

**OFFICIAL STATEMENT DATED NOVEMBER 21, 2019**

**REFUNDING/NEW ISSUE-Book-Entry Only**

**S&P GLOBAL RATINGS: AA+**  
(See "Ratings" herein)

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds (as defined herein) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax under the Code (See "Tax Matters" herein).*

*In the opinion of Bond Counsel, under existing statutes and regulations, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Matters" herein.*

**TOWN OF MONROE, CONNECTICUT**

**\$12,670,000**

**GENERAL OBLIGATION BONDS, COMPRISED OF:**

**\$8,855,000 GENERAL OBLIGATION BONDS, SERIES 2019**

**Dated: December 3, 2019**

**Due: Serially May 1, as shown herein**

**\$3,815,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020**

**Dated: January 16, 2020**

**Due: Serially April 15, as shown herein**

The \$8,855,000 General Obligation Bonds, Series 2019 ("Series 2019 Bonds") and the \$3,815,000 General Obligation Refunding Bonds, Series 2020 ("Series 2020 Bonds", collectively the "Bonds"), will be general obligations of the Town of Monroe, Connecticut (the "Town"), and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. (See "Security and Remedies" herein.)

The Series 2019 Bonds will bear interest payable semiannually on May 1 and November 1 in each year until maturity, commencing May 1, 2020. The Series 2020 Bonds will be payable semiannually on April 15 and October 15 in each year until maturity, commencing April 15, 2020. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. The Beneficial Owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. DTC will act as security depository for the Bonds. So long as Cede & Co. is the Bondowner, respectively, as nominee for DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry-Only Transfer System" herein.)

The Certifying, Registrar, Transfer, Paying and Escrow Agent for the Bonds will be U.S. Bank National Association, of Hartford, Connecticut.

The Bonds are NOT subject to optional redemption prior to maturity.

**The Series 2020 Bonds are being delivered on or about January 16, 2020. The market value of the Series 2020 Bonds on the date of delivery may differ significantly from the purchase price due to a variety of factors. See "Certain Considerations Concerning the Delivery of the Series 2020 Bonds" herein.**

**PiperJaffray**<sup>®</sup>

*The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley LLC, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Series 2019 Bonds in book-entry form will be made to DTC in New York, New York on or about December 3, 2019. It is expected that delivery of the Series 2020 Bonds in book-entry form will be made to DTC in New York, New York on or about January 16, 2020.*

# TOWN OF MONROE, CONNECTICUT

**\$8,855,000**

## GENERAL OBLIGATION BONDS, SERIES 2019

**Dated: December 3, 2019**

**Due: Serially May 1, as shown below**

### MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>
May 1, 2020	\$ 1,435,000	4.000 %	1.040 %	610423A88	May 1, 2026	\$ 230,000	5.000 %	1.260 %	610423B61
May 1, 2021	2,105,000	5.000	1.040	610423A96	May 1, 2027	230,000	4.000	1.340	610423B79
May 1, 2022	1,990,000	5.000	1.050	610423B20	May 1, 2028	230,000	4.000	1.460	610423B87
May 1, 2023	965,000	5.000	1.070	610423B38	May 1, 2029	230,000	4.000	1.580	610423B95
May 1, 2024	980,000	5.000	1.110	610423B46	May 1, 2030	230,000	4.000	1.670	610423C29
May 1, 2025	230,000	5.000	1.170	610423B53					

**\$3,815,000**

## GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020

**Dated: January 16, 2020**

**Due: Serially April 15, as shown below**

### MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>
April 15, 2021	\$ 245,000	4.000 %	1.090 %	610423C37	April 15, 2026	\$ 395,000	5.000 %	1.310 %	610423C86
April 15, 2022	365,000	4.000	1.100	610423C45	April 15, 2027	405,000	5.000	1.390	610423C94
April 15, 2023	370,000	5.000	1.120	610423C52	April 15, 2028	415,000	5.000	1.500	610423D28
April 15, 2024	380,000	5.000	1.160	610423C60	April 15, 2029	425,000	4.000	1.620	610423D36
April 15, 2025	385,000	5.000	1.220	610423C78	April 15, 2030	430,000	4.000	1.710	610423D44

<sup>1</sup> Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesman or other person has been authorized by the Issuer to give any information or to make any representations, other than those contained in this Official Statement or any supplement which may be issued hereto; and if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. The presentation of information in this Official Statement is intended to show recent historic trends and is not intended to indicate future or continuing trends in financial or other positions of the Issuer. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Issuer since the date of the Official Statement.

The information, estimates and expressions of opinion in this Official Statement are subject to change without notice.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Issuer contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and the proceedings of the Issuer relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The independent auditors for the Issuer are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in Appendix A, "Audited Financial Statements" herein), and makes no representation that it has independently verified the same. The auditors have not been engaged nor performed audit procedures regarding the post audit period.

Bond Counsel is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of the statements made or financial information presented in this Official Statement (other than matters expressly set forth as its opinions in Appendix B "Forms of Opinion of Bond Counsel" herein) and makes no representation that it has independently verified the same.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided (i) annual financial information and operating data with respect to the Bonds, (ii) a notice of the occurrence of certain events with respect to the Bonds within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information with respect to the Bonds on or before the date specified in the Continuing Disclosure Agreement for the Bonds. The Continuing Disclosure Agreements shall be executed in substantially the forms attached as Appendix C to this Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.**

The Municipal Advisor to the Town has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

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*(860) 424-4300*

**MUNICIPAL ADVISOR**  
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*Madison, Connecticut*  
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## SECTION I - SECURITIES OFFERED

### Introduction

This Official Statement, including the cover page, inside cover and appendices, is provided for the purpose of presenting certain information relating to the Town of Monroe, Connecticut (the "Town") in connection with the issuance and sale of \$12,670,000 General Obligation Bonds, comprised of \$8,855,000 General Obligation Bonds, Series 2019 (the "Series 2019 Bonds") and \$3,815,000 General Obligation Refunding Bonds, Series 2020 (the "Series 2020 Bonds"). The Series 2019 Bonds and the Series 2020 Bonds shall herein collectively be referred to as the "Bonds".

### Description of the Bonds

The Series 2019 Bonds will be dated December 3, 2019, and will mature in annual installments on May 1, 2020 and in each year thereafter in the principal amounts as set forth on the inside cover page hereof. Interest on the Series 2019 Bonds will be payable semiannually on May 1 and November 1 in each year until the date of maturity, commencing on May 1, 2020. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Series 2019 Bonds as of the fifteenth day of April and October in each year, or the preceding business day if the fifteenth is not a business day. A total of \$2,315,000 of the Series 2019 Bonds (the "Series 2019 Capital Project Bonds") will be used to finance certain capital projects of the Town. The remaining \$6,540,000 of the Bonds (the "Series 2019 Refunding Bonds") will be used to refund certain outstanding general obligation bonds of the Town. (See "Authorization and Purpose" and "Plan of Refunding" herein).

The Series 2020 Bonds will be dated January 16, 2020, and will mature in annual installments on April 15, 2021 and in each year thereafter in the principal amounts as set forth on the inside cover page hereof. Interest on the Series 2020 Bonds will be payable semiannually on April 15 and October 15 in each year until the date of maturity, commencing on April 15, 2020. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Series 2020 Bonds as of the last business day in March and September in each year.

A book-entry-only system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein.) The Certifying, Registrar, Transfer, Paying and Escrow Agent will be U.S. Bank National Association of Hartford, Connecticut. **The Bonds are NOT subject to optional redemption prior to maturity.** The legal opinions on the Bonds will be rendered by Pullman & Comley LLC of Hartford, Connecticut, as set forth in Appendix B. The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended and described herein.

### Authorization and Purpose

#### *The Series 2019 Capital Project Bonds*

Authorizations: The Series 2019 Capital Project Bonds were authorized and are being issued pursuant to bond resolutions adopted by the Town Council and the voters of the Town at Special Town Meetings or referenda, as the case may be.

Purpose: Proceeds of the Series 2019 Capital Project Bonds will be used to finance the following capital projects undertaken by the Town:

<u>Projects</u>	<u>Total Bond Authorization</u>	<u>Prior Bonds</u>	<u>Series 2019 Capital Project Bonds</u>
EMS Facility Project Phase I.....	\$ 180,000	\$ -	\$ 180,000
Town Hall Campus Safety & Security Improvements..	200,000	-	200,000
Road Construction / Reconstruction Phase 6.....	1,018,000	-	1,017,000
2018-19 Vehicle Replacement Plan & DPW Trucks...	918,000	-	918,000
<b>Total.....</b>	<b>\$ 2,316,000</b>	<b>\$ -</b>	<b>\$ 2,315,000</b>

The Series 2019 Refunding Bonds and the Series 2020 Bonds

Authorizations: The Series 2019 Refunding Bonds and the Series 2020 Bonds were authorized and are being issued pursuant to a refunding resolution adopted by the Town Council on October 28, 2019 in the aggregate amount not to exceed \$12,000,000.

Purpose: Proceeds of the Series 2019 Refunding Bonds will be used to refund all of the principal amount outstanding of certain Town of Monroe General Obligation Bonds (the "Series 2019 Refunded Bonds") as shown under "Plan of Refunding" below. Proceeds of the Series 2020 Bonds will be used to refund all of the principal amount outstanding of certain Town of Monroe General Obligation Bonds (the "Series 2020 Refunded Bonds") as shown under "Plan of Refunding" below.

**Plan of Refunding – The Series 2019 Refunding Bonds and the Series 2020 Bonds**

The Series 2019 Refunding Bonds and the Series 2020 Bonds are being issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, and a refunding resolution adopted by the Town Council at a meeting held on October 28, 2019 authorizing the issuance of refunding bonds to refund a portion of the outstanding maturities of the Town's general obligation bonds, including but not limited to, the Series 2019 Refunded Bonds and Series 2020 Refunded Bonds, respectively, as listed herein.

<u>Issue</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
<b><u>Series 2019 Refunded Bonds</u></b>						
2009	2/25/2009	5/1/2020	\$ 1,375,000	4.000 %	1/6/2020	100.00 %
2009	2/25/2009	5/1/2021	1,370,000	4.000	1/6/2020	100.00
2009	2/25/2009	5/1/2022	1,235,000	4.000	1/6/2020	100.00
2009	2/25/2009	5/1/2024	870,000 †	4.000	1/6/2020	100.00
			<u>4,850,000</u>			
2012A	2/14/2012	12/15/2020	345,000	3.000	1/6/2020	100.00
2012A	2/14/2012	12/15/2021	340,000	2.000	1/6/2020	100.00
2012A	2/14/2012	12/15/2022	335,000	2.000	1/6/2020	100.00
2012A	2/14/2012	12/15/2023	325,000	2.125	1/6/2020	100.00
			<u>1,345,000</u>			
2014	6/18/2014	6/15/2020	240,000	2.000	1/6/2020	100.00
2014	6/18/2014	6/15/2021	240,000	2.000	1/6/2020	100.00
2014	6/18/2014	6/15/2022	240,000	2.000	1/6/2020	100.00
			<u>720,000</u>			
<b><u>Series 2020 Refunded Bonds</u></b>						
2015	4/22/2015	4/15/2021	445,000	2.000	4/15/2020	100.00
2015	4/22/2015	4/15/2022	445,000	2.000	4/15/2020	100.00
2015	4/22/2015	4/15/2023	445,000	2.000	4/15/2020	100.00
2015	4/22/2015	4/15/2024	445,000	2.000	4/15/2020	100.00
2015	4/22/2015	4/15/2025	440,000	2.125	4/15/2020	100.00
2015	4/22/2015	4/15/2026	440,000	2.250	4/15/2020	100.00
2015	4/22/2015	4/15/2027	440,000	2.250	4/15/2020	100.00
2015	4/22/2015	4/15/2028	440,000	2.500	4/15/2020	100.00
2015	4/22/2015	4/15/2029	440,000	2.600	4/15/2020	100.00
2015	4/22/2015	4/15/2030	440,000	2.700	4/15/2020	100.00
			<u>4,420,000</u>			
		Total	<u>\$ 11,335,000</u>			

† - Term bond due May 1, 2024.

Upon delivery of the Series 2019 Refunding Bonds, a portion of the proceeds of the Series 2019 Refunding Bonds will be placed in an irrevocable escrow deposit fund (the "Series 2019 Escrow Deposit Fund") established with U.S. Bank National Association of Hartford, Connecticut, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Series 2019 Bonds Escrow Agreement") to be dated as of December 3, 2019 between the Escrow Agent and the Town. The Series 2019 Bonds Escrow Agent will deposit the net proceeds of the Series 2019 Bonds and other monies, if any, into the Series 2019 Bonds Escrow Deposit Fund and will use such proceeds and other monies, as applicable, to purchase a portfolio of United States Treasury State and Local Government Series ("SLGS") securities (the "Series 2019 Escrow Securities"). All investment income on, and maturing principal of, the Series 2019 Escrow Securities held in the Series 2019 Escrow Deposit Fund and needed to pay the principal, interest payments and redemption prices of the Series 2019 Refunded Bonds will be applied by the Town for payment of the Series 2019 Refunded Bonds. The balance of the proceeds of the Series 2019 Bonds will be used to pay costs of issuance, including the underwriter's discount.

Upon delivery of the Series 2020 Bonds, a portion of the proceeds of the Series 2020 Bonds will be placed in an irrevocable escrow deposit fund (the "Series 2020 Escrow Deposit Fund") established with U.S. Bank National Association of Hartford, Connecticut, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Series 2020 Escrow Agreement") to be dated as of January 16, 2020 between the Escrow Agent and the Town. The Escrow Agent will deposit the net proceeds of the Series 2020 Bonds and other monies, if any, into the Series 2020 Escrow Deposit Fund and will use such proceeds and other monies, as applicable, to purchase a portfolio of United States Treasury State and Local Government Series ("SLGS") securities (the "Series 2020 Escrow Securities"). All investment income on, and maturing principal of, the Series 2020 Escrow Securities held in the Escrow Deposit Fund and needed to pay the principal, interest payments and redemption prices of the Series 2020 Refunded Bonds will be applied by the Town for payment of the Series 2020 Refunded Bonds. The balance of the proceeds of the Series 2020 Bonds will be used to pay costs of issuance, including the underwriter's discount.

Upon such deposits with the Escrow Agent, the Series 2019 Refunded Bonds and the Series 2020 Refunded Bonds described above will no longer be deemed outstanding and shall be deemed to have been paid in full.

### **Ratings**

The Bonds have been rated "AA+" by S&P Global Ratings ("S&P"). The rating on the Town's 2018 Series A and Series B Bonds has recently been affirmed as "AA+". Certain outstanding bonds of the Town are also rated "Aa2" by Moody's Investors Service, Inc. ("Moody's") however the Town did not seek a rating from Moody's on this issue. Such rating reflects only the views of such organization and any explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: S&P Global Ratings, 55 Water Street, New York, New York 10041-0003. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Town furnished certain information and materials to the rating agency, some of which may not have been included in this Official Statement. There is no assurance that such rating will continue for any given period of time or that the rating will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the Town's bonds.

### **Optional Redemption**

The Bonds are NOT subject to optional redemption prior to maturity.

### **Verification of Mathematical Computations**

Ritz & Associates P.A. will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Series 2019 Refunding Bonds and the Series 2020 Bonds of the computations contained in the Underwriter's schedules to determine that the anticipated receipts from the Series 2019 and Series 2020 Escrow Securities and cash deposits to be held in escrow, if any, will be sufficient to pay, when due, the principal, interest and applicable call premium, if any, of the Series 2019 Refunded Bonds and the Series 2020 Refunded Bonds. Ritz & Associates P.A. will express no opinion on the assumptions provided to them.



**Sources and Uses of Bond Proceeds**

<b>Sources:</b>	<b>Series 2019</b>	<b>Series 2020</b>
	<u>Bonds</u>	<u>Bonds</u>
Par Amount.....	\$ 8,855,000.00	\$ 3,815,000.00
Net Original Issue Premium.....	898,247.85	690,497.65
<b>Total Sources.....</b>	<u>\$ 9,753,247.85</u>	<u>\$ 4,505,497.65</u>
<b>Uses:</b>		
Deposit to Project Fund.....	\$ 2,678,672.17	\$ -
Deposit to Escrow Deposit Fund....	6,965,243.34	4,452,564.16
Underwriter's Discount.....	29,074.18	15,860.82
Costs of Issuance.....	80,258.16	37,072.67
<b>Total Uses.....</b>	<u>\$ 9,753,247.85</u>	<u>\$ 4,505,497.65</u>

**Certain Consideration Concerning the Delivery of the Series 2020 Bonds**

Subject to the terms of the bond purchase agreement as it relates to the Series 2020 Bonds (the “Purchase Agreement”) between the Town and Piper Jaffray & Co. (the “Underwriter”), the Town expects to issue and deliver the Series 2020 Bonds on or about January 16, 2020 (the “2020 Delivery Date”).

**Market Value Risk of the Series 2020 Bonds**

The market value of the Series 2020 Bonds as of the 2020 Delivery Date may be affected by a variety of factors including, without limitation, general market conditions, the financial conditions and business operations of the Town and federal income tax and other laws. The market value of the Series 2020 Bonds as of the 2020 Delivery Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Series 2020 Bonds. Neither the Town nor the Underwriter make any representation as to the expected market price of the Series 2020 Bonds as of the 2020 Delivery Date. Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market price for the Series 2020 Bonds as of the 2020 Delivery Date or thereafter or not have a materially adverse impact on any secondary market for the Series 2020 Bonds.

**Tax Matters**

**Federal Taxes.** In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax.

Bond Counsel’s opinion with respect to the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds, as the case may be, irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreements, which will be delivered concurrently with the issuance of each series of the Bonds, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds.

**Original Issue Discount.** The initial public offering price of the Bonds may be less than the stated principal amount (the "OID Bonds"). Under existing law, the difference between the stated principal amount and the initial offering price of the Bonds will constitute original issue discount. The offering price relating to the yield set forth on the inside cover page of this Official Statement for such OID Bonds is expected to be the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly

allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner's basis. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such a Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of original issue discount, the accrual of original issue discount in the case of owners of OID Bonds purchasing such OID Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Bonds.

**Original Issue Premium.** The initial public offering price of certain maturities of the Bonds may be more than their stated principal amount (the "OIP Bonds"). An owner who purchases an OIP Bond must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the OIP Bond for federal income tax purposes. Prospective purchasers of the OIP Bonds should consult their tax advisors regarding the amortization of premium and its effect upon basis.

**Other Federal Tax Matters.** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Bonds also may wish to consult their tax advisors with respect to the need to furnish certain information in order to avoid backup withholding.

**State Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on an OID Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof.

**Changes in Federal and State Tax Law.** Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

**General.** Each opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds.

### **Security and Remedies**

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from the general property tax revenue of the Town. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all property subject to taxation by the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town, and under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses. Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues or Town property to secure the Bonds or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal or interest on such bonds or notes of the Town would also be subject to the applicable provisions of federal bankruptcy laws, as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, heretofore or hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor.

### **THE TOWN OF MONROE, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

### **Qualification for Financial Institutions**

The Bonds shall NOT be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

### **Book-Entry Transfer System**

The Depository Trust Company ("DTC"), New York, NY will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co., (DTC's partnership nominee) or such other name as may be

requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issues to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

### **Replacement Bonds**

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the issuer will issue registered Bond certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

### **DTC Practices**

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

### **Underwriting**

Piper Jaffray & Co. (the "Underwriter") has agreed, pursuant to the terms of a bond purchase agreement (the "Bond Purchase Agreement"), to purchase the Series 2019 Bonds from the Town at the net aggregate purchase price of \$9,724,173.67 (consisting of the par amount of \$8,855,000.00, plus original issue premium of \$898,247.85, less an underwriter's discount of \$29,074.18) and to purchase the Series 2020 Bonds from the Town at the net aggregate purchase price of \$4,489,636.83 (consisting of the par amount of \$3,815,000.00, plus original issue premium of \$690,497.65, less an underwriter's discount of \$15,860.82). The Underwriter will be obligated to purchase all such Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower or yields higher than the public offering prices or yields stated on the inside cover page hereof. The initial offering prices or yields may be changed, from time to time, by the Underwriter.

The Underwriter has entered into a distribution agreement (the "CS & Co. Distribution Agreement") with Charles Schwab & Co., Inc. ("CS & Co.") for the retail distribution of certain securities offerings including the Bonds, at the original issue prices. Pursuant to the CS & Co. Distribution Agreement, CS & Co. will purchase the Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS & Co. sells.

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## SECTION II - THE ISSUER

### **Description of the Town**

The Town of Monroe, incorporated in 1823, is located in Fairfield County. It covers an area of 26.4 square miles seventy miles east of New York City and fourteen miles north of Bridgeport. It is bordered by Easton to the west, Newtown to the north, Shelton and Oxford to the east and Trumbull to the south. Lake Zoar, the Stevenson Dam, a FirstLight Power Resources hydropower facility, and the Housatonic River also are part of the Town's northeastern border.

The Town is one of the fastest growing, suburban residential communities in the state of Connecticut, with a population increase of 17.1% since 1990 and a 41.8% increase since 1980. According to the U.S. Bureau of Census, 2017 American Community Survey, the Town's population was 19,766. The Town has above average income and education levels that reflect its character as a suburban bedroom community.

The Town of Monroe supports and encourages a balance of industrial, commercial, and residential properties. The Town's Economic Development Commission and Planning and Zoning Commission have worked together to reach this objective.

The Town is traversed by State Routes 25, running north and south, and Route 111, running northeast through the Town. The Route 25 expressway, which begins at Route 8 in Bridgeport, intersects with the Merritt Parkway (Route 15), and terminates at the intersection of Route 111 near the Monroe-Trumbull town line. The southern area of Town is easily accessible to the Merritt Parkway by way of Route 25, and thus to both Interstates 91 and 95. Air transportation is available in Bridgeport and Danbury, as is rail transportation, via Amtrak and Metro-North service; bus passenger transportation is provided by the Greater Bridgeport Transit District. The Town of Monroe Senior Center provides additional transportation for senior citizens and the homebound.

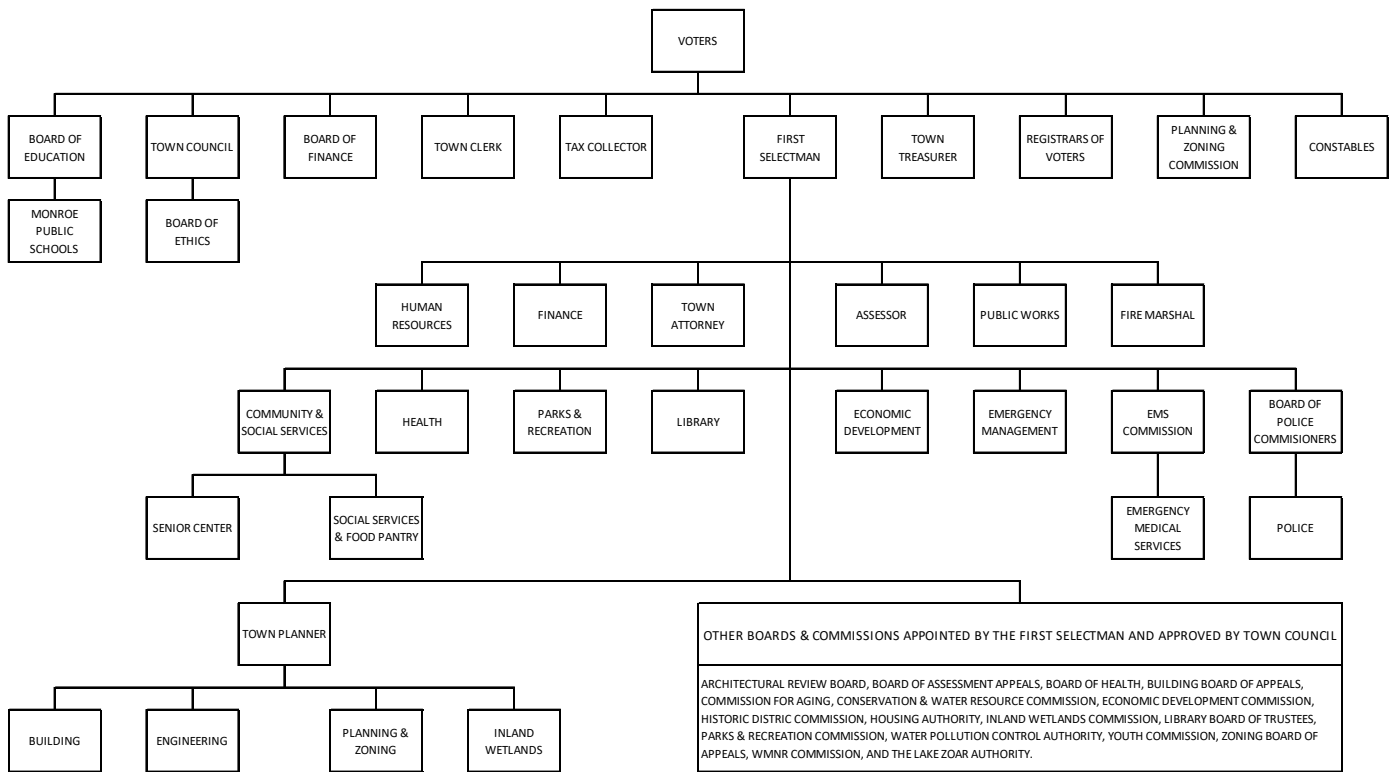
### **Form of Government**

The Town is administered by an elected First Selectman, who acts as the Chief Executive Officer, and a 9-member Town Council that constitute the First Selectman/Council form of government. The First Selectman is responsible for planning, organizing and directing all routine municipal activities, except for education. Other Commissions are either elected or appointed by the First Selectman with approval of the Town Council. The First Selectman manages department heads, sees that law and ordinances governing the Town are enforced, makes recommendations and reports to the Town Council, prepares the annual budget, prepares the annual report, keeps the Town Council advised on the Town's financial condition and performs other duties prescribed by Charter, Ordinance or Town Council resolution.

The Town Council is the legislative body of the Town. Financial matters are the responsibility of the First Selectman and a six member Board of Finance, elected to four-year terms, in conjunction with the Director of Finance and part-time Treasurer. The Finance Department, directed by the Director of Finance who also serves as the Comptroller, manages all financial records and operations of the Town. The Treasurer is elected biannually and is responsible for investing funds of the Town.

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# Organization Chart



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## Municipal Officials

<u>Name</u>	<u>Position</u>	<u>Term</u>	<u>Length of Service</u>
Kenneth M. Kellogg	First Selectman	11/28/2021	2 years
Ronald J. Bunovsky, Jr.	Director of Finance	Appointed	5 years
Michael Manjos	Chairman, Board of Finance	11/28/2021	10 years
Dr. Jack Zamar	Superintendent of Schools	Appointed	1 year
Deborah Heim	Tax Collector	11/28/2021	8 months
John Salvatore	Chief of Police	Appointed	21 years
Patrick O'Hara	Town Treasurer	11/28/2021	8 months
<b><u>Other Appointments</u></b>			
Pullman & Comley LLC	Bond Counsel	Appointed	9 years
PKF O'Connor Davies LLP	Independent Auditors	Appointed	4 years
Hilltop Securities Inc.	Municipal Advisors	Appointed	Less than 1 year

Source: Town Officials

Note: The First Selectman, the Tax Collector and the Town Treasurer were all re-elected on Tuesday, November 5, 2019. Their new terms will begin on Monday, November 25, 2019.

## Town Services

**Police:** The Monroe Police Department is a fully accredited Connecticut Police Officer Standards and Training Council law enforcement agency, providing 24-hour police protection to the Town of Monroe. Professional services include: first response to all public safety emergencies; crime scene evidence collection and processing; criminal investigation; electronic and digital evidence collection, examination and analysis; motor vehicle crash reconstruction and investigation; domestic violence victim follow-up and support team; and crisis intervention response and follow-up officers. The Monroe Police Department has a staff of 42 sworn officers and 10 non-sworn employees.

**Emergency Medical Service (EMS):** Founded in 1977, Monroe Volunteer Emergency Medical Service (MVEMS) has grown to its current status of 44 members and three (3) ambulances that cover approximately 1,500 emergency calls each year. A contracted service supplements EMT staffing and a paramedic, with a specially equipped vehicle provides that advanced life support for residents, is available on a 24/7 basis. The volunteer membership also takes an active role in community services by providing CPR/AED training, first aid stations for special town events and civic groups, school presentations and first aid awareness for Cub Scout and Girl Scout troops. The service was instrumental in attaining Heart-Safe Community status for the Town. Additionally, MVEMS instructors provide EMT training programs and ongoing continuing education programs for its members. In the spirit of volunteerism, members proudly serve their community providing high quality pre-hospital emergency care to those in need.

