneous	-	-	-	550	-
Total revenues	<u>1,330</u>	<u>1,177,326</u>	<u>1,503,554</u>	<u>707,962</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	1,330	-	-	769,698	-
Education	-	1,255,419	1,503,554	-	-
Capital outlays	-	-	-	-	2,500
Total expenditures	<u>1,330</u>	<u>1,255,419</u>	<u>1,503,554</u>	<u>769,698</u>	<u>2,500</u>
Excess (deficiency) of revenues over expenditures	-	(78,093)	-	(61,736)	(2,500)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	-	(78,093)	-	(61,736)	(2,500)
Fund balances (deficit) - beginning	<u>(6,060)</u>	<u>166,012</u>	<u>1,533</u>	<u>475,911</u>	<u>11,036</u>
Fund balances (deficit) - ending	<u>\$ (6,060)</u>	<u>\$ 87,919</u>	<u>\$ 1,533</u>	<u>\$ 414,175</u>	<u>\$ 8,536</u>

*(Continued)*

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2013

	Special Revenue Funds				
	BOE Miscellaneous Program	School Operations	Police Grants	Miscellaneous Donations	Miscellaneous Grants and Programs
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ -	\$ 19,545	\$ -	\$ 4,000
Charges for services	1,486,674	187,768	27,842	-	78,606
Donations	-	-	-	19,625	42,914
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,486,674</u>	<u>187,768</u>	<u>47,387</u>	<u>19,625</u>	<u>125,520</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	12,680
Public safety	-	-	56,931	-	28,657
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	34,780
Culture and recreation	-	-	-	3,900	37,976
Education	2,269,933	231,415	-	-	-
Capital outlays	-	-	-	-	-
Total expenditures	<u>2,269,933</u>	<u>231,415</u>	<u>56,931</u>	<u>3,900</u>	<u>114,093</u>
Excess (deficiency) of revenues over expenditures	(783,259)	(43,647)	(9,544)	15,725	11,427
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	(783,259)	(43,647)	(9,544)	15,725	11,427
Fund balances (deficit) - beginning	<u>889,565</u>	<u>43,647</u>	<u>16,251</u>	<u>24,846</u>	<u>190,060</u>
Fund balances (deficit) - ending	<u>\$ 106,306</u>	<u>\$ -</u>	<u>\$ 6,707</u>	<u>\$ 40,571</u>	<u>\$ 201,487</u>

(Continued)

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2013

	Special Revenue Funds				
	Exchange Programs	Waste Disposal	Police Private Duty	Recreation Programs	Senior Citizen Programs
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ -	\$ 98,752	\$ -	\$ -
Charges for services	-	645,672	400,250	342,887	21,667
Donations	47,962	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	20,177	-	-	-	-
Total revenues	<u>68,139</u>	<u>645,672</u>	<u>499,002</u>	<u>342,887</u>	<u>21,667</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	10,024	-	372,153	-	-
Public works	-	566,013	-	-	-
Health and welfare	35,607	-	-	-	-
Culture and recreation	15,031	-	-	295,732	24,166
Education	-	-	-	-	-
Capital outlays	-	-	-	-	-
Total expenditures	<u>60,662</u>	<u>566,013</u>	<u>372,153</u>	<u>295,732</u>	<u>24,166</u>
Excess (deficiency) of revenues over expenditures	7,477	79,659	126,849	47,155	(2,499)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	150,000	-	-	-
Transfers out	-	-	(35,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>150,000</u>	<u>(35,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	7,477	229,659	91,849	47,155	(2,499)
Fund balances (deficit) - beginning	<u>71,420</u>	<u>(181,325)</u>	<u>160,854</u>	<u>8,532</u>	<u>6,583</u>
Fund balances (deficit) - ending	<u>\$ 78,897</u>	<u>\$ 48,334</u>	<u>\$ 252,703</u>	<u>\$ 55,687</u>	<u>\$ 4,084</u>

(Continued)

