

**June 3, 2014**

**ADDENDUM TO  
OFFICIAL STATEMENT dated June 3, 2014**

Relating To

**Town of Monroe, Connecticut  
\$2,950,000 General Obligation Bond Anticipation Notes**

This Addendum modifies, amends and supplements certain information contained in the Official Statement dated June 3, 2014 (the "Official Statement") relating to the Town of Monroe, Connecticut \$2,950,000 General Obligation Bond Anticipation Notes. Capitalized terms used but not otherwise defined herein shall have the meanings set forth for such terms in the Official Statement. The following amendment is hereby made to the Official Statement:

The following change is hereby made to the eighth paragraph on the cover of the Official Statement:

"Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. Ownership of the Notes may be in principal amounts of \$1,000 or integral multiples thereof."

The following change is hereby made to the third sentence of the first paragraph under "SECTION I – SECURITIES OFFERED - Description of the Notes" on page 2:

"A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof plus any odd amount, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants."

# OFFICIAL STATEMENT

**NEW ISSUE-Book-Entry Only**

**MOODY'S RATING: Aa2**  
(See "Ratings" herein)

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance 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) and the Notes (as defined herein) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.*

*In the opinion of Bond Counsel, under existing statutes and regulations, interest on the Bonds and Notes is excludable 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

**\$3,275,000**

### GENERAL OBLIGATION BONDS, ISSUE OF 2014 (BANK QUALIFIED)

**Dated: Date of Delivery**

**Due: Serially June 15 as shown herein**

The Town's General Obligation Bonds, Issue of 2014 (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.)

Interest on the Bonds will be payable semiannually on June 15 and December 15 in each year until maturity, commencing December 15, 2014.

**The Bonds are subject to optional redemption prior to maturity as described herein.** (See "Optional Redemption" herein.)

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**MOODY'S RATING: MIG 1**  
(See "Ratings" herein)

**\$2,950,000**

### GENERAL OBLIGATION BOND ANTICIPATION NOTES (BANK QUALIFIED)

**Dated: June 18, 2014**

**Due: June 17, 2015**

The General Obligation Bond Anticipation Notes (the "Notes") 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 Notes when due. (See "Security and Remedies" herein.)

Interest on the Notes will be payable at maturity.

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The Bonds and the Notes 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 and the Notes will not receive certificates representing their ownership interest in the Bonds and the Notes. Principal of, redemption premium, if any, and interest on the Bonds and the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds and the Notes. Ownership of the Bonds and the Notes may be in principal amounts of \$5,000 or integral multiples thereof. DTC will act as security depository for the Bonds and the Notes. So long as Cede & Co. is the Bondowner or Noteowner, respectively, as nominee for DTC, reference herein to the Bondowner or owners or Noteowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds or the Notes. (See "Book-Entry-Only Transfer System" herein.)

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

*The Bonds and the Notes 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 Bonds and the Notes in definitive book-entry form will be made to DTC in New York, New York on or about June 18, 2014.*

**Dated: June 3, 2014**

# TOWN OF MONROE, CONNECTICUT

**\$3,275,000**

## GENERAL OBLIGATION BONDS, ISSUE OF 2014 (BANK QUALIFIED)

**Dated: Date of Delivery**

**Due: Serially June 15 as shown below**

### MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>
2016	\$240,000	2.000 %	0.350 %	610423XG5	2023	\$240,000	2.250 %	2.250 %	610423XP5
2017	240,000	3.000	0.700	610423XH3	2024	230,000	2.500	2.350 *	610423XQ3
2018	240,000	3.000	1.000	610423XJ9	2025	230,000	2.750	2.500 *	610423XR1
2019	240,000	4.000	1.300	610423XK6	2026	230,000	3.000	2.600 *	610423XS9
2020	240,000	2.000	1.600 *	610423XL4	2027	230,000	3.000	2.700 *	610423XT7
2021	240,000	2.000	1.850 *	610423XM2	2028	220,000	3.000	2.800 *	610423XU4
2022	240,000	2.000	2.050	610423XN0	2029	215,000	3.000	2.900 *	610423XV2

\* - Priced assuming redemption on June 15, 2019; however any such redemption is at the election of the Town. (See "Optional Redemption" herein).

## ***ROOSEVELT & CROSS, INC. & ASSOCIATES***

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**\$2,950,000**

## GENERAL OBLIGATION BOND ANTICIPATION NOTES, ISSUE OF 2014 (BANK QUALIFIED)

**Dated: June 18, 2014**

**Due: June 17, 2015**

<u>Coupon</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>
1.000 %	0.150 %	610423XW0

# Jefferies

<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 and the Notes. 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 and the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and the Notes 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 and the Notes.

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 and the Notes 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 and the Notes. 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 and the Notes 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 Notes and the proceedings of the Issuer relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes 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, "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 Appendices B and C "Form 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 and the Notes 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 form attached as Appendices D-1 and D-2 to this Official Statement.

**BOND COUNSEL**

**PULLMAN & COMLEY, LLC**  
*Hartford, Connecticut*  
*(860) 424-4300*

**INDEPENDENT FINANCIAL ADVISOR**

**INDEPENDENT BOND AND INVESTMENT  
CONSULTANTS LLC (IBIC)**  
*Madison, Connecticut*  
*(203) 245-8715*

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## BOND SALE SUMMARY

The information in this Bond Sale Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

**Date of Sale:** Tuesday, June 3, 2014 , at 11:00 A.M. (E.D.T).

**Location of Sale:** The office of the First Selectman, Town of Monroe, Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468.

**Issuer:** Town of Monroe, Connecticut (the "Town").

**Issue:** \$3,275,000 General Obligation Bonds, Issue of 2014.

**Dated Date:** June 18, 2014.

**Interest Due:** June 15 and December 15 in each year of maturity, commencing December 15, 2014.

**Principal Due:** Serially, June 15, 2016 - 2029.

**Purpose and Authority:** The Bonds are being issued to finance capital projects as authorized at Town Meetings and referenda held at adjourned Town Meetings. (See "Purpose and Authorization" herein.)

**Redemption:** The Bonds are subject to redemption prior to maturity, as more fully described herein.

**Security:** The Bonds will be general obligations of the Town of Monroe, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due. See "Security and Remedies" herein.

**Credit rating:** The Bonds have been rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The underlying rating on the Town's outstanding bonds has recently been affirmed as "Aa2" by Moody's. (See "Ratings" herein.)

**Basis for Award:** Lowest True Interest Cost (TIC) as of the Dated Date.

**Tax Exemption:** See Appendix B "Form of Opinion of Bond Counsel" and "Tax Matters" herein.

**Continuing Disclosure:** See Appendix D-1 "Form of Continuing Disclosure Agreement- The Bonds."

**Bank Qualification:** The Bonds SHALL 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.

**Certifying Bank Registrar, Transfer and Paying Agent:** U.S. Bank National Association of Hartford, Connecticut.

**Legal Opinion:** Pullman & Comley, LLC, of Hartford, Connecticut is Bond Counsel.

**Delivery and Payment:** It is expected that delivery of the Bonds in book-entry only form will be made to the Depository Trust Company on or about June 18, 2014. Delivery of the Bonds will be made against payment in federal funds.

**Issuer Official:** Questions regarding this Official Statement should be directed to Carl E. Tomchik, Director of Finance and Comptroller, Town of Monroe, 7 Fan Hill Road, Monroe, Connecticut 06468, telephone (203) 452-5454.

## NOTE SALE SUMMARY

The information in this Note Sale Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

<b>Date of Sale:</b>	Tuesday, June 3, 2014, at 11:30 A.M. (E.D.T).
<b>Location of Sale:</b>	The office of the First Selectman, Town of Monroe, Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468.
<b>Issuer:</b>	Town of Monroe, Connecticut (the "Town").
<b>Issue:</b>	\$2,950,000 General Obligation Bond Anticipation Notes.
<b>Dated Date:</b>	June 18, 2014.
<b>Interest Due:</b>	At maturity on June 17, 2015.
<b>Principal Due:</b>	At maturity on June 17, 2015.
<b>Purpose and Authority:</b>	The Notes are being issued to finance a school project as authorized at Town Meetings and referenda held at adjourned Town Meetings. (See "Purpose and Authorization" herein.)
<b>Redemption:</b>	The Notes are NOT subject to redemption prior to maturity.
<b>Security:</b>	The Notes will be general obligations of the Town of Monroe, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Notes when due. See "Security and Remedies" herein.
<b>Credit rating:</b>	The Notes have been rated "MIG 1" by Moody's Investors Service, Inc. ("Moody's"). The underlying rating on the Town's outstanding bonds has recently been affirmed as "Aa2" by Moody's. (See "Ratings" herein.)
<b>Basis for Award:</b>	Lowest Net Interest Cost (NIC) as of the Dated Date.
<b>Tax Exemption:</b>	See Appendix C "Form of Opinion of Bond Counsel" and "Tax Matters" herein.
<b>Continuing Disclosure:</b>	See Appendix D-2 "Form of Continuing Disclosure Agreement – The Notes."
<b>Bank Qualification:</b>	The Notes SHALL 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 Notes.
<b>Certifying Bank Registrar, Transfer and Paying Agent:</b>	U.S. Bank National Association of Hartford, Connecticut.
<b>Legal Opinion:</b>	Pullman & Comley, LLC, of Hartford, Connecticut is Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry only form will be made to the Depository Trust Company on or about June 18, 2014. Delivery of the Notes will be made against payment in federal funds.
<b>Issuer Official:</b>	Questions regarding this Official Statement should be directed to Carl E. Tomchik, Director of Finance and Comptroller, Town of Monroe, 7 Fan Hill Road, Monroe, Connecticut 06468, telephone (203) 452-5454.



## SECTION I - SECURITIES OFFERED

### Introduction

This Official Statement, including the cover page 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 \$3,275,000 General Obligation Bonds, Issue of 2014 (the "Bonds") and \$2,950,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

### Description of the Bonds

The Bonds will be dated the date of delivery, June 18, 2014, and will mature on the dates and in the principal amounts set forth on the inside cover page hereof. Interest on the Bonds will be payable on December 15, 2014 and semiannually thereafter on June 15 and December 15 in each year until the date of maturity. 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 Bonds as of the close of the last business day of May and November 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 and Paying Agent will be U.S. Bank National Association of Hartford, Connecticut. **The Bonds are subject to optional redemption prior to maturity.** (See "Optional Redemption" herein.) The legal opinion on the Bonds will be rendered by Pullman & Comley LLC of Hartford, Connecticut, as set forth in Appendix B. The Bonds SHALL 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.

### Optional Redemption

The Bonds maturing on or before June 15, 2019 are not subject to redemption prior to maturity. The Bonds maturing on June 15, 2020, and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after June 15, 2019, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the redemption price or prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
June 15, 2019 and thereafter	100%

### Notice of Redemption

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the redemption date to the registered owner of the Bonds at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption.

Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry-only system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect

Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by or the responsibility of the Town, the Registrar or Paying Agent.

**Description of the Notes**

The Notes will be dated the date of delivery and will be due and payable as to both principal and interest at maturity, June 17, 2015. The Notes will bear interest calculated on the basis of a 30-day month and a 360-day year at the rate or rates per annum as set forth on the inside front cover of this Official Statement. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof plus any odd amount, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Transfer System".

The Certifying Agent, Paying Agent, Registrar and Transfer Agent will be U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103. The legal opinion on the Notes will be rendered by Pullman & Comley LLC of Hartford, Connecticut, as set forth in Appendix C to this Official Statement.

The Notes are NOT subject to redemption prior to maturity.

**Authorization and Purpose**

Authorizations:

**Town-wide Road Paving:** A \$1,300,000 appropriation and bond authorization for the planning, design and paving of various roads in Town was adopted by resolution at a Town Council Meeting held on June 11, 2012 and a Special Town Meeting held on June 25, 2012.

**Town Hall Roof Replacement Project:** A \$390,000 appropriation and bond authorization for the planning, design, renovation of the roof at Town Hall was adopted by resolution at a Town Council Meeting held on October 9, 2012 and at a Special Town Meeting held on October 22, 2012.

**Fawn Hollow Elementary School Roof Replacement Project:** A \$1,585,000 appropriation and bond authorization for the planning, design, renovation of the roof at the Fawn Hollow Elementary School was adopted by resolution at a Town Council Meeting held on September 23, 2013 and at a Special Town Meeting held on October 15, 2013.

**Masuk High School Roof Replacement Project:** A \$2,950,000 appropriation and bond authorization for the planning, design, renovation of the roof at Masuk High School was adopted by resolution at a Town Council Meeting held on March 11, 2014 and at a Special Town Meeting held on March 24, 2014.

Purpose: Proceeds of the 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>The Bonds</u>	<u>The Notes</u>
Road Paving 2012-13	\$ 1,300,000	\$ -	\$ 1,300,000	\$ -
Town Hall Roof Replacement	390,000	-	390,000	-
Fawn Hollow Roof Replacement	1,585,000	-	1,585,000	-
Masuk High School Roof	2,950,000	-	-	2,950,000
<b>Total</b>	<u>\$ 6,225,000</u>	<u>\$ -</u>	<u>\$ 3,275,000</u>	<u>\$2,950,000</u>

**Ratings**

The Bonds have been rated "Aa2" and the Notes have been rated "MIG 1" by Moody's Investors Service, Inc. ("Moody's"). The underlying rating on the Town's outstanding bonds has recently been affirmed as "Aa2" by Moody's. 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: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. 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 and notes.

## **Tax Matters**

**Federal Taxes.** In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds and Notes (a) is excludable 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 imposed on individuals and corporations; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing the federal alternative minimum tax.

Bond Counsel's opinion with respect to the Bonds and Notes will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Borough 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 and Notes in order that interest on the Bonds and Notes be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds and Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds and Notes, as the case may be, irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Bonds and Notes, the Borough 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 or Note proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds and Notes is conditioned upon compliance by the Borough 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 and Notes.

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

Under the Code, for purposes of determining an owner's adjusted basis in a Bond or Note purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond or Note and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. 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 or Note. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bond or Note will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Bond or Note by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

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

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

**Other Federal Tax Matters.** Prospective purchasers of the Bonds and Notes should be aware that ownership of the Bonds and Notes 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 and Notes should consult their tax advisors regarding collateral federal income tax consequences.

**State Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and Notes 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 and Notes is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on a Bond or Note 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 and Notes 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 and Notes.

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

**Proposed Legislation and Other Matters.** Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds and Notes under federal or state law or otherwise prevent beneficial owners of the Bonds and Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Bonds and Notes. Prospective purchasers of the Bonds and Notes should consult their own tax advisors regarding the foregoing matters.

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

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 and Notes. Prospective owners of the Bonds and Notes, 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 and Notes.

## **Security and Remedies**

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

Unless paid from other sources, the Bonds and the Notes 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 and the Notes 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 and the Notes.

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 and the Notes 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 and the Notes SHALL 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 and the Notes.

**Book-Entry Transfer System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes 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 and interest rate of the Bonds and the Notes in the aggregate principal amount of such maturity and interest rate, and will be deposited with DTC.

DTC, the world's largest securities 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, 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 registered 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's has 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 and the Notes 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 confirmation 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 and the Notes 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 interests in the Bonds and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes 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 nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and the Notes; 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 and the Notes 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 issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds and the Notes unless authorized by a Direct Participant in accordance with DTC's 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 the Bonds and the Notes 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 and the Notes 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 the Paying Agent on the 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 the 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 and the Notes at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond and Note 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.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

## **Replacement Bonds and Notes**

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

## **DTC Practices**

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds and the Notes 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.