**Fire:** Three volunteer fire companies serve the Town, carrying a force of approximately 85 active fire fighters in six fire stations. The major equipment includes 16 pieces of fire apparatus distributed among the three companies. The Town employs one full-time Fire Marshal and three part-time deputy Fire Marshals.

**Public Works Department:** The Public Works Department is comprised of two divisions, Building Maintenance and Highway which are organized as follows:

- **Building Maintenance Division** - provides general and contracted maintenance of 20 public facilities including the Town Hall, Police Department, Library, Senior Center, Fire Houses and Highway Garage. In total, the building maintenance division is responsible for 236,911 square feet of building and 11 emergency generators with one full-time Building Maintainer.
- **Highway Division** - performs all of the maintenance and construction work within the Town owned right-of-way over the 143 miles of road, 5 miles of which are dirt roads. These functions include road reconstruction, excavation, paving, pothole patching, curbing, topsoil & seed, drainage pipe, drainage structure installation, traffic sign installation, street sign installation, roadside trimming, roadside mowing, litter cleanup, street sweeping, tree removal, tree trimming, snow



plowing, sanding, dirt-road grading, dust control, and guiderail maintenance. Highway also participates in the annual bulky waste pickup and collection of waste motor oil.

The Department employs one Director, one Deputy Director, one highway supervisor, two crew leaders and twenty-one other personnel, one full time and one part time administrative assistant, one building maintainer and one night custodian.

**Solid Waste:** The Town has entered into a Solid Waste Disposal Agreement (the Agreement), with Wheelabrator Bridgeport, L.P. (Wheelabrator) for the disposal of solid waste through the Greater Bridgeport Regional Solid Waste Interlocal Committee (the Interlocal). It is required that the Agreement be executed by Contracting Communities whose aggregate average generation of Acceptable Waste for the two (2) year period prior to the Contract Date was in excess of 175,000 Tons per year. Each municipality which has signed the Agreement agrees to deliver or cause to be delivered to the System all Acceptable Waste, as defined therein, generated by it or within its boundaries. Wheelabrator is required to accept from each municipality and dispose of all Acceptable Waste delivered to the System by or on behalf of each municipality. Both the Greater Bridgeport Regional Solid Waste Interlocal Agreement and the Solid Waste Disposal Agreement are available for review at Town Hall. For fiscal year 2018-19, the Town has paid a tipping fee of \$62.71 per ton for solid waste delivered to the Facility in Bridgeport.

**Transfer Station:** The Town of Monroe currently participates in long-standing arrangement with the Town of Trumbull to utilize its transfer station to deliver all refuse to be transferred to Wheelabrator in Bridgeport. The Town pays approximately \$35.34 per ton to the Town of Trumbull and Enviro Express, Inc. to operate the transfer station and transport the refuse to the Facility in Bridgeport. The all-in-cost per ton for the operation of the transfer station, the transportation of the refuse to Wheelabrator and the tipping fees paid to Wheelabrator was approximately \$98.05 per ton for fiscal year 2018-19.

**Recycling:** Monroe has entered into an agreement with the Greater Bridgeport Regional Recycling Interlocal Committee (GBRRIC), replacing the Southwest Connecticut Regional Recycling Operating Committee (SWEROC). The agreement provides for a committee membership which administers all matters affecting the municipality in connection with the delivery of municipal recyclables as mandated by the State of Connecticut. Monroe has entered into a contract with Residential Waste Systems (RWS) to provide for the pickup and delivery of residential generated recyclables to a resource recovery facility with which GBRRIC has a contract. The GBRRIC agreement is available for review at Town Hall. Consistent with a nationwide issue, recycling costs have increased significantly over the past year. This anticipated increase was addressed in the fiscal year 2019-2020 budget.

**Health and Welfare:** The Health Department consists of a Director of Health, a Sanitarian, a Part-Time Nurse and an Administrative Assistant. The mission of the department is to improve the quality of life of the community through the promotion of health, the prevention of disease and injury, and fostering a healthy environment. Its primary programs and services are as follows:

- **Environmental Health:** Promotion of health and well-being by fostering a safe and healthful environment through the enforcement of the Connecticut Public Health Code. Inspections in facilities such as restaurants and hair salons, conduct soil testing and review plans for subsurface sewage disposal systems, and investigate complaints.
- **Community Health:** Monitor, investigate, and respond to reports of disease in our community. Provide outreach and education to the public, schools, businesses, and act as a resource for public health information.
- **Emergency Preparedness:** Collaboration with our regional Healthcare Coalition to develop plans to prepare for and respond to urgent situations such as disease outbreaks or other public health emergencies.

**Parks and Recreation:** Monroe maintains a full-time Parks and Recreation Department under the supervision of a Director of Parks and Recreation. The Department is responsible for the operation and maintenance of the 309-acre Wolfe Park which includes a swimming pool, hiking trails, tennis courts, soccer fields, basketball courts, ball fields and picnic areas. Summer and evening programs are managed in conjunction with the public schools including Masuk indoor swimming pool. The Department has 9 full-time and non-seasonal part-time employees, including the Director. A varying number of seasonal part-time staff are employed throughout the year depending on demand for programs. Great Hollow Lake, located within Wolfe Park, provides additional activities that include a bathhouse, a swimming beach, a pavilion, fishing and boating areas, a playground, two picnic groves, open play area and additional hiking trails. Year round programming is based out of the local public schools for other enrichment opportunities. Other recreational facilities available to residents are Lake Zoar, Webb Mountain Park, Lane's Mine Park, and Chalk Hill Nature Trail.

**Library:** The Edith Wheeler Memorial Library is a 30,000 square foot facility which houses a children's department on the ground level with adult and teen services on the main floor. A full range of library services is provided by 7 full time staff, including the Director, 30 part time staff, and many volunteers. The library offers a meeting room with capacity for 150, children's program rooms, study rooms and a 15 person conference room. In addition to the 95,000 items in its collection the library offers

opportunities for experiential learning (3-D printing), art and music programs for all ages, programs for special needs, and homebound services. Streaming movies, music and audiobooks, in addition to research databases, are available online and accessed using the library website at [www.ewml.org](http://www.ewml.org).

**Planning and Zoning:** The Town has an elected Planning and Zoning Commission that consists of five members. Its duties are to guide, control and approve all design work and site development to conform with the Town and State Codes while working with the First Selectman and the Planning & Zoning Department, The Planning & Zoning Department, which has 4 full-time employees, is tasked with protecting the public health, safety and general welfare of the community by providing administrative and professional technical services to the Planning and Zoning Commission, Zoning Board of Appeals, associated local Boards and Commissions, Federal agencies, State agencies, and the general public, in order to assist the Town of Monroe in guiding the orderly development and use of land to provide housing and employment opportunities; to stabilize the property tax base; to foster and enhance the visual image and vernacular character of the Town; and to protect open space and areas of sensitive and unique natural resources within the Town.

The Town has begun the process of reviewing and updating its Plan of Conservation & Development (POCD) which is required to be completed every 10 years pursuant to the Connecticut General Statutes. The current review and update of the POCD must be finished prior to December 2020.

**Economic Development:** The Town has an all-volunteer Economic Development Commission, consisting of seven members, which are appointed by the First Selectman with Town Council approval. The Commission assists in the orderly development of commercial and industrial sectors of the Town, while being consistent with the Town's Plan of Conservation & Development. The Commission works directly with the First Selectman's Office, through partnerships with the public, community organizations, elected officials, town departments and other boards and commissions, in an effort to:

- Attract new commercial development to increase the grand list, expand the commercial tax base, and reduce the tax burden on residents.
- Support retention of existing commercial businesses.
- Have a robust marketing strategy to promote the Town.
- Increase the local employment base and attract skilled workers.

The Town includes approximately 1,639 acres (9.7% of the total Town area) zoned for commercial business and industrial development, including substantial acreage ripe for development or redevelopment. The balance, like most Fairfield County communities, consists mainly of one, two and three acre minimum single-family residential zoned areas (one acre approximately 38.8%; two acre approximately 26.5%; and three acre approximately 16.3%) and a smaller percentage of multi-family housing zones (approximately 8.5%).

Financial institutions located in the Town include Bank of America, Union Savings Bank, M&T Bank, JPMorgan Chase Bank, Newtown Savings Bank, People's United Bank, Webster Bank and Wells Fargo Bank.

### **Educational System**

The Board of Education is independent from the municipal government in governance and operation of the school system. The Board of Education is required by Town Charter to submit an annual budget to the First Selectman and Director of Finance. The Board of Education budget is included in the Town's operating budget and submitted to the Town Council who cannot alter the education budget but can make recommendations to the Board of Finance on that budget. The total budget is then submitted to the Board of Finance who may adjust only the total amount of the Board of Education budget.

The Town's elementary school system consists of one school for pupils in grades Pre K through 5, two schools for pupils in grades K through 5; one school for pupils in grades 6-8 and one high school for pupils in grades 9-12. The schools are governed by a nine-member Board of Education.

**Educational Facilities**

<u>School</u>	<u>Grades</u>	<u>Date of Construction (Additions, Remodeling)</u>	<u>No. of Classrooms</u>	<u>Enrollment 10/1/2018</u>	<u>Capacity</u>
Monroe	Pre K-5	1935 (1947,1953,1957,1983)	19	366	414
Stepney	K-5	1962 (1989)	30	423	565
Fawn Hollow	K-5	1966 (1989)	34	550	656
Jockey Hollow <sup>1</sup>	6-8	1998	36	756	634
Masuk High School	9-12	1958 (1963,1977,2006)	57	1,013	1,450
<b>Total</b>				<b>3,108</b>	<b>3,719</b>

<sup>1</sup> Includes 225 STEM students who are housed at Masuk High School.

Source: Superintendent's office, Town of Monroe.

**School Enrollment**

<u>School Year</u>	<u>Actual</u>					<u>Total</u>
	<u>PK-4</u>	<u>PK-5</u>	<u>5-8</u>	<u>6-8</u>	<u>9-12</u>	
2009-10	1,338		1,254		1,302	3,894
2010-11 <sup>1</sup>		1,537		930	1,312	3,779
2011-12		1,424		890	1,277	3,591
2012-13		1,396		854	1,231	3,481
2013-14		1,370		814	1,189	3,373
2014-15		1,319		758	1,184	3,261
2015-16		1,281		780	1,106	3,167
2016-17		1,337		782	1,061	3,180
2017-18		1,325		786	1,027	3,138
2018-19		1,339		756	1,013	3,108
	<u>Projections</u>					
2019-20		1,382		768	1,004	3,154
2020-21		1,389		772	1,010	3,171
2021-22		1,407		764	1,010	3,181

<sup>1</sup> During school year 2010-11 the Board of Education closed Chalk Hill School and moved 5th grade into the elementary schools and the 6th grade to the Jockey Hollow School.

Source: Superintendent's office, Town of Monroe.

**Municipal Employment**

<u>Fiscal Year</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Government....	170	169	171	174	165
Board of Education.....	476	460	464	470	478
<b>Total</b>	<b>646</b>	<b>629</b>	<b>635</b>	<b>644</b>	<b>643</b>

Source: Town Officials

**Municipal Employees by Category**

<u>Department</u>	<u>Number of Employees</u>
<u>General Government</u>	
Police.....	55
Library.....	13
Highway Department.....	24
Land Use Group.....	10
Social Services/Senior Center.....	7
Parks & Recreation.....	14
Other.....	47
Total General Government.....	<u>170</u>
<u>Board of Education</u>	
Administration and Principals.....	23
Teachers.....	265
Paraprofessionals.....	85
Other.....	103
Total Board of Education.....	<u>476</u>
Grand Total.....	<u><u>646</u></u>

Source: Town Officials

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**Municipal Employees Bargaining Organizations**

<u>Employees</u>	<u>Organization</u>	<u>Employees Covered</u>	<u>Contract Expiration</u>
<b>General Government</b>			
Highway / Parks & Rec.....	Local 44, Connecticut Independent Labor Union	23	6/30/2020
Clerical.....	Local 136, International Federation of Professional and Technical Engineers	36	6/30/2020
Police - Uniform Officers....	Local 15, AFSCME, AFL-CIO	38	6/30/2019 <sup>1</sup>
Supervisors.....	Local 818, AFSCME, AFL-CIO	16	6/30/2020
	Sub-total General Government	113	
	Non-Bargaining and part-time	57	
	Total General Government	170	
<b>Board of Education</b>			
Administrators.....	Monroe Federation of School Administrator's Association	20	6/30/2021
Teachers.....	Monroe Education Association	265	6/30/2020
Paraprofessionals.....	United Public Service Employees Union	85	6/30/2021
Secretaries.....	United Public Service Employees Union	26	6/30/2020
Custodial.....	United Public Service Employees Union	32	6/30/2020
School Nurses.....	United Public Service Employees Union	6	6/30/2021
School Library Employees..	Local 136, International Federation of Professional and Technical Engineers, Library Association of Monroe School System	2	6/30/2021
	Sub-total Board of Education	436	
	Non-Bargaining and part-time	40	
	Total Board of Education	476	
	<b>Total Town of Monroe</b>	646	

<sup>1</sup> In negotiations.

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certificated teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective October 1, 1997 for binding arbitration of teacher's contracts, in assessing the financial capability of a town, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

## SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

### Population Trends

<u>Year</u>	<u>Town of Monroe</u>	<u>Fairfield County</u>	<u>State of Connecticut</u>
1980	13,952	807,143	3,107,576
1990	16,896	857,270	3,287,116
2000	19,247	882,567	3,405,565
2017	19,766	947,328	3,594,478

Source: U.S. Bureau of Census.

### Age Characteristics of Population

<u>Age</u>	<u>Town of Monroe</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5.....	658	3.3	53,055	5.6	186,188	5.2
5 - 9.....	1,293	6.5	60,951	6.4	206,536	5.7
10 - 14.....	1,808	9.1	64,825	6.8	225,831	6.3
15 - 19.....	1,659	8.4	67,274	7.1	249,777	6.9
20 - 24.....	973	4.9	58,822	6.2	245,849	6.8
25 - 34.....	1,542	7.8	108,665	11.5	439,239	12.2
35 - 44.....	2,161	10.9	120,922	12.8	433,401	12.1
45 - 54.....	3,760	19.0	146,731	15.5	535,611	14.9
55 - 59.....	1,794	9.1	68,749	7.3	266,501	7.4
60 - 64.....	1,224	6.2	56,408	6.0	229,788	6.4
65 - 74.....	1,666	8.4	76,555	8.1	318,515	8.9
75 - 84.....	893	4.5	42,268	4.5	167,133	4.6
85 and over...	335	1.7	22,103	2.3	90,109	2.5
<b>Total.....</b>	<b>19,766</b>	<b>100.0</b>	<b>947,328</b>	<b>100.0</b>	<b>3,594,478</b>	<b>100.0</b>

Source: U.S. Bureau of Census, American Community Survey, 2013-17.

### Selected Wealth and Income Indicators

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2017)</u>	<u>(2000)</u>	<u>(2017)</u>
Town of Monroe.....	\$ 92,514	\$ 133,253	\$ 34,161	\$ 47,991
Fairfield County.....	77,690	109,946	38,350	53,433
Connecticut.....	65,521	93,800	28,766	41,365
United States.....	49,600	70,850	21,690	31,177

Source: U.S. Bureau of Census, American Community Survey, 2013-17.

### Income Distribution

	<u>Town of Monroe</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ -0- to 9,999.....	110	2.1	6,267	2.7	27,787	3.1
10,000 to 14,999.....	26	0.5	3,771	1.6	16,143	1.8
15,000 to 24,999.....	12	0.2	9,562	4.0	41,072	4.6
25,000 to 34,999.....	126	2.5	12,739	5.4	52,218	5.8
35,000 to 49,999.....	310	6.1	19,740	8.3	82,371	9.2
50,000 to 74,999.....	544	10.6	29,644	12.5	134,356	15.0
75,000 to 99,999.....	531	10.4	25,963	11.0	122,244	13.6
100,000 to 149,999....	1,309	25.6	43,164	18.3	186,352	20.8
150,000 to 199,999....	876	17.1	26,432	11.2	100,359	11.2
200,000 or more.....	1,279	25.0	59,128	25.0	132,765	14.8
	<b>5,123</b>	<b>100.0</b>	<b>236,410</b>	<b>100.0</b>	<b>895,667</b>	<b>100.0</b>

Source: U.S. Bureau of Census, American Community Survey, 2013-17.

**Educational Attainment**  
**Years of School Completed, Age 25 & Over**

<u>Educational Attainment Group</u>	<u>Town of Monroe</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade.....	402	3.0	35,410	5.5	104,623	4.2
9th to 12th grade.....	483	3.6	32,736	5.1	137,877	5.6
High School graduate.....	3,002	22.4	141,048	22.0	673,582	27.2
Some college, no degree.....	1,973	14.8	95,555	14.9	422,535	17.0
Associates degree.....	1,211	9.1	39,156	6.1	188,481	7.6
Bachelor's degree.....	3,672	27.5	165,926	25.8	532,055	21.5
Graduate or professional degree.....	2,632	19.7	132,570	20.6	421,144	17.0
<b>Total</b>	<b>13,375</b>	<b>100.0</b>	<b>642,401</b>	<b>100.0</b>	<b>2,480,297</b>	<b>100.0</b>
Percent of High School Graduates...		93.4%		89.4%		90.2%
Percent of College Graduates.....		47.1%		46.5%		38.4%

Source: U.S. Bureau of Census, American Community Survey, 2013-17.

**Employment by Industry**

<u>Employment Sector</u>	<u>Town of Monroe</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, Forestry, Fishing, Hunting & Mining	73	0.7	1,340	0.3	7,166	0.4
Construction.....	493	4.7	31,151	6.6	104,122	5.8
Manufacturing.....	1,302	12.3	38,867	8.2	191,519	10.6
Wholesale Trade.....	251	2.4	11,600	2.4	44,741	2.5
Retail Trade.....	1,067	10.1	48,985	10.3	193,016	10.7
Transportation, Warehousing & Utilities.....	363	3.4	16,036	3.4	68,926	3.8
Information.....	379	3.6	13,472	2.8	42,200	2.3
Finance, Insurance & Real Estate.....	1,015	9.6	56,461	11.9	163,810	9.1
Professional, Scientific & Management.....	1,945	18.4	74,356	15.7	208,130	11.5
Educational Services & Health Care.....	2,219	21.0	107,297	22.6	478,083	26.5
Arts, Entertainment, Recreation & Food Services	689	6.5	40,044	8.4	153,679	8.5
Other Service (including nonprofit).....	284	2.7	23,595	5.0	82,538	4.6
Public Administration.....	474	4.5	11,254	2.4	67,156	3.7
<b>Total.....</b>	<b>10,554</b>	<b>100.0</b>	<b>474,458</b>	<b>100.0</b>	<b>1,805,086</b>	<b>100.0</b>

Source: U.S. Bureau of Census, American Community Survey, 2013-17.

**Major Employers**

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Number of Employees</u>
Town of Monroe.....	Government and education.....	646
Big Y Supermarket.....	Supermarket.....	154
Victorinox (Swiss Army).....	Headquarters/Distribution .....	149
Northeast Laser Engraving.....	Engraving & Electropolishing Services.....	145
Stop & Shop.....	Supermarket.....	126
M Cubed Technologies.....	Ceramic Component MFG.....	113
Church Hill Classics LTD.....	Frame Manufacturer.....	93
Pella Windows & Doors.....	Window Sales & Installation.....	82
Practitioner Support Services.....	Primary care in nursing facilities.....	80
The Waterview LLC.....	Property Management/Catering.....	75
		<b>1,663</b>

Source: Town officials.

## Unemployment Rate Statistics <sup>1</sup>

<u>Yearly Average</u>	<u>Town of Monroe</u>	<u>Bridgeport Labor Market</u>	<u>State of Connecticut</u>	<u>United States</u>
2009	7.0 %	7.9 %	8.3 %	9.3 %
2010	8.0 %	8.7 %	9.1 %	9.6 %
2011	8.0 %	8.5 %	8.8 %	9.0 %
2012	7.3 %	8.0 %	8.3 %	8.1 %
2013	6.6 %	7.5 %	7.8 %	7.4 %
2014	6.1 %	6.4 %	6.6 %	6.2 %
2015	5.2 %	5.6 %	5.7 %	5.3 %
2016	4.6 %	5.0 %	5.1 %	4.9 %
2017	4.7 %	4.7 %	4.7 %	4.4 %
2018	3.7 %	4.1 %	4.1 %	3.9 %
<u>2019 Monthly</u>				
January	4.5 %	4.7 %	4.7 %	4.4 %
February	4.4 %	4.4 %	4.4 %	4.1 %
March	4.1 %	4.1 %	4.2 %	3.9 %
April	3.2 %	3.2 %	3.3 %	3.3 %
May	3.5 %	3.6 %	3.6 %	3.4 %
June	3.6 %	3.9 %	3.8 %	3.8 %
July	3.6 %	3.6 %	3.6 %	4.0 %
August	3.5 %	3.6 %	3.6 %	3.8 %

<sup>1</sup>Non-seasonally adjusted.

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.

## Monroe Housing Inventory

<u>Type</u>	<u>Units</u>	<u>Percent</u>
1-unit detached .....	6,259	85.6
1-unit attached .....	441	6.0
2 to 4 units .....	286	3.9
5 to 9 units .....	273	3.7
10 or more units .....	16	0.2
Mobile home, trailer, other .....	37	1
<b>Total Inventory .....</b>	<b>7,312</b>	<b>100.0</b>

Source: U.S. Bureau of Census, American Community Survey, 2013-17.



### Characteristics of Housing Units (Owner Occupied)

Value of Owner Occupied Units	Town of Monroe		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000.....	127	2.1	5,064	2.2	24,038	2.7
50,000 to 99,999.....	35	0.6	4,480	2.0	29,789	3.3
100,000 to 149,999.....	46	0.7	8,086	3.5	83,320	9.2
150,000 to 199,999.....	301	4.9	14,690	6.4	141,024	15.6
200,000 to 299,999.....	1,518	24.5	36,243	15.8	244,356	26.9
300,000 to 499,999.....	2,950	47.6	68,115	29.8	236,671	26.1
500,000 to 999,999.....	1,111	17.9	58,633	25.6	106,192	11.7
1,000,000 and over.....	104	1.7	33,355	14.6	41,408	4.6
<b>Total.....</b>	<b>6,192</b>	<b>100.0</b>	<b>228,666</b>	<b>100.0</b>	<b>906,798</b>	<b>100.0</b>
<b>Median Value .....</b>	<b>\$363,400</b>		<b>\$417,800</b>		<b>\$270,100</b>	

Source: U.S. Bureau of Census, American Community Survey, 2013-17.

### Age Distribution of Housing

Year Structure Built	Town of Monroe		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier.....	671	9.2	79,161	21.5	338,011	22.4
1940 to 1949.....	333	4.6	28,296	7.7	104,251	6.9
1950 to 1959.....	898	12.3	58,064	15.7	225,763	15.0
1960 to 1969.....	1,348	18.4	54,198	14.7	205,463	13.6
1970 to 1979.....	1,044	14.3	47,984	13.0	200,217	13.3
1980 to 1989.....	1,832	25.1	42,169	11.4	191,939	12.7
1990 to 1999.....	866	11.8	24,667	6.7	114,261	7.6
2000 to 2009.....	276	3.8	25,699	7.0	105,131	7.0
2010 to 2013.....	44	0.6	6,660	1.8	17,308	1.1
2014 or later.....	0	0.0	2,146	0.6	5,367	0.4
<b>Total housing units.....</b>	<b>7,312</b>	<b>100.0</b>	<b>369,044</b>	<b>100.0</b>	<b>1,507,711</b>	<b>100.0</b>

Source: U.S. Bureau of Census, American Community Survey, 2013-17.

### Dwelling Units

2017	2000	1990	1980	% Increase 2000-2017	% Increase 1980-2017
7,312	6,601	5,596	4,131	10.8%	77.0%

Source: U.S. Bureau of Census.

## Building Permits

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial/ Industrial</u>	<u>All Other</u>	<u>Total</u>
2019	\$ 7,587,845	\$ 682,133	\$ 7,716,642	\$ 15,986,620
2018	7,224,739	12,168,748	8,962,670	28,356,157
2017	9,242,403	7,086,129	12,210,926	28,539,458
2016	5,449,022	7,591,430	9,038,055	22,078,507
2015	6,632,498	1,724,979	5,850,929	14,208,406
2014	5,133,252	859,599	6,433,557	12,426,408
2013	5,787,045	2,653,020	5,812,035	14,252,100
2012	4,040,641	3,023,417	3,981,792	11,045,850
2011	6,766,753	4,296,938	3,657,556	14,721,247
2010	5,820,353	779,995	1,856,156	8,456,504

Source: Town of Monroe building officials.

## Land Use Summary

<u>Land Use Category</u>	<u>Total Acreage by Zoning</u>	<u>Percent of Total Land</u>
Residential and Farming District	6,532	38.8
Residential and Farming District	4,466	26.5
Residential and Farming District	2,741	16.3
Age Restricted District	85	0.5
Multifamily Residence District	580	3.4
Recreational Residence District	754	4.5
Housing Opportunity District	25	0.1
Business District 1	258	1.5
Business District 2	181	1.1
Limited Office Retail District	71	0.4
Industrial District 1	115	0.7
Industrial District 2	807	4.8
Industrial District 3	207	1.2
	<u>16,822</u>	<u>100.0</u>

Source: Town Officials

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**SECTION IV - INDEBTEDNESS**

**Principal Amount of Indebtedness**  
As of December 3, 2019

<u>Date of Issue</u>	<u>Issue<sup>1</sup></u>	<u>Coupon Rate %</u>	<u>Original Issue Amount</u>	<u>Debt Outstanding Including This Issue</u>	<u>Fiscal Year of Final Maturity</u>
<b><u>General Purpose</u></b>					
2/14/2012	General Purpose, Refunding Series A .....	2.00 - 3.00	\$ 3,930,000	\$ 269,000	2024
5/14/2012	General Purpose, Series C (Taxable) .....	2.00 - 3.50	\$ 75,000	\$ 30,000	2022
4/22/2015	General Purpose .....	2.00 - 3.00	3,270,000	235,000	2030
7/12/2016	General Purpose, Series A .....	1.50 - 4.00	810,000	560,000	2027
11/1/2016	General Purpose, Refunding Series B .....	2.00 - 4.00	6,490,000	4,525,000	2029
6/26/2018	General Purpose, Series A .....	3.00 - 5.00	5,435,000	4,890,000	2028
6/26/2018	General Purpose, Refunding Series B .....	3.00 - 5.00	2,958,000	2,595,000	2026
12/3/2019	General Purpose, Series 2019 (This Issue).....	4.00 - 5.00	4,566,000	4,566,000	2030
1/16/2020	General Purpose, Refunding Series 2020 (This Issue).....	4.00 - 5.00	2,003,000	2,003,000	2030
			<b><u>\$ 29,537,000</u></b>	<b><u>\$ 19,673,000</u></b>	
<b><u>Schools</u></b>					
2/14/2012	Schools, Refunding Series A .....	2.00 - 3.00	4,855,000	81,000	2024
5/14/2012	Schools, Series C (Taxable) .....	2.00 - 3.50	385,000	130,000	2022
4/22/2015	Schools .....	2.00 - 3.00	2,950,000	210,000	2030
7/12/2016	Schools, Series A .....	1.50 - 4.00	1,800,000	1,260,000	2027
11/1/2016	Schools, Refunding Series B .....	2.00 - 4.00	730,000	720,000	2029
6/26/2018	Schools, Series A .....	3.00 - 5.00	2,650,000	2,385,000	2028
6/26/2018	Schools, Refunding Series B .....	3.00 - 5.00	4,085,000	3,580,000	2026
12/3/2019	Schools, Refunding Series 2019 (This Issue) .....	4.00 - 5.00	4,289,000	4,289,000	2030
1/16/2020	Schools, Refunding Series 2020 (This Issue) .....	4.00 - 5.00	1,812,000	1,812,000	2030
			<b><u>\$ 23,556,000</u></b>	<b><u>\$ 14,467,000</u></b>	
	<b>Total Long-term Debt .....</b>		<b><u>\$ 53,093,000</u></b>	<b><u>\$ 34,140,000</u></b>	

<sup>1</sup> Excludes the Series 2019 Refunded Bonds and the Series 2020 Refunded Bonds.