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

YEAR ENDED JUNE 30, 2013

	Special Revenue Funds				
	EMS Intercept	Canine	Local Capital Improvements Program	Town Aid Road	Senior Center
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ 174,648	\$ 23,302
Charges for services	559,699	-	12,147	-	-
Donations	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>559,699</u>	<u>-</u>	<u>12,147</u>	<u>174,648</u>	<u>23,302</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	723,055	-	-	-	-
Public works	-	-	-	174,394	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	23,303
Education	-	-	-	-	-
Capital outlays	-	-	17,503	-	-
Total expenditures	<u>723,055</u>	<u>-</u>	<u>17,503</u>	<u>174,394</u>	<u>23,303</u>
Excess (deficiency) of revenues over expenditures	(163,356)	-	(5,356)	254	(1)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	220,000	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>220,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	56,644	-	(5,356)	254	(1)
Fund balances (deficit) - beginning	<u>73,141</u>	<u>24,784</u>	<u>35,236</u>	<u>118,303</u>	<u>(3,198)</u>
Fund balances (deficit) - ending	<u>\$ 129,785</u>	<u>\$ 24,784</u>	<u>\$ 29,880</u>	<u>\$ 118,557</u>	<u>\$ (3,199)</u>

*(Continued)*

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2013

	Special Revenue Funds		Capital Projects Funds		
	Wheeler Library Trust	Total Nonmajor Special Revenue Funds	Plan of Conservation & Development	Capital Reserve	Chalk Hill Asbestos Removal
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 2,082,554	\$ -	\$ -	\$ -
Charges for services	-	5,197,923	-	-	-
Donations	25,000	326,550	-	-	-
Investment earnings	2,800	4,355	-	-	-
Miscellaneous	440	21,167	-	-	-
Total revenues	28,240	7,632,549	-	-	-
<b>EXPENDITURES</b>					
Current:					
General government	-	12,680	-	-	-
Public safety	-	1,190,820	-	-	-
Public works	-	740,407	-	-	-
Health and welfare	-	70,387	-	-	-
Culture and recreation	45,984	1,217,120	-	-	-
Education	-	5,260,321	-	-	-
Capital outlays	-	20,003	38,500	521,763	-
Total expenditures	45,984	8,511,738	38,500	521,763	-
Excess (deficiency) of revenues over expenditures	(17,744)	(879,189)	(38,500)	(521,763)	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	370,000	40,000	208,029	-
Transfers out	-	(35,000)	-	-	-
Total other financing sources (uses)	-	335,000	40,000	208,029	-
Net change in fund balances (deficit)	(17,744)	(544,189)	1,500	(313,734)	-
Fund balances (deficit) - beginning	317,385	2,444,516	(39,649)	322,248	(303,667)
Fund balances (deficit) - ending	\$ 299,641	\$ 1,900,327	\$ (38,149)	\$ 8,514	\$ (303,667)

(Continued)

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2013

	Capital Projects Funds				
	Fire Trucks	Fire Hoses	Cross Hill Reclamation	Town Paving Program	Fire Cistern STEAP Grant
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ -	\$ 14,713	\$ -	\$ 7,425
Charges for services	-	-	-	-	-
Donations	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	18,325	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>33,038</u>	<u>-</u>	<u>7,425</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Capital outlays	-	-	26,345	1,091,471	7,425
Total expenditures	<u>-</u>	<u>-</u>	<u>26,345</u>	<u>1,091,471</u>	<u>7,425</u>
Excess (deficiency) of revenues over expenditures	-	-	6,693	(1,091,471)	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(48,784)	(50,000)	-	-	-
Total other financing sources (uses)	<u>(48,784)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	(48,784)	(50,000)	6,693	(1,091,471)	-
Fund balances (deficit) - beginning	<u>48,784</u>	<u>50,000</u>	<u>(6,693)</u>	<u>166,802</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (924,669)</u>	<u>\$ -</u>

(Continued)