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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 Connecticut Light and Power Company 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 an increase of 18.7% since 1990 and a 60.8% increase since 1980. According to the U.S. Bureau of Census, 2012 American Community Survey, the Town's population was 19,529. 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 and 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), is completed to the intersection of Route 111 at the Monroe-Trumbull town line. The southern area of Town is easily accessible to the Merritt Parkway and thus to both Interstates 91 and 95. Air transportation is available in Bridgeport and Danbury, as is rail transportation, via Amtrak and the Metroliner Service; bus passenger transportation is provided by the Greater Bridgeport Transit District. Additional transportation for senior citizens and the homebound is provided by the Town of Monroe Senior Citizens Department. Town freight service is furnished by various motor common carriers.

### **Form of Government**

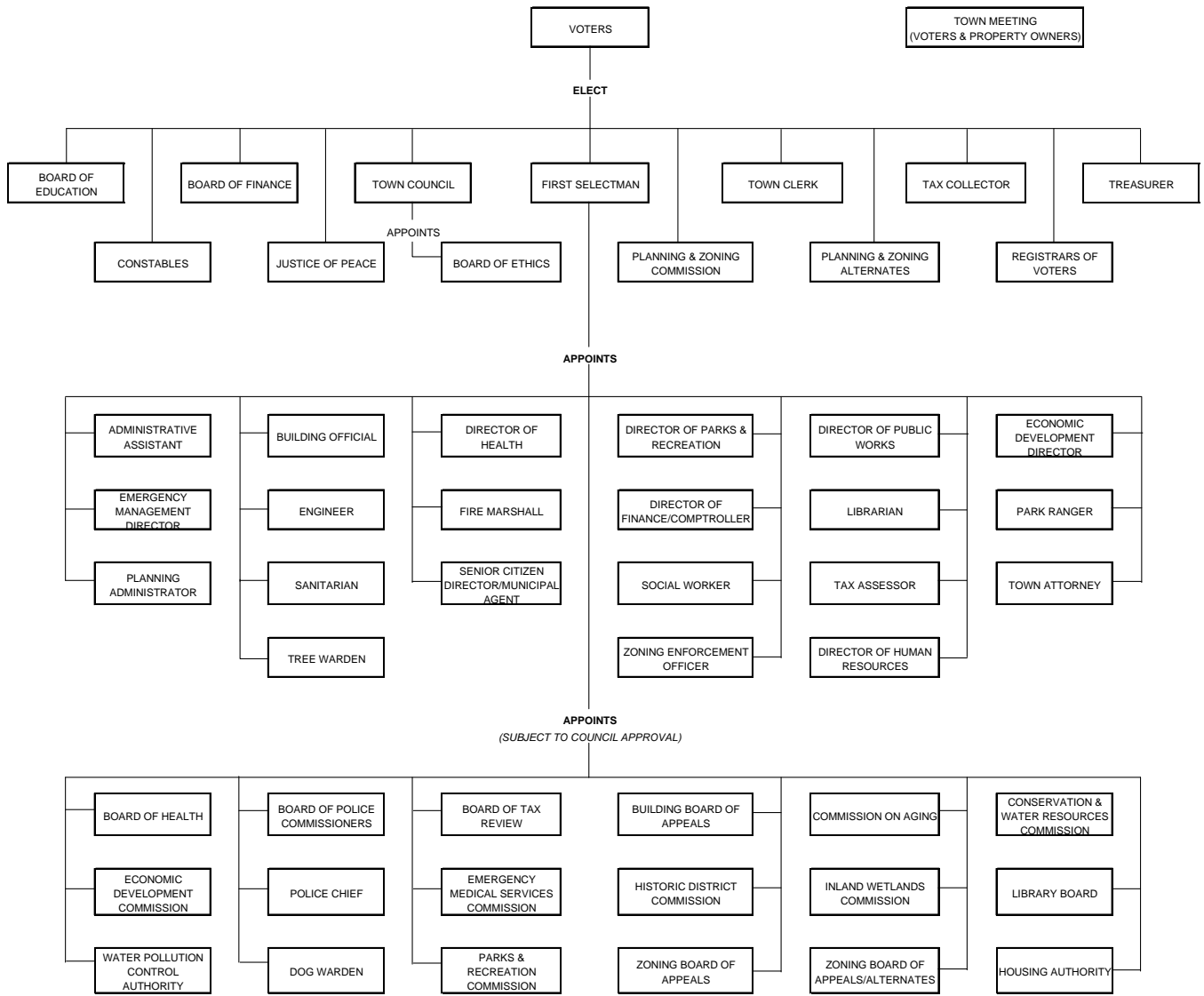
The Town is administered by an elected First Selectman, who acts as the Chief Executive Officer, and a 9-member Town Council that constitute the First Selectman/Council form of government. The First Selectman is responsible for planning, organizing and directing all routine municipal activities, except 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



## Municipal Officials

<u>Name</u>	<u>Position</u>	<u>Term</u>	<u>Length of Service</u>
Stephen J. Vavrek, Jr.	First Selectman	11/23/2013	4 years
Carl E. Tomchik	Director of Finance and Comptroller	Appointed	14 years
Ronald J. Bunovsky, Jr.	Town Treasurer	11/28/2013	4 years
Michael Manjos	Chairman, Board of Finance	11/28/2013	4 years
Jim Agostin	Superintendent of Schools	Appointed	3 years
Emanuel Cambra Jr.	Tax Collector	11/28/2013	14 years
John Salvatore	Chief of Police	Appointed	15 years
John P. Fracassini	Town Attorney	Appointed	4 years
<b><u>Other Appointments</u></b>			
Pullman Comley	Bond Counsel		4 years
Mahoney Sabol LLC	Independent Auditors	Appointed	1 year
Independent Bond and Investment Consultants LLC	Independent Financial Advisors	Appointed	15 years

Source: Town Officials

## Town Services

**Police:** The Monroe Police Department is a Connecticut Police Officer Standards and Training Council fully accredited law enforcement agency, providing 24-hour police protection to the citizens of Monroe. Professional police services include: computer forensic investigation, electronic and digital collection and analysis, crime scene evidence collection and processing, motor vehicle crash reconstruction, a specialized domestic violence victim support team and first response to all types of public safety emergencies. The Monroe Police Department is staffed by 41 full-time sworn officers, 11 full-time non-sworn employees, four part-time sworn officers and five part-time non-sworn members.

**Emergency Medical Service (EMS):** The Monroe EMS was founded in June 1977 and is staffed by 75 active volunteers plus a contracted daytime staff. Emergency treatment services and transportation to area hospitals is provided on a 24-hour basis, with two fully equipped ambulances. Operations are funded through a self sustaining special revenue fund.

**Fire:** The Fire Department consists of three volunteer fire departments, carrying a force of approximately 119 active fire fighters in six fire stations. The major equipment includes 29 pieces of fire apparatus distributed among the three companies. The Town employs one full-time Fire Marshal and three part-time deputy Fire Marshals.

**Highway Department:** The Highway Department, which includes Town Highway, Engineering, Town Recycling department, and Tree Warden, employs one highway supervisor, two crew leaders and eighteen other personnel. The Highway Department is responsible for over 42 pieces of rolling stock in the repair, maintenance, and snow plowing of over 130 miles of town roads. In addition, the Highway Department manages the Town's bulky waste disposal area; open two days a week, for the disposal of brush and wood refuse.

**Solid Waste:** The Town has entered into a renewal of its Municipal Solid Waste Management Services Agreement (the "Municipal Service Agreement), with the Connecticut Resources Recovery Authority (the "Authority") for the disposal of solid waste through the Greater Bridgeport Resource Recovery System (the "System), including a solid waste disposal and processing facility (the "Facility"), located in Bridgeport and operated by Bridgeport Resco Company, L.P. (the "Company"). Each municipality which will sign such an agreement (a "Participating Municipality"), will agree to deliver or cause to be delivered to the System all Acceptable Waste, as defined therein, generated by it or within its boundaries. Each Participating Municipality will further agree to deliver annually its Minimum Tonnage, as defined in the Municipal Service Agreement, to the System. The Town's Minimum Tonnage is 12,300 tons of an aggregate Minimum Tonnage Guarantee by all the Participating Municipalities of approximately 265,000 tons. In the event that any Participating Municipality fails to deliver the annual Minimum Tonnage Guarantee to the System, there will not be a penalty unless the total Minimum Tonnage Guarantee for all municipalities, within 10%, is not met. If the total Minimum Tonnage Guarantee for all municipalities is not met, then each Participating Municipality who is below their individual Minimum Tonnage may nevertheless be obligated to pay Municipal Disposal Fees calculated as if

the Minimum Tonnage had been so delivered. The Authority is required to accept from each Participating Municipality and dispose of all Acceptable Waste delivered to the System by or on behalf of each Participating Municipality.

Each Participating Municipality will agree to pay Municipal Disposal Fees to the Authority for the acceptance and processing and/or disposing of Acceptable Waste. Municipal Disposal Fees are based on estimates of System costs and revenues as further discussed in the Municipal Service Agreement which is available for review at Town Hall. For fiscal year 2014, the cost per ton will be based on the disposal fee of \$65.56, which will be increased yearly for the duration of the contract by 0.75% of the CPI index minus the electricity market portion, plus an administration fee of approximately \$2.21 per ton.

The obligation of any Participating Municipality to pay its Municipal Disposal Fees, so long as the Authority meets its obligation to accept and dispose of Acceptable Waste, is absolute and unconditional and shall not be subject to any abatement, reduction, setoff, counterclaim, recoupment, defense (other than payment itself) or other right which the Participating Municipality may have against the Authority or any other person for any reason whatsoever. Each Participating Municipality has pledged its full faith and credit to the payment of Municipal Disposal Fees and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of Municipal Disposal Fees.

If any Participating Municipality shall default in the payment of any amounts for which they are responsible and such default shall have continued for more than 60 days, the other Participating Municipalities shall pay their share of the amounts unpaid by the nonpaying Participating Municipality, and shall be entitled to full reimbursement upon the Authority collecting such delinquent amounts.

**Transfer Station:** Effective 12/31/08, ownership of the transfer station in Trumbull transferred from the Connecticut Resource Recovery Authority ("CRRA") to The Town of Trumbull. The Town of Monroe has entered into agreement with the Town of Trumbull to utilize the transfer station to deliver all refuse to be transferred to the Facility in Bridgeport. The Town will pay to the Town of Trumbull a fee to operate the transfer station and transport refuse to the Facility in Bridgeport. For fiscal year 2013-14, the Town paid a tipping fee of \$66.00, including an administrative fee, per ton for solid waste deliver to the Facility in Bridgeport. The Town pays a fee of \$13.45 to the Town of Trumbull for operations of the transfer station and an additional \$15.65 per ton transportation to the Facility in Bridgeport, for an all-in-cost is \$95.10 per ton. The Town's agreement with the Town of Trumbull for use of the transfer station will expire on December 31, 2014. The Town is currently studying the cost/benefit of renewing its contract with the Town of Trumbull.

**Recycling:** Monroe will continue to be a member of the Southwest Connecticut Regional Recycling Operating Committee (SWEROC), or similar group of which the number of towns and cities has yet to be finalized. The group will join together to administer the regional recycling program mandated by the State of Connecticut, pursuant to an Inter-Community Agreement, or similar document. Monroe will agree to continue to provide for the pickup and delivery of residential generated recyclables to an Intermediate Processing Center (IPC) in Stratford, Connecticut.

**Health and Welfare:** Effective March 1, 2004 the Town of Monroe united with the Town of Trumbull to form the Trumbull-Monroe Health District pursuant to the provisions of Chapter 368f of the Connecticut General Statutes. The mission of the Health District is to protect, preserve and improve the public health of the citizens of the member municipalities. The Health District is managed by a Board which shall have all the duties previously performed by the Directors of Health and the Boards of Health of the constituent municipalities. The Health District appoints a full-time Director of Health and Social Services.

**Parks and Recreation:** Monroe maintains a full-time Parks and Recreation Department under the supervision of a Director of Parks and Recreation. The Department consists of the operation and maintenance of a 309-acre Wolfe Park with 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 7 full-time employees, including a Director and a varying number of part-time employees depending on demand for programs. Great Hollow Lake, located within Wolfe Park, provides additional activities that include a bathhouse, swimming beaches, a pavilion, fishing and boating areas, a playground and open play area and additional hiking trails. Other recreational facilities available to residents are Lake Zoar, Webb Mountain Park, Lane's Mine Park, and Chalk Hill Nature Trail.

**Library:** In 2007, the Town completed a new \$6.2 million state of the art library adjacent to the Town Hall, which formerly housed the Town library. The new Edith Wheeler Memorial Library is a 30,000 square foot facility consisting of a children's library with young adult section located on the first floor and the main library located on the second floor. The new facility includes classrooms for cultural and programmatic activities as well as a 150 person capacity meeting room with a separate kitchen for social events. Full library services are provided by 7 full-time employees, including the Director, and 29 part time employees and several volunteer staff. The library offers over 82,000 volumes including works of fiction, nonfiction, and

references for both children and adults. In addition, the library also offers music cassettes, audio books, compact disks, video cassettes and framed art, as well as a variety of programs for children, young adults, and adults. The library is fully automated for circulation, acquisitions, and the on-line card catalog which provides access for the public to several on-line databases and CD-ROM products. Additionally, each of the Monroe public schools has a library that is oriented to each school's curriculum.

**Planning and Zoning Commission:** The Town has a combined Planning and Zoning Commission, working with the First Selectman, whose duties are to guide, control and approve all design work and site development to conform with the Town and State Codes. . The Town has recently completed an update to the Master Plan of Development which was adopted in December 2010.

**Economic Development:** The Town has a full-time Economic Development Coordinator and an all-volunteer Economic Development Commission consisting of seven members appointed by the First Selectman with approval of the Town Council. The objectives of the Commission are to retain and enhance existing business in Town and to attract new development that is consistent with the Master Plan of Development. The Commission assists in the orderly development of commercial and industrial sectors of the Town thereby broadening the tax base and reducing reliance on residential taxes.

The Commission reviews project proposals and lends guidance and support to prospective business owners. The Commission provides information to potential businesses such as maps, charts, pamphlets, and demographic and economic information. It also works closely with the Monroe Chamber of Commerce and co-sponsor publications such as the Monroe Business Directory. The Commission continues to work with the Water Pollution Control Authority for the development of sewers for the industrial and commercial properties on Routes 25 and 111.

Currently the Town's commercial and industrial area is over 40% developed with less than 800 acres of existing land left for development. The Town has 1,576 acres of land zoned for business, commercial or industrial development, which is 9.1% of the total area of Town. The balance of the Town is residential zoning consisting of approximately 50% one acre dwelling lots, 42% two and three acre lots and 8% density and planned development.

Financial institutions located in the Town include Bank of America, First Niagara Bank, Hudson City Savings 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 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 10/1/2013</u>	<u>Capacity</u>
Monroe	Pre K-5	1935 (1947,1953,1957,1983)	19	374	414
Stepney	K-5	1962 (1989)	30	474	565
Fawn Hollow	K-5	1966 (1989)	34	522	656
Jockey Hollow	6-8	1998	36	814	634
Masuk High School	9-12	2006	57	1,189	1,450
<b>Total</b>				<u>3,373</u>	<u>3,719</u>

Source: Superintendent's office, Town of Monroe.