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**Computation of Statutory Debt Limit**

As of December 3, 2019

Total fiscal year 2018 tax collections (including interest and lien fees).....	\$ 76,709,834
State Reimbursement for Revenue Loss on Tax Relief for the Elderly.....	-
Base for Establishing Debt Limit.....	<u>\$ 76,709,834</u>

<b>Debt Limitation<sup>1</sup></b>	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>	<b>Total Debt</b>
(2.25 times base).....	\$ 172,597,127					
(4.50 times base).....		\$ 345,194,253				
(3.75 times base).....			\$ 287,661,878			
(3.25 times base).....				\$ 249,306,961		
(3.00 times base).....					\$ 230,129,502	
(7.00 times base).....						\$ 536,968,838
<b>Indebtedness (Including this issue)</b>						
Bonds Payable.....	\$ 17,799,000	\$ 15,006,000	\$ -	\$ -	\$ -	\$ 32,805,000
Refunded Bonds.....	(4,695,000)	(6,640,000)				(11,335,000)
Series 2019 Bonds.....	4,566,000	4,289,000	-	-	-	8,855,000
Series 2020 Bonds.....	2,003,000	1,812,000	-	-	-	3,815,000
Authorized but						-
Unissued Debt.....	10,665,000	2,921,466	-	-	-	13,586,466
Gross Direct Debt.....	<u>30,338,000</u>	<u>17,388,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,726,466</u>
School grants						
receivable.....	-	-	-	-	-	-
Net Direct Debt.....	<u>30,338,000</u>	<u>17,388,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,726,466</u>
Excess of Limit Over						
Outstanding and						
Authorized Debt.....	<u>\$ 142,259,127</u>	<u>\$ 327,805,787</u>	<u>\$ 287,661,878</u>	<u>\$ 249,306,961</u>	<u>\$ 230,129,502</u>	<u>\$ 489,242,372</u>

<sup>1</sup> Under Connecticut General Statutes, Town debt cannot exceed \$536,968,838 or seven times the debt limit base.

Source: Town Officials.

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**Calculation of Net Direct Debt**

As of December 3, 2019 (Pro Forma)

<b>Bonded Debt</b> <sup>1</sup>	
Series 2019 Bonds (This Issue).....	\$ 8,855,000
Series 2020 Bonds (This Issue).....	3,815,000
Refunded Bonds.....	(11,335,000)
General Improvement.....	17,799,000
Schools.....	<u>15,006,000</u>
<b>Total Bonded Debt</b> .....	<b>34,140,000</b>
 <b>Short-Term Debt</b>	
<b>Total Short-Term Debt</b> .....	<u>-</u>
 <b>Total Direct Debt</b> .....	 <u>34,140,000</u>
Exclusions:.....	<u>-</u>
<b>Net Direct Debt</b> .....	<b><u>\$ 34,140,000</u></b>

<sup>1</sup> Does not include authorized but unissued debt of \$13,586,466.

Source: Town Officials.

**Current Debt Ratios**

As of December 3, 2019 (Pro Forma)

Total Direct Indebtedness.....	\$ 34,140,000
Net Direct Indebtedness.....	\$ 34,140,000
 Population <sup>1</sup> .....	19,766
Net Taxable Grand List (10/1/18).....	\$ 2,186,084,476
Estimated Full Value.....	\$ 3,122,977,823
Equalized Net Taxable Grand List (2017) <sup>2</sup> ...	\$ 3,175,907,795
Per Capita Income <sup>1</sup> .....	\$ 47,991
 <b>Total Direct Debt:</b>	
Per Capita.....	\$1,727.21
To Net Taxable Grand List.....	1.56%
To Estimated Full Value.....	1.09%
To Equalized Net Taxable Grand List.....	1.07%
Per Capita to Per Capita Income.....	3.60%
 <b>Net Direct Debt:</b>	
Per Capita.....	\$1,727.21
To Net Taxable Grand List.....	1.56%
To Estimated Full Value.....	1.09%
To Equalized Net Taxable Grand List.....	1.07%
Per Capita to Per Capita Income.....	3.60%

<sup>1</sup> U.S. Bureau of Census, American Community Survey, 2013-2017.

<sup>2</sup> Office of Policy and Management, State of Connecticut

## Historical Debt Statement

	<u>2018-19</u> <sup>1</sup>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Population <sup>2</sup> .....	19,766	19,766	19,766	19,784	19,744
Net taxable grand list.....	\$2,172,275,339	\$2,158,777,057	\$2,153,311,392	\$2,146,111,708	\$2,312,089,496
Estimated full value.....	\$3,103,250,484	\$3,083,967,224	\$3,076,159,131	\$3,065,873,869	\$3,302,984,994
Equalized net taxable grand list <sup>3</sup> ..	\$3,175,907,795	\$3,175,730,981	\$3,114,308,719	\$3,066,526,011	\$3,118,165,181
Per capita income <sup>2</sup> .....	\$ 47,991	\$ 47,991	\$ 47,991	\$ 50,195	\$ 48,639
Short-term debt.....	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt.....	\$ 33,750,000	\$ 38,795,000	\$ 35,960,000	\$ 38,965,000	\$ 43,550,000
Total Direct Indebtedness.....	\$ 33,750,000	\$ 38,795,000	\$ 35,960,000	\$ 38,965,000	\$ 43,550,000
Net Direct Indebtedness.....	\$ 33,682,065	\$ 38,583,130	\$ 35,748,130	\$ 38,368,027	\$ 42,562,828

<sup>1</sup> Unaudited estimate.

<sup>2</sup> U.S. Bureau of Census, American Community Survey, 2013-17.

<sup>3</sup> Office of Policy and Management, State of Connecticut.

## Historical Debt Ratios

<b>Total Direct Indebtedness:</b>	<u>2018-19</u> <sup>1</sup>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Per capita.....	\$1,707.48	\$1,962.71	\$1,819.29	\$1,969.52	\$2,205.73
To net taxable grand list.....	1.55%	1.80%	1.67%	1.82%	1.88%
To estimated full value.....	1.09%	1.26%	1.17%	1.27%	1.32%
To equalized net taxable grand list.....	1.06%	1.22%	1.15%	1.27%	1.40%
Debt per capita to per capita income.....	3.56%	4.09%	3.79%	3.92%	4.53%
<b>Net Direct Indebtedness:</b>					
Per capita.....	\$1,704.04	\$1,951.99	\$1,808.57	\$1,939.35	\$2,155.73
To net taxable grand list.....	1.55%	1.79%	1.66%	1.79%	1.84%
To estimated full value.....	1.09%	1.25%	1.16%	1.25%	1.29%
To equalized net taxable grand list.....	1.06%	1.21%	1.15%	1.25%	1.36%
Debt per capita to per capita income.....	3.55%	4.07%	3.77%	3.86%	4.43%

<sup>1</sup> Unaudited estimate.

## Outstanding Short-Term Indebtedness

The Town currently has no outstanding short-term indebtedness.

## Overlapping and Underlying Indebtedness

Apart from the Town, there are no other political subdivisions with power to issue debt or cause taxes to be levied on taxable property in the Town.

## Capital Leases

The Town has entered into a multi-year capital lease agreement for energy conservation improvements and a street sweeper for public works. The present value of future minimum lease payments as of June 30, 2019 was \$1,162,952. These payments are not included in outstanding bonded debt.

In July 2013, the Town entered into a Guaranteed Energy Performance Contract ("EPC") with Honeywell International Inc. ("Honeywell") under which various equipment and improvements intended to reduce energy consumption were undertaken at Board of Education buildings. The total costs of the improvements was \$3,803,204 and the improvements were in part financed by the issuance of a 10 year tax-exempt municipal lease in the amount of \$2,747,787 and \$1,055,417 in energy rebates and an interest free loan from Eversource, formerly the Connecticut Light & Power Company. Under the terms of the EPC, if energy savings in any year are not sufficient to substantially cover the cost of the debt service on the improvements, Honeywell will cover the differential.

### **Legal Requirements for Approval of Borrowing**

Under Chapter IX, Section 1 of the Town Charter, bonds are authorized by a majority of qualified voters present at a Town Meeting. Action on any borrowing shall become effective only after it has been first approved by the Town Council and then approved by the Board of Finance and referred to a Town Meeting. Town Meetings shall be called by the Council in the manner provided for by the Connecticut General Statutes. No Town Meeting shall increase the borrowing or bond issue above the amount recommended by the Council. Refunding bonds may be authorized by resolution adopted by the Town Council in accordance with State Statutes.

### **Temporary Financing**

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20<sup>th</sup> (1/30<sup>th</sup> for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be funded beyond ten years from their initial borrowing if written commitment exists for state and/or federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15<sup>th</sup> of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

### **School Projects**

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. State grants will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for the net share of project costs.

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**Authorized but Unissued Debt**

Projects	Total Bond Authorization	Prior Debt/ Paydowns	Grants Received	Series 2019	Authorized But Unissued
				Capital Project Bonds	
Police Department Facility, Phase I.....	\$ 1,130,000	\$ 1,117,000	\$ -	\$ -	\$ 13,000 <sup>1</sup>
Schools carpet replacement/asbestos abatement and pool filter system.....	1,527,000	1,100,000	313,080	-	113,920 <sup>1</sup>
Masuk High School Renovation.....	38,407,000	25,020,000	13,229,454	-	157,546 <sup>1</sup>
Edith Wheeler Memorial Library.....	6,290,000	4,875,000	1,250,000	-	165,000 <sup>1</sup>
Pepper Street Improvements.....	5,050,000	-	-	-	5,050,000
Stepney Elementary School Roof Replacement 2017...	2,650,000	-	-	-	2,650,000
Fire Apparatus 2017.....	3,880,000	-	-	-	3,880,000
DPW Dump Trucks 2018.....	406,000	-	-	-	406,000
Road Construction & Reconstruction.....	1,018,000	-	-	-	1,018,000
Stevenson VFD Vehicles.....	132,000	-	-	-	132,000
EMS Facility Project Phase I.....	180,000	-	-	180,000	-
Town Hall Campus Safety & Security Improvements....	200,000	-	-	200,000	-
Road Construction / Reconstruction Phase 6.....	1,018,000	-	-	1,017,000	1,000
2018-19 Vehicle Replacement Plan & DPW Trucks....	918,000	-	-	918,000	-
	<u>\$ 62,806,000</u>	<u>\$32,112,000</u>	<u>\$14,792,534</u>	<u>\$ 2,315,000</u>	<u>\$13,586,466</u>

<sup>1</sup> The Town does not expect any future borrowing for these projects.

**Capital Improvement Program**

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
<b>Summary of Programs</b>						
Board of Education.....	\$ 160,000	\$ 461,000	\$ 1,650,000	\$ 1,530,000	\$ 100,000	\$ 3,901,000
Bond Issuance Costs.....	99,874	-	-	-	-	99,874
EMS.....	1,660,000	1,860,000	-	-	-	3,520,000
Engineering/Land Use.....	2,951,000	5,171,895	1,170,000	220,000	320,000	9,832,895
Fire.....	277,000	350,000	82,000	225,700	-	934,700
First Selectman.....	60,000	-	-	-	-	60,000
Information Technology.....	38,000	30,000	33,000	30,000	33,000	164,000
Library.....	19,000	-	-	-	-	19,000
Parks & Recreation.....	103,252	102,000	150,000	225,000	-	580,252
Police.....	2,122,700	152,000	154,000	156,000	158,000	2,742,700
Public Works.....	3,453,750	4,518,250	5,330,000	1,745,000	1,420,000	16,467,000
Senior Center.....	-	365,000	-	-	-	365,000
Vehicle Replacement Plan...	234,000	124,000	-	-	-	358,000
<b>Total .....</b>	<u>\$11,178,576</u>	<u>\$13,134,145</u>	<u>\$ 8,569,000</u>	<u>\$ 4,131,700</u>	<u>\$ 2,031,000</u>	<u>\$39,044,421</u>
<b>Source of Funding</b>						
Capital Reserve Funds.....	\$ 480,502	\$ 568,250	\$ 582,000	\$ 192,000	\$ 335,000	\$ 2,157,752
General Obligation Bonds....	5,564,374	7,964,000	6,965,000	3,765,700	1,520,000	25,779,074
LOCIP.....	650,000	-	-	-	-	650,000
Operating Budget.....	93,350	170,000	172,000	174,000	176,000	785,350
Donations/Fundraising.....	5,000	-	-	-	-	5,000
STEAP Grants.....	500,000	-	-	-	-	500,000
STP Regional Grant Funding	2,970,000	4,081,895	500,000	-	-	7,551,895
Police Private Duty Fund.....	425,350	-	-	-	-	425,350
Town Clerk Fund.....	45,000	-	-	-	-	45,000
Town Road Grant Funds.....	445,000	350,000	350,000	-	-	1,145,000
<b>Total .....</b>	<u>\$11,178,576</u>	<u>\$13,134,145</u>	<u>\$ 8,569,000</u>	<u>\$ 4,131,700</u>	<u>\$ 2,031,000</u>	<u>\$39,044,421</u>



**Combined Schedule of Long Term Debt through Maturity**  
As of December 3, 2019 (Pro Forma)

Fiscal Year	Existing Indebtedness			Refunded Bonds Principal	Series 2019 Bonds Principal	Series 2020 Bonds Principal	ALL ISSUES Total Principal
	Principal Payments	Interest Payments	Total Debt Service				
2019-20 <sup>1</sup>	\$ 4,055,000	\$ 738,176	\$ 4,793,176	\$ (1,615,000)	\$ 1,435,000	\$ -	\$ 3,875,000
2020-21	5,005,000	977,733	5,982,733	(2,400,000)	2,105,000	245,000	4,955,000
2021-22	4,880,000	780,926	5,660,926	(2,260,000)	1,990,000	365,000	4,975,000
2022-23	4,085,000	591,126	4,676,126	(1,205,000)	965,000	370,000	4,215,000
2023-24	4,135,000	433,098	4,568,098	(1,215,000)	980,000	380,000	4,280,000
2024-25	3,405,000	299,445	3,704,445	(440,000)	230,000	385,000	3,580,000
2025-26	2,675,000	198,270	2,873,270	(440,000)	230,000	395,000	2,860,000
2026-27	2,045,000	120,870	2,165,870	(440,000)	230,000	405,000	2,240,000
2027-28	1,440,000	69,270	1,509,270	(440,000)	230,000	415,000	1,645,000
2028-29	640,000	26,820	666,820	(440,000)	230,000	425,000	855,000
2029-30	440,000	11,880	451,880	(440,000)	230,000	430,000	660,000
<b>Total</b>	<b>\$ 32,805,000</b>	<b>\$ 4,247,614</b>	<b>\$ 37,052,614</b>	<b>\$ (11,335,000)</b>	<b>\$ 8,855,000</b>	<b>\$ 3,815,000</b>	<b>\$ 34,140,000</b>

<sup>1</sup> Excludes \$945,000 in principal payments and \$424,932 in interest payments made as of December 3, 2019.

Source: Town annual audit reports.

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## SECTION V - FINANCIAL DATA

### Accounting Policies

The Town's accounting policies are summarized in Note 1 "Summary of Significant Account Policies" in the Notes to the General Purpose Financial Statements in Appendix A.

### Basis of Accounting

See Note 1 of "Notes to the General Purpose Financial Statements" in Appendix A.

### Audit

Pursuant to the provisions of the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes) and the Town of Monroe Charter, the Town is obligated to undergo an annual examination by an independent certified public accountant. The independent auditors are required to conduct their examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, who receives a copy of said Audit Report when completed. Currently, the Town retains O'Connor Davies, LLP of Wethersfield, Connecticut as outside independent auditors.

The most recent annual audit covers the fiscal year ended June 30, 2018, a copy of which is included in this document and made a part hereof as Appendix A. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

### Budgetary Procedure

Monroe Town Charter defines the Town's budgetary policy. Department heads, chairpersons of boards or commissions or any agency submit departmental requests to the First Selectman as scheduled. The First Selectman's Budget is delivered to the Town Council by February 8<sup>th</sup>. The Town Council shall hold one public hearing prior to forwarding the Budget to the Board of Finance by March 15<sup>th</sup>. The Board of Finance must hold one public hearing prior to submitting the budget to the First Selectman no later than April 20<sup>st</sup>. A Budget summary is published in the newspaper 5 days prior to the referendum and Public Input Session. A Budget referendum is held on the first Tuesday in May.

- Upon request by the First Selectman, the Board of Finance may transfer appropriations from one department to another within the fiscal year.
- Upon request by the First Selectman, the Town Council may transfer line items within department budgets within the fiscal year.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- Except for encumbrance accounting, the budget is prepared on the modified accrual basis of accounting.
- No constraints or limitations exist under the charter establishing minimum or maximum increases or decreases relating to the budgetary procedure or adoption of the mill rate.

All unencumbered appropriations lapse at year end, except those for the Capital Projects Fund and certain specific revenue funds. Appropriations for Capital Projects are continued until completion, even when projects extend beyond one or more fiscal years.

### Employee Pension Systems

The Town has a contributory defined benefit retirement pension plan (the "Plan") which covers substantially all current Town and Board of Education employees except police department employees who participate in the Connecticut Municipal Employees' Retirement System Fund B (MERS), a cost-sharing, multiple-employer, contributory defined benefit plan established under Chapter 113 of the Connecticut General Statutes and administered by the Connecticut State Employees Retirement Commission, and teachers, who also participate in a contributory plan administered by the Connecticut State Teachers Retirement Board. The Plan is administered by the Town of Monroe Pension Committee, which utilized the services of Hooker & Holcombe for actuarial services, Fiduciary Investment Advisors for investment services and Wells Fargo as the custodian of the plan assets. The Plan was frozen in 2015 for all new Town employees (Board of Education employees are currently still eligible). The Town has set up a defined contribution plan, pursuant to section 401(a) of the Internal Revenue Code, with a 3% employer match for all Town employees hired after June 30, 2015.

The Town has implemented Government Accounting Standards Board's (GASB) Statement No. 67. Net position is based on fair market value as of June 30, 2019 and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date updated to June 30, 2019. In accordance with GASB Statement No. 67, the components of the net pension liability of the Town as of June 30, 2019 were as follows:

	<u>Town</u>	<u>Board of Education</u>	<u>Total</u>
Total pension liability.....	\$ 13,264,918	\$ 14,094,088	\$ 27,359,006
Plan fiduciary net postion.....	12,649,427	12,228,003	24,877,430
 Net pension liability.....	 \$ 615,491	 \$ 1,866,085	 \$ 2,481,576
 Plan fiduciary net position as a % of total pension liability.....	 95.36%	 86.76%	 90.93%

The following represents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>1% Increase 7.75%</u>
Town Employees' Net Pension Liability.....	\$ 2,106,342	\$ 615,291	\$ (660,208)
 Board of Education Employees' Net Pension Liability.....	 \$ 3,566,654	 \$ 1,866,085	 \$ 423,539

The following represents historic trend information of the Town's Plans:

<b>Schedule of Funding Progress</b>						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Overfunded (Unfunded) AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
<i><u>Town Employee's Plan</u></i>						
07/01/18	\$11,851,485	\$12,622,979	\$ (771,494)	93.9%	\$3,678,680	-21.0%
07/01/16	10,399,570	11,725,741	(1,326,171)	88.7%	3,580,543	-37.0%
07/01/14	8,904,632	11,047,132	(2,142,500)	80.6%	3,244,363	-66.0%
07/01/12	7,486,638	9,598,303	(2,111,665)	78.0%	3,044,942	-69.3%
01/01/10	7,124,118	8,784,914	(1,660,796)	81.1%	3,205,710	-51.8%
<i><u>Board of Education Employee's Plan</u></i>						
07/01/18	\$12,367,987	\$13,400,503	\$ (1,032,516)	92.3%	\$4,588,373	-22.5%
07/01/16	11,195,105	12,541,374	(1,346,269)	89.3%	3,874,773	-34.7%
07/01/14	10,015,497	11,741,546	(1,726,049)	85.3%	4,023,056	-42.9%
07/01/12	8,994,081	10,626,487	(1,632,406)	84.6%	4,268,569	-38.2%
01/01/11	8,502,820	9,675,631	(1,172,811)	87.9%	3,839,606	-30.5%

### Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
<i>Town Employee's Plan</i>			
2020 <sup>1</sup>	\$291,581	\$291,581	100.0%
2019 <sup>2</sup>	360,192	360,192	100.0%
2018	354,017	354,017	100.0%
2017	389,752	390,000	100.1%
2016	382,281	383,000	100.2%
<i>Board of Education Employee's Plan</i>			
2020 <sup>1</sup>	\$339,015	\$695,490 <sup>3</sup>	205.2%
2019 <sup>2</sup>	356,475	0	0.0%
2018	350,452	350,452	100.0%
2017	385,429	385,429	100.0%
2016	376,663	367,541	97.6%

<sup>1</sup> Adopted budget.

<sup>2</sup> Unaudited estimate.

<sup>3</sup> The Board of Education did not make its fiscal year 2018-19 contribution due to concerns over cost overruns related to Special Education. On October 17, 2019 the Board of Finance approved a fiscal year 2018-19 budget transfer in amount of \$356,475 to fund the Board of Education's fiscal year 2018-19 contribution. The actual contribution was made October 18, 2019.

For further details on the plans, see "Appendix A, - Audited Financial Statements".

### Other Post-Employment Benefits

The Town administers two single-employer defined benefit plans for employee post-employment benefits. The first is the Police Other Post-employment Benefit Plan (the "Police Benefits Plan") which provides post-employment medical coverage for those officers who retire from employment with the Town. Under the program, 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 the police officers. The Town established the Town of Monroe Other Post-Employment Benefit Trust Fund for the plan year beginning July 1, 2016.

The second plan is the Board of Education Post-employment Welfare Benefit Plan (the "BOE Benefit Plan"), which provides medical, prescription drug and dental benefits for eligible employees and their spouses and life insurance benefits for retirees only. Benefit provisions are established by the Town and the Connecticut General Statutes. The plan is funded on a pay-as-you-go basis and at this time Board of Education employees and retirees are not currently covered under the trust for the Police employees.

The Town implemented Government Accounting Standards Board's ("GASB") Statement No. 74 for the Police Benefits Plan effective fiscal year ending June 30, 2019. In accordance with GASB Statement No. 74, the net position is based on the fair market value as of the end of the fiscal year and the total OPEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. For the June 30, 2019 measurement, the discount rate used was 6.50%, and the long-term healthcare cost trend rate was 7.00% decreasing to 4.00% for plan year 2024 and beyond. Under GASB Statement No. 74, the components of the net OPEB liability of the Police Benefits Plan as of June 30, 2019 are as follows:

	<b>Police Benefits Plan (Trust)</b>			
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Total OPEB liability	\$ 2,151,691	\$ 2,376,153	\$ 2,157,704	\$ 1,948,697
Plan fiduciary net position	1,004,729	695,238	427,082	252,338
Net pension liability	\$ 1,146,962	\$ 1,680,915	\$ 1,730,622	\$ 1,696,359
Plan fiduciary net position as a % of total OPEB liability	46.69%	29.26%	19.79%	12.95%

The following represents the net OPEB liability of the Police Benefits Plan, calculated using the current discount rate, as well as what the Police Benefits Plan's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<b>Discount Rate Sensitivity</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>5.50%</b>	<b>6.50%</b>	<b>7.50%</b>
Net OPEB Liability	\$1,356,960	\$1,146,962	\$959,050

The following represents the net OPEB liability of the Police Benefits Plan, calculated using the current healthcare trend rate, as well as what the Police Benefits Plan's net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current trend rate:

	<b>Healthcare Cost Trend Rates</b>		
	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
	<b>6.00% decreasing to 3.00%</b>	<b>7.00% decreasing to 4.00%</b>	<b>8.00% decreasing to 5.00%</b>
Net OPEB Liability	\$881,579	\$1,146,962	\$1,462,400

The following represents historical information regarding the Police Benefits Plan's funding progress. The most recent complete actuarial valuation was effective July 1, 2018.

<b>Schedule of Funding Progress</b>						
<b>Police Benefits Plan</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Overfunded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
7/1/2018	\$ 695,238	\$ 1,990,586	\$ (1,295,348)	34.9%	\$ 3,399,727	-38.10%
7/1/2016	252,339	1,948,967	(1,696,628)	12.9%	3,287,439	-51.61%
7/1/2014	231,893	998,668	(766,775)	23.2%	3,129,570	-24.50%
7/1/2012	-	1,702,216	(1,702,216)	0.0%	2,732,999	-62.28%
7/1/2010	-	1,568,829	(1,568,829)	0.0%	2,702,454	-58.05%

**Schedule of Employer Contributions**

<b>Police Benefits Plan</b>			
	<b>Actuarial</b>		
<b>Fiscal Year</b>	<b>Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2020 <sup>1</sup>	\$ 134,964	\$ 134,964	100.0%
2019 <sup>2</sup>	187,868	187,868	100.0%
2018	186,574	190,000	101.8%
2017	109,498	189,896	173.4%
2016	106,000	94,479	89.1%

<sup>1</sup> Adopted budget.

<sup>2</sup> Unaudited estimate.

Due to the fact that a trust has not been established for the BOE Benefit Plan, the plan is not subject to GASB 74. However, the plan is subject to the reporting requirements of GASB 75. The following represents the Total OPEB liability as of June 30, 2019:

	<b>June 30, 2019</b>
Balance as of July 1, 2018	\$ 10,137,039
Changes for the year:	
Service cost	325,702
Interest on total OPEB liability	395,786
Difference between expected and actual experience	742,226
Changes in assumptions or other inputs	407,507
Benefit payments	<u>(475,936)</u>
Net changes	1,395,285
Balance as of June 30, 2019	<u>\$ 11,532,324</u>

The following represents the Total OPEB liability of the BOE Benefits Plan, calculated using the current discount rate, as well as what the BOE Benefits Plan's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>2.51%</b>	<b>3.51%</b>	<b>4.51%</b>
Town's Net OPEB Liability	\$ 12,781,086	\$ 11,532,324	\$ 10,448,977

The following represents the Total OPEB liability of the BOE Benefits Plan, calculated using the current healthcare trend rate, as well as what the BOE Benefits Plan's net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current trend rate:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
	<b>(6.0% decreasing to 3.6%)</b>	<b>(7.0% decreasing to 4.6%)</b>	<b>(8.0% increasing to 5.6%)</b>
Town's Net OPEB Liability	\$ 10,656,540	\$ 11,532,324	\$ 12,576,409

The following represents historical information regarding the BOE Benefit Plan. The most recent complete actuarial valuation was effective July 1, 2018.

### Schedule of Funding Progress

BOE Benefits Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2018	\$ -	\$ 10,845,080	\$(10,845,080)	0.0%	\$34,532,000	-31.41%
7/1/2016	-	9,573,628	(9,573,628)	0.0%	31,548,000	-30.35%
7/1/2014	-	10,703,353	(10,703,353)	0.0%	29,387,000	-36.42%
7/1/2012	-	9,652,132	(9,652,132)	0.0%	N/A	N/A
7/1/2010	-	10,403,104	(10,403,104)	0.0%	N/A	N/A

Due to the transition to GASB Statement 74/75 and the fact that a trust has not been established for the BOE Benefit Plan, the Town's actuary is no longer providing a Schedule of Employer Contributions.

#### Investment Policies and Procedures

The Town Charter and Connecticut General Statutes Sections 7-400, as amended by Public Act 94-190, 7-401 and 7-402 govern the investments of the Town which it is permitted to acquire. Generally, the Town may invest in certificates of deposit, repurchase agreements, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, and certain money market mutual funds.

The Town's investment practices have been to invest only in money market accounts, certificates of deposit, repurchase agreements, the State of Connecticut Short-Term Investment Fund (STIF), and obligations of the United States. The Town has followed these investment practices and the Town's operating funds and capital funds are currently invested in the following short-term investments: (1) various money market accounts with Connecticut banks; (2) the State of Connecticut Short-Term Investment fund; and (3) Federal Home Loan Mortgage Corporation and Federal National Mortgage Association Bond Funds.

#### Property Tax Assessment

Section 12-62 et. seq. of the Connecticut General Statutes govern real property assessments and establish the revaluation cycle for Connecticut municipalities of a revaluation every five years and, generally, a physical inspection every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. However, the statute permits the phase-in of a real property assessment increase resulting from a revaluation over a period of up to five years. The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total assessed values for all taxable and tax exempt real estate, taxable personal property, and motor vehicles located within the Town as of October 1. Assessments for real and personal property are computed at seventy percent (70%) of the market value at the time of last revaluation, and at 70% of the annual approval of Motor Vehicles by the Office of Policy and Management. Grand List information is used by municipalities to set the mill rate which in turn becomes the basis for the Towns' annual tax levy. Any property owner may seek to appeal its assessment by filing a written appeal to a Town's Board of Assessment Appeals. The Board of Assessment Appeals elects to hear such appeals and determines whether adjustments to the Assessor's list relating to assessments under appeal are warranted. Under Connecticut law, taxpayers who are dissatisfied with a decision by a Town's Board of Assessment Appeals may appeal the decision to the Connecticut Superior Court. Pending the appeal, 75 to 90 percent of the taxes due must be paid, depending on the value of the assessed property. The Town last performed a revaluation on October 1, 2014 which was effective for fiscal year 2015-16. The Town is in the process of completing a revaluation in connection with the October 1, 2019 Grand List which will be effective for fiscal year 2020-21.

