

OFFICIAL STATEMENT

REFUNDING/NEW ISSUE-Book-Entry Only

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

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds (as defined herein) is 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 on individuals and, except as hereinafter described corporations (See "Tax Matters" herein).

In the opinion of Bond Counsel, under existing statutes and regulations, interest on the Bonds 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

\$8,085,000

GENERAL OBLIGATION BONDS, ISSUE OF 2018, SERIES A

Dated: Date of Delivery

Due: Serially June 15, as shown herein

\$7,040,000

GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2018, SERIES B

Dated: Date of Delivery

Due: Serially April 1, as shown herein

The Town's General Obligation Bonds, Issue of 2018, Series A (the "Series A Bonds") and General Obligation Refunding Bonds, Issue of 2018, Series B (the "Series B Bonds" and collectively with the Series A Bonds, 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 Series A Bonds will be payable semiannually on June 15 and December 15 in each year until maturity, commencing December 15, 2018.

Interest on the Series B Bonds will be payable semiannually on April 1 and October 1 in each year until maturity, commencing October 1, 2018.

The Series A Bonds and Series B Bonds are subject to optional redemption prior to maturity as described herein. (See "Optional Redemption" herein.)

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

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

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The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley LLC, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in definitive book-entry form will be made to DTC in New York, New York on or about June 26, 2018.

Dated: June 13, 2018

TOWN OF MONROE, CONNECTICUT

\$8,085,000

GENERAL OBLIGATION BONDS, ISSUE OF 2018, SERIES A

Dated: Date of Delivery

Due: Serially June 15, as shown below

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>
2019	\$810,000	3.000 %	1.460 %	610423ZN8	2024	\$810,000	4.000 %	2.110 % *	610423ZT5
2020	810,000	4.000	1.680	610423ZP3	2025	810,000	3.000	2.360 *	610423ZU2
2021	810,000	5.000	1.820	610423ZQ1	2026	810,000	3.000	2.530 *	610423ZV0
2022	810,000	5.000	1.910	610423ZR9	2027	810,000	3.000	2.660 *	610423ZW8
2023	810,000	5.000	2.000	610423ZS7	2028	795,000	3.000	2.780 *	610423ZX6

* - Priced assuming redemption on June 15, 2023 however any such redemption is at the option of the Town (see "Optional Redemption – Series A Bonds" herein).

\$7,040,000

GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2018, SERIES B

Dated: Date of Delivery

Due: Serially April 1, as shown below

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>
2019	\$865,000	3.000 %	1.420 %	610423ZY4	2023	\$1,120,000	5.000 %	1.990 %	610423A47
2020	785,000	4.000	1.660	610423ZZ1	2024	1,150,000	4.000	2.090 *	610423A54
2021	785,000	5.000	1.800	610423A21	2025	1,145,000	3.000	2.350 *	610423A62
2022	790,000	5.000	1.900	610423A39	2026	400,000	3.000	2.520 *	610423A70

* - Priced assuming redemption on April 1, 2023 however any such redemption is at the option of the Town (see "Optional Redemption – Series B Bonds" herein).

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

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

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

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

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

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

Bond Counsel is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of the statements made or financial information presented in this Official Statement (other than matters expressly set forth as its opinions in Appendices B-1 and B-2 "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 within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information with respect to the Bonds on or before the date specified in the Continuing Disclosure Agreement for the Bonds. The Continuing Disclosure Agreements shall be executed in substantially the forms attached as Appendices C-1 and C-2 to this Official Statement.

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

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

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BOND SALE SUMMARY – SERIES A BONDS

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.