**School Enrollment**

<u>School Year</u>	<u>PK-4</u>	<u>PK-5</u>	<u>5-8</u>	<u>6-8</u>	<u>9-12</u>	<u>Total</u>
2004-05	1,644		1,330		1,486	4,460
2005-06	1,736		1,383		1,480	4,599
2006-07	1,566		1,349		1,300	4,215
2007-08	1,350		1,300		1,348	3,998
2008-09	1,340		1,255		1,305	3,900
2009-10	1,338		1,254		1,302	3,894
2010-11 (1)		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

**Enrollment Projections**

2014-15	1,272	761	1,215	3,248
2015-16	1,180	770	1,148	3,098
2016-17	1,136	735	1,093	2,964
2017-18	1,082	696	1,065	2,843

(1) 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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>
Board of Education	486	485	500	494	573
General Government	208	207	205	206	209
<b>Total</b>	<u>694</u>	<u>692</u>	<u>705</u>	<u>700</u>	<u>782</u>

(1) 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: Town Officials

**Municipal Employees by Category**

<u>Department</u>	<u>Number of Employees</u>
General Government	
Police	39
Highway Department	23
Clerical	33
Supervisors	13
Other	100
Total General Government	<u>208</u>
Board of Education	
Administration and Principals	24
Teachers	280
Paraprofessionals	90
Other	92
Total Board of Education	<u>486</u>
Grand Total	<u>694</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 Department	Local 44, Connecticut Independent Labor Union	23	6/30/2011 (1)
Clerical	Local 136, International Federation of Professional and Technical Engineers	33	6/30/2012 (2)
Police Department	Local 15, AFSCME, AFL-CIO	39	6/30/2014 (2)
Supervisors	Local 818, AFSCME, AFL-CIO	13	6/30/2012 (2)
	Sub-total General Government	108	
	Non-Bargaining and part-time	100	
	Total General Government	208	
<b>Board of Education</b>			
Administrators	Monroe Federation of School Administrator's	21	6/30/2015
Teachers	Monroe Education Association	280	6/30/2014
Paraprofessionals	United Public Service Employees Union	90	6/30/2014
Secretaries	United Public Service Employees Union	24	6/30/2014
Custodial	United Public Service Employees Union	30	6/30/2014
School Nurses	United Public Service Employees Union	7	6/30/2015
School Library Employees	Local 136, International Federation of Professional and Technical Engineers, Library Association of Monroe School System	2	6/30/2015
	Sub-total Board of Education	454	
	Non-Bargaining and part-time	32	
	Total Board of Education	486	
	<b>Total Town of Monroe</b>	<b>694</b>	

(1) In arbitration.

(2) In negotiation.

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
2012	19,529	918,892	3,572,213

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	1045	5.4	56,435	6.1	200,031	5.6
5 - 9	1,278	6.5	62,800	6.8	221,806	6.2
10 - 14	1,711	8.8	66,492	7.2	238,955	6.7
15 - 19	1,624	8.3	63,854	6.9	254,462	7.1
20 - 24	699	3.6	49,930	5.4	225,619	6.3
25 - 34	1,411	7.2	106,140	11.6	421,617	11.8
35 - 44	2,931	15.0	131,714	14.3	485,127	13.6
45 - 54	3,320	17.0	148,685	16.2	570,253	16.0
55 - 59	1,533	7.8	58,038	6.3	238,882	6.7
60 - 64	1,411	7.2	49,755	5.4	205,639	5.8
65 - 74	1,445	7.4	63,211	6.9	258,464	7.2
75 - 84	825	4.2	41,751	4.5	166,552	4.7
85 and over	296	1.5	20,087	2.2	84,806	2.4
<b>Total</b>	<u>19,529</u>	<u>100.0</u>	<u>918,892</u>	<u>100.0</u>	<u>3,572,213</u>	<u>100.0</u>

Source: U.S. Bureau of Census, American Community Survey, 2008-12.

**Selected Wealth and Income Indicators**

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2012)</u>	<u>(2000)</u>	<u>(2012)</u>
Town of Monroe	\$ 92,514	\$129,099	\$34,161	\$48,380
Fairfield County	77,690	104,952	38,350	48,900
Connecticut	65,521	87,182	28,766	37,807
United States	49,600	64,585	21,690	28,051

Source: U.S. Bureau of Census, American Community Survey, 2008-12.

**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	15	0.3	6,334	2.7	29,554	3.3
10,000 to 14,999	14	0.3	3,614	1.6	19,067	2.1
15,000 to 24,999	163	3.1	10,741	4.7	46,703	5.1
25,000 to 34,999	105	2.0	12,992	5.6	56,959	6.3
35,000 to 49,999	299	5.7	18,164	7.9	86,314	9.5
50,000 to 74,999	624	11.8	30,514	13.2	145,557	16.0
75,000 to 99,999	707	13.4	27,781	12.1	135,431	14.9
100,000 to 149,999	1,255	23.8	45,233	19.6	190,762	21.0
150,000 to 199,999	733	13.9	24,839	10.8	89,839	9.9
200,000 or more	1369	25.9	50,184	21.8	107,414	11.8
	<u>5,284</u>	<u>100.0</u>	<u>230,396</u>	<u>100.0</u>	<u>907,600</u>	<u>100.0</u>

Source: U.S. Bureau of Census, American Community Survey, 2008-12.



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

<b>Educational Attainment Group</b>	<b>Town of Monroe</b>		<b>Fairfield County</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade	324	2.5	33,065	5.3	109,649	4.5
9th to 12th grade	412	3.1	35,008	5.7	158,805	6.5
High School graduate	2,994	22.7	143,004	23.1	677,253	27.9
Some college, no degree	2,126	16.1	95,069	15.3	429,013	17.6
Associates degree	998	7.6	37,043	6.0	177,531	7.3
Bachelor's degree	3,869	29.4	156,603	25.3	494,197	20.3
Graduate or professional degree	2,449	18.6	119,589	19.3	384,892	15.8
<b>Total</b>	<b>13,172</b>	<b>100.0</b>	<b>619,381</b>	<b>100.0</b>	<b>2,431,340</b>	<b>100.0</b>
Percent of High School Graduates		94.4%		89.0%		89.0%
Percent of College Graduates		48.0%		44.6%		36.2%

Source: U.S. Bureau of Census, American Community Survey, 2008-12.

**Employment by Industry**

<b>Employment Sector</b>	<b>Town of Monroe</b>		<b>Fairfield County</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, Forestry, Fishing, Hunting & Mining	0	0.0	1,075	0.2	6,786	0.4
Manufacturing	1,034	10.5	30,167	6.8	102,566	5.8
Construction	496	5.0	40,103	9.0	197,445	11.2
Wholesale Trade	248	2.5	11,024	2.5	43,172	2.4
Retail Trade	1,056	10.7	47,984	10.8	193,133	11.0
Transportation, Warehousing & Utilities	153	1.6	14,104	3.2	66,436	3.8
Information	219	2.2	12,720	2.9	43,327	2.5
Finance, Insurance & Real Estate	1,126	11.4	54,111	12.2	165,347	9.4
Professional, Scientific & Management	1,625	16.5	67,540	15.2	190,556	10.8
Educational Services & Health Care	2,380	24.2	96,759	21.7	459,463	26.1
Arts, Entertainment, Recreation & Food Services	585	5.9	33,487	7.5	145,799	8.3
Other Service (including nonprofit)	445	4.5	25,149	5.6	80,847	4.6
Public Administration	478	4.9	11,128	2.5	67,830	3.8
<b>Total</b>	<b>9,845</b>	<b>100.0</b>	<b>445,351</b>	<b>100.0</b>	<b>1,762,707</b>	<b>100.0</b>

Source: U.S. Bureau of Census, American Community Survey, 2008-12.

## Major Employers

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Number of Employees</u>
Town of Monroe	Government and education	694
Big Y	Supermarket	180
Swiss Army Brands	Headquarters/Disribution	147
Really Good Stuff	Classroom supplies	126
Stop & Shop	Supermarket	126
Northeast Laser Engraving	Engraving Electopolish SVC	100
M Cubed Technologies	Ceramic Componant MFG	95
Waterview LLC	Property Management /Catering	75
Aquarion Water	Regulated Water Utility	69
Seymour Sheridan Inc	MFG Bellows & Floats	60
		<u>1,672</u>

Source: Town officials.

## Unemployment Rate Statistics (1)

<u>Yearly Average</u>	<u>Town of Monroe</u>	<u>Bridgeport Labor Market (2)</u>	<u>State of Connecticut</u>	<u>United States</u>
2004	3.5 %	4.5 %	4.9 %	5.5 %
2005	3.9 %	4.6 %	4.9 %	5.1 %
2006	3.3 %	3.9 %	4.3 %	4.6 %
2007	3.7 %	4.1 %	4.6 %	4.6 %
2008	4.8 %	5.3 %	5.8 %	5.8 %
2009	6.6 %	7.6 %	8.0 %	9.3 %
2010	7.4 %	8.4 %	9.0 %	9.6 %
2011	7.5 %	8.2 %	8.8 %	9.0 %
2012	6.9 %	7.8 %	8.3 %	8.1 %
2013	6.2 %	7.3 %	7.9 %	7.4 %
		<u>2014 Monthly</u>		
January	6.3 %	7.0 %	7.5 %	7.0 %
February	6.2 %	7.0 %	7.4 %	7.0 %
March	6.2 %	7.0 %	7.4 %	6.8 %

(1) Non-seasonally adjusted.

(2) Beginning in January 2005, the State of Connecticut Department of Labor combined the Bridgeport and Stamford Labor Market Areas (LMA).

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

## Building Permits

Fiscal Year	Commercial/			Total
	Residential	Industrial	All Other	
2014 (1)	\$ 4,623,247	\$ 715,827	\$ 3,164,666	\$ 8,503,740
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
2009	7,067,408	6,354,629	7,207,179	20,629,216
2008	9,644,811	11,954,127	7,088,757	28,687,695
2007	12,529,990	5,513,034	9,905,857	27,948,881
2006	14,429,178	13,043,932	3,023,959	30,497,069
2005	8,936,000	2,305,000	17,691,000 (2)	28,932,000

(1) As of March 3, 2014.

(2) Includes \$3,200,000 for renovations and additions to the Edith Wheeler Memorial library.

Source: Town of Monroe building officials.

## Number of Dwelling Units

2012	2000	1990	1980	% Increase 2000-2012	% Increase 1980-2012
6,641	6,601	5,596	4,131	0.6%	60.8%

Source: U.S. Bureau of the Census.

## 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	37	0.6	2,921	1.3	17,515	1.9
50,000 to 99,999	15	0.2	3,577	1.5	21,595	2.3
100,000 to 149,999	149	2.4	5,815	2.5	60,303	6.5
150,000 to 199,999	156	2.6	11,984	5.2	129,791	14.0
200,000 to 299,999	870	14.3	34,911	15.0	272,261	29.3
300,000 to 499,999	3,177	52.1	72,643	31.3	262,321	28.2
500,000 to 999,999	1,604	26.3	66,929	28.8	121,757	13.1
1,000,000 and over	95	1.6	33,348	14.4	44,017	4.7
<b>Total</b>	<b>6,103</b>	<b>100.0</b>	<b>232,128</b>	<b>100.0</b>	<b>929,560</b>	<b>100.0</b>
<b>Median Value</b>	\$412,700	-	\$447,500		\$285,900	

Source: U.S. Bureau of Census, American Community Survey, 2008-12.

## Age Distribution of Housing

Year Structure Built	Town of Monroe		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	498	7.5	78,478	21.8	342,631	23.1
1940 to 1949	315	4.7	28,579	7.9	105,863	7.1
1950 to 1959	846	12.7	61,682	17.1	228,672	15.4
1960 to 1969	1,296	19.5	52,457	14.5	200,398	13.5
1970 to 1979	1,106	16.7	49,821	13.8	202,110	13.6
1980 to 1989	1,396	21.0	41,533	11.5	193,255	13.0
1990 to 1999	958	14.4	24,083	6.7	110,651	7.4
2000 to 2009	226	3.4	23,184	6.4	99,443	6.7
2010 or later	0	0.0	875	0.2	2,422	0.2
<b>Total housing units</b>	<b>6,641</b>	<b>100.0</b>	<b>360,692</b>	<b>100.0</b>	<b>1,485,445</b>	<b>100.0</b>

Source: U.S. Bureau of Census, American Community Survey, 2008-12.

## Land Use Summary

<u>Land Use Category</u>	<u>Total Acreage by Zoning</u>	<u>Percent of Total Land</u>
Residential C	6,614	39.2
Residential D	4,699	27.8
Residential E	2,885	17.1
Design Elderly Residence	77	0.5
Design Residential	503	3.0
Design Residential Residence	534	3.2
Design Business No. 1	270	1.6
Design Business No. 2	138	0.8
Design Industrial No. 1	105	0.6
Design Industrial No. 2	799	4.7
Design Industrial No. 3	200	1.2
Limited Office	69	0.4
	<u>16,893</u>	<u>100.0</u>

Source: Town Officials

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**SECTION IV - INDEBTEDNESS**

**Computation of Statutory Debt Limit**

As of June 18, 2014 (Pro Forma)

Total fiscal year 2013 tax collections (including interest and lien fees)	\$ 67,774,303
State Reimbursement for Revenue Loss on Tax Relief for the Elderly	<u>162,796</u>
Base for Establishing Debt Limit	<u>\$ 67,937,099</u>

<u>Debt Limitation</u> <sup>(1)</sup>	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>	<u>Total Debt</u>
(2.25 times base)	\$152,858,473					
(4.50 times base)		\$305,716,946				
(3.75 times base)			\$254,764,121			
(3.25 times base)				\$220,795,572		
(3.00 times base)					\$203,811,297	
(7.00 times base)						\$475,559,693
<b>Indebtedness</b> (Including this issue)						
Bonds Payable	\$ 18,862,000	\$ 19,308,000	\$ -	\$ -	\$ -	\$ 38,170,000
The Bonds ( <i>This Issue</i> )	3,275,000	-	-	-	-	3,275,000
The Notes ( <i>This Issue</i> )	-	2,950,000	-	-	-	2,950,000
Authorized but Unissued Debt	5,728,000	271,466	-	-	-	5,999,466
Gross Direct Debt	<u>27,865,000</u>	<u>22,529,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School grants receivable (2)	<u>-</u>	<u>(1,382,465)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,382,465)</u>
Net Direct Debt	<u>27,865,000</u>	<u>21,147,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,382,465)</u>
Excess of Limit Over Outstanding and Authorized Debt	<u>\$124,993,473</u>	<u>\$284,569,945</u>	<u>\$254,764,121</u>	<u>\$220,795,572</u>	<u>\$203,811,297</u>	<u>\$476,942,158</u>

(1) Under Connecticut General Statutes, Town debt cannot exceed \$475,559,693 or seven times the debt limit base.

(2) The Town also receives school construction subsidy grants which are paid over the life of the outstanding school bonds issued for projects approved prior to July 1, 1996. The grants representing the principal portion of the outstanding bonds are estimated to be \$1,382,465. See "School Projects" herein.

Source: Town Officials.