When a new structure or modification to an existing structure is undertaken, a municipality's Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to municipalities by the State of Connecticut Department of Motor Vehicles and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of The Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date are subject to property tax as follows: 1) vehicles registered subsequent to November 1 but prior to the following August 1, are subject to a prorated tax based on the period of time from the date of registration until the following October 1; 2) vehicles purchased in August and September are not taxed until the next October 1 Grand List. With respect to replacement vehicles (as compared to additional vehicles) Section 12-71b provides for similar prorating of taxes on the new vehicle and a credit with respect to taxes due on the replaced vehicle during the assessment year.

All commercial personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien.

Public Act 06-176 permits a municipality upon approval by its legislative body to freeze the property taxes due for certain low-income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of total tax relief granted plus interest.

### **Motor Vehicle Property Tax Rate**

Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. The State of Connecticut's 2017-2019 biennium budget legislation amended that statute to provide that (1) for the assessment year October 1, 2016 (the fiscal year ending June 30, 2018), the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 (the fiscal year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The amendment raised the mill rate cap for the assessment year October 1, 2016 from 32 mills to 39 mills.

For the fiscal year ending June 30, 2018, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 39 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 39 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013 (the fiscal year ending June 30, 2015), and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 39 mills (the "Grant Formula"). On May 9, 2018, the Connecticut General Assembly adopted a budget adjustment bill which made revisions to the State's biennial budget for fiscal years ending June 30, 2018 and June 30, 2019 (the "Adjustment Bill"). Per the Adjustment Bill, for the fiscal year ending June 30, 2019 the Grant Formula does not apply (see Bill No. 543, February 2018 session). For the fiscal year ending July 30, 2020 and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 45 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 45 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2016, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 45 mills.

### **Property Tax Levy and Collection**

Property taxes are levied on all taxable assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real and personal property taxes are generally payable in two installments on July 1 and January 1, except that real and personal property taxes under \$100 are payable in one installment on July 1. Motor vehicle tax bills are payable in July and motor vehicle supplemental bills are payable in January. Personal property taxes of \$100.00 or less are payable in July. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the



budget. Delinquent taxes are billed at least four times a year with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle, real estate, and personal property tax accounts are transferred to a suspense account when collection appears unlikely at which time they cease to be carried as receivables. Tax accounts are transferred to suspense accounts no later than fifteen years after the due date in accordance with state statutes.

### Historic Property Tax Levies and Collections

<b>Fiscal Year</b>	<b>Net Taxable</b>	<b>Tax Rate</b>	<b>Total</b>	<b>% Collected</b>	<b>Uncollected</b>	<b>Uncollected</b>
<b>Ending</b>	<b>Grand List</b>	<b>(In Mills)</b>	<b>Adjusted</b>	<b>End of</b>	<b>End of</b>	<b>As of</b>
<b>30-Jun</b>			<b>Tax Levy</b>	<b>Each FY</b>	<b>Each FY</b>	<b>6/30/2019<sup>1</sup></b>
2020 <sup>2</sup>	\$2,186,084,476	35.58	\$77,305,804	In process	In process	In process
2019 <sup>1</sup>	2,172,275,339	35.24	75,835,566	99.06 %	\$ 710,715	\$ 710,715
2018	2,158,777,057	35.76	76,796,399	98.91	834,822	225,005
2017	2,153,311,392	35.00	75,013,051	98.97	775,917	(1,224)
2016 <sup>3</sup>	2,146,111,708	34.35	73,717,099	99.06	693,058	10,348
2015	2,311,419,040	31.01	71,651,461	98.80	847,627	10,267
2014	2,308,576,322	30.41	70,203,806	98.90	765,134	119
2013	2,296,715,433	29.26	67,210,084	99.01	665,685	-
2012	2,289,778,986	28.79	65,702,612	98.80	779,332	-
2011 <sup>3</sup>	2,283,352,447	28.26	64,320,324	98.54	936,551	-

<sup>1</sup> Unaudited estimate.

<sup>2</sup> Adopted budget.

<sup>3</sup> Revaluation.

Source: Town Officials.

### Taxable Grand List

<b>Grand</b>	<b>Real</b>	<b>Motor</b>	<b>Personal</b>	<b>Gross</b>	<b>Less</b>	<b>Net Taxable</b>
<b>List</b>	<b>Property</b>	<b>Vehicle</b>	<b>Property</b>	<b>Taxable</b>	<b>Exemptions</b>	<b>Grand List</b>
<b>Dated</b>		<b>Property</b>	<b>Property</b>	<b>Grand List</b>		
10/1/18	\$ 1,932,911,126	\$168,768,942	\$110,567,293	\$2,212,247,361	\$26,162,885	\$2,186,084,476
10/1/17	1,925,836,496	168,912,587	102,848,355	2,197,597,438	25,322,099	2,172,275,339
10/1/16	1,917,651,143	167,903,024	95,313,866	2,180,868,033	22,090,976	2,158,777,057
10/1/15	1,912,908,449	167,301,230	90,398,935	2,170,608,614	17,297,222	2,153,311,392
10/1/14 <sup>1</sup>	1,913,037,536	163,276,216	86,481,284	2,162,795,036	16,683,328	2,146,111,708
10/1/13	2,085,997,601	162,084,062	83,973,333	2,332,054,996	20,635,956	2,311,419,040
10/1/12	2,084,679,376	156,954,517	83,513,266	2,325,147,159	16,570,837	2,308,576,322
10/1/11	2,079,868,452	156,689,468	80,346,311	2,316,904,231	20,188,798	2,296,715,433
10/1/10	2,078,616,748	150,399,886	80,587,807	2,309,604,441	19,825,455	2,289,778,986
10/1/09 <sup>1</sup>	2,077,209,424	143,313,912	85,254,852	2,305,778,188	22,425,741	2,283,352,447

<sup>1</sup> Revaluation.

Source: Town Officials.

<b>Grand List Dated</b>	<b>Residential Property</b>	<b>Commercial/ Industrial/ Public Utility Property</b>	<b>Vacant Land Property</b>	<b>Sub-Total Real Property</b>
10/1/18	\$1,653,967,321	\$253,040,465	\$ 25,903,340	\$ 1,932,911,126
10/1/17	1,646,371,736	251,848,580	27,616,180	1,925,836,496
10/1/16	1,640,527,840	246,377,500	30,745,803	1,917,651,143
10/1/15	1,637,841,440	242,904,936	32,162,073	1,912,908,449
10/1/14 <sup>1</sup>	1,636,392,900	243,819,216	32,825,420	1,913,037,536
10/1/13	1,788,623,260	240,281,903	57,092,438	2,085,997,601
10/1/12	1,785,703,412	240,872,126	58,103,838	2,084,679,376
10/1/11	1,784,313,791	237,512,033	58,042,628	2,079,868,452
10/1/10	1,781,550,580	238,448,260	58,617,908	2,078,616,748
10/1/09 <sup>1</sup>	1,781,803,568	238,305,618	57,100,238	2,077,209,424

<sup>1</sup> Revaluation.

Source: Town Officials.

### Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2018:

<b>Business-Name</b>	<b>Nature of Business</b>	<b>Total Estimated Assessment</b>	<b>% of Net Taxable Grand</b>
FirstLight Hydro Generating Co.....	Hydro Electric Generation.....	\$ 32,470,000	1.5%
Eversource Energy.....	Electric & Gas Utility.....	28,329,750	1.3%
Aquarion Water Company.....	Corporate HQ & Distribution.....	13,673,480	0.6%
Victorinox Swiss Army Inc.....	Corporate HQ & Distribution.....	11,106,090	0.5%
One Eleven Century Plaza LLC.....	Commercial Property.....	9,007,415	0.4%
M Cubed Technologies (Division of II-VI, Inc.)..	Manufacturer of Composite Materials..	6,868,940	0.3%
Clocktower Square #1 LLC.....	Retail Property Lease & Mgmt.....	6,262,900	0.3%
NBC Universal Media LLC.....	Media & Entertainment.....	6,251,100	0.3%
Maril LLC.....	Retail Property Lease & Mgmt.....	6,212,900	0.3%
Lake Zoar Properties LLC.....	Banquet Facility.....	6,006,870	0.3%
	<b>Total</b>	<b>\$126,189,445</b>	<b>5.8%</b>

Source: Town Officials

### Revenues

The Town derives its revenues from a direct tax levy on property, state and federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2014-2018 in "Statements Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

## Property Tax Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Taxes as a Percentage of General Fund Revenues</u>
2020 <sup>1</sup>	\$ 87,852,877	\$77,599,981	88.3 %
2019 <sup>2</sup>	86,527,767	77,492,760	89.6
2018	97,355,639	76,743,249	78.8
2017	96,131,593	75,225,166	78.3
2016	89,643,030	73,956,951	82.5
2015	85,974,331	71,871,017	83.6
2014	85,898,253	70,058,508	81.6
2013	82,904,323	67,784,322	81.8
2012	80,421,379	66,287,184	82.4
2011	77,582,095	64,441,364	83.1

<sup>1</sup> Adopted Budget, budgetary basis of accounting, excludes on behalf payments to Connecticut State Teachers' Retirement System.

<sup>2</sup> Unaudited estimate, budgetary basis of accounting, excludes on behalf payments to Connecticut State Teachers' Retirement System.

Source: Audited financial statements; and fiscal year 2018-19 unaudited estimate and 2019-20 adopted budget.

## Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Federal &amp; State Aid</u>	<u>Aid As a Percentage Of General Fund Revenues</u>
2020 <sup>1</sup>	\$ 87,852,877	\$ 5,457,781	6.2 %
2019 <sup>2</sup>	86,527,767	6,202,991	7.2
2018	97,355,639	18,055,609	18.5
2017	96,131,593	18,329,619	19.1
2016	89,643,030	13,437,840	15.0
2015	85,974,331	12,698,512	14.8
2014	85,898,253	14,609,179	17.0
2013	82,904,323	13,856,850	16.7
2012	80,421,379	12,747,056	15.9
2011	77,582,095	11,739,302	15.1

<sup>1</sup> Adopted Budget, budgetary basis of accounting, excludes on behalf payments to Connecticut State Teachers' Retirement System.

<sup>2</sup> Unaudited estimate, budgetary basis of accounting, excludes on behalf payments to Connecticut State Teachers' Retirement System.

Source: Audited financial statements; and fiscal year 2018-19 unaudited estimate and 2019-20 adopted budget.

## Municipal Budget Expenditures Cap

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension

liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2019-2021 biennium budget legislation does not provide funding for the municipal revenue sharing grant in the fiscal years ending June 30, 2020 and June 30, 2021, and accordingly, the Town will not receive any municipal revenue sharing grants in fiscal year 2019-20.

## Expenditures

<u>Fiscal Year</u>	<u>Education</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Debt Service</u>	<u>Public Works</u>
2020 <sup>1</sup>	65.2 %	10.1 %	9.4 %	6.7 %	3.7 %
2019 <sup>2</sup>	65.6	10.0	9.2	6.9	4.3
2018	70.7	8.7	7.9	6.4	2.7
2017	70.0	9.0	7.8	6.8	3.3
2016	67.9	9.2	8.2	6.8	3.8
2015	67.9	10.0	4.2	7.0	4.2
2014	65.4	9.4	7.4	6.8	3.9
2013	68.9	9.3	7.6	6.6	3.1
2012	70.6	9.0	7.1	6.6	3.7
2011	71.1	8.0	7.3	6.9	4.1

<sup>1</sup> Adopted Budget, budgetary basis of accounting, excludes on behalf payments to Connecticut State Teachers' Retirement System.

<sup>2</sup> Unaudited estimate, budgetary basis of accounting, excludes on behalf payments to Connecticut State Teachers' Retirement System.

Source: Audited financial statements; and fiscal year 2018-19 unaudited estimate and 2019-20 adopted budget.

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**Comparative General Fund Operation Statement**  
 Budget and Actual (Budgetary Basis)

	<b>Fiscal Year 2017-18</b>			<b>Fiscal Year</b>	<b>Fiscal Year</b>
	<b>Revised</b>	<b>Actual</b>	<b>Variance</b>	<b>2018-19</b>	<b>2019-20</b>
	<b>Budget</b>	<b>Operations</b>	<b>Favorable</b>	<b>Unaudited</b>	<b>Adopted</b>
			<b>(Unfavorable)</b>	<b>Estimate</b>	<b>Budget</b>
<b>REVENUES</b>					
Property taxes, interest and liens.....	\$76,449,378	\$76,709,834	\$ 260,456	\$77,492,760	\$77,599,981
Licenses, fees and permits.....	1,250,000	1,586,692	336,692	831,956	861,315
Intergovernmental revenue.....	3,158,378	6,032,713	2,874,335	6,202,991	5,457,781
Charges for services.....	456,130	330,232	(125,898)	790,601	971,800
Investment Income.....	207,000	526,679	319,679	1,080,100	527,000
Other revenues.....	<u>2,011,152</u>	<u>469,540</u>	<u>(1,541,612)</u>	<u>89,537</u>	<u>75,000</u>
<b>TOTAL REVENUES</b>	<b><u>\$83,532,038</u></b>	<b><u>85,655,690</u></b>	<b><u>2,123,652</u></b>	<b><u>\$86,487,945</u></b>	<b><u>\$85,492,877</u></b>
<b>EXPENDITURES</b>					
Current:					
General government.....	\$ 8,557,599	8,174,914	382,685	8,457,863	8,850,411
Public safety.....	7,750,893	7,482,720	268,173	7,777,684	8,264,075
Public works.....	2,853,842	2,810,137	43,705	3,627,173	3,210,162
Health and welfare.....	334,761	315,566	19,195	325,475	336,947
Culture and recreation.....	1,636,209	1,623,595	12,614	1,662,886	1,758,982
Education.....	55,093,396	55,093,396	-	55,711,582	57,246,741
Capital outlay.....	3,500	3,010	490	201,717	173,706
Debt Service.....	6,144,185	6,144,185	-	5,850,201	5,903,648
Contingency.....	-	-	-	-	1,020,000
<b>TOTAL EXPENDITURES</b>	<b><u>82,374,385</u></b>	<b><u>81,647,523</u></b>	<b><u>726,862</u></b>	<b><u>83,614,581</u></b>	<b><u>86,764,672</u></b>
Excess (deficiency) of revenues over expenditures.....	<u>1,157,653</u>	<u>4,008,167</u>	<u>2,850,514</u>	<u>2,873,364</u>	<u>(1,271,795)</u>
Other financing sources (uses):					
Appropriation of fund balance.....	-	-	-	-	2,360,000
Operating transfers in.....	-	-	-	39,822	-
Operating transfers out.....	<u>(1,157,653)</u>	<u>(1,157,653)</u>	-	<u>(1,357,173)</u>	<u>(1,088,205)</u>
Total Other financing sources (uses)	<u>(1,157,653)</u>	<u>(1,157,653)</u>	-	<u>(1,317,351)</u>	<u>1,271,795</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.....	<u>\$ -</u>	<u>2,850,514</u>	<u>\$ 2,850,514</u>	<u>\$ 1,556,013</u>	<u>\$ -</u>

Source: Audited financial statements; fiscal year 2018-19 unaudited estimate and 2019-20 adopted budget.

**Comparative Balance Sheet – General Fund**

<b>Fiscal Year Ended:</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>ASSETS</b>					
Cash and cash equivalents.....	\$13,980,946	\$12,868,086	\$14,149,319	\$16,345,795	\$ 3,559,408
Investments.....	3,003,955	3,986,302	4,215,568	3,402,252	21,905,355
Restricted cash.....	-	-	-	-	1,251,236
Property taxes receivable.....	1,095,746	1,198,613	1,259,343	1,328,325	1,470,823
Intergovernmental receivables.....	1,382,466	987,172	596,973	211,870	-
Other receivables.....	412,773	315,245	402,740	275,369	265,360
Prepaid items.....	34,269	-	-	-	-
Due from other funds.....	1,065,713	1,186,793	1,160,610	1,456,571	995,097
Other assets.....	-	-	-	2,123	-
<b>Total Assets.....</b>	<b>\$20,975,868</b>	<b>\$20,542,211</b>	<b>\$21,784,553</b>	<b>\$23,022,305</b>	<b>\$29,447,279</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities.....	\$ 5,086,329	\$ 2,239,249	\$ 1,696,057	\$ 1,941,802	\$ 1,347,207
Due to other funds.....	6,710,247	8,154,316	8,370,409	6,927,149	10,090,139
Unearned revenues.....	88,574	96,468	78,183	204,116	1,251,236
Deferred inflows of resources.....	-	-	-	-	-
<b>Total Liabilities.....</b>	<b>11,885,150</b>	<b>10,490,033</b>	<b>10,144,649</b>	<b>9,073,067</b>	<b>12,688,582</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes.....	1,035,980	2,011,100	1,887,545	1,492,353	1,470,823
Unavailable revenue - grants.....	1,382,466	-	-	-	-
<b>Total Deferred Inflows of Resources.....</b>	<b>2,418,446</b>	<b>2,011,100</b>	<b>1,887,545</b>	<b>1,492,353</b>	<b>1,470,823</b>
<b>FUND BALANCES</b>					
Nonspendable.....	34,269	219,005	166,433	95,242	55,908
Restricted.....	-	801,126	389,539	388,966	388,069
Committed.....	-	-	-	-	-
Assigned.....	692,998	810,881	1,113,291	2,008,743	2,094,776
Unassigned.....	5,945,005	6,210,066	8,083,096	9,963,934	12,749,121
<b>Total Fund Balances.....</b>	<b>6,672,272</b>	<b>8,041,078</b>	<b>9,752,359</b>	<b>12,456,885</b>	<b>15,287,874</b>
<b>Total Liabilities, deferred inflows of Resources and fund balances.....</b>	<b>\$20,975,868</b>	<b>\$20,542,211</b>	<b>\$21,784,553</b>	<b>\$23,022,305</b>	<b>\$29,447,279</b>

Source: Annual audited financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund**

<b>Fiscal Year Ended:</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>REVENUES</b>					
Property taxes.....	\$70,058,508	\$71,851,017	\$73,956,951	\$75,225,166	\$76,743,249
Intergovernmental revenue.....	14,609,179	12,698,512	13,437,840	18,329,619	18,055,609
Charges for services.....	837,581	861,032	1,642,301	1,763,839	1,916,924
Investment income (loss).....	120,855	(57,786)	288,436	123,633	398,825
Miscellaneous revenues.....	214,265	212,156	312,010	511,548	241,032
<b>TOTAL REVENUES.....</b>	<b>85,840,388</b>	<b>85,564,931</b>	<b>89,637,538</b>	<b>95,953,805</b>	<b>97,355,639</b>
<b>EXPENDITURES</b>					
Current:					
General government.....	8,359,920	8,538,034	8,063,744	8,430,885	8,240,767
Public safety.....	6,592,973	6,426,696	7,202,341	7,257,098	7,497,845
Public Works.....	3,442,507	3,605,026	3,321,288	3,062,047	2,549,381
Health and welfare.....	232,826	259,413	310,587	326,331	313,672
Culture and recreation.....	1,457,543	1,550,706	1,625,939	1,539,982	1,557,084
Education.....	58,266,029	58,009,142	59,684,089	65,452,558	67,010,629
Capital outlays.....	4,262,062	78,645	367,551	601,372	398,072
Debt service.....	6,052,772	5,978,541	5,993,057	6,396,328	6,106,639
<b>TOTAL EXPENDITURES.....</b>	<b>88,666,632</b>	<b>84,446,203</b>	<b>86,568,596</b>	<b>93,066,601</b>	<b>93,674,089</b>
Excess (deficiency) of revenues over expenditures.....	(2,826,244)	1,118,728	3,068,942	2,887,204	3,681,550
Other financing sources (uses):					
Unspent Encumbrances prior year.....					
Operating transfers in.....	57,865	409,400	5,492	177,788	
Operating transfers out.....	(426,545)	(926,987)	(1,363,153)	(482,000)	(1,157,653)
Sale of capital assets.....	-	-	-	-	307,092
Proceeds of loan/debt.....	3,097,019	-	-	7,220,000	
Payment to refunded bond escrow agent	(3,803,204)	-	-	(7,917,578)	
Premium on bonds.....	-	-	-	819,112	
Proceeds from energy rebate.....	706,185	-	-	-	
Capital Lease Financing.....	4,114,646	-	-	-	
Total other financing sources (uses).....	<b>3,745,966</b>	<b>(517,587)</b>	<b>(1,357,661)</b>	<b>(182,678)</b>	<b>(850,561)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses.....	919,722	601,141	1,711,281	2,704,526	2,830,989
Fund Balance - July 1.....	5,752,550	7,439,937 <sup>1</sup>	8,041,078	9,752,359	12,456,885
Fund Balance - June 30.....	<b>\$ 6,672,272</b>	<b>\$ 8,041,078</b>	<b>\$ 9,752,359</b>	<b>\$12,456,885</b>	<b>\$15,287,874</b>

<sup>1</sup> Restated

Source: Annual audited financial statements.

## SECTION VI - ADDITIONAL INFORMATION

### **Litigation**

The Town of Monroe, its officers, employees, boards and commissions are currently named Defendants or Respondents in civil and administrative proceedings. It is the Town Attorney's opinion that as of this date, the Town is adequately insured and has sufficient liquidity such that neither an adverse disposition of one or all claims in the aggregate would have a material adverse effect on the Town's ability to repay its debt obligations.

### **Availability of Continuing Disclosure Information**

The Town prepares, in accordance with state law, annual audited financial statements and files such annual audits with the State Office of Policy and Management on an annual basis. The Town provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of the annual financial reports, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided (i) annual financial information and operating data with respect to the Bonds, (ii) notice of the occurrence of certain events with respect to the Bonds within 10 business days of the occurrence of such events; and (iii) timely notice of a failure by the Town to provide the required annual financial information with respect to the Bonds on or before the date specified in the applicable Continuing Disclosure Agreement for the Bonds. The Underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreements for the Bonds the forms of which are set forth in Appendix C herein.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and notices of certain events pursuant to Rule 15c2-12(b)(5). Within the last five years, the Town has not failed to meet, in any material respect, any of its undertakings under such agreements.

### **Municipal Advisor**

The Town has retained Hilltop Securities Inc. (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Town may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Bond proceeds.

### **Documents Accompanying Delivery of the Bonds**

The Underwriter will be furnished the following documents when the Bonds are delivered.

1. Signature and No Litigation certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town signed by the First Selectman, Treasurer and Director of Finance, which will be dated the date of delivery, together with a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that as of the date of the execution of the Bond Purchase Agreement and the date of closing, statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds;
4. The approving opinions of Pullman & Comley, LLC, of Hartford, Connecticut;
5. Executed Continuing Disclosure Agreements for the Bonds in substantially the forms attached to the Official Statement as Appendix C; and
6. Such other documents as required by the Bond Purchase Agreement.



The Town of Monroe has prepared an Official Statement for the Bonds which is dated November 21, 2019. The Town deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Town will provide the underwriter with a reasonable number of Official Statements.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the office of the U.S. Bank National Association of Hartford, Connecticut and will be available for examination upon reasonable request.

**Concluding Statement**

Additional information may be obtained upon request from the Office of the Director of Finance at (203) 452-2802 or from HilltopSecurities at (860) 290-3002.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or part for any other purpose.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be constructed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds.

**TOWN OF MONROE, CONNECTICUT**

/s/ KENNETH M. KELLOGG  
**By: KENNETH M. KELLOGG**  
*First Selectman*

/s/ PATRICK O'HARA  
**By: PATRICK O'HARA**  
*Treasurer*

/s/ RONALD J. BUNOVSKY, JR.  
**By: RONALD J. BUNOVSKY, JR.**  
*Director of Finance and Comptroller*

**Dated: November 21, 2019**

APPENDIX A – AUDITED FINANCIAL STATEMENTS

TOWN OF MONROE, CONNECTICUT

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JUNE 30, 2018

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## Independent Auditors' Report

**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 ("Town") as of and for the year ended June 30, 2018, 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.

#### ***Auditors' Responsibility***

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

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

We believe 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 as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparison information and pension and other post-employment benefit schedules 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 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.

*Supplementary and 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 supplementary schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary 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. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied by us 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 December 18, 2019 on our consideration of the Town's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Wethersfield, Connecticut  
January 18, 2019

## Town of Monroe, Connecticut

Management's Discussion and Analysis  
June 30, 2018

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This discussion and analysis of the financial performance for the Town of Monroe, Connecticut ("Town") provides an overview of the Town's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the financial statements included herein, which begin with Exhibit A.

### **FINANCIAL HIGHLIGHTS**

- On a government-wide basis, the Town's net position was \$48,563,487 at the end of the current fiscal year, an increase of \$5,033,243 after restating the Town's net position as of July 1, 2017 for the implementation of GASB 75 and 84 (see Note 18). Substantially all of the Town's net position was attributable to its net investment in capital assets.
- The unassigned fund balance for all governmental funds, which includes the Town's General Fund, ended the current fiscal year at \$12,457,907. This increased by \$4,368,273 over the prior fiscal year and represents 14.9% of total budgeted expenditures for the current fiscal year.
- On a budgetary basis, the Town's General Fund operated at a \$2,850,514 surplus for the current fiscal year. \$2,123,652 of this surplus was attributable to actual revenues in excess budget. See Exhibit RSI-1 in the Required Supplementary Information section of this financial report for additional details.

### **USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT ("CAFR")**

This CAFR consists of a series of financial statements. The government-wide financial statements, which include the Statement of Net Position and the Statement of Activities (Exhibits A and B), provide information about the activities of the Town as a whole and present a longer-term view of Town's finances. The fund financial statements, which tell how services were financed in the short term as well as what remains for future spending, start with Exhibit C. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town either; (i) accounts for and allocates costs internally among various town functions, or (ii) acts solely as a trustee or agent for the benefit of those outside of the government.

### **The Government-Wide Financial Statements - Reporting the Town as a Whole**

Our analysis of the Town as a whole begins with Exhibit A. The Statement of Net Position and the Statement of Activities report information about the Town on a government-wide basis that provides the information necessary to determine the overall financial position of the Town and the results of its current year's activities. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net position* and changes in them. You can think of the Town's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the Town's financial health, or *financial position*. Over time, *increases or decreases* in the Town's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of its roads, to assess the *overall health* of the Town.

In the Statement of Net Position and the Statement of Activities, the Town shows governmental activities. The Town's basic services are reported here, including the education, public works, and general administration. Property taxes, state and federal grants and local revenues, such as fees and licenses, finance most of these activities.

## Town of Monroe, Connecticut

Management's Discussion and Analysis  
June 30, 2018

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### **The Fund Financial Statements - Reporting the Town's Funds**

Our analysis of the Town's funds begins with Exhibits C and D of the basic financial statements. The Balance Sheet for the Governmental Funds (Exhibit C) provides detailed information about the Town's general fund and all other governmental funds combined. The detail of all other governmental funds can be found in the Supplementary Schedules (Schedules 3-8) included within this financial report. Some funds are required to be established by State law or by bond covenants. However, the Board of Finance has established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grant revenue, donations, or any other restricted money received.

- *Governmental funds*—The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine the level of financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation at the bottom of the fund financial statements.
- *Proprietary funds*—When the Town charges customers for the services it provides—whether to outside customers or to other units of the Town—these services are generally reported in proprietary funds. The Town's only proprietary funds are internal service funds. Proprietary funds are reported in the same way that all governmental activities are reported in the Statement of Net Position (Exhibit F), the Statement of Revenues, Expenses and Changes in Net Position (Exhibit G) and the Statement of Cash Flows (Exhibit H).
- *Fiduciary funds*—The Town is the trustee, or *fiduciary*, for the activity funds at the school, school scholarships and the Town defined benefit pension plan. These funds do not belong to the Town. The Town's fiduciary activities are reported in the Statement of Fiduciary Net Position in Exhibit I and Statement of Changes in Fiduciary Net Position in Exhibit J. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS - THE TOWN AS A WHOLE**

As discussed earlier, the Town's net position is one useful indicator of its financial health. The Town had a total net position of \$48,563,487 at the close of the 2018 fiscal year. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town.