Issuer:	Town of Monroe, Connecticut (the "Town").
Issue:	\$8,085,000 General Obligation Bonds, Issue of 2018, Series A.
Dated Date:	June 26, 2018.
Interest Due:	June 15 and December 15 in each year of maturity, commencing December 15, 2018.
Principal Due:	Serially, June 15, 2019 – 2028.
Purpose and Authority:	The Bonds are being issued to finance capital projects as authorized by the Town Council and at Special Town Meetings or referenda, as the case may be. (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 "AA+" by S&P Global Ratings. Certain outstanding issues of the Town are currently rated "Aa2" by Moody's Investors Service, Inc. (See "Ratings" herein.)
Tax Exemption:	See Appendix B-1 "Form of Opinion of Bond Counsel" and "Tax Matters" herein.
Continuing Disclosure:	See Appendix C-1 "Form of Continuing Disclosure Agreement."
Bank Qualification:	The Bonds shall NOT be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Certifying Bank, Registrar, Transfer, Escrow 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 26, 2018. Delivery of the Bonds will be made against payment in federal funds.
Issuer Official:	Questions regarding this Official Statement should be directed to Ronald J. Bunovsky, Jr., Director of Finance and Comptroller, Town of Monroe, 7 Fan Hill Road, Monroe, Connecticut 06468, telephone (203) 452-5454.

BOND SALE SUMMARY – SERIES B BONDS

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.

Issuer:	Town of Monroe, Connecticut (the "Town").
Issue:	\$7,040,000 General Obligation Refunding Bonds, Issue of 2018, Series B.
Dated Date:	June 26, 2018.
Interest Due:	April 1 and October 1 in each year of maturity, commencing October 1, 2018.
Principal Due:	Serially, April 1, 2019 – 2026.
Purpose and Authority:	The Bonds are being issued to refinance certain outstanding bond series authorized by the Town Council. (See "Plan of Refunding" 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 "AA+" by S&P Global Ratings. Certain outstanding issues of the Town are currently rated "Aa2" by Moody's Investors Service, Inc. (See "Ratings" herein.)
Tax Exemption:	See Appendix B-2 "Form of Opinion of Bond Counsel" and "Tax Matters" herein.
Continuing Disclosure:	See Appendix C-2 "Form of Continuing Disclosure Agreement."
Bank Qualification:	The Bonds shall NOT be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Certifying Bank, Registrar, Transfer, Escrow 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 26, 2018. Delivery of the Bonds will be made against payment in federal funds.
Issuer Official:	Questions regarding this Official Statement should be directed to Ronald J. Bunovsky, Jr., 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, inside cover and appendices, is provided for the purpose of presenting certain information relating to the Town of Monroe, Connecticut (the "Town") in connection with the issuance and sale of \$8,085,000 General Obligation Bonds, Issue of 2018, Series A (the "Series A Bonds") and \$7,040,000 General Obligation Refunding Bonds, Issue of 2018, Series B (the "Series B Bonds" and together with the Series A Bonds, collectively the "Bonds") of the Town.

Description of the Bonds

The Series A Bonds will be dated the date of delivery, June 26, 2018, and will mature on the dates and in the principal amounts set forth on the inside cover page hereof. Interest on the Series A Bonds will be payable semiannually on June 15 and December 15 in each year until the date of maturity, commencing on December 15, 2018. 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 last business day of May and November in each year.

The Series B Bonds will be dated the date of delivery, June 26, 2018, and will mature on the dates and in the principal amounts set forth on the inside cover page hereof. Interest on the Series B Bonds will be payable semiannually on April 1 and October 1 in each year until the date of maturity, commencing on October 1, 2018. 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 fifteenth day of March and September in each year, or the preceding business day if the fifteenth is not a business day.

A book-entry-only system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein.) The Certifying, Registrar, Transfer, Paying and Escrow Agent will be U.S. Bank National Association of Hartford, Connecticut. **The Bonds are subject to optional redemption prior to maturity.** (See "Optional Redemption" herein.) The legal opinions on the Bonds will be rendered by Pullman & Comley LLC of Hartford, Connecticut, as set forth in Appendices B-1 and B-2. The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended and described herein.