**Calculation of Net Direct Debt**  
As of June 18, 2014 (Pro Forma)

<b>Bonded Debt</b> <sup>(1)</sup>	
The Bonds ( <i>This Issue</i> )	\$ 3,275,000
General Improvement	18,862,000
Schools	<u>19,308,000</u>
<b>Total Bonded Debt</b>	<u>41,445,000</u>
<b>Short-Term Debt</b>	
The Notes ( <i>This Issue</i> )	<u>2,950,000</u>
<b>Total Short-Term Debt</b>	<u>2,950,000</u>
<b>Total Direct Debt</b>	<u>44,395,000</u>
<b>Exclusions:</b> (State School Construction Aid) <sup>(2)</sup>	<u>(1,382,465)</u>
<b>Net Direct Debt</b>	<u><u>\$ 43,012,535</u></u>

(1) Does not include authorized but unissued debt of \$5,999,466.

(2) The Town receives State of Connecticut school construction subsidy grants which are paid over the life of the outstanding school bonds issued for projects approved prior to July 1, 1996. The grants representing the principal portion of the outstanding bonds are estimated to be \$1,382,465.

**Current Debt Ratios**

As of June 18, 2014 (Pro Forma)

Total Direct Indebtedness	\$ 44,395,000
Net Direct Indebtedness	\$ 43,012,535
Population <sup>(1)</sup>	19,529
Net Taxable Grand List (10/1/13)	\$ 2,312,089,496
Estimated Full Value	\$ 3,302,984,994
Equalized Net Taxable Grand List (2011) <sup>(2)</sup>	\$ 3,098,919,583
Per Capita Income (2012) <sup>(1)</sup>	\$ 48,380
<b>Total Direct Debt:</b>	
Per Capita	\$2,273.29
To Net Taxable Grand List	1.92%
To Estimated Full Value	1.34%
To Equalized Net Taxable Grand List	1.43%
Per Capita to Per Capita Income	4.70%
<b>Net Direct Debt:</b>	
Per Capita	\$2,202.50
To Net Taxable Grand List	1.86%
To Estimated Full Value	1.30%
To Equalized Net Taxable Grand List	1.39%
Per Capita to Per Capita Income	4.55%

(1) U.S. Bureau of Census, American Community Survey, 2008-2012.

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

## Historical Debt Statement

	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Population (1)	19,529	19,441	19,402	19,435	19,359
Net taxable grand list	\$ 2,296,715,433	\$ 2,290,492,353	\$ 2,286,815,228	\$ 2,117,900,075	\$ 2,116,304,857
Estimated full value	\$ 3,281,022,047	\$ 3,272,131,933	\$ 3,266,878,897	\$ 3,025,571,536	\$ 3,023,292,653
Equalized net taxable grand list (2)	\$ 3,098,919,583	\$ 3,271,578,057	\$ 3,277,578,057	\$ 3,562,432,689	\$ 3,562,432,689
Per capita income (1)	\$ 48,380	\$ 48,380	\$ 45,908	\$ 43,842	\$ 43,128
Short-term debt	\$ -	\$ -	\$ -	\$ 3,000,000	\$ 225,000
Long-term debt	\$ 42,195,000	\$ 45,885,000	\$ 45,035,000	\$ 42,610,000	\$ 45,065,000
Total Direct Indebtedness	\$ 42,195,000	\$ 45,885,000	\$ 45,035,000	\$ 45,610,000	\$ 45,290,000
Net Direct Indebtedness	\$ 40,412,146	\$ 43,694,963	\$ 42,439,479	\$ 42,602,204	\$ 41,868,226

(1) U.S. Bureau of Census, American Community Survey, 2008-12.

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

## Historical Debt Ratios

<b>Total Direct Indebtedness:</b>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Per capita	\$2,160.63	\$2,360.22	\$2,321.15	\$2,346.80	\$2,339.48
To net taxable grand list	1.84%	2.00%	1.97%	2.15%	2.14%
To estimated full value	1.29%	1.40%	1.38%	1.51%	1.50%
To equalized net taxable grand list	1.36%	1.40%	1.37%	1.28%	1.27%
Debt per capita to per capita income	4.47%	4.88%	5.06%	5.35%	5.42%
<b>Net Direct Indebtedness:</b>					
Per capita	\$2,069.34	\$2,247.57	\$2,187.38	\$2,192.04	\$2,162.73
To net taxable grand list	1.76%	1.91%	1.86%	2.01%	1.98%
To estimated full value	1.23%	1.34%	1.30%	1.41%	1.38%
To equalized net taxable grand list	1.30%	1.34%	1.29%	1.20%	1.18%
Debt per capita to per capita income	4.28%	4.65%	4.76%	5.00%	5.01%

## Outstanding Short-Term Indebtedness

The Town currently has no outstanding short-term debt.

## 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 multi-year capital lease agreements for the purchase of various capital items including public works equipment, vehicles and computer hardware and software. The present value of future minimum lease payments as of June, 30, 2013 was \$334,628. These payments are not included in outstanding bonded debt.

In April 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 bonds and a \$1,055,417 in energy rebates and an interest free loan from 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.

Debt service reimbursement will continue under the prior reimbursement program for all projects approved prior to July 1, 1996 (the "Prior Program"). Under the Prior Program, a municipality issued Bonds for the entire amount of the school construction project and the State of Connecticut reimburses the municipality for principal and interest costs for eligible school construction projects over the life of outstanding school Bonds and the subsequent bond issues necessary to completely fund the approved school project.



**Authorized but Unissued Debt**

<u>Projects</u>	<u>Total Bond Authorization</u>	<u>Prior Debt/ Paydowns</u>	<u>Grants Received</u>	<u>The Bonds This Issue</u>	<u>The Notes This Issue</u>	<u>Authorized But Unissued</u>
Police Department Facility, Phase I	\$ 1,130,000	\$ 1,117,000	\$ -	\$ -	\$ -	\$ 13,000 (1)
Schools carpet replacement/asbestos abatement and pool filter system	1,527,000	1,100,000	313,080	-	-	113,920 (1)
Masuk High School Renovation	38,407,000	25,020,000	13,229,454	-	-	157,546 (1)
Edith Wheeler Memorial Library	6,290,000	4,875,000	1,250,000	-	-	165,000 (1)
Town Hall/Police Station Renovations	4,105,000	3,605,000	-	-	-	500,000
Fawn Hollow Roof Replacement	1,585,000	-	-	1,585,000	-	-
Town Hall Roof Replacement	390,000	-	-	390,000	-	-
Road Paving 2012-13	1,300,000	-	-	1,300,000	-	-
Masuk High School Roof	2,950,000	-	-	-	2,950,000	-
Pepper Street Improvements	5,050,000	-	-	-	-	5,050,000
	<u>\$ 62,734,000</u>	<u>\$35,717,000</u>	<u>\$14,792,534</u>	<u>\$ 3,275,000</u>	<u>\$ 2,950,000</u>	<u>\$ 5,999,466</u>

(1) The Town does not expect any future borrowing for these projects.

**Capital Improvement Program**

The Town annually submits an updated five-year capital improvement program. The plan is a systematic program to add or replace capital items for each department within the General Government and Board of Education. Annual publication and approval by the Council is required for eligibility for certain state grants. The Town's current five-year capital improvement plan totals \$21,325,000 in spending with \$13,525,000 in funding expected to come from the issuance of bonds. A copy of the most recent capital improvement program is available from the Director of Finance.

**Combined Schedule of Long Term Debt through Maturity**

As of June 18, 2014 (Pro Forma)

<u>Fiscal Year</u>	<u>Existing Indebtedness</u>			<u>The Bonds Principal</u>	<u>ALL ISSUES Total Principal</u>
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Debt Service</u>		
2013-14 (1)	\$ 4,025,000	\$ 1,368,088	\$ 5,393,088	\$ -	\$ 4,025,000
2014-15	4,115,000	1,251,400	5,366,400	-	4,115,000
2015-16	4,345,000	1,119,063	5,464,063	240,000	4,585,000
2016-17	4,350,000	975,038	5,325,038	240,000	4,590,000
2017-18	3,745,000	830,331	4,575,331	240,000	3,985,000
2018-19	3,620,000	691,856	4,311,856	240,000	3,860,000
2019-20	3,385,000	559,531	3,944,531	240,000	3,625,000
2020-21	3,380,000	442,519	3,822,519	240,000	3,620,000
2021-22	3,240,000	325,350	3,565,350	240,000	3,480,000
2022-23	2,440,000	227,219	2,667,219	240,000	2,680,000
2023-24	2,480,000	155,716	2,635,716	230,000	2,710,000
2024-25	1,745,000	85,225	1,830,225	230,000	1,975,000
2025-26	1,000,000	34,906	1,034,906	230,000	1,230,000
2026-27	325,000	9,750	334,750	230,000	555,000
2027-28	-	-	-	220,000	220,000
2028-29	-	-	-	215,000	215,000
<b>Total</b>	<u>\$42,195,000</u>	<u>\$ 8,075,991</u>	<u>\$50,270,991</u>	<u>\$ 3,275,000</u>	<u>\$ 45,470,000</u>

(1) Includes \$4,025,000 of principal payments paid between July 1, 2013 and June 18, 2014.

Source: Town annual audit reports.

## 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 Mahoney, Sabol & Company, LLP of Glastonbury, Connecticut as outside independent auditors.

The most recent annual audit covers the fiscal year ended June 30, 2013, 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 February 28<sup>th</sup>. The Board of Finance must hold one public hearing prior to submitting the budget to the First Selectman no later than March 21<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 April 6<sup>th</sup>, the 1<sup>st</sup> Tuesday in April.

- 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 two contributory defined benefit retirement pension plans (the "Plans") which cover substantially all Town and Board of Education employees except police department employees who participate in the Connecticut Municipal Employees' Retirement Fund (MERF), 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 Town plans are administered by a life insurance company. For further details on the plans, see Appendix A "Notes to the Financial Statements" herein.

Based upon the most recent actuarial valuation, the actuarial value of assets and actuarial accrued liabilities for the PERS plan were as follows:

**Schedule of Funding Progress**

<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>
<i>Town Employee's Plan</i>						
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%
01/01/08	8,221,381	7,967,922	253,459	103.2%	2,938,871	8.6%
01/01/06	7,590,537	6,963,392	627,145	109.0%	2,855,405	22.0%
<i>Board of Education Employee's Plan</i>						
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%
01/01/09	7,735,096	8,601,200	(866,104)	89.9%	3,828,126	-22.6%
01/01/07	7,241,315	7,743,658	(502,343)	93.5%	3,140,757	-16.0%

**Schedule of Employer Contributions**

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
<i>Town Employee's Plan</i>			
2015 (1)	\$394,666	\$385,000	97.6%
2014 (2)	388,045	385,000	99.2%
2013	381,679	301,267	78.9%
2012	564,832	102,101	18.1%
2011	555,705	106,684	19.2%
<i>Board of Education Employee's Plan</i>			
2015 (1)	\$356,619	\$367,541	103.1%
2014 (2)	349,519	357,276	102.2%
2013	357,276	357,276	100.0%
2012	348,507	348,507	100.0%
2011	304,258	304,258	100.0%

(1) Adopted budget.

For further details on the plans, see Appendix A, "Notes to General Purpose Financial Statements".

**Other Post Employment Benefits**

The Town administers two single-employer defined benefit plans for employee postemployment benefits. The first is the Police Postemployment Benefit program 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 plan is funded on a pay-as-you-go basis and no trust has been established to hold plan assets, however the activities of this program are reported in the Town's Post Retirement Medical Benefits Fund.

The second plan is the Board of Education Postemployment Welfare Benefit program, 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 no trust has been established to hold plan assets.

The Town was required to comply with the reporting requirements of GASB 45 beginning with the 2008-09 fiscal year. The most recent actuarial valuation of the OPEB liability for the Police Postemployment Benefit program was as of July 1, 2012 and for the Board of Education Postemployment Welfare Benefit program was as of June 30, 2012. Results of the valuations are as follow:

**Schedule of Funding Progress**

<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>
<i>Town</i>						
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%
7/1/2008	-	884,014	(884,014)	0.0%	2,567,152	-34.44%
<i>Board of Education</i>						
6/30/2012	\$ -	\$ 9,652,132	\$ (9,652,132)	0.0%	N/A	N/A
6/30/2010	-	10,403,104	(10,403,104)	0.0%	N/A	N/A
6/30/2009	-	15,112,705	(15,112,705)	0.0%	N/A	N/A

**Schedule of Employer Contributions**

<b>Fiscal</b>	<b>Actuarial Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contribute</b>
<i>Town</i>			
2015 (1)	\$ 179,057	\$ 53,000	29.6%
2014 (1)	175,750	51,000	29.0%
2013	162,881	46,500	28.5%
2012	159,926	42,515	26.6%
2011	112,070	45,143	40.3%
<i>Board of Education</i>			
2015 (1)	\$ 574,268	\$ 551,750	96.1%
2014 (1)	559,540	505,862	90.4%
2013	545,568	466,832	85.6%
2012	545,568	498,525	91.4%

(1) Adopted budget.

## **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 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 certificates of deposit, repurchase agreements, the State of Connecticut Short-Term Investment Fund (STIF), Cutwater Class Investment Fund, the State of Connecticut Tax-Exempt Proceeds Fund, and United States Treasury Bills. 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 certificates of deposit with Connecticut banks; (2) the State of Connecticut Short-Term Investment fund; (3) the State of Connecticut Tax-Exempt Proceeds fund; (4) United States Treasury Bills; and (5) Cutwater Class (an investment fund managed by Cutwater Asset Management, which, according to Cutwater Class, invests only in (i) high-grade short-term federal securities and variable rate obligations backed by federal agencies having monthly or quarterly resets based on indices like the prime rate, LIBOR, or a combination of the two, and (ii) very short-term (usually overnight) repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the Program's custodial bank to be held for the benefit of the Plan's participants.

## **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's most recent revaluation was dated October 1, 2009 and was effective for fiscal year 2010-11.

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.

### **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 lien-ed 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.

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**Historic Property Tax Levies and Collections**

<b>FY</b>	<b>Total</b>	<b>% Collected</b>	<b>Uncollected</b>	<b>Uncollected</b>
<b>Ending</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>6/30/2013</b>
<b>Net Taxable</b>	<b>Tax Rate</b>			
<b>Grand List</b>	<b>(In Mills)</b>			
2015 (1)	\$2,312,089,496	31.01	\$71,697,895	In process
2014 (1)	2,310,276,150	30.41	70,255,498	In process
2013	2,296,715,433	29.26	67,210,084	99.01 %
2012	2,290,492,353	28.79	65,702,612	98.80
2011 (2)	2,286,815,228	28.26	64,320,324	98.54
2010	2,117,900,075	29.50	62,457,178	98.60
2009	2,116,304,857	28.68	60,656,250	99.00
2008	2,095,924,088	27.42	57,583,055	99.20
2007	2,068,914,417	26.08	53,915,213	99.30
2006 (2)	2,037,563,974	24.05	49,057,616	99.20
				\$ 665,685
				779,332
				936,551
				866,701
				601,302
				588,841
				371,688
				355,202
				\$ 665,685
				149,605
				6,911
				-
				-
				-
				-
				-

- (1) Adopted budget.
- (2) Revaluation.

Source: Town Officials.