**Town of Monroe, Connecticut**

Management's Discussion and Analysis  
June 30, 2018

**Table 1**  
**Net Position (Figures taken from Exhibit A)**

	<b>Governmental</b>			
	<b>Activities</b>			
	<b>2018</b>	<b>\$ Change</b>	<b>% Change</b>	<b>2017</b>
<b>ASSETS</b>				
Cash and restricted cash	\$ 5,554,804	\$ 1,431,349	34.71%	\$ 4,123,455
Investments	22,451,577	5,572,453	33.01%	16,879,124
Receivables	2,806,276	(451,776)	-13.87%	3,258,052
Other assets	-	(2,123)	0.00%	2,123
Capital assets				
Nondepreciable	16,097,813	65,095	0.41%	16,032,718
Depreciable	75,918,757	971,193	1.30%	74,947,564
	<u>122,829,227</u>	<u>7,586,191</u>	<u>6.58%</u>	<u>115,243,036</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to refunding bonds	473,977	(259,345)	-35.37%	733,322
Related to pensions and OPEB	1,884,722	(1,344,999)	-41.64%	3,229,721
	<u>2,358,699</u>	<u>(1,604,344)</u>	<u>-40.48%</u>	<u>3,963,043</u>
<b>LIABILITIES</b>				
Payables, accruals and other liabilities	4,853,797	(1,301,088)	-21.14%	6,154,885
Non-current liabilities				
Net pension liability	6,003,263	(665,221)	-9.98%	6,668,484
Net OPEB liability	11,817,954	(162,132)	-1.35%	11,980,086
Due within one year	6,951,391	430,520	6.60%	6,520,871
Due in more than one year	45,162,545	2,788,091	6.58%	42,374,454
	<u>74,788,950</u>	<u>1,090,170</u>	<u>1.48%</u>	<u>73,698,780</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pensions and OPEB	1,835,489	(141,566)	-7.16%	1,977,055
<b>NET POSITION</b>				
Net investment in capital assets	51,539,596	28,407	0.06%	51,511,189
Restricted	892,032	(138,344)	-13.43%	1,030,376
Unrestricted	(3,868,141)	5,143,180	-57.07%	(9,011,321)
	<u>\$ 48,563,487</u>	<u>\$ 5,033,243</u>	<u>11.56%</u>	<u>\$ 43,530,244</u>

The Town's net investment in capital assets of \$51,539,596 comprises the major portion of the net position of the Town. This figure reflects its investment in capital assets (land, buildings, infrastructure, vehicles and equipment), less any outstanding debt that was used to purchase those assets. These assets are used to provide various services to the citizens of the Town and are therefore not available for any future spending. As reflected in Table 1 above, the Town's net investment in capital assets increased by \$28,407 over the prior fiscal year, the result of a net increase of \$2,835,000 in general obligation bonds outstanding related to capital asset purchases less unspent bond proceeds of \$2,107,652 net of an overall increase in capital assets of \$1,036,288 which is discussed later in this analysis.

The Town's restricted net position, which represents resources with externally enforceable limitations placed upon them, was \$892,032 at year-end. The vast majority of these restricted resources are from donations accepted and received by the Town for various purposes specified (restricted) by the donor.

The balance of the Town's net position is unrestricted. As of June 30, 2018, this was a negative \$3,868,141. Since approximately 84% of the Town's liabilities are not payable within one year, the negative unrestricted net position is not concerning. The current unrestricted resources of the Town are more than sufficient to cover all of the Town's current obligations.

## Town of Monroe, Connecticut

Management's Discussion and Analysis  
June 30, 2018

**Table 2**  
**Change in Net Position (Figures taken from Exhibit 2)**

	<b>Governmental Activities</b>			
	<b>2018</b>	<b>\$ Change</b>	<b>%Change</b>	<b>2017</b>
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 8,853,141	\$ 598,084	7.25%	\$ 8,255,057
Operating grants and contributions	21,068,824	221,232	1.06%	20,847,592
Capital grants and contributions	944,687	402,939	74.38%	541,748
General revenues				
Property taxes	77,043,922	1,802,836	2.40%	75,241,086
Grants and contributions	20,457	17,971	722.89%	2,486
Unrestricted investment earnings	360,554	234,296	185.57%	126,258
Gain on disposal of equipment	210,651	210,651	100.00%	-
Miscellaneous	197,448	(265,579)	-57.36%	463,027
Total revenues	<u>108,699,684</u>	<u>3,222,430</u>	<u>3.06%</u>	<u>105,477,254</u>
<b>Program expenses</b>				
General government	8,578,937	382,647	4.67%	8,196,290
Public safety	8,953,623	225,992	2.59%	8,727,631
Public works	5,402,753	508,400	10.39%	4,894,353
Health and welfare	332,320	(6,478)	-1.91%	338,798
Culture and recreation	3,426,250	(370,030)	-9.75%	3,796,280
Education	75,723,462	197,811	0.26%	75,525,651
Interest	1,249,096	(216,656)	-14.78%	1,465,752
Total expenses	<u>103,666,441</u>	<u>721,686</u>	<u>0.70%</u>	<u>102,944,755</u>
Increase (decrease) in net position	5,033,243	2,500,744	98.75%	2,532,499
Beginning net position, as restated	43,530,244	(3,973,553)	-8.36%	47,503,797
Restatement of equity	-	6,506,052	-100.00%	(6,506,052)
Ending net position	<u>\$ 48,563,487</u>	<u>\$ 5,033,243</u>	<u>11.56%</u>	<u>\$ 43,530,244</u>

During the current fiscal year the overall net position of the Town increased by \$4,309,996 as total revenues exceeded total expenses for the year. This was driven by the following:

- The increase in charges for services of \$598,084 was partially due to an increase in EMS revenues of approximately \$132,000.
- The increase in capital grants and contributions was primarily attributable to donations of land worth \$723,247 net of an expected decrease in school construction grant revenues of \$202,000.
- There was an increase in property tax revenues of \$1,802,836 over the prior year, which was attributed to an increase in the current year tax levy.
- Public works expense increased from the prior year by \$508,400 due to increased Town Aid Road grant expenditures of \$177,509 and \$454,360 of non-capitalizable paving expenses.
- Culture and recreation expense decreased due to a decrease in parks and recreation programs expenses of \$120,000 and radio station expenses of \$47,000.
- Conservative budgeting, which kept overall expenses relatively flat year over year, was also a key driver.

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

As of June 30, 2018, the Town's combined fund balance for all governmental funds was \$25,160,383, an increase of \$9,118,124 over the course of the current fiscal year. \$12,457,907 of this amount (49.50%) is unassigned fund balance, which is a useful measure of the Town's net available resources for discretionary use. The remainder of the Town's fund balance has limitations places on its availability for future use and is either nonspendable (\$125,868), restricted (\$889,782), committed (\$4,982,562), or assigned (\$6,704,234).



## Town of Monroe, Connecticut

Management's Discussion and Analysis  
June 30, 2018

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The General Fund is the main operating fund of the Town. At year end it had a total fund balance of \$15,287,874, an increase of \$2,830,989 over the prior year. \$2,785,187 of this increase in fund balance was unassigned and was the result of the operating surplus realized by the Town for the current fiscal year.

The Capital Reserve Fund is used to account for various capital projects of the Town. At year end it had a total fund balance of \$3,842,423, \$3,538,117 of which was committed for specific capital projects. Fund balance increased \$2,988,430, mainly due to the issuance of new debt of \$4,417,000, \$2,107,452 of which remained unspent at year end.

### General Fund Budgetary Highlights

Below is a discussion of the original budget compared to the final budget, a summary of the final budget and actual results for the General Fund (Table 3) and a discussion of the final budget compared actual results.

**Original budget compared to the final budget.** During the year there were additional budget appropriations of \$716,152 approved by the First Selectman, the Town Council and the Board of Finance as follows:

1. Volunteer Fire Departments - Equipment for New Fire Apparatus	\$105,000
2. Capital Reserve - Board of Education Chrome Books	149,272
3. Capital Reserve - Board of Education Laptop Computers	131,880
4. Capital Reserve - Municipal Separate Storm Sewer System (MS4)	130,000
5. Capital Reserve - Emergency Repairs	75,000
6. Capital Reserve - Assigned Fund Balance	<u>125,000</u>
Total Special (Additional) Appropriations	<u>\$716,152</u>

The additional appropriation of \$105,000 to outfit the new fire apparatus was approved after it was agreed to fund these equipment purchases with proceeds received from the sale of an old fire truck during the current year. The remaining five additional appropriations, all transfers to the Capital Reserve Fund, were approved once the determination was made that the Town would be receiving municipal aid (intergovernmental revenue) from the State of Connecticut ("State") in excess of what was budgeted; and that this additional revenue would more than cover the special appropriations being requested. The appropriations for the chrome books, the laptop computers and MS4 were originally included in the Proposed 2018-2019 Annual Town Budget, but were removed during the budget review process when it was determined that funds were available in the current year for these appropriations.

The other budget amendments were either transfers from one department to another or from the Board of Finance contingency to various departments. Four department transfers were required to cover budget deficits in public safety – water distribution system (\$10,889), public works – snow removal (\$77,880), debt service (\$122,971) and general government - Town Council (\$1,525). It should be noted that the debt service budget transfer was required because the Town prepaid a debt service payment with available funds which was due on July 1, 2018.

As noted earlier, at the time the Town's 2017-2018 budget was approved there was a high degree of uncertainty surrounding how much municipal aid the Town would actually receive from the State. Accordingly, the Town conservatively budgeted anticipated revenues from the State and kept departmental expenditures either flat or less than the prior year. To allow for increased budget flexibility in the event the Town received additional revenue from the State in excess of what was budgeted, the Board of Finance provided the maximum contingency allowed by the Town Charter. As was the case with the additional appropriations discussed above, the appropriations from contingency were approved only after the Town was aware it would receive municipal aid from the State in excess of what was budgeted. Two transfers from the Board of Finance contingency were required as the year progressed to cover an anticipated Board of Education budget shortfall of \$623,130 and Town wage increases of \$119,846. The Board of Education ("Board") deficit was built into the budget by the Board to avert staff layoffs and other appropriation cuts in anticipation that the Town would receive enough revenue from the State to cover the shortfall. As this ended up being the case, alternative deficit mitigation measures were explored but not acted upon as they were not needed. At year end, the entire \$623,130 contingency transfer was not needed and the remaining \$171,501 was transferred to the Education Capital Reserve Fund. The Town wage increases were pursuant to collectively bargained contracts and non-union full-time employees.

**Town of Monroe, Connecticut**

Management's Discussion and Analysis  
June 30, 2018

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**Table 3  
General Fund - Budget Summary**

<b>Revenues</b>	<b>Final</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Property taxes	\$ 76,449,378	\$ 76,709,834	\$ 260,456
Intergovernmental	3,158,378	6,032,713	2,874,335
Charges for services	1,706,130	1,916,924	210,794
Interest and dividends	207,000	526,679	319,679
Miscellaneous income	75,000	162,448	87,448
Other financing sources	1,936,152	307,092	(1,629,060)
<b>Total Revenues</b>	<b>83,532,038</b>	<b>85,655,690</b>	<b>2,123,652</b>
<b>Expenditures</b>			
General government	8,557,599	8,174,914	382,685
Public safety	7,750,893	7,482,720	268,173
Public works	2,853,842	2,810,137	43,705
Health and welfare	334,761	315,566	19,195
Culture and recreation	1,636,209	1,623,595	12,614
Capital outlay	3,500	3,010	490
Debt service	6,144,185	6,144,185	-
Education	55,093,396	55,093,396	-
Other financing uses	1,157,653	1,157,653	-
<b>Total Expenditures</b>	<b>83,532,038</b>	<b>82,805,176</b>	<b>726,862</b>
<b>Increase (Decrease) in Fund Balance</b>	<b>\$ -</b>	<b>\$ 2,850,514</b>	<b>\$ 2,850,514</b>

**Final budget compared to actual results.** The positive variance of \$2,874,335 in intergovernmental revenue and the negative variance of \$1,629,060 in other financing sources were both the direct result of the previously mentioned surplus in municipal aid received from the State of Connecticut. Other financing sources were appropriations from fund balance that were not needed as a result of the intergovernmental revenue surplus. The positive variance in interest and dividend revenue was driven by a much higher than expected increase in the interest rate the Town received on its investments during the current fiscal year. On the expenditure side, the positive surplus in general government was primarily the result of having \$202,024 of unused Board of Finance Contingency at year end. The positive variance in public safety was generated by an overall surplus in the police department of \$224,812. This was the result of unanticipated payroll savings from having multiple unfilled positions throughout the year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of this year the Town had a net investment of \$92,016,570 in capital assets for governmental activities. This amount represents a net increase (after depreciation) of \$1,036,288 from the prior year. During the fiscal year the Town's major capital purchases were three new fire apparatus for the volunteer fire departments at a cost of \$2,290,382 (two additional apparatus were placed in service just after yearend at a cost of \$1,522,563), a new elementary school roof at a cost of \$2,565,768 and infrastructure improvements (road reconstruction including paving and drainage) at a cost of \$569,843. The Town also received donated land worth \$723,247. More detailed information about the Town's capital assets is presented in Note 6 of the financial statements.

## Town of Monroe, Connecticut

Management's Discussion and Analysis  
June 30, 2018

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### **Debt**

The Town's total bonded debt outstanding as of June 30, 2018 was \$38,795,000. This was a net increase of \$2,835,000 during the current fiscal year. On June 26, 2018 the Town issued \$15,125,000 of general obligation bonds, \$7,040,000 of which were refunding bonds used to defease existing debt of the Town to take advantage of favorable interest rates. The remaining \$8,085,000 of bonds were authorized and appropriated for the following capital projects:

1. Stepney Elementary School Roof	\$2,650,000
2. Fire Apparatus	3,880,000
3. Public Works Dump Trucks	405,000
4. Road Construction/Reconstruction	1,018,000
5. Stevenson Volunteer Fire Department Vehicles	<u>132,000</u>
Total	<u>\$8,085,000</u>

The Town received a AA+ rating from S&P Global Ratings on this new general obligation debt and continues to carry a rating of Aa2 from Moody's Investor Services, Inc. on all of its other general obligation debt outstanding. More detailed information about the Town's long-term liabilities is presented in Note 7 of the financial statements. Additional information about the Town's pension and OPEB plans can be located in Notes 9-15 of the financial statements and Schedules 2-8 of the required supplementary information.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Town's elected and appointed officials considered many factors in preparing the annual budget and setting the mill rate for fiscal year 2019. Some of the more significant considerations were:

- The overall poor fiscal condition which continues in the State of Connecticut and its potential negative impact on projected revenues that the Town will receive from the State in the form of municipal aid. This has been a concern over the past couple of fiscal years. It is management's opinion that the State's fiscal situation is not likely to improve in the near term.
- Projection for the increase in the cost of health insurance based upon all available information.
- The status of any open collective bargaining agreements.
- The status of all lawsuits relative to assessment appeals which could have a negative impact on the grand list.

As a result of the conservative budget practices followed by considering these and other factors in assessing the state and local economy, the fiscal year 2019 revenues are currently trending to exceed budgeted estimates and expenditures are trending to be at or below budgeted appropriations. At the present time it appears that the Town will not require the use of the \$1,200,000 appropriated fund balance that was assigned in the Approved 2018-2019 Annual Town Budget. However, with a new Governor scheduled to take office in January of 2019, the 2018-2019 municipal aid allocations could change which might require the use of some (or all) of the appropriated fund balance.

### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This comprehensive annual financial report is designed to provide our citizens, businesses and investors with a general overview of the Town's financial position and fiscal accountability. If you have questions about this report or need additional financial information, contact the Town of Monroe, Finance Department, 7 Fan Hill Road, Monroe, CT 06468.

**BASIC FINANCIAL  
STATEMENTS**

Statement of Net Position  
 Governmental Activities  
 June 30, 2018

**ASSETS**

Cash	\$ 4,303,568
Investments	22,451,577
Restricted cash	1,251,236
Receivables (net)	
Property taxes	1,470,823
Accounts	694,926
Intergovernmental	572,787
Loans	67,740
Capital assets	
Nondepreciable	16,097,813
Depreciable, net of accumulated depreciation	<u>75,918,757</u>
Total Assets	<u>122,829,227</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charge on refunding bonds	473,977
Pension related	1,858,945
OPEB related	<u>25,777</u>
Total Deferred Outflows of Resources	<u>2,358,699</u>

**LIABILITIES**

Accounts payable	1,574,477
Accrued payroll and related	478,076
Risk management claims payable	866,592
Performance bonds	1,251,236
Unearned revenues	277,403
Accrued interest payable	197,481
Noncurrent liabilities	
Risk management claims payable	208,532
Net pension liability	6,003,263
Net OPEB liability	11,817,954
Due within one year	6,951,391
Due in more than one year	<u>45,162,545</u>
Total Liabilities	<u>74,788,950</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension related	1,491,941
OPEB related	<u>343,548</u>
Total Deferred Inflows of Resources	<u>1,835,489</u>

**NET POSITION**

Net investment in capital assets	51,539,596
Restricted for	
Endowments	
Nonexpendable	2,250
Expendable	55,346
General government donations	106,818
Wilton Estate donations - senior center	388,069
Town clerk fees	95,964
Education	11,755
Library	103,917
Other purposes	127,913
Unrestricted	<u>(3,868,141)</u>
Total Net Position	<u>\$ 48,563,487</u>

The notes to financial statements are an integral part of this statement.

Town of Monroe, Connecticut

Exhibit B

Statement of Activities  
 Governmental Activities  
 For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ (8,578,937)	\$ 639,367	\$ 149,335	\$ 934,845	\$ (6,855,390)
Public safety	(8,953,623)	1,872,862	126,324	-	(6,954,437)
Public works	(5,402,753)	647,757	587,448	-	(4,167,548)
Health and welfare	(332,320)	87,347	85,990	-	(158,983)
Culture and recreation	(3,426,250)	1,342,163	278,228	-	(1,805,859)
Education	(75,723,462)	4,263,645	19,841,499	9,842	(51,608,476)
Interest	(1,249,096)	-	-	-	(1,249,096)
<b>Total</b>	<b>\$ (103,666,441)</b>	<b>\$ 8,853,141</b>	<b>\$ 21,068,824</b>	<b>\$ 944,687</b>	<b>(72,799,789)</b>
<b>General Revenues</b>					
					77,043,922
					20,457
					360,554
					210,651
					197,448
					<u>77,833,032</u>
					5,033,243
					<u>43,530,244</u>
					<u>\$ 48,563,487</u>

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The notes to financial statements are an integral part of this statement.

Balance Sheet  
 Governmental Funds  
 June 30, 2018

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 3,559,408	\$ -	\$ 612,434	\$ 4,171,842
Investments	21,905,355	-	546,222	22,451,577
Restricted cash	1,251,236	-	-	1,251,236
Receivables (net)				
Property taxes	1,470,823	-	-	1,470,823
Accounts	265,360	-	429,566	694,926
Intergovernmental	-	-	572,787	572,787
Loans	-	-	67,740	67,740
Due from other funds	995,097	4,464,082	5,281,883	10,741,062
Total Assets	<u>\$ 29,447,279</u>	<u>\$ 4,464,082</u>	<u>\$ 7,510,632</u>	<u>\$ 41,421,993</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 869,131	258,629	\$ 446,717	\$ 1,574,477
Accrued payroll and related	478,076	-	-	478,076
Due to other funds	10,090,139	363,030	633,211	11,086,380
Performance bonds	1,251,236	-	-	1,251,236
Unearned revenues	-	-	277,403	277,403
Total Liabilities	<u>12,688,582</u>	<u>621,659</u>	<u>1,357,331</u>	<u>14,667,572</u>
Deferred Inflows of Resources				
Unavailable revenues - taxes and interest	1,470,823	-	-	1,470,823
Unavailable revenues - intergovernmental	-	-	123,215	123,215
Total Deferred Inflows of Resources	<u>1,470,823</u>	<u>-</u>	<u>123,215</u>	<u>1,594,038</u>
Fund Balances				
Nonspendable	55,908	-	69,990	125,898
Restricted	388,069	-	501,713	889,782
Committed	-	3,538,117	1,444,445	4,982,562
Assigned	2,094,776	304,306	4,305,152	6,704,234
Unassigned	12,749,121	-	(291,214)	12,457,907
Total Fund Balances	<u>15,287,874</u>	<u>3,842,423</u>	<u>6,030,086</u>	<u>25,160,383</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 29,447,279</u>	<u>\$ 4,464,082</u>	<u>\$ 7,510,632</u>	<u>\$ 41,421,993</u>

(Continued)

The notes to financial statements are an integral part of this statement.

Reconciliation of Governmental Funds Balance Sheet  
to the Government Wide Statement of Net Position  
June 30, 2018

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Fund Balances - Total Governmental Funds (Exhibit C)	\$ 25,160,383
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Beginning net capital assets	90,980,282
Capital asset additions (net of construction in progress)	6,083,996
Depreciation expense	(4,942,830)
Disposal of capital assets	(104,878)
Internal service funds are used by management to charge the costs of insurance and general services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
	(598,080)
Other long-term assets and deferred outflows are not available resources and, therefore, are not reported in the funds.	
Receivables not considered available (deferring inflows of resources)	1,594,038
Deferred outflows - deferred charge on refunding bonds	473,977
Deferred outflows - pension related	1,858,945
Deferred outflows - OPEB related	25,777
Long-term liabilities and deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(197,481)
General obligation bonds	(38,795,000)
Premiums on bonds	(2,823,452)
Capital leases	(1,439,951)
Compensated absences	(2,156,454)
Special termination benefits	(6,005,196)
Retired employee obligations	(893,883)
Net pension liability	(6,003,263)
Net OPEB liability	(11,817,954)
Deferred inflows - pension related	(1,491,941)
Deferred inflows - OPEB related	(343,548)
Net Position of Governmental Activities (Exhibit A)	<u>\$ 48,563,487</u> (Concluded)

The notes to financial statements are an integral part of this statement.



Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2018

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 76,743,249	\$ -	\$ -	\$ 76,743,249
Intergovernmental	18,055,609	85,907	3,806,397	21,947,913
Charges for services	1,916,924	-	5,120,042	7,036,966
Contributions	-	-	352,058	352,058
Investment earnings	398,825	-	3,937	402,762
Miscellaneous	241,032	-	8,384	249,416
Total Revenues	<u>97,355,639</u>	<u>85,907</u>	<u>9,290,818</u>	<u>106,732,364</u>
<b>EXPENDITURES</b>				
Current				
General government	8,240,767	-	186,546	8,427,313
Public safety	7,497,845	-	800,366	8,298,211
Public works	2,549,381	-	1,136,016	3,685,397
Health and welfare	313,672	-	97,746	411,418
Culture and recreation	1,557,084	-	1,342,984	2,900,068
Education	67,010,629	-	4,091,886	71,102,515
Debt service				
Principal	4,895,000	-	-	4,895,000
Interest	1,211,639	-	-	1,211,639
Bond issuance costs	-	120,790	22,207	142,997
Capital outlay	<u>398,072</u>	<u>2,868,952</u>	<u>2,199,088</u>	<u>5,466,112</u>
Total Expenditures	<u>93,674,089</u>	<u>2,989,742</u>	<u>9,876,839</u>	<u>106,540,670</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,681,550</u>	<u>(2,903,835)</u>	<u>(586,021)</u>	<u>191,694</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	986,152	216,561	1,202,713
Transfers out	(1,157,653)	(45,060)	-	(1,202,713)
Issuance of debt	-	4,417,000	3,668,000	8,085,000
Sale of capital assets	307,092	-	-	307,092
Issuance of refunding bonds	-	7,040,000	-	7,040,000
Premium on general obligation and refunding bonds	-	957,897	-	957,897
Payment to refunded bond escrow agent	-	(7,463,559)	-	(7,463,559)
Net Other Financing Sources (Uses)	<u>(850,561)</u>	<u>5,892,430</u>	<u>3,884,561</u>	<u>8,926,430</u>
Net Change in Fund Balance	2,830,989	2,988,595	3,298,540	9,118,124
Fund Balances - Beginning of Year (as restated)	<u>12,456,885</u>	<u>853,828</u>	<u>2,731,546</u>	<u>16,042,259</u>
Fund Balances - End of Year	<u>\$ 15,287,874</u>	<u>\$ 3,842,423</u>	<u>\$ 6,030,086</u>	<u>\$ 25,160,383</u>

The notes to financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2018

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Amounts Reported in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds (Exhibit D) \$ 9,118,124

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. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay expenditures	5,360,749
Capital asset contribution	723,247
Depreciation expense	(4,942,830)
Undepreciated basis of assets disposed of or sold	<u>(104,878)</u>
	<u>1,036,288</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Real property taxes and other revenues in the General Fund	(21,530)
Grant revenues in the Pepper Street Grant Fund	(166,282)
Revenues in the Police Private Duty Fund	(77,195)
Revenues in the Local Capital Improvements Fund	(407,228)
Revenues in the Waste Disposal Fund	(111,466)
Grant revenues in the Capital Reserve Fund	(80,332)
Grant revenues in the BOE Capital Reserve Fund	<u>(289,224)</u>
	<u>(1,153,257)</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of long-term debt - general obligation bonds	(15,125,000)
Premium on issuance of long-term debt	(957,897)
Principal payments on long-term debt	4,895,000
Principal payment on capital lease (education)	313,387
Payments to refunded bond escrow agent	7,463,559
Amortization of premium on issuance of long-term debt	<u>404,176</u>
	<u>(3,006,775)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the change in

Accrued interest	(37,457)
Change in compensated absences	116,150
Change in special termination benefits	(482,310)
Change in retired employee obligations	3,537
Pension related effects	(220,441)
OPEB related effects	<u>(155,639)</u>
	<u>(776,160)</u>

Internal service funds are used by management to charge the costs of medical, risk management and other claims to individuals funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

Internal service funds	<u>(184,977)</u>
Change in Net Position (Exhibit B)	<u>\$ <u>5,033,243</u></u>

Statement of Net Position  
 Internal Service Funds  
 June 30, 2018

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	Governmental Activities
	<u>Internal Service Funds</u>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 131,726
Due from other funds	<u>345,318</u>
Total Current Assets	<u>477,044</u>
<b>LIABILITIES</b>	
Current Liabilities	
Risk management claims payable	866,592
Noncurrent Liabilities	
Risk management claims payable	<u>208,532</u>
Total Liabilities	<u>1,075,124</u>
<b>NET POSITION</b>	
Unrestricted	<u>\$ (598,080)</u>

The notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position  
 Internal Service Funds  
 For the Year Ended June 30, 2018

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	Governmental Activities
	<u>Internal Service Funds</u>
<b>OPERATING REVENUES</b>	
Premiums	\$ 6,980,546
Employee contributions	<u>2,183,483</u>
Total Operating Revenues	<u>9,164,029</u>
<b>OPERATING EXPENSES</b>	
Claims and benefits	8,083,867
Premiums and administrative charges	<u>1,268,335</u>
Total Operating Expenses	<u>9,352,202</u>
Income (Loss) from Operations	(188,173)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment earnings	<u>3,196</u>
Change in Net Position	(184,977)
Total Net Position - Beginning of Year	<u>(413,103)</u>
Total Net Position - End of Year	<u>\$ (598,080)</u>

The notes to financial statements are an integral part of this statement.

Statement of Cash Flows  
 Internal Service Funds  
 For the Year Ended June 30, 2018

	Governmental Activities
	<u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from employer contributions	\$ 6,767,937
Cash received from employee contributions	2,183,483
Cash payments for benefits and claims	(7,750,302)
Cash payments to vendors and others	<u>(1,268,335)</u>
Net Cash from Operating Activities	<u>(67,217)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment earnings	<u>3,196</u>
Net Increase (Decrease) in Cash	(64,021)
Cash - Beginning of Year	<u>195,747</u>
Cash - End of Year	<u>\$ 131,726</u>
<b>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>	
Income (loss) from operations	\$ (188,173)
Changes in operating assets and liabilities	
Due from other funds	(20,000)
Due to other funds	(192,609)
Risk management claims payable	<u>333,565</u>
Net Cash from Operating Activities	<u>\$ (67,217)</u>

The notes to financial statements are an integral part of this statement.

## Town of Monroe, Connecticut

## Statement of Fiduciary Net Position

## Fiduciary Funds

June 30, 2018

	Pension and OPEB Trust Funds	Private Purpose Trust Fund	Custodial Funds
<b>ASSETS</b>			
Cash	\$ -	\$ 11,430	\$ 200,866
Investments, at fair value			
Mutual funds			
Money market	983,242	-	-
Equity	15,917,317	-	-
Bond	7,267,579	-	-
Commodities	544,816	-	-
Total Investments	<u>24,712,954</u>	<u>-</u>	<u>-</u>
Total Assets	<u>24,712,954</u>	<u>11,430</u>	<u>200,866</u>
<b>NET POSITION</b>			
Pension benefits	24,017,716	-	-
OPEB benefits	695,238	-	-
Individuals and organizations	<u>-</u>	<u>11,430</u>	<u>200,866</u>
Total Net Position	<u>\$ 24,712,954</u>	<u>\$ 11,430</u>	<u>\$ 200,866</u>

The notes to financial statements are an integral part of this statement.

## Town of Monroe, Connecticut

Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the Year Ended June 30, 2018

	Pension and OPEB Trust Funds	Private Purpose Trust Fund	Custodial Funds
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 928,973	\$ -	\$ -
Plan members	433,898	-	-
Charges for Services	-	-	970,260
Total	<u>1,362,871</u>	<u>-</u>	<u>970,260</u>
Investment Income			
Net change in fair value of investments	1,069,529	-	-
Interest and dividends	487,961	5	-
Total Investment Income	<u>1,557,490</u>	<u>5</u>	<u>-</u>
Total Additions	<u>2,920,361</u>	<u>5</u>	<u>970,260</u>
<b>DEDUCTIONS</b>			
Benefits	1,197,939	-	-
Administration	71,421	375	-
Scholarship awards	-	43,805	-
Activities and events	-	-	981,741
Total Deductions	<u>1,269,360</u>	<u>44,180</u>	<u>981,741</u>
Change in Net Position	1,651,001	(44,175)	(11,481)
Net Position - Beginning of Year (as restated)	<u>23,061,953</u>	<u>55,605</u>	<u>212,347</u>
Net Position - End of Year	<u>\$24,712,954</u>	<u>\$ 11,430</u>	<u>\$ 200,866</u>

The notes to financial statements are an integral part of this statement.

## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### History and Organization

The Town of Monroe, Connecticut ("Town") was incorporated in 1823. The Town operates under a First Selectman/Council form of government. The First 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 budgetary matters as prescribed by Connecticut General Statutes and the Town Charter. The Board of Education is responsible for operation of the school system. The Town operates under a charter and provides the following services as authorized by such: public safety, public works, recycling, health and welfare, culture and recreation, education, planning and zoning and general administration.

### 1. Summary of Significant Accounting Policies

The accounting policies conform to generally accepted accounting principles ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

#### A. Financial Reporting Entity

The financial reporting entity consists of: a) the primary government; b) organizations for which the primary government is financially accountable and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

#### B. Government-Wide Financial Statements

The government-wide financial statements i.e., the statement of net position in Exhibit A and the statement of activities in Exhibit B report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The statement of net position presents the financial position of the Town at the end of its fiscal year. The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the statement of activities



## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 1. Summary of Significant Accounting Policies (Continued)

#### C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the internal service funds are premiums and employee contributions. Operating expenses for the internal service funds include claims and benefits, premiums and administrative expenses. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

#### D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 (current assets less current liabilities) or economic resources (all assets and liabilities). 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*, as are the proprietary funds and fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For reimbursement grants, the Town considers revenues to be available if they are collected within one year of the end of the current fiscal period. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 1. Summary of Significant Accounting Policies (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post-closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension obligations and certain claims payable 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 leases are reported as other financing sources.

Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The Town has two major governmental funds as follows:

The **General Fund** constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

The **Capital Reserve Fund** is used to account for capital projects and acquisition which, by their nature, occur over the course of multiple years. These projects are either funded through transfers appropriated from the General Fund or proceeds from the issuance of General Obligation Bonds.

Proprietary Funds - Proprietary funds include internal service funds. Internal service funds are used to account for the Town's risk financing activities; specifically the Town reports the revenues and expenses of the self-insured health insurance plan for employees of the Board of Education ("BOE") in the BOE Medical and Dental Fund. The Heart and Hypertension Fund is used to account for heart and hypertension claims of police officers.

Fiduciary Funds - (Not included in the government-wide financial statements.) The fiduciary funds are used to account for assets held by the Town in an agency capacity on behalf of others. These include pension trust, private purpose trust and custodial funds. The pension and OPEB trust funds are provided to account for the activities of the Town's defined pension plan, which accumulates resources in two separate asset pools for pension benefit payments to qualified employees upon retirement. One asset pool is for the benefit of qualified Board of Education employees and the other is for qualified Town of Monroe employees. The OPEB fund is used to account for activities in the police OPEB trust fund. The private purpose trust fund was established to fund scholarships for students in the schools. The custodial fund is primarily utilized to account for monies held as custodian for student groups.

### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

#### Deposits, Investments and Risk Disclosure

**Cash** - Cash consists of cash on hand, in demand deposit accounts, time deposit accounts, and short-term investments with original maturities of three months or less.

## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 1. Summary of Significant Accounting Policies (Continued)

**Investments** – The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Section 3-27f) also provides for investment in shares of the Connecticut Short-Term Investment Fund.

The Short-Term Investment Fund ("STIF") is a money market investment pool managed by the cash management division of the State Treasurer's office. Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund reports its investments at amortized cost (which approximates fair value). The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools.

The Town follows GAAP guidance on *fair value measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan. Their approved policies target an asset mix to provide the probability of meeting or exceeding the return objectives at the lowest possible risk.

The Town's pension and OPEB plan investment policy targets investments in domestic equities of 35%, international equities of 27.5%, fixed income of 30% and other of 7.5%.

**Interest Rate Risk** – Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. 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.

## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 1. Summary of Significant Accounting Policies (Continued)

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

**Concentration of Credit Risk** – Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

**Foreign Currency Risk** – Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk. Currently, the Town's pension plan only invests in mutual funds that hold non-US equity stocks. These investments are stated in US dollars.

**Property Taxes Receivable** – Property taxes are assessed on property values as of October 1<sup>st</sup>. The tax levy is divided into two billings; the following July 1<sup>st</sup> and January 1<sup>st</sup>. This is used to finance the fiscal year from the first billing (July 1<sup>st</sup>) to June 30<sup>th</sup> of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1<sup>st</sup> and February 1<sup>st</sup>), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under State Statutes, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged.

**Receivables** – Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

**Due From/To Other Funds** – During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of year-end balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**1. Summary of Significant Accounting Policies (Continued)**

**Restricted Assets** – The restricted assets for the Town are restricted for performance bonds. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of the contract or the Town can call the bond for nonperformance.

**Capital Assets** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Land is considered inexhaustible and, therefore, not depreciated. Construction in progress has not been put into service yet, therefore is not depreciated. Property, plant, and equipment of the Town are depreciated or amortized using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Land	N/A	\$ 5,000
Construction in progress	N/A	5,000
Land improvements	10-30	5,000
Buildings and systems	20-40	5,000
Machinery and equipment	5-20	5,000
Vehicles	3-15	5,000
Infrastructure	25-50	5,000

**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 represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 1. Summary of Significant Accounting Policies (Continued)

The Town reports deferred outflows and inflows of resources related to pensions and other post-employment benefits in the government-wide statement of net position. A deferred outflow or inflow of resources related to pension and OPEB results from differences between expected and actual experience, the net difference between projected and actual earnings, and a change in assumptions. The deferred outflow or inflow related to the differences between expected and actual experience and a change in assumptions will be amortized over the average of the expected remaining service lives of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings will be amortized over a five year period.

Deferred outflows of resources also include deferred outflows relating to advance refunding of debt. These amounts are deferred and are amortized over the life of the debt.

Finally, deferred inflows of resources in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

**Long-Term Liabilities** – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and debt payments, are reported as expenditures.

**Compensated Absences** – Employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in the future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. Additionally, Board of Education administrators and teachers are eligible for retirement incentive amounts that are amortized over four years upon retirement.

### Fund Equity and Net Position

In the government-wide financial statements, net position is classified into the following categories:

#### Net Investment in Capital Assets

This category presents the net position that reflects capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes and unspent bond proceeds are excluded.

## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 1. Summary of Significant Accounting Policies (Continued)

#### Restricted Net Position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

#### Unrestricted Net Position

This category presents the net position of the Town which is not restricted.

In order to calculate the amounts to report as restricted 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. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance** – Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

- Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).
- Restricted fund balances are to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut Statutes.
- Committed fund balances are those that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision making authority. The Town Council is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.
- Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Finance, for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 1. Summary of Significant Accounting Policies (Continued)

- Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted 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. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

#### F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

#### G. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

### 2. Stewardship, Compliance and Accountability

#### A. Budgets and Budgetary Accounting

A formal, legally approved, annual budget is adopted for the General Fund. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:



## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 2. Stewardship, Compliance and Accountability (Continued)

- **Teachers' Retirement** – The Town does not recognize as income or expenditures payments made for the teachers' retirement and OPEB by the State of Connecticut under a special funding situation in its budget. GASB requires that the employer government recognize payments for salaries and fringe benefits paid under a special funding situation for its employees.
- **General Government Accrued Payroll** – The general government records its payroll on a cash basis of accounting for budgetary purposes.
- All departments, agencies, boards, commissions, committees, and authorities including the Board of Education submit an estimate of proposed revenues and expenditures to the Director of Finance and First Selectman. The First Selectman presents the proposed budget to the Town Council no later than February 8<sup>th</sup>.
- The Town Council reviews the proposed budget and makes revisions deemed necessary. During the Town Council's review process, the Town Council will hold a public hearing. The Town Council presents the proposed budget to the Board of Finance no later than February 28<sup>th</sup>.
- The Board of Finance reviews the proposed budget and makes revisions deemed necessary. During the Board of Finance's review process, the Board of Finance will hold a public hearing. The Board of Finance forwards its final proposed budget to the First Selectman no later than March 21<sup>st</sup>.
- The First Selectman prepares the final proposed budget and submits it to the annual budget referendum, which is held on the first Tuesday in April of each year. After the budget is approved at referendum, the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.
- When an office, agency, board or commission, except for the Board of Education, needs to transfer funds in its appropriation from funds set apart for one specific purpose or another, the First Selectman makes the proposal to the Town Council who then may approve the transfer.
- Upon request from the First Selectman, the Board of Finance may transfer any unencumbered appropriation, balance or portion thereof from one office, agency, board or commission to another after the First Selectman has notified the affected office or agency, board or commission. No transfers are to be made from any appropriations for debt service or other statutory charges.
- The Board of Finance allows additional appropriations not to exceed one half of one mil of the grand list to cover unexpected conditions and requirements. The transfers shall be approved by the First Selectman, Town Council and the Board of Finance.
- During the year, \$716,152 of additional appropriations were made, \$611,152 from fund balance and \$105,000 from revised revenue appropriations. These increased the original budget by the same amount.

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**2. Stewardship, Compliance and Accountability (Continued)**

**B. Donor-Restricted Endowments**

The Town has received certain endowments for the improvement of the Town. The amounts are reflected in net position as restricted for endowments. Investment income is approved for disbursement by the Town Council and is included in restricted fund balance. At year end, net appreciation available for appropriation is \$55,346 from the Cornelia Rogers Fund.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

**C. Fund Deficits**

The following funds had deficit fund balances at year end:

	<u>Deficit</u>
Special Revenue Funds:	
Police Grants	\$ 19,376
Capital Projects Funds:	
Reconstruction of Pepper Street	271,838
Internal Service Fund:	
Board of Education Medical and Dental	687,736

The deficit balances are expected to be covered by future revenues.

**3. Cash and Investments**

Deposits - Custodial Credit Risk – At year-end, \$6,847,769 of the Town's bank balance of \$7,359,199 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,135,827
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,711,942</u>
Total amount subject to custodial credit risk	<u>\$ 6,847,769</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**3. Cash and Investments (Continued)**

Below is a summary of the interest rate risk (using a weighted average maturity) and credit risk on the investments:

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years)			
			N/A	Less Than 1 Year	1-5 Years	Over 5 Years
U.S. treasury notes	NA	\$ 2,725,937	\$ -	\$ -	\$ -	\$ 2,725,937
Pooled fixed income	AAA	8,807,691	-	8,807,691	-	-
Mutual funds						
Money market	NR	11,901,191	-	11,901,191	-	-
Equity	NR	15,917,317	15,917,317	-	-	-
Bonds	A	7,267,579	-	1,081,628	2,849,196	3,336,755
Commodities	NR	544,816	544,816	-	-	-
Total		<u>\$47,164,531</u>	<u>\$ 16,462,133</u>	<u>\$ 21,790,510</u>	<u>\$ 2,849,196</u>	<u>\$6,062,692</u>

NR = Not rated                      NA = Not applicable

The following are major categories of investments measured at fair value on a recurring basis, grouped by the fair value hierarchy:

Type of Investment	Investments using a Cost-Based Measure, not Subject to Fair Value	Quoted Prices in active Markets for Identical Assets (Level 1)
U.S. treasury notes	\$ -	\$ 2,725,937
Pooled fixed income	8,807,691	-
Mutual funds		
Money market	-	11,901,191
Equity	-	15,917,317
Bonds	-	7,267,579
Commodities	-	544,816
	<u>\$ 8,807,691</u>	<u>\$ 38,356,840</u>

Certain investments are covered by the Securities Investor Protection Corporation (“SIPC”) up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

The following Town investments are held by the counterparty’s trust department or agent but not in the Town’s name and, therefore, are subject to custodial credit risk as follows:

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**3. Cash and Investments (Continued)**

	Total	Less Insured Amounts	Amount Subject to Custodial Credit Risk
U.S. treasury notes	\$ 2,725,937	\$ 500,000	\$ 2,225,937

**4. Receivables**

An allowance for uncollectible property taxes and interest on taxes of \$96,000 and \$44,000, respectively, have been recorded.

**5. Interfund Transactions**

The outstanding balances between funds result mainly 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. These are summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Reserve Fund	\$ 363,030
General Fund	Other Governmental Funds	632,067
Capital Reserve Fund	General Fund	4,464,082
Other Governmental Funds	General Fund	5,280,739
Proprietary Funds	General Fund	345,318
Other Governmental Funds	Other Governmental Funds	1,144
		\$ 11,086,380

Fund transfers are generally used to fund special projects with General Fund revenues. Transfers during the year were as follows:

	Transfers into Other Governmental Funds
Transfers out of General Fund	\$ 1,157,653
Capital Reserve Fund	45,060
	\$ 1,202,713

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**6. Capital Assets**

Changes in the Town's capital assets are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 13,922,971	\$ 741,045	\$ -	\$ 14,664,016
Construction in progress	2,109,747	1,889,446	2,565,396	1,433,797
	<u>16,032,718</u>	<u>2,630,491</u>	<u>2,565,396</u>	<u>16,097,813</u>
Capital assets being depreciated				
Land improvements	5,092,055	28,908	-	5,120,963
Buildings and systems	104,383,065	2,581,112	-	106,964,177
Machinery and equipment	7,965,686	256,562	22,500	8,199,748
Vehicles	11,415,668	2,582,476	720,685	13,277,459
Infrastructure	71,695,904	569,843	-	72,265,747
	<u>200,552,378</u>	<u>6,018,901</u>	<u>743,185</u>	<u>205,828,094</u>
Less accumulated depreciation for:				
Land improvements	1,325,710	318,744	-	1,644,454
Buildings and systems	52,522,081	2,653,496	-	55,175,577
Machinery and equipment	6,355,413	292,669	14,063	6,634,019
Vehicles	7,722,080	693,539	624,244	7,791,375
Infrastructure	57,679,530	984,382	-	58,663,912
	<u>125,604,814</u>	<u>4,942,830</u>	<u>638,307</u>	<u>129,909,337</u>
Net Capital Assets	<u>\$ 90,980,282</u>	<u>\$ 3,706,562</u>	<u>\$ 2,670,274</u>	<u>\$ 92,016,570</u>

Depreciation and amortization expense was charged to functions/programs is as follows:

General government	85,324
Public safety	730,331
Public works	1,242,169
Culture and recreation	391,403
Education	2,493,603
Total	<u>\$ 4,942,830</u>

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**7. Long-Term Liabilities**

The following table summarizes changes in the Town's long-term indebtedness:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 35,960,000	\$ 15,125,000	\$ 12,290,000	\$ 38,795,000	\$ 5,045,000
Premium on bonds	2,269,731	957,897	404,176	2,823,452	-
	<u>38,229,731</u>	<u>16,082,897</u>	<u>12,694,176</u>	<u>41,618,452</u>	<u>5,045,000</u>
Capital leases	1,753,338	-	313,387	1,439,951	276,999
Compensated absences	2,272,604	452,001	568,151	2,156,454	539,113
Special termination benefits	5,522,886	1,067,493	585,183	6,005,196	741,526
Retired employee obligations	897,420	288,000	291,537	893,883	348,753
<b>Totals</b>	<u><u>\$48,675,979</u></u>	<u><u>\$ 17,890,391</u></u>	<u><u>\$ 14,452,434</u></u>	<u><u>\$ 52,113,936</u></u>	<u><u>\$ 6,951,391</u></u>

Governmental funds liability and related interest are liquidated by the respective fund, primarily the General Fund.

**A. General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Various School and General Projects	2009	18,975,000	5/1/2024	2-5%	\$ 6,215,000
Various School and General Projects	2012	8,785,000	12/15/2023	2-3%	2,340,000
General and School Renovations	2012	460,000	5/15/2022	2.375-3.5%	210,000
Paving/Roof Improvements	2014	3,275,000	6/15/2022	2-4%	960,000
Paving/Roof Improvements	2015	6,220,000	4/15/2030	2-3%	5,310,000
General and School Renovations	2016	2,610,000	7/1/2026	1.5-4%	2,080,000
General and School Renovations	2016	7,220,000	9/15/2028	2-4%	6,555,000
General and School Renovations	2018	8,085,000	6/15/2028	3-5%	8,085,000
General and School Renovations	2018	7,040,000	4/1/2026	3-5%	7,040,000
<b>Total</b>					<u><u>\$38,795,000</u></u>

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**7. Long-Term Liabilities (Continued)**

Payments to maturity on the general obligation bonds are as follows:

Year End	General Obligation Bonds		Year End	General Obligation Bonds	
	Principal	Interest		Principal	Interest
2019	\$ 5,045,000	\$ 1,210,630	2025	\$ 3,405,000	\$ 299,445
2020	5,000,000	1,163,108	2026	2,675,000	198,270
2021	5,005,000	977,733	2027	2,045,000	120,870
2022	4,880,000	780,926	2028	1,440,000	69,270
2023	4,085,000	591,127	2029	640,000	26,820
2024	4,135,000	433,098	2030	440,000	11,880
			Totals	<u>\$ 38,795,000</u>	<u>\$ 5,883,177</u>

**B. Prior Year Defeasance of Debt**

The Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At year end, \$8,990,000 of bonds outstanding are considered defeased.

**C. Authorized but Unissued Bonds**

The Town has debt authorized but unissued as follows:

Purpose	Total Bond Authorization	Prior Debt/ Paydowns	Grants Received	Authorized But Unissued
Police Department Facility, Phase I	\$ 1,130,000	\$ 1,117,000	\$ -	\$ 13,000
Schools carpet/asbestos and pool filter	1,527,000	1,100,000	313,080	113,920
Masuk High School renovation	38,407,000	25,020,000	13,229,454	157,546
Edith Wheeler Memorial Library	6,290,000	4,875,000	1,250,000	165,000
Pepper Street improvements	5,050,000	-	-	5,050,000
DPW dump truck 2018	406,000	405,000	-	1,000
Totals	<u>\$52,810,000</u>	<u>\$ 32,517,000</u>	<u>\$ 14,792,534</u>	<u>\$ 5,500,466</u>

**D. Current Year Advance Refunding**

In June 2018, the Town issued \$7,040,000 of general obligation refunding bonds with an interest rate of 3.0% to 5.0%. These refunding bonds were issued to defease bonds issued in September 2010. The refunding resulted in an economic gain of \$199,826 with a total savings of \$216,312.

**E. Capital Leases Payable**

The Town has entered into multi-year lease agreements to finance the acquisition of building improvements. The cost of the improvements is included in the capital assets with a cost of \$3,803,204 and accumulated depreciation of \$1,711,442. These leases qualify as capital leases for accounting purposes. The capital lease obligations are as follows:

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**7. Long-Term Liabilities (Continued)**

Total payments on capital lease(s) for year ending

2019	\$	301,951
2020		302,273
2021		302,603
2022		302,941
2023		303,292
		<u>1,513,060</u>
Less the amount representing interest		<u>(73,109)</u>
Present value of future minimum lease payments	\$	<u><u>1,439,951</u></u>

**F. Compensated Absences**

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. Additionally, certain vacation and sick leave expenses will be paid out of the pension funds upon retirement. The value of all compensated absences has been reflected in the government-wide financial statements as \$2,156,454.

**G. Special Termination Benefits**

Termination benefits represent the present value of future benefits to be paid to former employees. Certain Board of Education employees were granted retirement awards based on years of service and other provisions in their contracts. The amount of all special termination benefits has been reflected in the government-wide financial statements as \$6,005,196.



**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**7. Long-Term Liabilities (Continued)**

**H. Retired Employee Obligations**

Board of Education retirement obligations represent payments owed to retired employees for termination benefits and payments for unused compensated absences that are payable over several years. The net present value of retired employee obligations is reflected in the government-wide financial statements. The Town's retired employee obligation is payable as follows:

Year End			
2019	\$	348,753	
2020		221,973	
2021		205,109	
2022		67,456	
2023		50,592	
	\$	893,883	

**I. Statutory Debt Limitations**

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 172,597,127	\$ 21,332,000	\$ 151,265,127
Schools	345,194,253	17,463,000	327,731,253
Sewers	287,661,878	-	287,661,878
Urban renewal	249,306,961	-	249,306,961
Pension deficit	230,129,502	-	230,129,502

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$536,968,838.

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**8. Fund Balances**

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total
<b>Nonspendable</b>				
Not in spendable form				
Long-term receivables	\$ 55,908	\$ -	\$ 67,740	\$ 123,648
Required to be maintained - trust principal	-	-	2,250	2,250
	<u>55,908</u>	<u>-</u>	<u>69,990</u>	<u>125,898</u>
<b>Restricted</b>				
General government donations	-	-	162,164	162,164
Wilton Estate donations - senior center	388,069	-	-	388,069
Town clerk fees	-	-	95,964	95,964
Education	-	-	11,755	11,755
Library	-	-	103,917	103,917
Other purposes	-	-	127,913	127,913
	<u>388,069</u>	<u>-</u>	<u>501,713</u>	<u>889,782</u>
<b>Committed</b>				
Capital projects	-	3,538,117	1,444,445	4,982,562
<b>Assigned</b>				
General government	3,000	-	229,505	232,505
Wolfe Park	-	-	113,276	113,276
Waste disposal	-	-	106,332	106,332
Education	600,000	-	578,241	1,178,241
Police	-	-	841,325	841,325
Culture and recreation	-	-	112,841	112,841
WMNR radio station	-	-	338,789	338,789
Debt	188,960	-	-	188,960
Capital projects	-	304,306	1,984,843	2,289,149
Other purposes	102,816	-	-	102,816
Appropriation of fund balance	1,200,000	-	-	1,200,000
	<u>2,094,776</u>	<u>304,306</u>	<u>4,305,152</u>	<u>6,704,234</u>
<b>Unassigned</b>	<u>\$ 12,749,121</u>	<u>\$ -</u>	<u>\$ (291,214)</u>	<u>\$ 12,457,907</u>

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**9. Retirement Plan of the Town of Monroe, Connecticut**

**Plan Description** – The Town is the administrator of two single employer public employee retirement system (“PERS”), the Town of Monroe Retirement Income Plan, established and administered by the Town to provide pension benefits for its general government and Board of Education employees (excluding teachers covered under the Connecticut State Teachers’ Retirement System (“TRS”). The PERS is considered to be part of the Town of Monroe financial reporting entity and is included in the Town’s financial statement as a pension trust fund. A separate stand-alone financial report is not issued. The Plan is governed by the Retirement Plans Investment Advisor Committee (“Committee”) which is a subcommittee of the Board of Finance.

The Plan provides retirement benefits through a single employer contributory defined benefit plan. Members include substantially all Town and Board of Education employees, except for police department employees and teachers.

**Plan Membership** – As of the date of the latest actuarial valuation (July 1, 2016), membership consisted of the following:

	Town	Education	Total
Retirees and beneficiaries receiving benefits	40	60	100
Terminated employees entitled to benefits, but not yet receiving them	28	25	53
Active members	66	77	143
	134	162	296

**Contribution Policy** – Employees are required to contribute as follows:

Town	
Highway employees	3.00%
Clerical unit employees	3.85%
Non-union employees	3.85%
Supervisors	3.85%
Education	4.75%

**Funding Policy** – The Town is required to contribute the remaining amounts as determined by annual actuarial valuations.

**Investment Policy** – The Town’s pension plan investment policy targets investments in domestic equities of 35%, international equities of 27.5%, fixed income of 30% and other of 7.5%.

**Long-term expected rate of return** – The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation. Below shows the Board’s target asset class allocation and the long-term expected rate of return calculated as geometric means:

## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 9. Retirement Plan of the Town of Monroe, Connecticut (Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income - Core	25.00%	1.50%
Fixed Income - Global	5.00%	2.00%
Equity - US Large Cap	25.00%	4.85%
Equity - US Small/Mid Cap	10.00%	5.00%
Equity - International Developed	20.00%	5.25%
Equity - International Emerging Markets	7.50%	6.50%
Global REITs	5.00%	4.25%
Commodities	2.50%	2.25%

**Discount Rate** – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Money-Weighted Rate of Return** – The money-weighted rate of return considers the changing amounts actually invested during the period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a quarterly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The net money-weighted rate of return for the year was as follows:

Town	6.81%
Education	6.74%

#### Net Pension Liability

The components of the net pension liability of the Town were as follows:

	Town Employees	Education Employees
Total pension liability	\$ 12,944,301	\$ 13,744,923
Plan fiduciary net position	12,028,521	11,989,195
Net pension liability	<u>\$ 915,780</u>	<u>\$ 1,755,728</u>
Plan fiduciary net position as a percentage of total pension liability	92.93%	87.23%

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**9. Retirement Plan of the Town of Monroe, Connecticut (Continued)**

Changes in the net pension liability during the year were as follows:

Town Employees' Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2017	\$ 12,306,023	\$ 11,323,214	\$ 982,809
Service cost	339,442	-	339,442
Interest	835,744	-	835,744
Contributions - employer	-	355,000	(355,000)
Contributions - member	-	142,277	(142,277)
Net investment income (loss)	-	782,543	(782,543)
Benefit payments, including refunds of member contributions	(536,908)	(536,908)	-
Administration expenses	-	(37,605)	37,605
Net change	638,278	705,307	(67,029)
Balance at June 30, 2018	<u>\$ 12,944,301</u>	<u>\$ 12,028,521</u>	<u>\$ 915,780</u>

Education Employees' Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2017	\$ 13,101,659	\$ 11,311,657	\$ 1,790,002
Service cost	381,387	-	381,387
Interest	889,277	-	889,277
Contributions - employer	-	350,342	(350,342)
Contributions - member	-	218,797	(218,797)
Net investment income (loss)	-	769,615	(769,615)
Benefit payments, including refunds of member contributions	(627,400)	(627,400)	-
Administration expenses	-	(33,816)	33,816
Net change	643,264	677,538	(34,274)
Balance at June 30, 2018	<u>\$ 13,744,923</u>	<u>\$ 11,989,195</u>	<u>\$ 1,755,728</u>

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**9. Retirement Plan of the Town of Monroe, Connecticut (Continued)**

**Actuarial Methods and Significant Assumptions**

The following actuarial methods and assumptions were used in the July 1, 2016 valuation and projected forward to June 30, 2018 (reporting date):

Valuation timing	July 1, 2016
Actuarial cost method	Entry Age Normal (level percentage of salary).
Amortization method	
Level percent or level dollar	Level percent
Closed, open or layered	Closed
Amortization period	18 years
Amortization growth rate	0.00%
Asset valuation method	Fair value
Inflation	2.75%
Salary increases	3.75%
Investment rate of return	6.75%
Cost of living adjustment	None
Retirement age	Increasing rates from age 55 to 75
Post-retirement mortality	RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016.

**Sensitivity Analysis** – The following presents the net pension liability (asset) of the Town, calculated using the current discount rate, as well as what the Town’s net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability (Asset)	5.75%	6.75%	7.75%
Town Employees	\$ 2,419,230	\$ 915,780	\$ (367,908)
Education Employees	3,410,249	1,755,728	353,630

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions** – The Town recognized pension expense of \$379,396 for the Town Employees’ Plan and \$313,987 for the Education Employees’ Plan. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**9. Retirement Plan of the Town of Monroe, Connecticut (Continued)**

Town Employees' Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,730	\$ 103,626
Changes in assumptions	152,246	427,957
Net difference between projected and actual earnings on pension plan investments	<u>153,900</u>	<u>-</u>
Total amount of deferred outflows	<u>\$ 318,876</u>	<u>\$ 531,583</u>
Net amount of deferred inflows and outflows		<u>\$ (212,707)</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
Education Employees' Plan		
Differences between expected and actual experience	\$ 5,956	\$ 393,295
Changes in assumptions	238,830	496,513
Net difference between projected and actual earnings on pension plan investments	<u>197,763</u>	<u>-</u>
Total amount of deferred outflows	<u>\$ 442,549</u>	<u>\$ 889,808</u>
Net amount of deferred inflows and outflows		<u>\$ (447,259)</u>

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognize in pension expense as follows:

Year Ending June 30,	Town	Education
2019	\$ 83,580	\$ 6,828
2020	(33,649)	(93,110)
2021	(217,116)	(216,342)
2022	<u>(45,522)</u>	<u>(144,635)</u>
Total	<u>\$ (212,707)</u>	<u>\$ (447,259)</u>

## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 10. Connecticut Municipal Employees' Retirement System

#### Plan description

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Connecticut Municipal Employees Retirement System (MERS). This designation may be the result of collective bargaining. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has four sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

#### Benefit provisions

The plan provides retirement, disability and death benefits.

##### General Employees

Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service.

##### Policemen and Firemen

Compulsory retirement age for police and fire members is age 65.