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2013

	Capital Projects Funds			Total Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
	Food Pantry Paving STEAP Grant	Honeywell Project	BOE Capital Reserve		Cornelia Rogers Trust	
<b>REVENUES</b>						
Intergovernmental	\$ 37,535	\$ -	\$ -	\$ 59,673	\$ -	\$ 2,142,227
Charges for services	-	-	-	-	-	5,197,923
Donations	-	-	-	-	-	326,550
Investment earnings	-	-	-	-	12	4,367
Miscellaneous	-	-	-	18,325	-	39,492
Total revenues	<u>37,535</u>	<u>-</u>	<u>-</u>	<u>77,998</u>	<u>12</u>	<u>7,710,559</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	12,680
Public safety	-	-	-	-	-	1,190,820
Public works	-	-	-	-	-	740,407
Health and welfare	-	-	-	-	-	70,387
Culture and recreation	-	-	-	-	-	1,217,120
Education	-	-	-	-	-	5,260,321
Capital outlays	37,535	-	-	1,723,039	-	1,743,042
Total expenditures	<u>37,535</u>	<u>-</u>	<u>-</u>	<u>1,723,039</u>	<u>-</u>	<u>10,234,777</u>
Excess (deficiency) of revenues over expenditures	-	-	-	(1,645,041)	12	(2,524,218)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	389,418	637,447	-	1,007,447
Transfers out	-	-	-	(98,784)	-	(133,784)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>389,418</u>	<u>538,663</u>	<u>-</u>	<u>873,663</u>
Net change in fund balances (deficit)	-	-	389,418	(1,106,378)	12	(1,650,555)
Fund balances (deficit) - beginning	-	-	-	237,825	71,457	2,753,798
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,418</u>	<u>\$ (868,553)</u>	<u>\$ 71,469</u>	<u>\$ 1,103,243</u>

# Proprietary Funds

**TOWN OF MONROE, CONNECTICUT**  
**COMBINING STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	<b>Governmental Activities - Internal Service Funds</b>				<b>Total</b>
	<b>Town Dental</b>	<b>Board of Education Medical and Dental</b>	<b>Heart and Hypertension</b>	<b>Post Retirement Medical Benefits</b>	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ -	\$ 2,620,142	\$ -	\$ -	\$ 2,620,142
Due from other funds	32,531	-	245,317	201,644	479,492
Total assets	<u>32,531</u>	<u>2,620,142</u>	<u>245,317</u>	<u>201,644</u>	<u>3,099,634</u>
<b>LIABILITIES</b>					
Current liabilities:					
Risk management claims	9,350	610,327	61,775	-	681,452
Other liabilities:					
Risk management claims, less current portion	-	-	447,992	-	447,992
Total liabilities	<u>9,350</u>	<u>610,327</u>	<u>509,767</u>	<u>-</u>	<u>1,129,444</u>
<b>NET POSITION (DEFICIT)</b>					
Unassigned (deficit)	23,181	2,009,815	(264,450)	201,644	1,970,190
Total net position (deficit)	<u>\$ 23,181</u>	<u>\$ 2,009,815</u>	<u>\$ (264,450)</u>	<u>\$ 201,644</u>	<u>\$ 1,970,190</u>