**Taxable Grand List**

<b>Grand List Dated</b>	<b>Real Property</b>	<b>Motor Vehicle Property</b>	<b>Personal Property</b>	<b>Gross Taxable Grand List</b>	<b>Less Exemptions</b>	<b>Net Taxable Grand List</b>
10/1/13	\$ 2,086,251,624	\$162,453,620	\$84,094,567	\$2,332,799,811	\$20,710,315	\$2,312,089,496
10/1/12	2,084,320,556	158,166,328	84,708,213	2,327,195,097	16,918,947	2,310,276,150
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	2,078,952,184	150,522,125	80,587,807	2,310,062,116	19,569,763	2,290,492,353
10/1/09 (1)	2,078,951,846	144,510,773	85,468,422	2,308,931,041	22,115,813	2,286,815,228
10/1/08	1,914,130,100	144,037,577	82,022,355	2,140,190,032	22,289,957	2,117,900,075
10/1/07	1,901,467,199	157,545,290	79,680,836	2,138,693,325	22,388,468	2,116,304,857
10/1/06	1,876,527,749	156,136,365	76,424,263	2,109,088,377	13,164,289	2,095,924,088
10/1/05	1,855,075,178	156,699,426	73,748,290	2,085,522,894	16,608,477	2,068,914,417
10/1/04 (1)	1,830,579,694	148,487,868	73,227,443	2,052,295,005	14,731,031	2,037,563,974

- (1) Revaluation.

Source: Town Officials.

<b>Grand List Dated</b>	<b>Residential Property</b>	<b>Commercial/Industrial Property</b>	<b>Public Utility &amp; Vacant Property</b>	<b>Sub-Total Real Property</b>
10/1/13	\$1,789,149,043	\$210,679,153	\$ 86,423,428	\$ 2,086,251,624
10/1/12	1,785,922,295	211,331,213	87,067,048	2,084,320,556
10/1/11	1,784,313,791	208,533,493	87,021,168	2,079,868,452
10/1/10	1,781,704,626	209,685,430	87,562,128	2,078,952,184
10/1/09 (1)	1,781,417,088	211,395,000	86,139,758	2,078,951,846
10/1/08	1,678,449,336	174,542,600	61,138,164	1,914,130,100
10/1/07	1,672,037,365	170,000,130	59,429,704	1,901,467,199
10/1/06	1,658,832,885	153,453,595	64,241,269	1,876,527,749
10/1/05	1,645,701,218	150,728,010	58,645,950	1,855,075,178
10/1/04 (1)	1,629,691,796	143,739,128	57,148,770	1,830,579,694

- (1) 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, 2013:

<u>Business-Name</u>	<u>Nature of Business</u>	<u>Total Estimated Assessment</u>	<u>Estimated Taxes</u>
First Light	Hydro Generating	\$ 29,135,900	\$ 903,504
TPK LLC, Sippin LLC	Retail Shopping, Oil Distribution	20,405,510	632,775
Northeast Utilities	Electric & Gas Utility	19,447,820	603,077
Maril LLC	Retail Property Leasing	16,199,780	502,355
Aquarion Water	Headquarters Water Supply	13,312,900	412,833
Swiss Army	Corporate HQ & Distribution	11,506,543	356,818
Lake Zoar Properties & Waterview LLC	Banquet Facility	7,443,290	230,816
Village Square Inc, Steiner Inc	Retail & Residential Property	7,517,690	233,124
Monroe Land Holdings Kimball Sone Castle	Commercial/Industrial Property	8,521,450	264,250
Really Good Stuff	Teaching Tools	6,626,450	205,486
	<b>Total</b>	<u>\$140,117,333</u> (1)	<u>\$ 4,345,038</u> (2)

(1) Represents 6.1% of the net taxable grand list of \$2,312,089,496 dated October 1, 2013.

(2) Represents 6.1% of the adopted tax levy of \$71,697,895 for fiscal year 2014-15.

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 2009-2013 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 Tax Revenues as a Percentage of Fund Revenues</u>
2015 (1)	\$ 79,846,778	\$71,058,789	89.0 %
2014 (1)	78,079,779	69,269,388	88.7
2013	82,869,323	67,784,322	81.8
2012	80,259,000	66,287,184	82.6
2011	77,483,724	64,441,364	83.2
2010	75,549,157	62,534,910	82.8
2009	74,119,204	60,629,712	81.8
2008 (2)	86,029,299	57,756,527	67.1
2007	68,360,264	54,156,712	79.2
2006	62,829,564	49,186,321	78.3

(1) Adopted Budget, budgetary basis of accounting, excludes on behalf payments to Connecticut State Teachers' Retirement System.

(2) Includes \$18,002,147 on behalf of payments to Connecticut State Teachers' Retirement System. Amount is significantly higher than prior years due to State of Connecticut issuing Pension Obligation Bonds to fund the plan in FY 2007-08.

Source: Audited financial statements; fiscal year 2013-14 and 2014-15 adopted budgets.



## 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>
2015 (1)	\$ 79,846,778	\$ 7,426,456	9.3 %
2014 (1)	78,079,779	7,463,481	9.6
2013	82,869,323	13,856,850	16.7
2012	80,259,000	12,747,056	15.9
2011	77,483,724	11,739,302	15.2
2010	75,549,157	11,597,967	15.4
2009	74,119,204	11,609,447	15.7
2008	86,029,299	25,538,538 (2)	29.7
2007	68,360,264	10,069,616	14.7
2006	62,829,564	9,778,511	15.6

(1) Adopted Budget, budgetary basis of accounting, excludes on behalf payments to Connecticut State Teachers' Retirement System.

(2) Includes \$18,002,147 on behalf of payments to Connecticut State Teachers' Retirement System. Amount is significantly higher than prior years due to State of Connecticut issuing Pension Obligation Bonds to fund the plan in FY 2007-08.

Source: Audited financial statements; fiscal year 2013-14 and 2014-15 adopted budgets.

## Expenditures

<u>Fiscal Year</u>	<u>Education</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Debt Service</u>	<u>Public Works</u>
2015 (1)	66.3 %	10.9 %	8.2 %	7.1 %	4.7 %
2014 (1)	66.7	10.4	8.3	7.3	4.7
2013	69.7	9.4	7.7	6.7	3.1
2012	70.8	9.0	7.2	6.6	3.7
2011	71.2	8.0	7.3	6.9	4.1
2010	72.1	7.7	7.3	6.7	3.9
2009	69.9	8.0	7.3	7.8	3.9
2008	74.3 (2)	6.7	5.8	6.4	3.1
2007	70.2	8.3	7.4	7.7	3.4
2006	71.1	8.1	7.7	7.1	3.7

(1) Adopted Budget, budgetary basis of accounting, excludes on behalf payments to Connecticut State Teachers' Retirement System.

(2) Includes \$18,002,147 on behalf of payments to Connecticut State Teachers' Retirement System. Amount is significantly higher than prior years due to State of Connecticut issuing Pension Obligation Bonds to fund the plan in FY 2007-08.

Source: Audited financial statements; fiscal year 2013-14 and 2014-15 adopted budgets.

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

	<u>Fiscal Year 2012-13</u>			<u>Fiscal Year</u>	<u>Fiscal Year</u>
	<u>Revised</u>	<u>Actual</u>	<u>Variance</u>	<u>2013-14</u>	<u>2014-15</u>
	<u>Budget</u>	<u>Operations</u>	<u>Favorable</u>	<u>Adopted</u>	<u>Adopted</u>
			<u>(Unfavorable)</u>	<u>Budget</u>	<u>Budget</u>
<b>REVENUES</b>					
Property taxes, interest and liens	\$67,551,637	\$67,738,563	\$ 186,926	\$69,269,388	\$71,058,789
Licenses, fees and permits	526,200	643,901	117,701	553,700	598,700
Intergovernmental revenue	7,556,894	7,871,300	314,406	7,463,481	7,426,456
Charges for services	373,210	293,902	(79,308)	333,210	352,250
Investment Income	275,000	64,143	(210,857)	400,000	340,583
Other revenues	40,000	229,252	189,252	60,000	70,000
<b>TOTAL REVENUES</b>	<b>\$76,322,941</b>	<b>76,841,061</b>	<b>518,120</b>	<b>\$78,079,779</b>	<b>\$79,846,778</b>
<b>EXPENDITURES</b>					
Current:					
General government	\$ 7,631,509	7,491,907	139,602	8,136,325	8,713,844
Public safety	5,947,404	5,870,201	77,203	6,452,145	6,587,338
Public works	3,590,302	3,267,631	322,671	3,632,780	3,747,562
Health and welfare	206,480	199,762	6,718	260,485	271,314
Culture and recreation	1,465,979	1,465,980	(1)	1,480,125	1,553,136
Education	51,434,739	51,045,321	389,418	52,109,920	52,932,987
Capital outlay-Special Projects	80,500	3,680	76,820	116,767	188,956
Debt Service	5,586,028	5,450,035	135,993	5,731,232	5,676,641
<b>TOTAL EXPENDITURES</b>	<b>75,942,941</b>	<b>74,794,517</b>	<b>1,148,424</b>	<b>77,919,779</b>	<b>79,671,778</b>
Excess (deficiency) of revenues over expenditures	<u>380,000</u>	<u>2,046,544</u>	<u>1,666,544</u>	<u>160,000</u>	<u>175,000</u>
Other financing sources (uses):					
Appropriation of fund balance	-	-	-	-	-
Operating transfers in					
Operating transfers out	<u>(380,000)</u>	<u>(998,663)</u>	<u>618,663</u>	<u>(160,000)</u>	<u>(175,000)</u>
Total Other financing sources (uses)	<u>(380,000)</u>	<u>(998,663)</u>	<u>618,663</u>	<u>(160,000)</u>	<u>(175,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,047,881</u>	<u>\$ 2,285,207</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Audited financial statements; fiscal year 2013-14 and 2014-15 adopted budgets.

**Comparative Balance Sheet – General Fund**

<b>Fiscal Year Ended:</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,594,155	\$ 5,279,445	\$ 8,238,049	\$ 9,288,216	\$ 5,379,830
Investments	2,022,887	6,003,211	3,721,758	3,540,384	3,756,145
Property taxes receivable	808,766	1,094,413	1,262,560	1,215,039	824,290
Intergovernmental receivables	3,421,774	3,007,798	2,649,333	2,190,037	2,277,512
Other receivables	462,333	76,950	27,901	148,576	127,243
Prepaid items	126,851	103,844	88,057	76,893	328,814
Due from other funds	1,696,321	1,430,049	1,643,209	567,639	2,563,364
<b>TOTAL ASSETS</b>	<b>\$15,133,087</b>	<b>\$16,995,710</b>	<b>\$17,630,867</b>	<b>\$17,026,784</b>	<b>\$15,257,198</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 1,805,054	\$ 4,771,016	\$ 2,453,169	\$ 3,089,338	\$ 4,455,860
Due to other funds	4,072,060	3,044,697	5,106,472	5,936,895	2,250,213
Unearned revenues					96,440
Deferred inflows of resources	4,818,156	4,579,181	5,737,608	3,377,581	2,702,135
<b>TOTAL LIABILITIES</b>	<b>10,695,270</b>	<b>12,394,894</b>	<b>13,297,249</b>	<b>12,403,814</b>	<b>9,504,648</b>
<b>FUND BALANCES</b>					
Reserved for encumbrances	927,719	947,722	-	-	-
Reserved for prepaid items	126,851	103,844	-	-	-
Unreserved:					
Designated for subsequent budget	370,000	695,000	-	-	-
Undesignated	3,013,247	2,854,250	-	-	-
Nonspendable	-	-	88,057	76,893	328,814
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	982,162	555,927	735,552
Unassigned	-	-	3,263,399	3,990,150	4,688,184
<b>TOTAL FUND BALANCES</b>	<b>4,437,817</b>	<b>4,600,816</b>	<b>4,333,618</b>	<b>4,622,970</b>	<b>5,752,550</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$15,133,087</b>	<b>\$16,995,710</b>	<b>\$17,630,867</b>	<b>\$17,026,784</b>	<b>\$15,257,198</b>

Source: Annual audited financial statements.

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

<b>Fiscal Year Ended:</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>REVENUES</b>					
Property taxes	\$60,629,712	\$62,534,910	\$64,441,364	\$66,287,184	\$67,784,322
Intergovernmental revenue	11,609,447	11,597,967	11,739,302	12,747,056	13,856,850
Licenses, permits and fines	675,322	522,924	547,600	521,210	643,720
Charges for services	470,081	376,778	334,795	334,991	299,516
Investment income	569,166	490,759	399,705	261,453	64,143
Miscellaneous revenues	165,476	25,819	20,958	107,106	220,772
<b>TOTAL REVENUES</b>	<b>\$74,119,204</b>	<b>\$75,549,157</b>	<b>\$77,483,724</b>	<b>\$80,259,000</b>	<b>\$82,869,323</b>
<b>EXPENDITURES</b>					
Current:					
General government	5,906,917	5,731,389	6,221,711	7,212,104	7,583,687
Public safety	5,351,178	5,426,717	5,709,668	5,722,467	6,244,359
Public Works	2,899,407	2,940,916	3,225,919	2,936,293	2,496,482
Health and welfare	158,866	167,092	173,658	188,797	199,762
Culture and recreation	1,393,171	1,409,880	1,407,510	1,463,535	1,458,186
Education	51,546,173	53,939,216	55,364,249	56,657,002	56,376,507
Capital outlays	532,391	193,703	252,703	533,774	1,069,737
Debt service	5,958,996	5,010,884	5,400,842	5,260,045	5,437,360
<b>TOTAL EXPENDITURES</b>	<b>73,747,099</b>	<b>74,819,797</b>	<b>77,756,260</b>	<b>79,974,017</b>	<b>80,866,080</b>
Excess (deficiency) of revenues over expenditures	372,105	729,360	(272,536)	284,983	2,003,243
Other financing sources (uses):					
Unspent Encumbrances prior year					
Operating transfers in	982,331	49,339	98,371	162,379	35,000
Operating transfers out	(948,411)	(615,700)	(120,926)	(285,996)	(908,663)
Proceeds of refunding bonds	18,975,000	-	10,805,000	8,785,000	-
Payment to refunded bond escrow agent	(20,621,000)	-	(11,105,918)	(9,082,302)	-
Premium on refunded bonds issued	1,826,241	-	423,261	425,288	-
Capital Lease Financing	486,639	-	-	-	-
Total other financing sources (uses)	<b>700,800</b>	<b>(566,361)</b>	<b>99,788</b>	<b>4,369</b>	<b>(873,663)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	1,072,905	162,999	(172,748)	289,352	1,129,580
Fund Balance - July 1	3,364,912	4,437,817	4,506,366 (1)	4,333,618	4,622,970
Fund Balance - June 30	<b>\$ 4,437,817</b>	<b>\$ 4,600,816</b>	<b>\$ 4,333,618</b>	<b>\$ 4,622,970</b>	<b>\$ 5,752,550</b>

Source: Annual audited financial statements.

## SECTION VI - ADDITIONAL INFORMATION

### **Litigation**

The Town of Monroe, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. It is the Town Attorney's opinion that such pending litigation will not be finally determined, individually or in the aggregate, so as to result in final judgments against the Town which would have a material adverse effect on the Town's financial position.

### **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 and the Notes 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 Underwriter's obligation to purchase the Bonds and the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds and the Notes, an executed copy of the Continuing Disclosure Agreement for the Bonds and a Continuing Disclosure Agreement for the Notes the forms of which are set forth in Appendix D-1 and D-2 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 fiscal years, the Town has not failed to meet any of its undertakings under such agreements.

### **Financial Advisor**

The Town has retained Independent Bond and Investment Consultants LLC of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds and the Notes. Although Independent Bond and Investment Consultants LLC has assisted in the preparation of the Official Statement, Independent Bond and Investment Consultants LLC is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Independent Bond and Investment Consultants LLC is an SEC and MSRB registered municipal advisor and is not engaged in the business of providing investment advice, underwriting, trading or distributing municipal securities or other public securities.