Normal Retirement: For members not covered by social security, the benefit is 2% of average final compensation times years of service.

For members covered by Social Security, the benefit is 1 ½% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits.

If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

Early Retirement: Employees are eligible after 5 years of continuous service or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferral to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.



## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 10. Connecticut Municipal Employees' Retirement System (Continued)

Disability Retirement: Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for nonservice-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

#### Contributions

##### Employer

Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions.

##### Employees

For employees not covered by social security, each person is required to contribute 5% of compensation.

For employees covered by social security, each person is required to contribute 2 ¼% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

#### **Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

The Town reported \$3,331,755 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportionate share of the net pension liability was based upon the Town's 2016 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. At June 30, 2017, the Town's proportional share was 8.332825% of one sub plan.

Subsequent to the measurement date, there were no changes in benefit terms or any expected changes that will have an impact on the measurement of net pension liability.

The Town recognized pension expense of \$893,531. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**10. Connecticut Municipal Employees' Retirement System (Continued)**

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 231,984	\$ -
Change in proportional share	24,542	70,550
Difference between expected and actual experience	241,970	-
Town contributions subsequent to measurement date	<u>599,024</u>	<u>-</u>
Total	<u>\$ 1,097,520</u>	<u>\$ 70,550</u>
Net amount of deferred inflow and outflow excluding Town contributions subsequent to measurement date		<u>\$ 427,946</u>

The amount reported as deferred outflows of resource related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ending June 30, 2017. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2019	\$ 146,522
2020	290,593
2021	127,845
2022	<u>(137,014)</u>
Total	<u>\$ 427,946</u>

**Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**10. Connecticut Municipal Employees' Retirement System (Continued)**

The actuarial assumption used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 – June 30, 2012.

Mortality rates were based on the RP-2000 Combined Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase the CPI up to 6%. The minimum annual COLA is 2.5%, the maximum is 6%.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	<u>3.0%</u>	0.4%
Total	<u>100.0%</u>	

**Discount rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**10. Connecticut Municipal Employees' Retirement System (Continued)**

**Sensitivity of the net pension liability to changes in the discount rate**

The following presents the Town's proportional share of the net pension liability of MERS, calculated using the discount rate of 8.00%, as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Town's proportional share of the net pension liability	\$ 5,802,840	\$ 3,331,755	\$ 1,273,581

**Plan fiduciary net position**

Detailed information about the Connecticut Municipal Employees Retirement System plan's fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017.

**Payable to the pension plan**

The Town has completed its installment agreement with respect to the plan and therefore there are \$0 of accounts payable to the Connecticut Municipal Employees Retirement System plan outstanding at year end.

**11. Teachers' Retirement System**

**Plan Description**

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

**Plan Membership**

All teachers, principals, superintendents or supervisors engaged in service of public schools are eligible for participation.

**Plan Benefits**

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

## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 11. Teachers' Retirement System (Continued)

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

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for non-service related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary.

#### Contributions

##### State of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

##### Employer (School Districts)

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

##### Employees

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

Effective January 1, 2018, each teacher is required to contribute 7% of pensionable salary.

#### **Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

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

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**11. Teachers' Retirement System (Continued)**

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		94,485,584
Total	\$	<u>94,485,584</u>

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

For the fiscal year ended, the Town recognized pension expense and revenue of \$10,929,222 for on-behalf amounts for the benefits provided by the State.

**Actuarial Assumptions** – The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Inflation</b>	2.75%
<b>Salary increases</b>	3.25-6.50%, including inflation
<b>Investment rate of return</b>	8.00%, net of investment related expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvements scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015. As a result of the 2015 actuarial experience study, the rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted in the June 30, 2016 actuarial valuation to more closely reflect actual experience.

**Future cost-of-living increases** – For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

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

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**11. Teachers' Retirement System (Continued)**

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.00%	5.80%
Developed Non-U.S. Equities	18.00%	6.60%
Emerging Markets (Non-U.S.)	9.00%	8.30%
Core Fixed Income	7.00%	1.30%
Inflation Linked Bond Fund	3.00%	1.00%
Emerging Market Bond	5.00%	3.70%
High Yield Bonds	5.00%	3.90%
Real Estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investments	8.00%	4.10%
Cash	6.00%	0.40%

**Discount Rate** – The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**Plan Fiduciary Net Position** – Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017.

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**12. Town Police OPEB Plan**

**Plan Description** – The Town provides certain health care benefits for retired police employees through a single-employer defined benefit other post-employment benefits plan administered by the Town of Monroe, Connecticut in accordance with the police collective bargaining agreements. The plan does not issue a separate financial statement.

- Police with 25 years of service are eligible for pre-65 medical coverage at retirement.
- The retiree pays 25% of the cost of single coverage and 25% of the HRS single deductible. The Town pays the remaining. The retiree pays 100% of the cost of coverage for the spouse (if applicable).
- The insurance can continue until the earlier of age 65 or 15 years of coverage at retirement. No coverage thereafter.
- There is no coverage for retiree or spouse after age 65.

**Plan Membership** – As of the date of the latest actuarial valuation (July 1, 2016), membership consisted of the following:

Retirees and beneficiaries receiving benefits	5
Active members	40
	<hr/>
	45
	<hr/>

**Funding Policy** – The Town funding and payment of post-employment benefits are accounted for in the General Fund. The Town established the Town of Monroe, Connecticut Other Post-Employment Benefits Trust Fund for the plan year beginning July 1, 2016. In accordance with the trust agreement, the Town shall contribute at least annually, such amounts as shall be determined by the Town. There is no contractual obligation for the Town to continue contributions to the Trust Fund and may at any time discontinue a Plan and/or contributions to the Trust Fund.

**Investment Policy** – The Town’s OPEB plan investment policy targets investments in domestic equities of 35%, international equities of 27.5%, fixed income of 30% and other of 7.5%.

**Long-Term Expected Rate of Return** – The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation. Below shows the board of finance’s target asset class allocation and the long-term expected rate of return calculated as geometric means:



**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**12. Town Police OPEB Plan (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
Fixed Income - Core	25.00%	1.50%	0.38%
Fixed Income - Global	5.00%	2.00%	0.10%
Equity - US Large Cap	25.00%	4.85%	1.21%
Equity - US Small/Mid Cap	10.00%	5.00%	0.50%
Equity - International Developed	20.00%	5.25%	1.05%
Equity - International Emerging Mrkts	7.50%	6.50%	0.49%
Global REITs	5.00%	4.25%	0.21%
Commodities	2.50%	2.25%	0.06%
	100.00%		4.00%
		Long-Term Inflation	2.75%
		Long-Term Expected Nominal Return	6.75%

**Discount Rate** – The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Calculation of Money-Weighted Rate of Return** – The money-weighted rate of return considers the cash flow of the changing amounts actually invested during the period and weighs the amount of OPEB plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated, net of investment expense, as 1.16%.

**Net OPEB Liability**

The components of the net OPEB liability of the Town were as follows:

Total OPEB liability	\$ 2,376,153
Plan fiduciary net position	695,238
Net OPEB liability	\$ 1,680,915
Plan fiduciary net position as a percentage of the total OPEB liability	29.3%

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**12. Town Police OPEB Plan (Continued)**

Changes in the net OPEB liability during the year were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2017	\$ 2,157,704	\$ 427,082	\$ 1,730,622
Service cost	134,375	-	134,375
Interest	153,598	-	153,598
Differences between expected and actual experience	(35,893)	-	(35,893)
Contributions - employer	-	223,631	(223,631)
Contributions - member	-	72,824	(72,824)
Net investment income	-	5,332	(5,332)
Benefit payments, including refunds of member contributions	(33,631)	(33,631)	-
Net change	218,449	268,156	(49,707)
Balance at June 30, 2018	<u>\$ 2,376,153</u>	<u>\$ 695,238</u>	<u>\$ 1,680,915</u>

**Actuarial Methods and Significant Assumptions**

The following actuarial methods and assumptions were used in the July 1, 2016 valuation and projected forward to a measurement date of June 30, 2018:

Valuation timing	July 1, 2016
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	
Level percent or level dollar	Level percent of salary
Closed, open or layered	Open
Amortization period	20 years
Asset valuation method	Fair value
Inflation	2.75%
Payroll growth	3.75%
Discount rate	6.75%
Healthcare cost trends	7.75% in 2016 reducing by .5% each year to a final 4.75% per year for 2022 and later
Retirement age	25 years of service with various retirement rates by age
Post-retirement mortality	RP-2014 projected to the valuation date with Scale MP-2016

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**12. Town Police OPEB Plan (Continued)**

Assumption changes were as follows:

- The mortality table was updated from RP-2000 mortality table with no collar adjustment projected to valuation date with Scale BB to RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016.
- The discount rate was changed from 7.00% to 6.75%.
- The medical trend rates were changed from 9.0% for 2014 decreasing 0.5% per year to an ultimate rate of 5.0% for 2022 and later to 7.75% for 2016 decreasing 0.5% per year, to an ultimate rate of 4.75% for 2022 and later.

**Sensitivity Analysis** – The following presents the net OPEB liability of the Town Police Plan, calculated using the current discount rate, as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	Discount Rate Sensitivity		
	1% Decrease	Current	1% Increase
	5.75%	6.75%	7.75%
Net OPEB Liability	\$ 1,921,232	\$ 1,680,915	\$ 1,466,058

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

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
	6.75%	7.75%	8.75%
	decreasing to	decreasing to	decreasing to
	3.75%	4.75%	5.75%
Net OPEB Liability	\$ 1,309,681	\$ 1,680,915	\$ 2,135,821

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB** – The total OPEB expense recognized for the year was \$181,321. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**12. Town Police OPEB Plan (Continued)**

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 33,174
Net difference between projected and actual earnings on OPEB plan investments	25,777	-
Total	\$ 25,777	\$ 33,174
Net amount of deferred inflows and outflows		\$ (7,397)

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

Year Ending June 30,	
2019	3,725
2020	3,725
2021	3,725
2022	3,726
2023	(2,719)
Thereafter	(19,579)
Total	\$ (7,397)

**13. Board of Education OPEB Plan**

**Plan Description** – The Town provides other post-employment benefits for retired Board of Education employees through a single-employer defined benefit plan administered by the Town of Monroe, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Eligibility	Certified teachers and administrators – Retirement under the State Teachers’ Plan. Non-certified – Age 55 with 15 years of service or age 65 with 5 years of service.
Cost	100% of the cost less the BOE offset which is:
Sharing	Certified – Payable for retirement after July 1, 2011 for the earlier of 10 years or attainment of age 65. The offset is based on hire date and years of service and ranges from: <div style="margin-left: 40px;">\$1,125 and \$3,000 for single coverage</div> <div style="margin-left: 40px;">\$2,475 and \$6,600 for two-person coverage</div> Non-certified - \$2,400 if retired under Rule of 75, \$3,000 if retired under Rule of 85 and \$4,200 if retired under Rule of 90.

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**13. Board of Education OPEB Plan (Continued)**

Duration      Certified – Age 65 for those eligible for Medicare, life for those not eligible for Medicare.  
                    Non-certified – Life

At July 1, 2016, plan membership consisted of the following:

Retired members	67
Active plan members	434
	<u>501</u>

**Funding Policy** – The Town funding and payment of post-employment benefits are accounted for in both the General Fund and in an internal service fund on a pay-as-you-go basis. Due to the fact that the Town’s liability is mainly from the implicit rate subsidy calculation, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits in accordance with GASB guidelines. The Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

**Total OPEB Liability**

The Town’s total OPEB liability of \$10,137,039 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2016.

**Actuarial Methods and Significant Assumptions**

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

Other actuarial methods and significant assumptions are summarized as follows:

Latest Actuarial Date	July 1, 2016
Actuarial Cost	
Method	Entry Age Normal
Payroll Growth	3.50%
Discount Rate	3.87%
Medical Inflation	7.50% for 2016, reducing .5% per year to a final 4.5% for 2022 and later
Amortization Method	Level dollar amortization
Amortization	30 years, open
Mortality	RP-2014 adjusted to 2006 Total Dataset Mortality Table, projected to valuation date with Scale MP-2016

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**13. Board of Education OPEB Plan (Continued)**

The discount rate was based on the 20-year AA municipal bond index as of the measurement date.

The current valuation reflects changes in the actuarial assumptions to represent the Enrolled Actuary's current best estimate of anticipated experience of the plan. The following areas had changes in assumptions:

- Interest
- Salary increases
- Mortality rates
- Retirement
- Withdrawal
- Inflation
- Healthcare cost trend rates
- Morbidity

**Changes in the Total OPEB Liability**

Balance at July 1, 2017	\$ 10,249,464
Service cost	326,852
Interest	370,243
Differences between expected and actual experience	(22,271)
Changes in assumptions	(314,406)
Benefit payments, including refunds of member contributions	(472,843)
Net change	(112,425)
Balance at June 30, 2018	\$ 10,137,039

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

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

	Discount Rate Sensitivity		
	1% Decrease 2.87%	Current 3.87%	1% Increase 4.87%
Total OPEB Liability	\$ 11,283,195	\$ 10,137,039	\$ 9,151,964

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**13. Board of Education OPEB Plan (Continued)**

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
	6.50%	7.50%	8.50%
	decreasing to	decreasing to	decreasing to
	3.50%	4.50%	5.50%
Total OPEB Liability	\$ 9,348,894	\$ 10,137,039	\$ 11,084,654

**OPEB Expense and Deferred Outflows of Resources Related to OPEB**

For the fiscal year the Town recognized OPEB expense of \$616,672. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description of Outflows/Inflows	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,531
Changes in assumptions	289,843
Total	\$ 310,374

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

Year Ending June 30,	
2019	(26,303)
2020	(26,303)
2021	(26,303)
2022	(26,303)
2023	(26,303)
Thereafter	(178,859)
Total	\$ (310,374)

## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 14. OPEB Plan – Connecticut State Teachers’ Retirement Plan

#### Plan Description

Teachers, principals, superintendents, supervisors and professional employees at State schools of higher education if they choose to be covered that are currently receiving a retirement or disability benefit are eligible to participate in the Connecticut State Teachers’ Retirement System Retiree Health Insurance Plan (“TRS-RHIP”) - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers’ Retirement Board (TRB). Chapter 167a Section 10-183 (t) of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

#### Benefit Provisions

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

- **Normal Retirement:** Eligibility - Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.
- **Early Retirement:** Eligibility - 25 years of Credited Service including 20 years of Connecticut service, or age 55 with 20 years of Credited Service including 15 years of Connecticut service.
- **Proratable Retirement:** Eligibility - Age 60 with 10 years of Credited Service.
- **Disability Retirement:** Eligibility - 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.
- **Termination of Employment:** Eligibility - 10 or more years of Credited Service.

#### Retiree Health Care Coverage

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

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



**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**14. OPEB Plan – Connecticut State Teachers’ Retirement Plan (Continued)**

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

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

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

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

**Survivor Health Care Coverage**

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

**Contributions**

State of Connecticut

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

Employer (School Districts)

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

Employees

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

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**14. OPEB Plan – Connecticut State Teachers’ Retirement Plan (Continued)**

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

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

Town’s proportionate share of the net OPEB liability	\$ -
State of Connecticut’s proportionate share of the net OPEB liability associated with the Town	<u>24,319,519</u>
Total	<u>\$ 24,319,519</u>

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

The Town recognized OPEB expense and revenue of \$1,127,089 for on-behalf amounts for the benefits provided by the State.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale was used.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

## Town of Monroe, Connecticut

Notes to Financial Statements  
For Year Ended June 30, 2018

### 14. OPEB Plan – Connecticut State Teachers' Retirement Plan (Continued)

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

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 2.75%.

#### Changes in assumptions and inputs

As a result of the experience study for the five-year period ending June 30, 2015:

- The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase.
- The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.

Other changes were as follows:

- The discount rate has been increased from 3.01% to 3.56% as a based upon the increase in the municipal bond index.

Additionally, the assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised.

#### Affordable Care Act (ACA)

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2020 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**14. OPEB Plan – Connecticut State Teachers’ Retirement Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

**Sensitivity of the OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rate**

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

**Plan Fiduciary Net Position**

Detailed information about the Connecticut State Teachers’ OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017.

**15. Plan Statements**

	<u>Monroe Retirement Income Plan</u>			Total
	Town Employees	Education Employees	Police Other Post- Retirement Benefits	
<b>ASSETS</b>				
Investments, at fair value				
Mutual funds				
Money market	\$ 168,473	\$ 119,531	\$ 695,238	\$ 983,242
Equity	7,916,457	8,000,860	-	15,917,317
Bond	3,686,910	3,580,669	-	7,267,579
Commodities	256,681	288,135	-	544,816
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 12,028,521</u>	<u>\$ 11,989,195</u>	<u>\$ 695,238</u>	<u>\$ 24,712,954</u>
<b>NET POSITION</b>				
Restricted for				
Pension benefits	\$ 12,028,521	\$ 11,989,195	\$ -	\$ 24,017,716
OPEB benefits	-	-	695,238	695,238
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Net Position	<u>\$ 12,028,521</u>	<u>\$ 11,989,195</u>	<u>\$ 695,238</u>	<u>\$ 24,712,954</u>

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**15. Plan Statements (Continued)**

	Monroe Retirement Income Plan			Total
	Town Employees	Education Employees	Police Other Post- Retirement Benefits	
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 355,000	\$ 350,342	\$ 223,631	\$ 928,973
Plan members	142,277	218,797	72,824	433,898
Total Contributions	497,277	569,139	296,455	1,362,871
Investment Income				
Net change in fair value	540,037	529,492	-	1,069,529
Interest and dividends	242,506	240,123	5,332	487,961
Total Investment Income	782,543	769,615	5,332	1,557,490
Total Additions	1,279,820	1,338,754	301,787	2,920,361
<b>DEDUCTIONS</b>				
Benefit payments	536,908	627,400	33,631	1,197,939
Administrative expenses	37,605	33,816	-	71,421
Total Deductions	574,513	661,216	33,631	1,269,360
Change in Net Position	705,307	677,538	268,156	1,651,001
Net Position - Beginning of Year	11,323,214	11,311,657	427,082	23,061,953
Net Position - End of Year	\$ 12,028,521	\$ 11,989,195	\$ 695,238	\$24,712,954

**16. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance except as noted below. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**16. Risk Management (Continued)**

The Town currently is a member of the Connecticut Interlocal Risk Management Agency (“CIRMA”), a public entity risk pool established under the provisions of Connecticut General Statutes Section 7-479a et. seq. for some of its insurance. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention. A separate agreement states limits on the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

The Board of Education self-insures its employees for medical and dental claims through the use of an internal service fund. Maximum liability to the board of education per covered participant is \$175,000. The Board of Education retains an insurance policy for employee claims in excess of \$175,000 (\$5,000,000 lifetime maximum payout per member). The board of education also retains an insurance policy to cover claims for all covered members combined in excess of a \$1,000,000 annual maximum for medical claims only. A third party administers the plan for which the Town pays an administrative fee. The plan is funded monthly by budget appropriations and employee contributions, as required.

The following is a summary of changes in claims liability during the year:

Year Ended	Beginning Claims Payable	Current Year Claims and Changes in Estimates	Claims Paid	Ending Claims Payable
2017	\$ 740,266	\$ 8,040,049	\$ 8,360,720	\$ 419,595
2018	419,595	8,082,962	7,683,095	819,462

The Town self-insures for heart and hypertension claims of Town police officers through the use of an internal service fund. The death benefits liability is adjusted annually to reflect cost of living increases. The present value of benefits was computed at an assumed rate of return of three percent. The plan is funded monthly by budget appropriations and employee contributions, as required.

The following is a summary of changes in claims liability during the year:

Year Ended	Beginning Claims Payable	Current Year Claims and Changes in Estimates	Claims Paid	Ending Claims Payable
2017	\$ 355,300	\$ 47,403	\$ 80,739	\$ 321,964
2018	321,964	905	67,207	255,662

The internal service funds are substantially funded by the Town’s General Fund based on estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liabilities, reported in the internal service funds at June 30, 2018, are based on the amount of the possible loss that can be reasonably estimated. The amount of claim accrual estimated is based on the ultimate cost of settling the claim which includes past experience data, inflation, other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual estimate does not include other allocated or unallocated claims adjustment expenses.

**Town of Monroe, Connecticut**

Notes to Financial Statements  
For Year Ended June 30, 2018

**17. Contingencies and Litigation**

The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

**18. Prior period adjustment and fund reclassification**

Beginning equity balances were restated as follows as the result of implementation of new accounting standards and to record grant revenue as earned. The Capital Reserve Fund has been reclassified from a nonmajor fund to a major fund. As a result, the nonmajor fund balance decreased by \$853,828.

	Government Wide Activities	Capital Reserve Fund	Other Governmental Funds	Custodial Funds
Net position as previously reported at June 30, 2017	\$ 50,036,296	\$ -	\$ 2,272,569	\$ -
To reclassify Capital Reserve Fund as a major fund	-	853,828	(853,828)	-
To record revenue for grants that have been earned Town Road Grants	1,312,805	-	1,312,805	-
To add in net position as a result of the implementation of GASB 84	-	-	-	212,347
To remove net OPEB obligation as a result of the implementation of GASB 75	2,430,607	-	-	-
To record total OPEB liability as a result of the implementation of GASB 75	<u>(10,249,464)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position as restated at July 1, 2017	<u>\$ 43,530,244</u>	<u>\$ 853,828</u>	<u>\$ 2,731,546</u>	<u>\$ 212,347</u>

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**



Required Supplementary Information  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis) - General Fund  
 For the Year Ended June 30, 2018

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>REVENUES</b>					
<b>Property Taxes</b>					
Tax levies	\$ 76,245,878	\$ -	\$ 76,245,878	\$ 76,432,360	\$ 186,482
Interest and lien fees	203,500	-	203,500	277,474	73,974
	<u>76,449,378</u>	<u>-</u>	<u>76,449,378</u>	<u>76,709,834</u>	<u>260,456</u>
<b>Intergovernmental</b>					
State and Federal Education Grants					
Education cost sharing	2,090,703	-	2,090,703	5,596,482	3,505,779
School transportation	50,000	-	50,000	-	(50,000)
Other					
Revenue sharing grant	581,867	-	581,867	98,984	(482,883)
Tax grant - disabled persons	2,400	-	2,400	2,201	(199)
PILOT - state property	10,555	-	10,555	42	(10,513)
Tax grant - circuit breaker	156,000	-	156,000	-	(156,000)
Bond subsidy payments	151,030	-	151,030	221,712	70,682
Veteran exemption	11,000	-	11,000	9,993	(1,007)
Mashantucket Pequot grant	33,847	-	33,847	33,321	(526)
Telephone access	40,000	-	40,000	33,415	(6,585)
Miscellaneous grants	30,976	-	30,976	36,563	5,587
	<u>3,158,378</u>	<u>-</u>	<u>3,158,378</u>	<u>6,032,713</u>	<u>2,874,335</u>
<b>Charges for Services</b>					
Police department permits	519,500	-	519,500	764,024	244,524
Building permits	275,000	-	275,000	346,032	71,032
Burning permits	1,500	-	1,500	1,780	280
Planning and zoning	35,000	-	35,000	20,125	(14,875)
Library	15,000	-	15,000	12,096	(2,904)
Refuse permits	2,000	-	2,000	1,860	(140)
Canine licenses	2,000	-	2,000	1,295	(705)
Town clerk's fees	400,000	-	400,000	439,480	39,480
Health department licenses	77,630	-	77,630	82,560	4,930
Recreation department fees	180,000	-	180,000	158,864	(21,136)
Landfill lease	70,000	-	70,000	55,881	(14,119)
Nutrition	2,000	-	2,000	-	(2,000)
Tuition	9,000	-	9,000	24,557	15,557
Senior citizens transportation	5,000	-	5,000	4,787	(213)
Senior citizens registration	1,000	-	1,000	-	(1,000)
Special police assignments	100,000	-	100,000	-	(100,000)
Inland wetland commission	10,000	-	10,000	3,583	(6,417)
Economic development commission	1,500	-	1,500	-	(1,500)
	<u>1,706,130</u>	<u>-</u>	<u>1,706,130</u>	<u>1,916,924</u>	<u>210,794</u>
<b>Interest and Dividends</b>	<u>207,000</u>	<u>-</u>	<u>207,000</u>	<u>526,679</u>	<u>319,679</u>
<b>Miscellaneous Income</b>	<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>162,448</u>	<u>87,448</u>
<b>Other Financing Sources</b>					
Appropriation of fund balance	1,200,000	611,152	1,811,152	-	(1,811,152)
Sale of capital assets	20,000	105,000	125,000	307,092	182,092
	<u>1,220,000</u>	<u>716,152</u>	<u>1,936,152</u>	<u>307,092</u>	<u>(1,629,060)</u>
<b>Total Revenues</b>	<u>82,815,886</u>	<u>716,152</u>	<u>83,532,038</u>	<u>85,655,690</u>	<u>2,123,652</u>

(Continued)

Required Supplementary Information  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis) - General Fund (Continued)  
 For the Year Ended June 30, 2018

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>EXPENDITURES</b>					
<b>General Government</b>					
First selectman	\$ 347,733	\$ (7,925)	\$ 339,808	\$ 326,732	\$ 13,076
Town council	3,750	1,525	5,275	5,275	-
Board of finance	1,093,580	(744,501)	349,079	135,887	213,192
Registrar of voters	127,750	-	127,750	103,550	24,200
Town clerk	175,251	-	175,251	160,958	14,293
Tax collector	176,240	1,148	177,388	175,036	2,352
Town treasurer	10,839	-	10,839	10,839	-
Boards and commissions	10,450	-	10,450	6,348	4,102
Senior citizen	256,911	1,212	258,123	239,144	18,979
Economic development	15,500	-	15,500	13,951	1,549
Engineering	160,523	2,388	162,911	162,748	163
Inland wetlands commission	107,514	1,017	108,531	102,108	6,423
Human resources - fringe benefits	4,705,746	(103,100)	4,602,646	4,602,646	-
Finance department	323,494	3,730	327,224	317,214	10,010
Technology	632,762	-	632,762	622,321	10,441
Assessor	235,850	398	236,248	211,315	24,933
Building inspection department	171,258	1,568	172,826	167,585	5,241
Planning and zoning department	188,356	720	189,076	185,359	3,717
Town hall maintenance	411,435	-	411,435	390,421	21,014
Chalk Hill School expenditures	50,000	-	50,000	49,125	875
Special programs	145,483	-	145,483	137,488	7,995
Regional programs	48,994	-	48,994	48,864	130
	<u>9,399,419</u>	<u>(841,820)</u>	<u>8,557,599</u>	<u>8,174,914</u>	<u>382,685</u>
<b>Public Safety</b>					
Police department	5,205,518	82,275	5,287,793	5,062,981	224,812
Animal control	141,529	-	141,529	133,490	8,039
Park ranger	70,254	-	70,254	68,567	1,687
Monroe fire department	263,665	-	263,665	263,665	-
Stevenson fire department	188,665	-	188,665	188,665	-
Stepney fire department	247,855	-	247,855	247,855	-
Water distribution system	574,071	10,889	584,960	584,960	-
Fire marshal	108,569	2,017	110,586	100,581	10,005
Emergency management	13,116	-	13,116	13,107	9
Emergency medical services	853,359	(10,889)	842,470	818,849	23,621
	<u>7,666,601</u>	<u>84,292</u>	<u>7,750,893</u>	<u>7,482,720</u>	<u>268,173</u>
<b>Public Works</b>					
Highway administration	308,512	3,364	311,876	297,609	14,267
General maintenance	1,344,073	(61,967)	1,282,106	1,282,106	-
Snow removal	400,045	77,880	477,925	477,925	-
Operations	366,063	(6,456)	359,607	357,819	1,788
Tree warden	40,000	-	40,000	39,925	75
Traffic control	71,994	(7,812)	64,182	63,180	1,002
Sanitation - solid waste	29,652	-	29,652	11,300	18,352
Sanitation - recycling	288,494	-	288,494	280,273	8,221
	<u>2,848,833</u>	<u>5,009</u>	<u>2,853,842</u>	<u>2,810,137</u>	<u>43,705</u>
<b>Health and Welfare</b>					
Health department	233,456	3,097	236,553	231,696	4,857
Department of social services	98,208	-	98,208	83,870	14,338
	<u>331,664</u>	<u>3,097</u>	<u>334,761</u>	<u>315,566</u>	<u>19,195</u>

(Continued)

Required Supplementary Information  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis) - General Fund (Continued)  
 For the Year Ended June 30, 2018

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>Culture and Recreation</b>					
Library	\$ 777,988	\$ 2,054	\$ 780,042	\$ 774,328	\$ 5,714
Recreation department	<u>854,900</u>	<u>1,267</u>	<u>856,167</u>	<u>849,267</u>	<u>6,900</u>
	<u>1,632,888</u>	<u>3,321</u>	<u>1,636,209</u>	<u>1,623,595</u>	<u>12,614</u>
<b>Capital Outlay</b>					
Special projects	<u>3,500</u>	<u>-</u>	<u>3,500</u>	<u>3,010</u>	<u>490</u>
<b>Debt Service</b>	<u>6,021,214</u>	<u>122,971</u>	<u>6,144,185</u>	<u>6,144,185</u>	<u>-</u>
<b>Other Financing Uses</b>					
Transfers out	<u>270,000</u>	<u>887,653</u>	<u>1,157,653</u>	<u>1,157,653</u>	<u>-</u>
<b>Total General Government</b>	<u>28,174,119</u>	<u>264,523</u>	<u>28,438,642</u>	<u>27,711,780</u>	<u>726,862</u>
<b>Board of Education</b>					
Salaries	34,605,769	(17,620)	34,588,149	34,454,517	133,632
Benefits	9,347,682	46,031	9,393,713	9,775,939	(382,226)
Transportation	3,352,331	250	3,352,581	3,352,511	70
Special education instruction	2,500,115	22,321	2,522,436	2,572,873	(50,437)
Energy	1,288,361	-	1,288,361	1,242,512	45,849
Facilities	1,160,580	(148,287)	1,012,293	1,012,293	-
Textbooks and supplies	756,699	(75,206)	681,493	643,566	37,927
Technology	598,393	1,260	599,653	491,934	107,719
Other professional services	1,011,283	-	1,011,283	901,519	109,764
Lease payments	346,702	-	346,702	331,781	14,921
Other	(326,148)	622,880	296,732	313,951	(17,219)
<b>Total Board of Education</b>	<u>54,641,767</u>	<u>451,629</u>	<u>55,093,396</u>	<u>55,093,396</u>	<u>-</u>
<b>Total Expenditures</b>	<u>82,815,886</u>	<u>716,152</u>	<u>83,532,038</u>	<u>82,805,176</u>	<u>726,862</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - Budgetary Basis</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,850,514</u>	<u>\$ 2,850,514</u>

(Continued)

Required Supplementary Information  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis) - General Fund (Continued)  
 For the Year Ended June 30, 2018

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**Reconciliation to Exhibit 4**

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis - RSI 1	\$ 85,348,598	\$ 81,647,523
State Teachers' Pension on behalf amount	10,929,222	10,929,222
State Teachers' OPEB on behalf amount	1,127,089	1,127,089
Accrued payroll adjustment	-	(139,078)
Unrealized gain (loss) on investments not recorded on a budgetary basis	(84,270)	-
Unbudgeted activity from assigned and restricted fund balance		
Legal settlement proceeds, attorney fees and settlement payout	35,000	84,036
Pension - actuarial expense	-	23,827
Senior center - Wilton Estate	-	1,470
	<u>                    </u>	<u>                    </u>
GAAP Basis - Exhibit 4	<u>\$ 97,355,639</u>	<u>\$ 93,674,089</u>

Notes to Required Supplementary Information: This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teacher's retirement and OPEB by the State of Connecticut on the Town's behalf. 2. The general government records its payroll on a cash basis of accounting for budgetary purposes.