*See accompanying Independent Auditor's Report*

**TOWN OF MONROE, CONNECTICUT**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (DEFICIT)

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2013

	Governmental Activities - Internal Service Funds				Total
	Town Dental	Board of Education Medical and Dental	Heart and Hypertension	Post Retirement Medical Benefits	
<b>OPERATING REVENUES</b>					
Employer contributions	\$ -	\$ 5,412,800	\$ 79,473	\$ -	\$ 5,492,273
Charges for services	106,836	1,675,965	202,944	17,749	2,003,494
Total operating revenues	<u>106,836</u>	<u>7,088,765</u>	<u>282,417</u>	<u>17,749</u>	<u>7,495,767</u>
<b>OPERATING EXPENSES</b>					
Claims and benefits	100,592	6,199,813	142,211	-	6,442,616
Premiums and administrative charges	6,830	955,634	-	-	962,464
Total operating expenses	<u>107,422</u>	<u>7,155,447</u>	<u>142,211</u>	<u>-</u>	<u>7,405,080</u>
Operating income (loss)	(586)	(66,682)	140,206	17,749	90,687
<b>NON-OPERATING REVENUES</b>					
Investment income	-	12,017	-	-	12,017
Total non-operating revenues	<u>-</u>	<u>12,017</u>	<u>-</u>	<u>-</u>	<u>12,017</u>
Change in net position (deficit)	(586)	(54,665)	140,206	17,749	102,704
Net position (deficit) - beginning	<u>23,767</u>	<u>2,064,480</u>	<u>(404,656)</u>	<u>183,895</u>	<u>1,867,486</u>
Net position (deficit) - ending	<u>\$ 23,181</u>	<u>\$ 2,009,815</u>	<u>\$ (264,450)</u>	<u>\$ 201,644</u>	<u>\$ 1,970,190</u>

See accompanying Independent Auditor's Report

**TOWN OF MONROE, CONNECTICUT**  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013

	<b>Governmental Activities - Internal Service Funds</b>				<b>Total</b>
	<b>Town Dental</b>	<b>Board of Education Medical and Dental</b>	<b>Heart and Hypertension</b>	<b>Post Retirement Medical Benefits</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from employer contributions	\$ -	\$ 5,412,800	\$ 79,473	\$ -	\$ 5,492,273
Receipts from charges for services	106,836	1,675,965	202,944	17,749	2,003,494
Payments to employees, vendors and others	(106,836)	(7,275,608)	(282,417)	(17,749)	(7,682,610)
Net cash used in operating activities	<u>-</u>	<u>(186,843)</u>	<u>-</u>	<u>-</u>	<u>(186,843)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	-	12,017	-	-	12,017
Net cash provided by investing activities	<u>-</u>	<u>12,017</u>	<u>-</u>	<u>-</u>	<u>12,017</u>
Net decrease in cash and cash equivalents	-	(174,826)	-	-	(174,826)
Cash and cash equivalents, beginning of year	-	2,794,968	-	-	2,794,968
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 2,620,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,620,142</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ (586)	\$ (66,682)	\$ 140,206	\$ 17,749	\$ 90,687
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Decrease (increase) in assets:					
Due from other funds	-	-	62,738	(17,749)	44,989
(Decrease) increase in liabilities:					
Risk management claims	586	(120,161)	(202,944)	-	(322,519)
Net cash used in operating activities	<u>\$ -</u>	<u>\$ (186,843)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (186,843)</u>

See accompanying Independent Auditor's Report

# Fiduciary Funds

**TOWN OF MONROE, CONNECTICUT**  
 COMBINING STATEMENT OF PLAN NET POSITION  
 JUNE 30, 2013

	<b>Pension Trust Funds</b>		
	<b>Town Employees' Retirement Plan</b>	<b>Board of Education Pension Plan</b>	<b>Total</b>
<b>ASSETS</b>			
Investments, at fair value:			
Pooled separate accounts	\$ 2,867,412	\$ -	\$ 2,867,412
Equity mutual accounts	4,412,223	8,805,867	13,218,090
Guarenteed deposit accounts	1,268,596	-	1,268,596
Total assets	<u>8,548,231</u>	<u>8,805,867</u>	<u>17,354,098</u>
<b>LIABILITIES</b>			
Accounts payable	-	40,977	40,977
Total liabilities	<u>-</u>	<u>40,977</u>	<u>40,977</u>
<b>NET POSITION</b>			
Held in trust for pension benefits	8,548,231	8,764,890	17,313,121
Total net position	<u>\$ 8,548,231</u>	<u>\$ 8,764,890</u>	<u>\$ 17,313,121</u>

**TOWN OF MONROE, CONNECTICUT**  
 COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION  
 YEAR ENDED JUNE 30, 2013