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

Upon the delivery of the Bonds and the Notes, the Town will furnish the following:

1. A Signature and No Litigation certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town, signed by the First Selectman, Town Treasurer and Director of Finance and Comptroller, which will be dated the date of delivery and attached to a confirmed copy of the Official Statement, and which will certify that, to the best of said officials' knowledge and belief, as of the date the Official Statement and the date of the closing, the descriptions and statements in the Official Statement relating to the Town of Monroe 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 the 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 and the Notes;
4. The approving opinions of Pullman & Comley, LLC, of Hartford, Connecticut; and
5. An executed Continuing Disclosure Agreement for the Bonds and the Notes in substantially the form attached to the Official Statement as Appendices D-1 and D-2, respectively.

The Town of Monroe has prepared a Preliminary Official Statement for the Bonds and the Notes which is dated May 22, 2014. 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 winning bidder with 25 copies of the Official Statement, as prepared for this issue at the Town's expense and delivered not later than seven business days after the bid opening. Additional copies of the Official Statement may be obtained by a winning bidder at its own expense by arrangement with the printer. If the Issuer's financial advisor is provided with the necessary information from the winning bidder by 12:00 o'clock noon on the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices, the name of the managing underwriter of the Bonds and the Notes.

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 Independent Bond and Investment Consultants LLC at (203) 245-9603.

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

Independent Bond and Investment Consultants LLC, the Town's financial advisor, has assisted the Town in the preparation of this Official Statement from documents supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of statements made herein and makes no representation that it has independently verified the accuracy of supporting documents supplied by the Town.

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 and the Notes.

## **TOWN OF MONROE, CONNECTICUT**

/s/ STEPHEN J. VAVREK, JR.  
**By: STEPHEN J. VAVREK, JR.**  
*First Selectman*

/s/ RONALD J. BUNOVSKY, JR.  
**By: RONALD J. BUNOVSKY, JR.**  
*Treasurer*

/s/ CARL E. TOMCHIK  
**By: CARL E. TOMCHIK**  
*Director of Finance and Comptroller*

**Dated: June 3, 2014**

APPENDIX A – AUDITED FINANCIAL STATEMENTS

TOWN OF MONROE, CONNECTICUT

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## **Independent Auditor's Report**

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

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

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

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Monroe, Connecticut, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**CERTIFIED PUBLIC ACCOUNTANTS**

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

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

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

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

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

*Mahoney Sabol & Company, LLP*

Glastonbury, Connecticut  
January 30, 2014

# Management's Discussion and Analysis

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

## **FINANCIAL HIGHLIGHTS**

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

## **TOWN OF MONROE, CONNECTICUT**

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

June 30, 2013

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

#### **Fund Financial Statements**

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

#### **Governmental Funds**

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

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

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

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

#### **Proprietary Funds**

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

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

#### **Fiduciary Funds**

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

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

## TOWN OF MONROE, CONNECTICUT

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

June 30, 2013

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

#### Notes to the Financial Statements

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

#### Other Information

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### Net Position

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

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

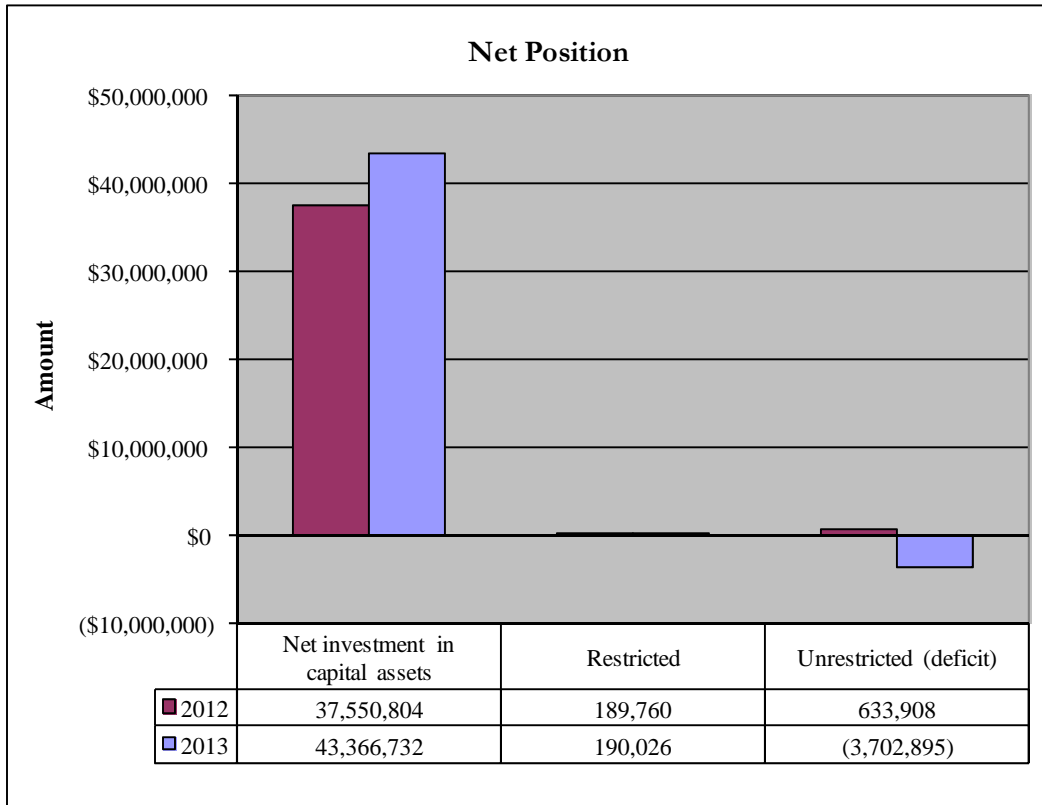
**TOWN OF MONROE, CONNECTICUT**

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

June 30, 2013

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

**Net Position *(Continued)***



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

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

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

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

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

June 30, 2013

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

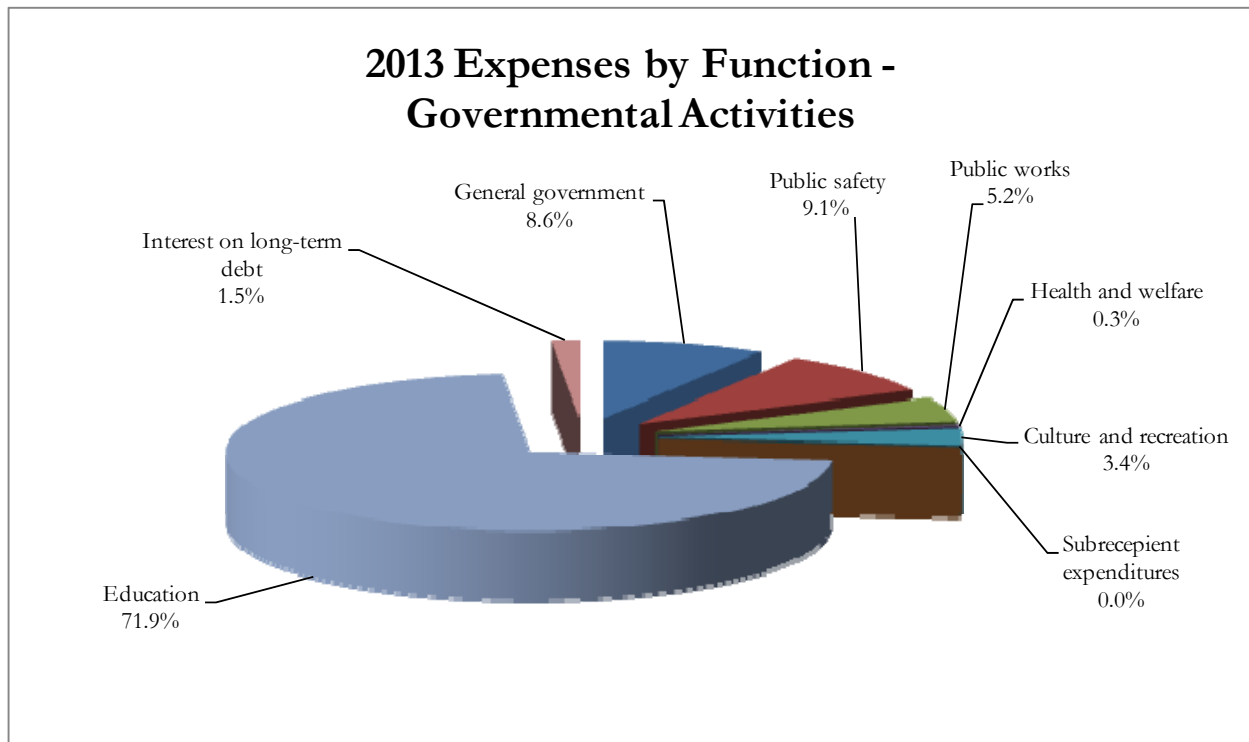
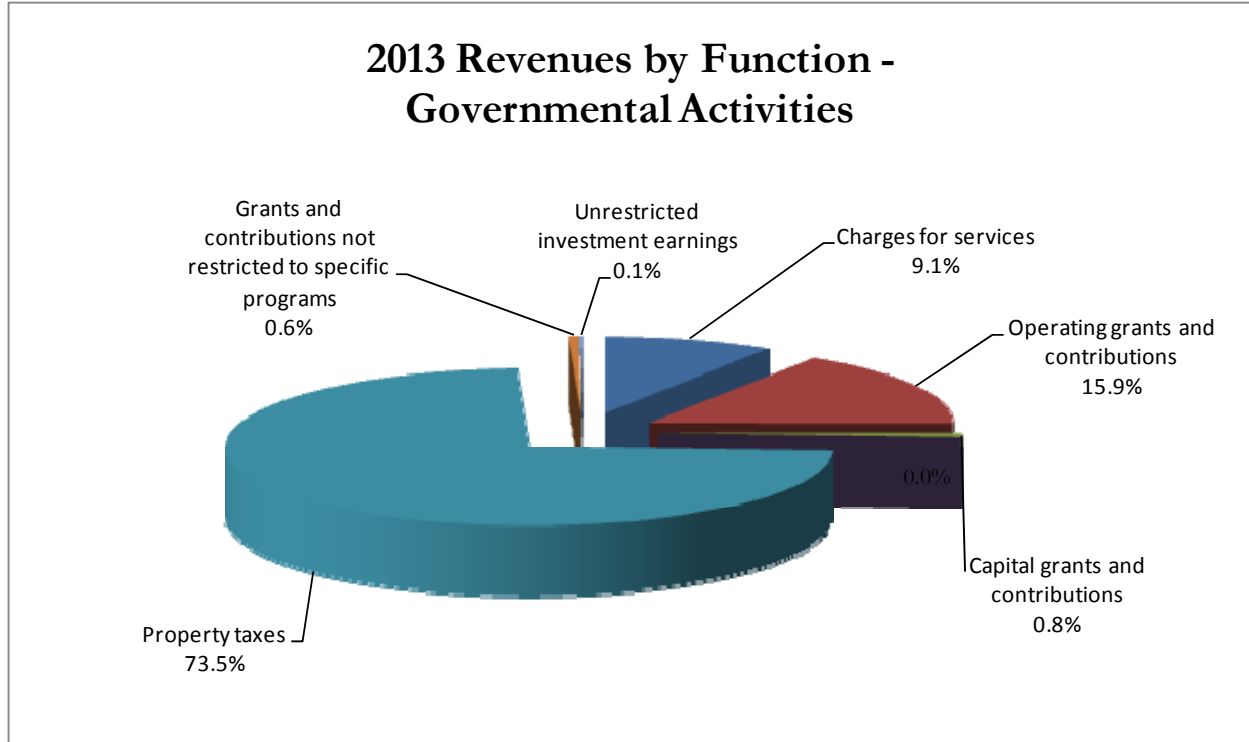
Changes in net position for the years ended June 30, 2013 and 2012 are as follows:

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



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

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



## **TOWN OF MONROE, CONNECTICUT**

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

June 30, 2013

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

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

#### **Governmental Funds**

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

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

#### **General Fund**

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

#### **Police Renovations**

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

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

#### **Capital Assets**

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

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

**TOWN OF MONROE, CONNECTICUT**

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

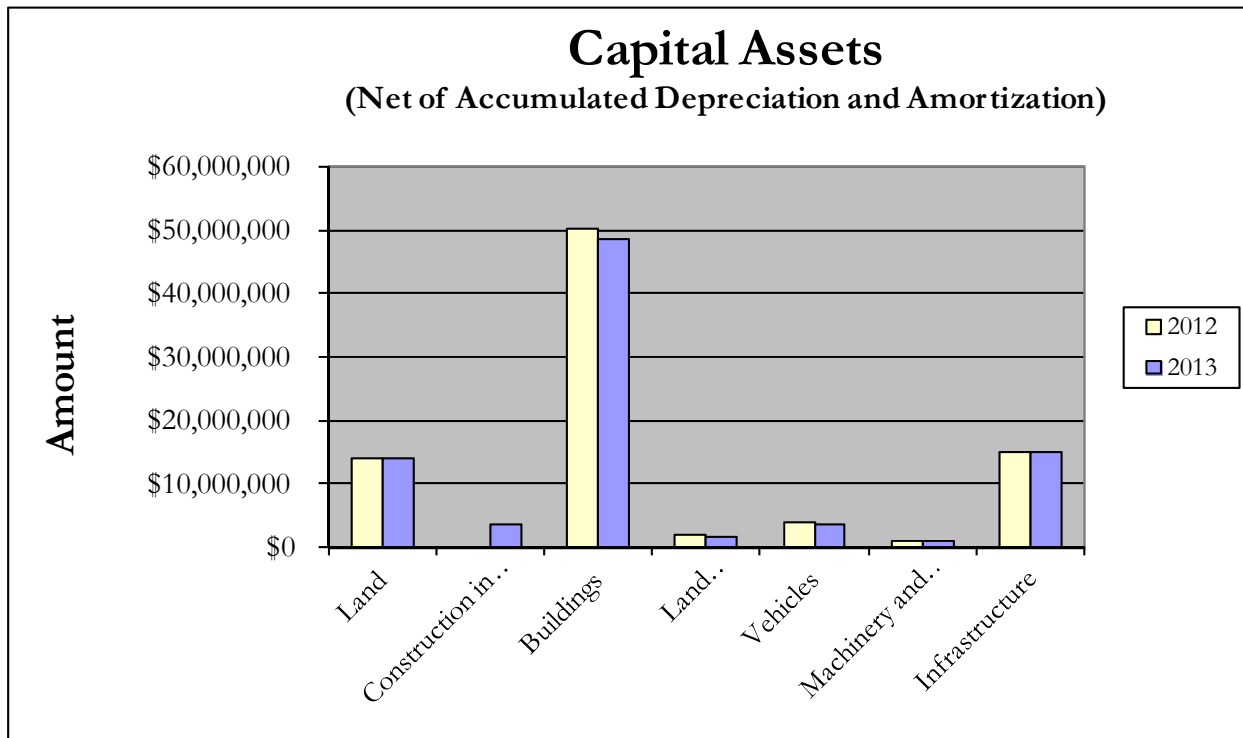
June 30, 2013

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

**Capital Assets *(Continued)***

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

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



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

**TOWN OF MONROE, CONNECTICUT**

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

June 30, 2013

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

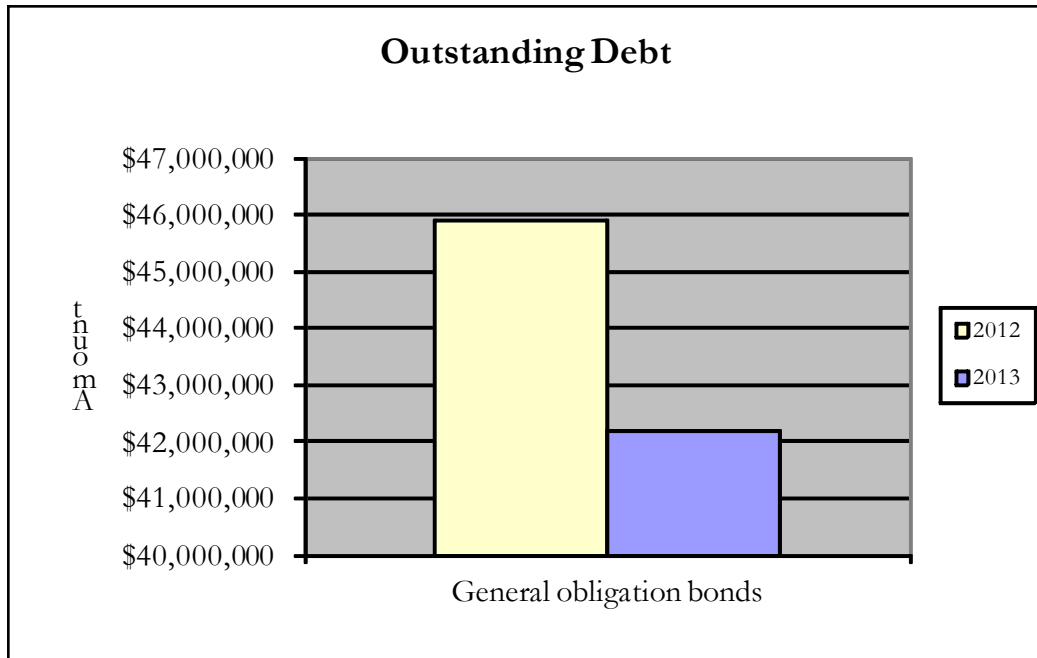
**Long-term Debt**

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

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

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

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



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

## **TOWN OF MONROE, CONNECTICUT**

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

June 30, 2013

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

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

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

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

### **REQUESTS FOR INFORMATION**

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

Basic  
Financial  
Statements

**TOWN OF MONROE, CONNECTICUT**

## STATEMENT OF NET POSITION

JUNE 30, 2013

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

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

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

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

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



**TOWN OF MONROE, CONNECTICUT**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2013

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

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

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

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

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

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

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

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

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

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

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

*(Continued)*

**TOWN OF MONROE, CONNECTICUT**

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF NET POSITION *(Continued)*

JUNE 30, 2013

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

Long-term debt:

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

Other long-term liabilities:

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

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

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

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2013

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

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

**TOWN OF MONROE, CONNECTICUT**

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

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

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

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

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

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

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

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

(Continued)

**TOWN OF MONROE, CONNECTICUT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

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

YEAR ENDED JUNE 30, 2013

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

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

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in governmental funds. This amount represents the change in deferred inflows of resources. (57,849)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds are reported with governmental activities. 102,705

Change in net position of governmental activities \$ 1,479,391

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Financial Reporting Entity**

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

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

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

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

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

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

**Fund Financial Statements**

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

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

*Government-wide and Fund Financial Statements (Continued)*

**Fund Financial Statements (*Continued*)**

The Town reports the following major governmental funds:

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

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

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

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

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

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

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

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

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

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

**Cash Equivalents**

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

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

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

**Investments**

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

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

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

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

**Prepaid Items**

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

**Property Taxes**

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

**Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2013

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

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

**Capital Assets *(Continued)***

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

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

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

**Unearned Revenue**

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

**Deferred Outflows/Inflows of Resources**

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

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



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

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

**Compensated Absences and Termination Benefits**

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

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

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

**Net Position and Fund Balance**

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

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

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

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

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

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

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

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

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

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

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

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

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

***Net Position Flow Assumption***

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

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

***Fund Balance Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

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

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements (*Continued*)

June 30, 2013

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

**Interfund Activities (*Continued*)**

**Interfund Services Provided and Used**

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

**Interfund Transfers**

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

**Interfund Reimbursements**

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**NOTE B - DEFICIT FUND BALANCES**

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

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

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

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

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements (*Continued*)

June 30, 2013

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**NOTE C - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

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

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

**Cash Deposits – Custodial Credit Risk**

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

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

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

**Cash Deposits – Concentrations of Credit Risk**

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

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements (*Continued*)

June 30, 2013

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

**Investments**

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

Government-wide statement of net position:

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

Statement of fiduciary net position:

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

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

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

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

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

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

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

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

**Investments (*Continued*)**

**Interest Rate Risk**

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

**Credit Risk**

The Town's investment policy does not further limit its investment choices beyond those limited by Connecticut general statutes. Connecticut general statutes permit the Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; (3) in shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counter-party, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2013, as they are held by a trustee in the Town's name.

**Concentrations of Credit Risk**

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

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

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

June 30, 2013

**NOTE D - CAPITAL ASSETS**

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

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

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

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

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

June 30, 2013

**NOTE E - INTERFUND RECEIVABLES AND PAYABLES**

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

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

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

**NOTE F - INTERFUND TRANSFERS**

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

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

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



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

June 30, 2013

**NOTE G - LONG-TERM LIABILITIES**

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

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

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

**General Obligation Bonds**

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

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

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

June 30, 2013

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

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

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

**Debt Refunding**

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

**Statutory Debt Limitation**

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

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

**School Bond Reimbursements**

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

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

June 30, 2013

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

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

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

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

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

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

**Compensated Absences**

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

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

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

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

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements (Continued)

June 30, 2013

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

**Termination Benefits**

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

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

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

**Retired Employee Obligations**

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

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

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

**NOTE H - PENSION PLANS**

**Town Employees' Retirement Plan**

**Plan Description**

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

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

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

**Summary of Significant Accounting Policies**

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

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

**Plan Membership**

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

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

**Contributions**

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

**Benefit Provisions**

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

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

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

June 30, 2013

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

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

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

**Additional Information and Actuarial Assumptions**

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

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

**Annual Pension Cost and Net Pension Obligation**

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

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

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

June 30, 2013

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

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

**Funded Status**

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

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

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

**Schedule of Employer Contributions**

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

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements (Continued)

June 30, 2013

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

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

**Plan Description**

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

**Summary of Significant Accounting Policies**

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

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

**Plan Membership**

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

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

**Contributions**

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

**Benefit Provisions**

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

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



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

June 30, 2013

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

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

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

**Additional Information and Actuarial Assumptions**

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

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

**Annual Pension Cost and Net Pension Asset**

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

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

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

June 30, 2013

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

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

**Funded Status**

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

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

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

**Schedule of Employer Contributions**

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

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

June 30, 2013

**NOTE H - PENSION PLANS (*Continued*)****Plan Financial Statements**

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

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

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

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

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

**Teachers' Retirement System**

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

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

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

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

**Plan Description and Benefit Provisions**

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

**Contributions**

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

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

June 30, 2013

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

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

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

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

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

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

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

Significant actuarial assumptions used include:

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

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements (*Continued*)

June 30, 2013

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

**Town Police Plan**

**Plan Description**

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

**Plan Provisions**

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

**Funding Policy**

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

**Annual OPEB Cost and Net OPEB Obligation**

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

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

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

June 30, 2013

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

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

**Funded Status and Funding Progress**

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

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

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

**Actuarial Methods and Assumptions**

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

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2013

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

**Town Police Plan *(Continued)***

**Actuarial Methods and Assumptions *(Continued)***

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

**Board of Education Plan**

**Plan Description**

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

**Plan Provisions**

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

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

**Funding Policy**

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



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

June 30, 2013

**NOTE I - OTHER POST EMPLOYMENT BENEFITS (OPEB) *(Continued)*****Board of Education Plan *(Continued)*****Annual OPEB Cost and Net OPEB Obligation**

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

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

**Three-Year Trend Information**

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

**Funded Status and Funding Progress**

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

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

**TOWN OF MONROE, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2013

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

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

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

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

**Actuarial Methods and Assumptions**

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

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

**NOTE J - COMMITMENTS AND CONTINGENCIES**

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

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

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

June 30, 2013

**NOTE K - RISK MANAGEMENT**

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

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

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

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

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

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

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

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

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

June 30, 2013

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

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

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

**NOTE L – IMPLEMENTATION OF NEW PRONOUNCEMENTS**

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

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

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

**NOTE M - RECENTLY ISSUED ACCOUNTING STANDARDS**

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

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

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

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

Required  
Supplementary  
Information

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

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

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

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

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
<b>Town of Monroe Board of Education OPEB Plan</b>						
June 30, 2012	\$ -	\$ 9,652,132	\$ 9,652,132	0%	N/A	N/A
June 30, 2010	-	10,403,104	10,403,104	0%	N/A	N/A
June 30, 2009	-	9,652,132	9,652,132	0%	N/A	N/A

**Town of Monroe Police OPEB Plan**

July 1, 2012	\$ -	\$ 1,702,216	\$ 1,702,216	0%	\$ 2,732,999	62%
July 1, 2010	-	1,568,829	1,568,829	0%	2,702,454	58%
July 1, 2008	-	884,014	884,014	0%	2,567,152	34%

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

**TOWN OF MONROE, CONNECTICUT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

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

YEAR ENDED JUNE 30, 2013

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

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



**TOWN OF MONROE, CONNECTICUT**

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

## GENERAL FUND (UNAUDITED)

YEAR ENDED JUNE 30, 2013

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

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

**TOWN OF MONROE, CONNECTICUT**

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

GENERAL FUND (UNAUDITED) *(Continued)*

YEAR ENDED JUNE 30, 2013

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

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

**TOWN OF MONROE, CONNECTICUT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES

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

YEAR ENDED JUNE 30, 2013

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

(Continued)

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

**TOWN OF MONROE, CONNECTICUT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES

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

YEAR ENDED JUNE 30, 2013

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

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

## TOWN OF MONROE, CONNECTICUT

Notes to Required Supplementary Information

June 30, 2013

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### **BUDGETARY INFORMATION**

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

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

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

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

***BUDGETARY INFORMATION (Continued)***

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

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

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

Combining and  
Individual Fund  
Statements and  
Schedules

# Governmental Funds



**TOWN OF MONROE, CONNECTICUT**

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
YEAR ENDED JUNE 30, 2013

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

See accompanying Independent Auditor's Report

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

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

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

Reimbursement for revenue loss:

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

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

See accompanying Independent Auditor's Report

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

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

*(Continued)*

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

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

(Continued)

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

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

(Continued)

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

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

(Continued)

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

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

(Continued)

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

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

(Continued)



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

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

See accompanying Independent Auditor's Report

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2013

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

*(Continued)*

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2013

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

(Continued)

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2013

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

(Continued)

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

YEAR ENDED JUNE 30, 2013

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

*(Continued)*

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2013

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

(Continued)

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2013

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

(Continued)

**TOWN OF MONROE, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2013

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



# Proprietary Funds

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

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

*See accompanying Independent Auditor's Report*

**TOWN OF MONROE, CONNECTICUT**

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

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2013

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

See accompanying Independent Auditor's Report

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

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

See accompanying Independent Auditor's Report

# Fiduciary Funds

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

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

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

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

*See accompanying Independent Auditor's Report*

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

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



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

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

Other  
Supplementary  
Information

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

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

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

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

Table 3

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

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

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

Source: Town Officials

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

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

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

Source: Town Officials

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

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

(1) Unaudited estimate.

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

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

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

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

(1) Unaudited estimate.

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

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



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

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

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

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

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

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

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

Source: Town Officials

## APPENDIX B - FORM OF OPINION OF BOND COUNSEL – THE BONDS

June 18, 2014

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

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 \$3,275,000 General Obligation Bonds, Issue of 2014, dated June 18, 2014 (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 June 18, 2014 (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 Bonds will be valid and legally binding general bonds 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 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 Bonds in order that interest on the 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 Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the Federal treatment of interest on the 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 Bonds is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing 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 Bonds.

We are further of the opinion that, 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 interest on the Bonds 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. We express no opinion regarding other State income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated June 3, 2014 and other offering material relating to the 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 Bonds.

Although we have rendered an opinion that interest on the 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 Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

## APPENDIX C - FORM OF OPINION OF BOND COUNSEL – THE NOTES

June 18, 2014

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

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 \$2,950,000 General Obligation Bond Anticipation Notes, dated June 18, 2014 (the “Notes”). In such capacity, we have examined records of proceedings of the Town authorizing the Notes, a Tax Compliance Agreement of the Town dated June 18, 2014 (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 Notes are duly certified by U.S. Bank National Association, the Notes will be valid and legally binding general notes 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 Notes 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 Notes in order that interest on the Notes 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 Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the Federal treatment of interest on the Notes, 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 Notes is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing 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 Notes.

We are further of the opinion that, under existing statutes, interest on the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes 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. We express no opinion regarding other State income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated June 3, 2013 and other offering material relating to the Notes.

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

Although we have rendered an opinion that interest on the Notes 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 Notes. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Notes not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

**APPENDIX D-1 - FORM OF CONTINUING DISCLOSURE AGREEMENT – THE BONDS**

**CONTINUING DISCLOSURE AGREEMENT**

**In Connection With The Issuance and Sale of  
\$3,275,000 General Obligation Bonds, Issue of 2014**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of June 18, 2014, by the Town of Monroe, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$3,275,000 General Obligation Bonds, Issue of 2014, dated June 18, 2014 (the “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 Continuing Disclosure 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 June 3, 2014, 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 Continuing Disclosure 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, 2014):

(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;
- (J) the funding status of the Issuer's OPEB obligation; and
- (K) any other financial information and operating data which was disclosed in the Official Statement but which is not included in the audited financial statements.

(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 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 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; and

(ix) rating changes.

(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, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, 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; and

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

**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 Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.

**Section 6. Termination of Reporting Obligation.** The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the 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 Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 8. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure 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 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 Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure 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 Continuing Disclosure 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 Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure 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 Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the 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 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 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 Bonds.

**Section 11. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**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 Continuing Disclosure 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: \_\_\_\_\_  
Stephen J. Vavrek Jr.  
First Selectman

**APPENDIX D-2 - FORM OF CONTINUING DISCLOSURE AGREEMENT – THE NOTES**

**CONTINUING DISCLOSURE AGREEMENT**

**In Connection With The Issuance and Sale of  
\$2,950,000 General Obligation Bond Anticipation Notes, dated June 18, 2014**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of June 18, 2014, by the Town of Monroe, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$2,950,000 General Obligation Bond Anticipation Notes dated June 18, 2014 (the “Notes”).

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

“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 June 3, 2014, prepared in connection with the issuance of the Notes.

“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 2 of this Continuing Disclosure 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 1. 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 Notes, 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 or 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 Notes, or other events affecting the tax status of the security;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances; and

(ix) rating changes.

(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 Notes, 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 Notes;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, 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; and

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

**Section 2. Termination of Reporting Obligation.** The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

**Section 3. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 4. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure 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 Notes 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 5. Additional Information.** Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure 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 Continuing Disclosure 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 Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 6. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. 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 Notes 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 Notes 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 Notes.