The Board of Education expenditures are shown in the above schedule allocated based on the major categories of spending. However, the legal level of control is with the total Board of Education department.

(Concluded)

Required Supplementary Information  
Town of Monroe Retirement Income Plan - Town  
Schedule of Changes in Net Pension Liability and Related Ratios  
Last Five Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Town of Monroe Employee Retirement Plan</b>					
<b>Total Pension Liability</b>					
Service cost	\$ 339,442	\$ 320,580	\$ 279,200	\$ 268,462	\$ 258,136
Interest on total pension liability	835,744	933,432	880,508	802,505	760,256
Effect of economic/demographic gains (losses)	-	(108,021)	32,827	(140,267)	-
Effect of assumption changes or inputs	-	(687,325)	-	587,242	-
Benefit payments	<u>(536,908)</u>	<u>(545,744)</u>	<u>(511,431)</u>	<u>(466,648)</u>	<u>(464,206)</u>
Net change in total pension liability	638,278	(87,078)	681,104	1,051,294	554,186
Total pension liability, beginning	<u>12,306,023</u>	<u>12,393,101</u>	<u>11,711,997</u>	<u>10,660,703</u>	<u>10,106,517</u>
Total pension liability, ending	<u>12,944,301</u>	<u>12,306,023</u>	<u>12,393,101</u>	<u>11,711,997</u>	<u>10,660,703</u>
<b>Fiduciary Net Position</b>					
Employer contributions	355,000	390,000	383,000	391,857	341,866
Member contributions	142,277	144,665	145,302	137,917	137,271
Investment income net of investment expenses	782,543	1,100,157	43,338	399,506	1,265,162
Benefit payments	(536,908)	(545,744)	(511,431)	(466,648)	(464,206)
Administrative expenses	(37,605)	(6,403)	(22,358)	(30,021)	(58,327)
Other	<u>-</u>	<u>-</u>	<u>80</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	705,307	1,082,675	37,931	432,611	1,221,766
Fiduciary net position, beginning	<u>11,323,214</u>	<u>10,240,539</u>	<u>10,202,608</u>	<u>9,769,997</u>	<u>8,548,231</u>
Fiduciary net position, ending	<u>12,028,521</u>	<u>11,323,214</u>	<u>10,240,539</u>	<u>10,202,608</u>	<u>9,769,997</u>
Net pension liability, ending	<u>\$ 915,780</u>	<u>\$ 982,809</u>	<u>\$ 2,152,562</u>	<u>\$ 1,509,389</u>	<u>\$ 890,706</u>
Fiduciary net position as a % of total pension liability	92.93%	92.01%	82.63%	87.11%	91.64%
Covered payroll	\$ 3,854,118	\$ 3,714,813	\$ 3,576,586	\$ 3,439,025	\$ 3,166,740
Net pension liability as a % of covered payroll	23.76%	26.46%	60.18%	43.89%	28.13%

This schedule is intended to show 10 years of data. Additional years will be displayed as they become available.

Required Supplementary Information  
 Town of Monroe Retirement Income Plan - Town  
 Last Five Years

**Schedule of Employer Contributions**

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 354,017	\$ 389,752	\$ 382,281	\$ 394,666	\$ 388,045
Contributions in relation to the actuarially determined contribution	<u>355,000</u>	<u>390,000</u>	<u>383,000</u>	<u>391,857</u>	<u>341,866</u>
Contribution deficiency (excess)	<u>\$ (983)</u>	<u>\$ (248)</u>	<u>\$ (719)</u>	<u>\$ 2,809</u>	<u>\$ 46,179</u>
Covered payroll	\$ 3,854,118	\$ 3,714,813	\$ 3,576,586	\$ 3,439,025	\$ 3,166,740
Contributions as a percentage of covered payroll	9.21%	10.50%	10.71%	11.39%	10.80%
Annual Money-Weighted Rate of Return, Net of Investment Expenses	6.81%	10.93%	0.43%	4.15%	15.10%

**Notes to the Schedule**

Changes in Assumptions

**2017:**

1. The mortality table was updated from RP-2014 mortality table with no collar adjustment projected to valuation date with Scale MP-2014 to RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016
2. The retirement age was changed from 100% at age 65 to increasing rates from age 55 to 75.
3. The rate of compensation increase was changed from 4.00% to 3.75%.
4. The investment rate of return was changed from 7.50% to 6.75%.

Valuation Date

July 1, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent
Remaining amortization period	18 years
Asset valuation method	Expected Asset value plus or minus 20% of the difference between the Expected Value and the Fair Value of assets.
Inflation	2.75%
Salary increases	3.75% (including inflation)
Investment rate of return	6.75%
Retirement age	Increasing rates from age 55 to 75
Mortality	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016

This schedule is intended to show 10 years of data. Additional years will be displayed as they become available.

Required Supplementary Information  
 Town of Monroe Retirement Income Plan - Board of Education  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 Last Five Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Town of Monroe Employee Retirement Plan</b>					
<b>Total Pension Liability</b>					
Service cost	\$ 381,387	\$ 423,345	\$ 397,551	\$ 382,260	\$ 367,558
Interest on total pension liability	889,277	998,818	943,960	903,638	849,759
Effect of economic/demographic gains (losses)	-	(133,712)	12,337	(857,153)	-
Effect of assumption changes or inputs	-	(744,769)	-	673,066	-
Benefit payments	<u>(627,400)</u>	<u>(660,562)</u>	<u>(636,276)</u>	<u>(524,668)</u>	<u>(503,012)</u>
Net change in total pension liability	643,264	(116,880)	717,572	577,143	714,305
Total pension liability, beginning	<u>13,101,659</u>	<u>13,218,539</u>	<u>12,500,967</u>	<u>11,923,824</u>	<u>11,209,519</u>
Total pension liability, ending	<u>13,744,923</u>	<u>13,101,659</u>	<u>13,218,539</u>	<u>12,500,967</u>	<u>11,923,824</u>
<b>Fiduciary Net Position</b>					
Employer contributions	350,342	385,429	367,541	367,541	349,519
Member contributions	218,797	209,551	204,700	210,767	198,033
Investment income net of investment expenses	769,615	1,105,691	38,494	253,090	1,213,572
Benefit payments	(627,400)	(660,562)	(636,276)	(524,668)	(503,012)
Administrative expenses	(33,816)	(9,746)	(16,620)	(14,664)	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,034</u>	<u>-</u>
Net change in plan fiduciary net position	677,538	1,030,363	(42,161)	301,100	1,258,112
Fiduciary net position, beginning	<u>11,311,657</u>	<u>10,281,294</u>	<u>10,323,455</u>	<u>10,022,355</u>	<u>8,764,243</u>
Fiduciary net position, ending	<u>11,989,195</u>	<u>11,311,657</u>	<u>10,281,294</u>	<u>10,323,455</u>	<u>10,022,355</u>
Net pension liability, ending	<u>\$ 1,755,728</u>	<u>\$ 1,790,002</u>	<u>\$ 2,937,245</u>	<u>\$ 2,177,512</u>	<u>\$ 1,901,469</u>
Fiduciary net position as a % of total pension liability	87.23%	86.34%	77.78%	82.58%	84.05%
Covered payroll	\$ 4,170,830	\$ 4,020,077	\$ 4,435,017	\$ 4,264,439	\$ 4,439,312
Net pension liability as a % of covered payroll	42.10%	44.53%	66.23%	51.06%	42.83%

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This schedule is intended to show 10 years of data. Additional years will be displayed as they become available.

Required Supplementary Information  
 Town of Monroe Retirement Income Plan - Board of Education  
 Last Five Years

**Schedule of Employer Contributions**

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 350,452	\$ 385,429	\$ 376,663	\$ 356,619	\$ 349,519
Contributions in relation to the actuarially determined contribution	<u>350,342</u>	<u>385,429</u>	<u>367,541</u>	<u>367,541</u>	<u>349,519</u>
Contribution deficiency (excess)	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 9,122</u>	<u>\$ (10,922)</u>	<u>\$ -</u>
Covered payroll	\$ 4,170,830	\$ 4,020,077	\$ 4,435,017	\$ 4,264,439	\$ 4,439,312
Contributions as a percentage of covered payroll	8.40%	9.59%	8.29%	8.62%	7.87%
Annual Money-Weighted Rate of Return, Net of Investment Expenses	6.74%	10.91%	0.38%	2.62%	13.80%

**Notes to the Schedule**

Changes in Assumptions

**2017:**

1. The mortality table was updated from RP-2014 mortality table with no collar adjustment projected to valuation date with Scale MP-2014 to RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016
2. The retirement age was changed from 100% at age 65 to increasing rates from age 55 to 75.
3. The rate of compensation increase was changed from 4.00% to 3.75%.
4. The investment rate of return was changed from 7.50% to 6.75%.

Valuation Date July 1, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent
Remaining amortization period	18 years
Asset valuation method	Expected Asset value plus or minus 20% of the difference between the Expected Value and the Fair Value of assets.
Inflation	2.75%
Salary increases	3.75% (including inflation)
Investment rate of return	6.75%
Retirement age	Increasing rates from age 55 to 75
Mortality	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016

This schedule is intended to show 10 years of data. Additional years will be displayed as they become available.



Required Supplementary Information  
 Connecticut Municipal Employees' Retirement System  
 Last Four Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Schedule of Changes in Net Pension Liability and Related Ratios</b>				
Town's percentage of collective net pension liability (police and fire with social security)	<u>8.332825%</u>	<u>8.332825%</u>	<u>8.754860%</u>	<u>8.754860%</u>
Town's portion net pension liability	<u>\$ 3,331,755</u>	<u>\$ 3,895,673</u>	<u>\$ 2,678,744</u>	<u>\$ 2,116,810</u>
Town's covered payroll	<u>\$ 3,858,797</u>	<u>\$ 3,858,797</u>	<u>\$ 3,507,399</u>	<u>\$ 3,507,399</u>
Town's portion net pension liability as a % of covered payroll	<u>86.34%</u>	<u>100.96%</u>	<u>76.37%</u>	<u>60.35%</u>
Plan Fiduciary net position as a % of total pension liability	<u>91.68%</u>	<u>88.29%</u>	<u>92.75%</u>	<u>90.48%</u>

**Schedule of Employer Contributions**

Town's contractually required contribution	\$ 645,577	\$ 645,577	\$ 633,992	\$ 608,354
Town's contributions in relation to the contractually required contribution	<u>645,577</u>	<u>645,577</u>	<u>633,992</u>	<u>608,354</u>
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 3,858,797</u>	<u>\$ 3,858,797</u>	<u>\$ 3,507,399</u>	<u>\$ 3,507,399</u>
Town's contributions as a percentage of covered payroll	<u>16.73%</u>	<u>16.73%</u>	<u>18.08%</u>	<u>17.34%</u>

**Notes to Schedule**

Changes in assumptions	None
Changes in benefit term	None
Actuarial cost method	Entry age, normal cost method
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Inflation	3.25%
Investment rate of return	8.0% net of investment expense, including inflation

This schedule is intended to show 10 years of data. Additional years will be displayed as they become available.

**Town of Monroe, Connecticut**

Required Supplementary Information  
Connecticut Teachers Retirement System  
Last Four Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Schedule of Changes in Net Pension Liability and Related Ratios</b>				
Town's percentage of collective net pension liability	0.00%	0.00%	0.00%	0.00%
State's percentage of collective net pension liability	100.00%	100.00%	100.00%	100.00%
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Town's proportionate dollar share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate dollar share of the collective net pension liability associated with the Town of Monroe	94,485,584	99,683,015	76,967,634	71,141,153
Total proportionate share of the collective net pension liability	<u>\$94,485,584</u>	<u>\$99,683,015</u>	<u>\$76,967,634</u>	<u>\$71,141,153</u>
Town's covered employee payroll	(1) NA	NA	NA	NA
Town's proportionate share of the collective net pension liability as a % of covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a % of total pension liability	55.93%	52.26%	59.50%	61.50%
<b>Schedule of Employer Contributions</b>				
Contractually required Town contribution	(2) \$ -	\$ -	\$ -	\$ -

This schedule is intended to show 10 years of data. Additional years will be displayed as they become available.

(1) Not applicable since the Town has 0% of the proportionate share of the net pension liability

(2) The Town is not required to contribute to the plan. The State contributes on behalf of the Town.

(Continued)

**Town of Monroe, Connecticut**

Required Supplementary Information  
 Connecticut Teachers Retirement System (Continued)  
 Last Four Years

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**Notes to Schedule**

<b>Changes in benefit term</b>	None
<b>Changes in assumptions</b>	<ol style="list-style-type: none"> <li>1. Reduce the inflation assumption from 3.00% to 2.75%</li> <li>2. Reduce the real rate of return assumption from 5.5% to 5.25% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.5% to 8.0%</li> <li>3. Reduce the annual rate of wage increase assumption from .75% to .50%</li> <li>4. Slightly modify the merit portion of the salary scale</li> <li>5. Reduce the payroll growth assumption from 3.75% to 3.25%</li> <li>6. Update the mortality tables to projected versions of the RPH-2014 mortality tables</li> <li>7. Increase normal retirement rates for females at most ages and prorate retirement rates for males at most ages</li> <li>8. Increase rates of withdrawal</li> <li>9. Decrease rates of disability for males</li> </ol>
<b>Actuarial cost method</b>	Entry Age
<b>Amortization method</b>	Level percent of salary, closed
<b>Remaining amortization period</b>	21.4 years
<b>Asset valuation method</b>	4 year smoothed market
<b>Inflation</b>	2.75%
<b>Salary increases</b>	3.25%-6.50%, average, including inflation
<b>Investment rate of return</b>	8.0% net of investment expense, including inflation
<b>Mortality</b>	RPH-2014 White Collar table

This schedule is intended to show 10 years of data. Additional years will be displayed as they become available.

(Concluded)

**Town of Monroe, Connecticut**

Required Supplementary Information  
 Other Post Employment Benefits Plan - Police  
 Schedule of Changes in Net OPEB Liability and Related Ratios  
 Last Two Years

	<u>2018</u>	<u>2017</u>
<b>Town of Monroe Other Post Employment Benefits Plan</b>		
<b>Total OPEB Liability</b>		
Service cost	\$ 134,375	\$ 130,779
Interest	153,598	138,377
Differences between expected and actual experience	(35,893)	(11,163)
Benefit payments	<u>(33,631)</u>	<u>(49,256)</u>
Net change in total OPEB liability	218,449	208,737
Total OPEB liability, beginning	<u>2,157,704</u>	<u>1,948,967</u>
Total OPEB liability, ending	<u>2,376,153</u>	<u>2,157,704</u>
<b>Fiduciary Net Position</b>		
Employer contributions	223,631	189,896
Member contributions	72,824	33,807
Investment income net of investment expenses	5,332	297
Benefit payments	<u>(33,631)</u>	<u>(49,256)</u>
Net change in plan fiduciary net position	268,156	174,744
Fiduciary net position, beginning	<u>427,082</u>	<u>252,338</u>
Fiduciary net position, ending	<u>695,238</u>	<u>427,082</u>
Net OPEB liability, ending	<u>\$ 1,680,915</u>	<u>\$ 1,730,622</u>
Fiduciary net position as a % of total OPEB liability	29.26%	19.79%
Covered payroll	\$ 3,377,844	\$ 3,287,439
Net OPEB liability as a % of covered payroll	49.76%	52.64%

This schedule is intended to show 10 years of data. Additional years will be displayed as they become available.

**Town of Monroe, Connecticut**

Required Supplementary Information  
 Other Post Employment Benefits Plan - Police  
 Last Eight Years

**Schedule of Employer Contributions**

	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contributions	\$ 186,574	\$ 109,498	\$ 106,000	\$ 179,057	\$ 175,750	\$ 162,881	\$ 159,926	\$ 112,070
Contributions in relation to the actuarially determined contribution	223,631	189,896	94,479	27,390	31,212	46,500	42,515	45,143
Contribution deficiency (excess)	\$ (37,057)	\$ (80,398)	\$ 11,521	\$ 151,667	\$ 144,538	\$ 116,381	\$ 117,411	\$ 66,927
Covered payroll	\$3,377,844	\$3,287,439	\$3,129,570	\$3,129,570	\$2,732,999	\$2,732,999	\$2,702,454	\$2,702,454
Contributions as a percentage of covered payroll	6.62%	5.78%	3.02%	0.88%	1.14%	1.70%	1.57%	1.67%
Annual Money-Weighted Rate of Return, Net of Investment Expenses	1.16%	0.09%	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to the Schedule**

- Change in Assumptions
1. The mortality table was updated from RP-2000 mortality table with no collar adjustment projected to valuation date with Scale BB to RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016
  2. The discount rate was changed from 7.00% to 6.75%.
  3. The medical trend rates were changed from 9.0% for 2014 decreasing 0.5% per year to an ultimate rate of 5.0% for 2022 and later to 7.75% for 2016 decreasing 0.5% per year, to an ultimate rate of 4.75% for 2022 and later.

Valuation date July 1, 2016

Methods and assumptions:

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level percent
Closed, open or layered	Open
Amortization period	20 years
Asset valuation method	Fair Value
Inflation	2.50%
Payroll growth	3.75%
Discount rate	6.75%
Healthcare cost trends	7.75% for 2016 decreasing .5% per year to 4.75% for 2022 and after
Post-retirement mortality	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016

These schedules are intended to show 10 years of data. Additional years will be displayed as they become available.

Required Supplementary Information  
 Other Post Employment Benefits Plan - Education  
 Schedule of Changes in Total OPEB Liability  
 Year Ended June 30, 2018

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 326,852
Interest	370,243
Differences between expected and actual experience	(22,271)
Changes of assumption	(314,406)
Benefit payments	<u>(472,843)</u>
Net change in total OPEB liability	(112,425)
Total OPEB liability, beginning (as restated)	<u>10,249,464</u>
Total OPEB liability, ending *	<u>\$ 10,137,039</u>
Covered Payroll	<u>\$ 33,795,006</u>
Total OPEB liability as a % of covered payroll	<u>30.00%</u>

\*There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits

This schedule is intended to show 10 years of data.  
 Additional years will be displayed as they become available.

**Town of Monroe, Connecticut**

Required Supplementary Information  
 State Teachers' Retirement Board Retiree Health Insurance Plan  
 June 30, 2018

**Schedule of Proportionate Share of the Net OPEB Liability**

	<u>2018</u>
Town's proportion of the net OPEB liability	<u>0.00%</u>
Town's proportionate share of the net OPEB liability	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>24,319,519</u>
Total	<u>\$ 24,319,519</u>
Town's covered payroll	(2) <u>N/A</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>1.79%</u>

**Schedule of Contributions**

	<u>2018</u>
Contractually required contribution	(1) \$ -
Contributions in relation to the contractually required contribution	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered payroll	(2) <u>N/A</u>
Contributions as a percentage of covered-employee payroll	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net OPEB liability

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

(Continued)

## Town of Monroe, Connecticut

Required Supplementary Information

State Teachers' Retirement Board Retiree Health Insurance Plan (Continued)

Notes to Required Supplementary Information

June 30, 2018

Changes of benefit terms	None
	<b>2016:</b>
	The discount rate has been lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation
	The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase
Changes of assumptions	The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board
	The assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised
Actuarial Cost Method	Entry age
Amortization Method	Level percentage, open
Asset Valuation Method	Fair Value
Inflation	2.75%
Healthcare inflation rate - Initial	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation
Investment Rate of Return	4.25%
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

(Concluded)



## APPENDIX B - FORMS OF OPINION OF BOND COUNSEL

December 3, 2019

Town of Monroe, Connecticut  
7 Fan Hill Road  
Monroe, Connecticut 06468

Re: **\$8,855,000 General Obligation Bonds, Series 2019**

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Monroe, Connecticut (the "Town") in connection with the issuance by the Town of its \$8,855,000 General Obligation Bonds, Series 2019 dated December 3, 2019 (the "Bonds"). In such capacity, we have examined records of proceedings of the Town authorizing the 2019 Bonds, a Tax Compliance Agreement of the Town dated December 3, 2019 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, the Series 2019 Bonds will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Series 2019 Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Series 2019 Bonds in order that interest on the Series 2019 Bonds be excludable from gross income. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2019 Bonds to ensure that interest on the Series 2019 Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019 Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2019 Bonds.

In rendering the below opinions regarding the Federal treatment of interest on the Series 2019 Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Series 2019 Bonds.

We are further of the opinion that, under existing statutes, interest on the Series 2019 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other state tax consequences caused by ownership or disposition of, or receipt of interest on the Series 2019 Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated November 21, 2019 and other offering material relating to the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Series 2019 Bonds, including the adoption of Federal tax legislation, may affect the tax status of the Series 2019 Bonds.

Although we have rendered an opinion that interest on the Series 2019 Bonds is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Series 2019 Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Series 2019 Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

January 16, 2020

Town of Monroe, Connecticut  
7 Fan Hill Road  
Monroe, Connecticut 06468

**Re: \$3,815,000 General Obligation Refunding Bonds, Series 2020**

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Monroe, Connecticut (the "Town") in connection with the issuance by the Town of its \$3,815,000 General Obligation Refunding Bonds, Series 2020 dated January 16, 2020 (the "Bonds"). In such capacity, we have examined records of proceedings of the Town authorizing the Bonds, a Tax Compliance Agreement of the Town dated January 16, 2020 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Series 2020 Bonds are duly certified by U.S. Bank National Association, the Bonds will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Series 2020 Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Series 2020 Bonds in order that interest on the Series 2020 Bonds be excludable from gross income. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2020 Bonds to ensure that interest on the Series 2020 Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020 Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2020 Bonds.

In rendering the below opinions regarding the Federal treatment of interest on the Series 2020 Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Series 2020 Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Series 2020 Bonds.

We are further of the opinion that, under existing statutes, interest on the Series 2020 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other state tax consequences caused by ownership or disposition of, or receipt of interest on the Series 2020 Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated November 21, 2019 and other offering material relating to the Series 2020 Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of Federal tax legislation, may affect the tax status of the Series 2020 Bonds.

Although we have rendered an opinion that interest on the Series 2020 Bonds is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Series 2020 Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Series 2020 Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

## APPENDIX C - FORMS OF CONTINUING DISCLOSURE AGREEMENTS

### CONTINUING DISCLOSURE AGREEMENT

#### In Connection With The Issuance and Sale of the Town of Monroe, Connecticut \$8,855,000 General Obligation Bonds, Series 2019

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered as of December 3, 2019, by the Town of Monroe, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$8,855,000 General Obligation Bonds, Series 2019 dated December 3, 2019 (the “Series 2019 Bonds”).

**Section 1. Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated November 21, 2019, prepared in connection with the issuance of the Series 2019 Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

#### **Section 2. Annual Reports.**

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2019):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

(ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;

- (D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;
- (E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins;
- (I) the funding status of the Issuer's pension benefit obligations; and
- (J) the funding status of the Issuer's OPEB obligation.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

**Section 3. Timing.** The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

**Section 4. Event Notices.**

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Series 2091 Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2019 Bonds, or other material events affecting the tax status of the Series 2019 Bonds;
- (vi) tender offers;

- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances;
- (ix) rating changes; and
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation\* of the Town, any of which reflect financial difficulties.

\* Note: For the purposes of the events identified in paragraph (x), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Series 2019 Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bond holders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Series 2019 Bonds;
- (v) consummation of a merger, consolidation, or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
- (vii) incurrence of a Financial Obligation\* of the Town or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation\* of the Town, any of which affect bondholders.

\* Note: For the purposes of the events identified in paragraph (vii), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

**Section 6. Termination of Reporting Obligation.** The Issuer’s obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Series 2019 Bonds.

**Section 7. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 8. Amendment; Waiver.** Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Series 2019 Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 9. Additional Information.** Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 10. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Series 2019 Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Series 2019 Bonds of such failure. The present address of the Issuer is Town of Monroe, 7 Fan Hill Road, Monroe, CT 06468, Attn: First Selectman. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Series 2019 Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Series 2019 Bonds.

**Section 11. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 12. Section 12.Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**IN WITNESS WHEREOF**, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**TOWN OF MONROE, CONNECTICUT**

By: \_\_\_\_\_  
Kenneth M. Kellogg  
First Selectman



## CONTINUING DISCLOSURE AGREEMENT

### In Connection With The Issuance and Sale of the Town of Monroe, Connecticut \$3,815,000 General Obligation Refunding Bonds, Series 2020

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered as of January 16, 2020, by the Town of Monroe, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$3,815,000 General Obligation Refunding Bonds, Series 2020 dated January 16, 2020 (the “Series 2020 Bonds”).

**Section 1. Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated November 21, 2019, prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

### **Section 2. Annual Reports.**

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2019):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

(ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;

(E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins;

(I) the funding status of the Issuer's pension benefit obligations; and

(J) the funding status of the Issuer's OPEB obligation.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

**Section 3. Timing.** The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

**Section 4. Event Notices.**

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Series 2020 Bonds, notice of the occurrence of such event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vi) tender offers;

- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances;
- (ix) rating changes; and
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation\* of the Town, any of which reflect financial difficulties.

\* Note: For the purposes of the events identified in paragraph (x), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bond holders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
- (vii) incurrence of a Financial Obligation\* of the Town or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation\* of the Town, any of which affect bondholders.

\* Note: For the purposes of the events identified in paragraph (vii), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

**Section 6. Termination of Reporting Obligation.** The Issuer’s obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Series 2020 Bonds.

**Section 7. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 8. Amendment; Waiver.** Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Series 2020 Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 9. Additional Information.** Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 10. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Series 2020 Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Series 2020 Bonds of such failure. The present address of the Issuer is Town of Monroe, 7 Fan Hill Road, Monroe, CT 06468, Attn: First Selectman. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Series 2020 Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Series 2020 Bonds.

**Section 11. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 12. Section 12.Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**IN WITNESS WHEREOF**, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**TOWN OF MONROE, CONNECTICUT**

By: \_\_\_\_\_  
Kenneth M. Kellogg  
First Selectman

Municipal Advisory Services  
Provided By