	<b>Pension Trust Funds</b>		
	<b>Town Employees' Retirement Plan</b>	<b>Board of Education Pension Plan</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 381,267	\$ 357,726	\$ 738,993
Plan members	128,066	203,079	331,145
Total contributions	<u>509,333</u>	<u>560,805</u>	<u>1,070,138</u>
Investment earnings:			
Interest and dividends	188,356	2	188,358
Net appreciation in the fair value of investments	767,443	901,182	1,668,625
Total investment earnings	<u>955,799</u>	<u>901,184</u>	<u>1,856,983</u>
Total additions	<u>1,465,132</u>	<u>1,461,989</u>	<u>2,927,121</u>
<b>DEDUCTIONS</b>			
Benefit payments	461,488	564,069	1,025,557
Administrative expenses	41,638	79,917	121,555
Total deductions	<u>503,126</u>	<u>643,986</u>	<u>1,147,112</u>
Change in net position	962,006	818,003	1,780,009
Net position, beginning	<u>7,586,225</u>	<u>7,946,887</u>	<u>15,533,112</u>
Net position, ending	<u>\$ 8,548,231</u>	<u>\$ 8,764,890</u>	<u>\$ 17,313,121</u>

*See accompanying Independent Auditor's Report*

**TOWN OF MONROE, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2013**

	<b>Performance and Driveway Bonds</b>	<b>Student Activity Fund</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash	\$ 628,852	\$ 279,148	\$ 908,000
Other receivables	22,131	-	22,131
Total assets	<u>\$ 650,983</u>	<u>\$ 279,148</u>	<u>\$ 930,131</u>
<b>LIABILITIES</b>			
Due to student groups	\$ -	\$ 279,148	\$ 279,148
Due to others	650,983	-	650,983
Total liabilities	<u>\$ 650,983</u>	<u>\$ 279,148</u>	<u>\$ 930,131</u>

**TOWN OF MONROE, CONNECTICUT**  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2013

	<u>Balance, July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2013</u>
<b>Student Activity Fund</b>				
Assets				
Cash	\$ 256,399	\$ 1,291,482	\$ 1,268,733	\$ 279,148
Total assets	<u>\$ 256,399</u>	<u>\$ 1,291,482</u>	<u>\$ 1,268,733</u>	<u>\$ 279,148</u>
Liabilities				
Due to student groups	\$ 256,399	\$ 1,291,482	\$ 1,268,733	\$ 279,148
Total liabilities	<u>\$ 256,399</u>	<u>\$ 1,291,482</u>	<u>\$ 1,268,733</u>	<u>\$ 279,148</u>
<b>Performance and Driveway Fund</b>				
Assets				
Cash	\$ 603,442	\$ 152,767	\$ 127,357	\$ 628,852
Other receivables	-	22,131	-	22,131
Total assets	<u>\$ 603,442</u>	<u>\$ 174,898</u>	<u>\$ 127,357</u>	<u>\$ 650,983</u>
Liabilities				
Due to others	\$ 603,442	\$ 174,898	\$ 127,357	\$ 650,983
Total liabilities	<u>\$ 603,442</u>	<u>\$ 174,898</u>	<u>\$ 127,357</u>	<u>\$ 650,983</u>
<b>Total All Agency Funds</b>				
Assets				
Cash	\$ 859,841	\$ 1,444,249	\$ 1,396,090	\$ 908,000
Other receivables	-	22,131	-	22,131
Total assets	<u>\$ 859,841</u>	<u>\$ 1,466,380</u>	<u>\$ 1,396,090</u>	<u>\$ 930,131</u>
Liabilities				
Due to student groups	\$ 256,399	\$ 1,291,482	\$ 1,268,733	\$ 279,148
Due to others	603,442	174,898	127,357	650,983
Total liabilities	<u>\$ 859,841</u>	<u>\$ 1,466,380</u>	<u>\$ 1,396,090</u>	<u>\$ 930,131</u>