**Section 7. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 8. 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 Continuing Disclosure 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: \_\_\_\_\_  
Stephen J. Vavrek Jr.  
First Selectman

**APPENDIX E – NOTICE OF SALE – THE BONDS**

**Notice Of Sale  
Town Of Monroe, Connecticut  
\$3,275,000 General Obligation Bonds, Issue of 2014  
dated Date of Delivery  
(the “Bonds”)**

ELECTRONIC BIDS VIA *PARITY*<sup>®</sup> will be received by the TOWN OF MONROE, CONNECTICUT, (the “Town”) at Monroe Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468, until 11:00 A.M. (E.D.T.) on Tuesday,

June 3, 2014

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

\$3,275,000 General Obligation Bonds, Issue of 2014  
dated Date of Delivery

The Bonds are payable annually on June 15, in the principal amounts and years as set forth below:

<u>Amount</u>	<u>Due</u>
\$240,000	2016-2023
\$230,000	2024-2027
\$220,000	2028
\$215,000	2029

Interest on the Bonds will be payable on December 15, 2014 and semiannually thereafter on the 15th day of June and December in each year until maturity. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be delivered to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium (if any) and interest on the Bonds will be payable by the Town to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. 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 to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the beneficial owners of the Bonds or their nominees. (The record dates for the Bonds will be the last day of November and May, or the preceding business day if such day is not a business day.) The Bonds will be certified by the Registrar, Transfer Agent and Paying Agent which shall be U.S. Bank National Association, Hartford, Connecticut.

The Bonds maturing on or before June 15, 2019 are not subject to redemption prior to maturity. The Bonds maturing on June 15, 2020 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after June 15, 2019, either in whole or in part at any time, in such order of maturity and amount as the Town may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth as follows, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
June 15, 2019	100%

Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall NOT specify (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three (3) percentage points. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery, if any. No bid for less than par and accrued interest will be considered.

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the Town. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to June 18, 2014, the dated date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the Town will determine by lot which of such bidders will be awarded the Bonds. The purchase price must be paid in federal funds.

Electronic bids for the purchase of the Bonds may be submitted through the facilities of **PARITY**<sup>®</sup> until 11:00 A.M. (E.D.T.) on Tuesday, June 3, 2014. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY**<sup>®</sup>, including any fee charged, may be obtained from **PARITY**<sup>®</sup>, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 404-8102 - email notice: PARITY@i-Deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**<sup>®</sup> is communicated to the Town, it shall constitute an irrevocable offer in response to this Notice of Sale, and shall be binding upon the bidder. By submitting a bid for the Bonds via **PARITY**<sup>®</sup>, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY<sup>®</sup>, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY<sup>®</sup>, the use of PARITY<sup>®</sup> facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each **PARITY**<sup>®</sup> prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**<sup>®</sup> for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**<sup>®</sup> shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**<sup>®</sup> shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**<sup>®</sup>. The Town is using **PARITY**<sup>®</sup> as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY**<sup>®</sup> to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**<sup>®</sup> are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**<sup>®</sup> at (212) 404-8102. If any provision of this Notice of Sale shall conflict with information provided by **PARITY**<sup>®</sup>, this Notice of Sale shall control.

The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit 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 provisions of the Connecticut General Statutes. Under existing statutes the State of Connecticut is obligated to pay to 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.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement. The winning bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them. A signed copy of the Official Statement prepared for this Bond issue will also be furnished together with a certificate of the Town relating to the accuracy and completeness of the Official Statement.

The opinion of Bond Counsel will provide: (i) that the Bonds will be valid general obligations of the Town when duly certified; (ii) that, assuming the accuracy of and continued compliance by the Town with its representations and covenants contained in a certain Tax Regulatory and Compliance Agreement (the "Agreement") relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and other certifications received from the Town, as to which bond counsel has made no independent verification, under existing law interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to the Code and although interest on the Bonds is not treated as a preference item for purposes of calculating the federal alternative minimum tax, in the case of certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing the federal alternative minimum tax and, (iii) that interest on the Bonds is excluded 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 in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. In rendering the legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Agreement entered into by the Town for the benefit of the owners of the Bonds and further, will assume continuing compliance by the Town with the covenants and procedures set forth in the Agreement. Copies of the opinion will be printed upon each of the Bonds, and a signed opinion will be filed with the Paying Agent.

The Town has prepared a Preliminary Official Statement dated May 22, 2014 for the Bonds, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. Bidders must acknowledge in their respective bids that they have received and reviewed such Preliminary Official Statement. The Town will make available to the winning purchaser 100 copies of the Official Statement, dated June 3, 2014, as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Independent Bond and Investment Consultants, LLC, by the fifth business day after the day bids on the Bonds are received. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriting, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix D-1 to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder'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 Agreement.

The Bonds will be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

It shall be the responsibility of the purchaser to furnish to Pullman & Comley, LLC, Hartford, Connecticut, in writing before delivery of the Bonds the reoffering prices at which a substantial portion of the bonds of each maturity initially were sold. The completed certificate should be delivered to Marie V. Phelan, Esq. Pullman & Comley, LLC, 90 State House Square, Hartford, Connecticut 06103, (860) 424-4337.



The Bonds will be delivered to U.S. Bank National Association as agent for DTC in New York, New York on or about June 18, 2014 against payment in immediately available federal funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning purchaser to obtain CUSIP numbers for the Bonds prior to delivery and the Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning purchaser to obtain such numbers and to supply them to the Town in a timely manner.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

For more information regarding this issue and the Town, reference is made to the Preliminary Official Statement dated May 22, 2014. Copies of the Preliminary Official Statement may be obtained from Mr. Carl E. Tomchik, Director of Finance & Comptroller, Town of Monroe, Monroe Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468 (203) 452-2802 or from Mr. William Lindsay, Independent Bond and Investment Consultants LLC, (203) 245-9603.

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Stephen J. Vavrek Jr.  
First Selectman

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Ronald J. Bunovsky Jr.  
Treasurer

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Carl E. Tomchik  
Director of Finance & Comptroller

May 22, 2014

**APPENDIX F – NOTICE OF SALE – THE NOTES**

**NOTICE OF SALE  
TOWN OF MONROE, CONNECTICUT**

**\$2,950,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES  
Dated June 18, 2014 : Due June 17, 2015**

SEALED BIDS and ELECTRONIC BIDS VIA *PARITY*<sup>®</sup> will be received by the **TOWN OF MONROE**, Connecticut (the “Town” or the “Issuer”), at Monroe Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468 until **11:30 a.m. (EDT), Tuesday**

**June 3, 2014**

for the purchase of the above-captioned **TOWN OF MONROE General Obligation Bond Anticipation Notes** (the “Notes”).

The Notes will be dated June 18, 2014 and will be payable to the registered owners at maturity on June 17, 2015. The Notes will bear interest (computed on a 360-day year, 30-day per month basis) payable at maturity at the rate or rates per annum fixed in the proposal accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the purchasers. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for the Depository Trust Company (DTC), New York, New York. DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry only form, in the denomination of \$1,000 or any integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder or bidders, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent in federal funds to DTC or its nominee as registered owner of the Notes. Principal and interest payments to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

**SEALED BIDS**

Except for proposals submitted electronically via *PARITY*<sup>®</sup> as described below, proposals for the purchase of the Notes shall be in the form of the proposal for purchase furnished herewith. A proposal may be for all or any part of the Notes, but any proposal for a part must be for at least \$100,000 of principal amount or integral multiples of \$1,000 in excess thereof. A separate proposal will be required for each part of the Notes for which a separate stated interest rate is bid. The Notes will be awarded on the basis of the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom any premium offered. As between proposals resulting in the same lowest net interest cost, the award will be made on the basis of the highest principal amount of the Notes specified. As between proposals resulting in the same lowest net interest cost for the same principal amount of the Notes, the Town will determine the award of the Notes by lot. No bid to purchase any portion of the Notes for less than the par amount of such portion and accrued interest, if any, will be considered and the Town reserves the right to award to any bidder(s) all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the net interest cost shall be the same as in the bidder’s proposal with respect to the amount bid, carried to four places. The purchase price must be paid in federal funds.

Sealed bids for the Notes will be received by telephone by Independent Bond & Investment Consultants (“IBIC”), the Town’s financial advisor at the office of the First Selectman as noted above, at (203) 452-2800 x 1006. IBIC will act as agent for the bidder. Bidders shall recognize that a bid by telephone means that the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound by such and, further, such bidder recognizes and accepts the risk that its telephone bid may not be received by the Town or may be received later than the time specified as the result of a failure in communications including, but not limited to, a failure in telephonic communications, or the inability to reach the Town by

the time required. A bid received after the time specified, as determined in the Town's sole discretion, will not be reviewed or honored by the Town. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any such proposal. All sealed bid proposals must be enclosed in sealed envelopes and addressed to the Town of Monroe, and marked on the outside, in substance, "Proposal for 2014 Monroe Notes."

## ELECTRONIC BIDS

Electronic bids for the purchase of the Notes must be submitted electronically via **PARITY**<sup>®</sup>, in accordance with this Notice of Sale, until 11:30 A.M. E.D.T. on June 3, 2014, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in **PARITY**<sup>®</sup> shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. Further information about **PARITY**<sup>®</sup>, including any fee charged, may be obtained from **PARITY**<sup>®</sup>, c/o i-Deal LLC, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, or by telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. The Issuer neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**<sup>®</sup> is communicated to the Issuer, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. By submitting a bid for the Notes via **PARITY**<sup>®</sup>, the bidder represents and warrants to the Issuer that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Issuer will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY<sup>®</sup>, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY<sup>®</sup>, the use of PARITY<sup>®</sup> facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

*Disclaimer.* Each **PARITY**<sup>®</sup> prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**<sup>®</sup> for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Issuer nor **PARITY**<sup>®</sup> shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Issuer nor **PARITY**<sup>®</sup> shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**<sup>®</sup>. The Issuer is using **PARITY**<sup>®</sup> as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Notes. The Issuer is not bound by any advice and determination of **PARITY**<sup>®</sup> to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**<sup>®</sup> are the sole responsibility of the bidders; and the Issuer is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY**<sup>®</sup> at (212) 849-5021.

For the purpose of the sealed proposal process and the electronic bidding process, the time maintained on **PARITY**<sup>®</sup> shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Issuer, represented by the rate or rates of interest and the bid price specified in their respective bids. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and the interest on the Notes. The Notes will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land, taxable at a limited rate and dwelling houses of qualified elderly persons of low income and qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut and the opinion of Pullman & Comley, LLC, Bond Counsel, approving the legality of the Notes and setting forth that they are valid general obligations of the Town will be furnished the winning bidders without charge. Each winning bidder will also receive a Signature and No Litigation Certificate dated as of the date of delivery of the Notes, stating that there is no litigation pending, or to the knowledge of the signers thereof, affecting the validity of the Notes or the power of the Town to buy and collect taxes to pay them, and a receipt of payment.

The legal opinion will state further that, under existing statutes and court decisions (i) interest on the Notes is excludable from gross income of the owners thereof for federal income taxation, (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing the federal alternative minimum tax, (iii) under existing statutes, the interest on the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. Bond Counsel will express no opinion regarding other federal or state income tax consequences caused by ownership of, or disposition of the Notes. In rendering its legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of reasonable expectation and certifications of fact contained in the Tax Compliance Agreement entered into by the Town for the benefit of the owners of the Notes and will assume compliance by the Town with the covenants set forth in such Agreement.

The Notes WILL 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 Notes.

The Town has prepared a Preliminary Official Statement dated May 22, 2014 for the Notes, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. Bidders must acknowledge in their respective bids that they have received and reviewed such Preliminary Official Statement. The Town will make available to the winning purchaser 15 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, IBIC, by the fifth business day after the day bids on the Notes are received. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriting, the name of the insurer, if any, on the Notes and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix D-2 to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain material events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement.

Simultaneously with or before delivery of the Notes and the receipt of the above-referenced documents, the purchaser shall furnish to the Town a certificate acceptable to Bond Counsel for the Town to the effect that the purchaser has either purchased the Notes at the prices shown on such certificate for investment and not with a view toward distribution or resale and not in the capacity of a bond house, broker or other intermediary or has made a bona fide public offering of the Notes to the public (i) at initial offering prices not greater than, or yields not lower than, the respective prices or yields shown on the certificate, and (ii) a substantial amount of the Notes was sold to the final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices not greater than or yields not lower than, such offering prices or yields. Bond Counsel advises that (i) such certificates must be made on the best knowledge, information and belief of the purchaser, (ii) the sale to the public of 10% or more of the Notes at prices not greater than or yields not lower than, the initial offering prices or yields would be sufficient for the purpose of certifying as to the sale of a substantial amount of the Notes and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement.

It is anticipated that the Notes will be ready for delivery to DTC in New York City on or about June 18, 2014. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder(s) to obtain at its cost CUSIP numbers for the Notes prior to delivery, and the Town will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of the winning bidder(s) to obtain such numbers and to supply them to the Town in a timely manner.

The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal.

Bid forms for sealed bids may be obtained from Mr. Carl E. Tomchik, Director of Finance & Comptroller, Town of Monroe, Monroe Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468 (203) 452-2802 or from Mr. William Lindsay, Independent Bond and Investment Consultants LLC, (203) 245-9603.

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Stephen J. Vavrek Jr.  
First Selectman

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Ronald J. Bunovsky Jr.  
Treasurer

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Carl E. Tomchik  
Director of Finance & Comptroller

May 22, 2014

*(See attached Form of Proposal for Notes)*

**PROPOSAL FOR TOWN OF MONROE BOND ANTICIPATION NOTES**

June 3, 2014

Monroe Town Hall  
 7 Fan Hill Road  
 Monroe, Connecticut 06468

**Re: \$2,950,000 General Obligation Bond Anticipation Notes  
 Dated June 18, 2014 Due June 17, 2015**

Subject to the provisions of the Notice of Sale dated May 22, 2014, which Notice is made a part of this proposal, we offer to purchase the indicated principal amount of Town of Monroe General Obligation Bond Anticipation Notes at the stated interest rate (provided not less than \$100,000 of principal amount per interest rate is bid and the total of all principal amounts bid do not exceed \$2,950,000) plus the premium specified below, if any, and to pay therefor par and accrued interest, if any, to the date of delivery, as stated below. (We provide our computations of net interest cost carried to four decimals made as provided in the Notice of Sale but not constituting any part of the proposal.) We acknowledge that we have received and reviewed the Preliminary Official Statement.

Principal Amount	\$ _____	Principal Amount	\$ _____
Stated interest rate (1/100 of 1%)	_____ %	Stated interest rate (1/100 of 1%)	_____ %
Premium	\$ _____	Premium	\$ _____
Net Interest Cost	_____ %	Net Interest Cost	_____ %

Principal Amount	\$ _____	Principal Amount	\$ _____
Stated interest rate (1/100 of 1%)	_____ %	Stated interest rate (1/100 of 1%)	_____ %
Premium	\$ _____	Premium	\$ _____
Net Interest Cost	_____ %	Net Interest Cost	_____ %

We agree to accept delivery of and make payment for the stated principal amount of Notes in federal funds on the date of the Notes or as soon thereafter, but not later than thirty (30) days thereafter on such date as such Notes may be prepared and ready for delivery by the Town.

\_\_\_\_\_  
 (Name of Bidder)

\_\_\_\_\_  
 (Its Agent)

\_\_\_\_\_  
 (Telephone)

\_\_\_\_\_  
 (Mailing Address)