Other  
Supplementary  
Information

**TOWN OF MONROE, CONNECTICUT**  
**GOVERNMENT-WIDE EXPENSES BY FUNCTION**  
**LAST FIVE FISCAL YEARS**  
*(Unaudited)*

FISCAL YEAR ENDED JUNE 30	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	HEALTH AND WELFARE	CULTURE AND RECREATION	SUBRECIPIENT EXPENDITURES	EDUCATION	MISCELLANEOUS	INTEREST ON LONG-TERM DEBT	TOTAL
2013	\$ 7,823,123	\$ 8,278,987	\$ 4,683,225	\$ 270,271	\$ 3,037,069	\$ -	\$ 65,191,283	\$ -	\$ 1,367,013	90,650,971
2012	8,229,750	8,326,453	5,631,004	254,555	3,091,287	5,500	63,718,458	-	1,438,356	90,695,363
2011	6,972,475	7,339,882	5,260,746	246,230	2,987,392	251,916	65,757,974	-	2,334,757	91,151,372
2010	6,619,837	6,937,172	6,086,321	189,603	3,183,429	301,854	63,345,854	-	1,942,141	88,606,211
2009	6,553,044	6,783,194	6,366,467	175,593	2,852,323	-	61,718,188	33,803	2,094,758	86,577,370

**TOWN OF MONROE, CONNECTICUT**  
 GOVERNMENT-WIDE REVENUES  
 LAST FIVE FISCAL YEARS  
 (Unaudited)

FISCAL YEAR ENDED JUNE 30	PROGRAM REVENUES			GENERAL REVENUES				TOTAL
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTION	PROPERTY TAXES	GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PURPOSES	UNRESTRICTED INVESTMENT EARNINGS	OTHER GENERAL REVENUES	
2013	\$ 8,404,917	\$ 14,682,527	\$ 708,284	\$ 67,726,473	\$ 527,634	\$ 80,527	\$ -	\$ 92,130,362
2012	7,762,519	14,172,938	785,215	66,103,448	336,908	353,118	-	89,514,146
2011	8,486,797	13,449,453	1,384,919	64,727,759	375,640	410,461	-	88,835,029
2010	8,479,973	13,454,813	1,289,283	62,496,456	476,260	524,401	-	86,721,186
2009	8,685,260	12,601,807	1,127,074	61,007,640	483,079	581,141	-	84,486,001

Table 3

**TOWN OF MONROE, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

FISCAL YEAR ENDED JUNE 30	GRAND LIST OF OCTOBER 1	(1) NET TAXABLE GRAND LIST	TAX RATE (IN MILLS)	TOTAL ADJUSTED TAX LEVY	(2) % COLLECTED END OF EACH FISCAL YEAR	UNCOLLECTED END OF EACH FISCAL YEAR	UNCOLLECTED AS OF JUNE 30 , 2013
2013	2011	\$ 2,296,715,433	29.26	\$ 67,210,084	98.8%	\$ 822,201	\$ 665,685
2012	2010	2,290,492,353	28.79	65,702,612	98.2%	1,150,322	149,605
2011	2009	2,286,815,228	28.26	64,320,324	98.5%	936,551	6,911
2010	2008	2,117,900,075	29.50	62,225,568	98.6%	866,701	-
2009	2007	2,116,304,857	28.68	60,656,250	99.0%	601,302	-
2008	2006	2,095,924,088	27.42	57,583,055	99.0%	588,841	-
2007	2005	2,068,914,417	26.08	53,915,213	99.3%	371,688	-
2006	2004	2,036,119,470	24.05	49,057,616	99.3%	355,202	-
2005	2003	2,008,684,515	22.88	45,912,450	99.4%	294,991	-
2004	2002	1,433,022,598	30.58	44,005,037	99.0%	425,159	-

- (1) All real estate assessments are based on 70% of fair market value as of October 1, 2003. Personal Property and Motor Vehicles are based upon 100% of current market value and are revalued annually. Supplemental Motor Vehicle assessments are not included. The last revaluation was October 1, 2009.
- (2) Taxes for each fiscal year are levied on the Grand List of October 1, payable in semi-annual installments: July 1 and January 1. If the first installment is not paid by August 1, the tax becomes delinquent and a penalty of 1.5% per month (18% annually) is charged from the due date on the tax. Real Estate is lienied for delinquent taxes within one year after the due date. The amount collected to the end of each fiscal year represents collections of twelve months.

Source: Town Officials

**TOWN OF MONROE, CONNECTICUT**  
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (Unaudited)

GRAND LIST DATED	RESIDENTIAL PROPERTY	COMMERCIAL/ INDUSTRIAL PROPERTY	ALL LAND	MOTOR VEHICLES	PERSONAL PROPERTY	GROSS TAXABLE GRAND LIST	EXEMPTIONS	NET TAXABLE (1) GRAND LIST
10/1/2011	\$ 1,784,313,791	\$ 208,533,493	\$ 87,021,168	\$ 156,689,468	\$ 80,346,311	\$ 2,316,904,231	\$ 20,188,798	\$ 2,296,715,433
10/1/2010	1,781,704,626	209,685,430	87,562,128	150,522,125	80,587,807	2,310,062,116	19,569,763	2,290,492,353
10/1/2009	1,781,417,088	211,395,000	86,139,758	144,510,773	85,468,422	2,308,931,041	22,115,813	2,286,815,228
10/1/2008	1,678,449,336	174,542,600	61,138,164	144,037,577	82,022,355	2,140,190,032	22,289,957	2,117,900,075
10/1/2007	1,672,037,365	170,000,130	59,429,704	157,545,290	79,680,836	2,138,693,325	22,388,468	2,116,304,857
10/1/2006	1,658,832,885	153,453,595	64,241,269	156,136,365	76,424,263	2,109,088,377	13,164,289	2,095,924,088
10/1/2005	1,645,701,218	150,728,010	58,645,950	156,699,426	73,748,290	2,085,522,894	16,608,477	2,068,914,417
10/1/2004	1,629,691,796	143,739,128	57,148,770	148,487,868	73,227,443	2,052,295,005	14,731,031	2,037,563,974
10/1/2003	1,618,620,220	132,820,410	63,786,520	138,995,628	69,171,410	2,023,394,188	11,437,819	2,011,956,369
10/1/2002	1,097,857,556	95,988,730	46,898,023	140,293,819	65,350,630	1,446,388,758	13,366,160	1,433,022,598

(1) The latest revaluation was effective October 1, 2009.

Source: Town Officials

**TOWN OF MONROE, CONNECTICUT**RATIO OF DIRECT GROSS GENERAL BONDED DEBT TO ASSESSED VALUE AND GROSS BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS*(Unaudited)*

FISCAL YEAR ENDED JUNE 30	POPULATION	ASSESSED VALUE	DIRECT GROSS INDEBTEDNESS	RATIO OF GROSS INDEBTEDNESS TO ASSESSED VALUE	GROSS INDEBTEDNESS PER CAPITA
2013	19,398 (2)	\$ 3,098,919,583 (3)	\$ 42,195,000	1.36	\$ 2,175
2012	19,441 (2)	3,271,578,057 (1)	45,885,000	1.40	2,360
2011	19,402 (2)	3,277,578,057 (3)	45,035,000	1.37	2,321
2010	19,435 (2)	3,562,432,689 (3)	45,610,000	1.28	2,347
2009	19,359 (2)	3,562,432,689 (3)	45,290,000	1.27	2,339
2008	19,359 (2)	3,845,023,945 (3)	44,950,000	1.17	2,322
2007	19,402 (2)	3,849,660,841 (3)	48,235,000	1.25	2,486
2006	19,599 (2)	3,624,726,036 (3)	50,881,510	1.40	2,596
2005	19,650 (2)	2,882,295,437 (3)	50,665,000	1.76	2,578
2004	19,656 (2)	2,883,050,135 (3)	43,005,000	1.49	2,188

(1) Unaudited estimate.

(2) U.S. Department of Commerce, Bureau of Census

(3) Office of Policy and Management, State of Connecticut

**TOWN OF MONROE, CONNECTICUT**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS*(Unaudited)*

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>POPULATION</u>	<u>ASSESSED VALUE</u>	<u>DIRECT NET BONDED DEBT</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
2013	19,398 (2)	3,098,919,583 (3)	\$ 40,412,415	1.30	\$ 2,083
2012	19,441 (2)	3,271,578,057 (1)	43,613,469	1.33	2,243
2011	19,402 (2)	3,277,578,057 (3)	42,439,479	1.29	2,187
2010	19,435 (2)	3,562,432,689 (3)	42,602,202	1.20	2,192
2009	19,359 (2)	3,562,432,689 (3)	41,868,226	1.18	2,163
2008	19,359 (2)	3,845,023,945 (3)	41,112,552	1.07	2,124
2007	19,402 (2)	3,849,660,841 (3)	43,981,878	1.14	2,267
2006	19,599 (2)	3,624,726,036 (3)	46,212,714	1.27	2,358
2005	19,650 (2)	2,882,295,437 (3)	45,603,077	1.58	2,325
2004	19,656 (2)	2,883,050,135 (3)	37,466,355	1.30	1,913

(1) Unaudited estimate.

(2) U.S. Department of Commerce, Bureau of Census

(3) Office of Policy and Management, State of Connecticut

**TOWN OF MONROE, CONNECTICUT**  
**COMPUTATION OF NET DIRECT DEBT**  
**JUNE 30, 2013**  
*(Unaudited)*

DESCRIPTION	DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO TOWN	TOWN SHARE OF DEBT
Current Bonded Debt:			
General purpose	\$ 20,170,249	100%	\$ 20,170,249
Schools	22,024,751	100%	22,024,751
Total Current Bonded Indebtedness			<u>42,195,000</u>
Direct Bonded Indebtedness			42,195,000
Short-term direct indebtedness			-
Gross direct indebtedness			<u>42,195,000</u>
Exclusion: State School Bond Reimbursement Receivable (1)			<u>(1,782,855)</u>
Total net direct indebtedness			<u><u>\$ 40,412,145</u></u>

(1) The Town anticipates receiving State reimbursement for school projects financed by bond issues.

**TOWN OF MONROE, CONNECTICUT**  
**TEN LARGEST PRINCIPAL TAXPAYERS**  
**2011 GRAND LIST**  
*(Unaudited)*

NAME OF TAXPAYER	NATURE OF BUSINESS	LIST AMOUNT (1)	ESTIMATED TAXES (2)
First Light Hydro Generating Company	Electrical Generator	\$ 29,077,630	\$ 595,568
Monroe Land Holdings, LLC	Commercial & Industrial Property	28,247,360	578,562
111 Century Plaza, LLC	Stop & Shop Plaza	20,227,120	414,292
Connecticut Light and Power Company Inc.	Electrical Supplier	18,421,570	377,311
Clocktower Square #1 LLC	Retail Property	16,313,800	334,139
Swiss Army Land Inc.	Headquarters & Distribution	11,851,593	242,744
Aquarion Water Company of Connecticut Corp.	Headquarters & Water Supplier	8,790,190	180,041
Lake Zoar Properties & The Waterview LLC	The Waterview Banquet Facility	7,315,910	149,844
Village Square, Inc.	Retail & Residential Property	7,212,080	147,718
SB Real Estate	Classroom Supplies	7,160,358	146,658
Totals		<u>\$ 154,617,611</u>	<u>\$ 3,166,878</u>

(1) Represents 6.8% of the net taxable grand list of \$2,296,715,433 dated October 1, 2011.

(2) Represents 4.8% of the adopted tax levy of \$67,210,084 for fiscal year 2012-13.

Source: Town Officials