Authorization and Purpose

The Series A Bonds

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

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

<u>Projects</u>	<u>Total Bond Authorization</u>	<u>Prior Bonds</u>	<u>Series A Bonds</u>
Stepney Elementary School Roof Replacement 2017	\$ 2,650,000	\$ -	\$ 2,650,000
Fire Apparatus 2017	3,880,000	-	3,880,000
Public Works Dump Trucks 2018	406,000	-	405,000
Road Construction & Reconstruction	1,018,000	-	1,018,000
Stevenson Volunteer Fire Department Vehicles	132,000	-	132,000
Total	\$ 8,086,000	\$ -	\$ 8,085,000

The Series B Bonds

Authorizations: The Series B Bonds were authorized and are being issued pursuant to a refunding resolution adopted by the Town Council on March 26, 2018.

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

Plan of Refunding – The Series B Bonds

The Series B Bonds are being issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, and a refunding resolution adopted by the Town Council at a meeting held on March 26, 2018 authorizing the issuance of refunding bonds in amounts not to exceed \$7,600,000 to refund a portion of the outstanding maturities of the Town's general obligation bonds, including but not limited to, the Refunded Bonds listed herein. The refunding is contingent upon delivery of the Bonds.

<u>Issue</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2010B	10/13/2010	4/1/2019	\$ 860,000	4.000 %	7/27/2018	100.00 %
2010B	10/13/2010	4/1/2020	860,000	4.000	7/27/2018	100.00
2010B	10/13/2010	4/1/2021	860,000	4.000	7/27/2018	100.00
2010B	10/13/2010	4/1/2022	860,000	3.000	7/27/2018	100.00
2010B	10/13/2010	4/1/2023	1,175,000	3.000	7/27/2018	100.00
2010B	10/13/2010	4/1/2024	1,185,000	3.000	7/27/2018	100.00
2010B	10/13/2010	4/1/2025	1,170,000	3.000	7/27/2018	100.00
2010B	10/13/2010	4/1/2026	425,000	3.125	7/27/2018	100.00
Total			<u>\$ 7,395,000</u>			

Upon delivery of the Series B Bonds, a portion of the proceeds of the Series B Bonds will be placed in an irrevocable escrow deposit fund (the "Escrow Deposit Fund") established with U.S. Bank National Association of Hartford, Connecticut, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agreement") to be dated as of June 26, 2018 between the Escrow Agent and the Town. The Escrow Agent will deposit the net proceeds of the Series B Bonds and other monies, if any, into the Escrow Deposit Fund and will use such proceeds and other monies, as applicable, to purchase a portfolio of United States Treasury State and Local Government Series ("SLGS") securities (the "Escrow Securities"). All investment income on, and maturing principal of, the Escrow Securities held in the Escrow Deposit Fund and needed to pay the principal, interest payments and redemption prices of the Refunded Bonds will be applied by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Refunding Bonds will be used to pay costs of issuance, including the underwriter's discount.

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

Ratings

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

Optional Redemption

The Series A Bonds

The Series A Bonds maturing on or before June 15, 2023 are not subject to redemption prior to maturity. The Series A Bonds maturing on June 15, 2024, and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after June 15, 2023, 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, 2023 and thereafter	100%

The Series B Bonds

The Series B Bonds maturing on or before April 1, 2023 are not subject to redemption prior to maturity. The Series B Bonds maturing on April 1, 2024, and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after April 1, 2023, 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>
April 1, 2023 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.

Verification of Mathematical Computations

Ritz & Associates P.A. will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of the computations contained in the Underwriter's schedules to determine that the anticipated receipts from the Escrow Securities and cash deposits to be held in escrow, if any, will be sufficient to pay, when due, the principal, interest and

applicable call premium, if any, of the Refunded Bonds. Ritz & Associates P.A. will express no opinion on the assumptions provided to them.

Sources and Uses of Bond Proceeds

Sources:	<u>Series A Bonds</u>	<u>Series B Bonds</u>
Par Amount	\$ 8,085,000.00	\$ 7,040,000.00
Net Original Issue Premium	466,424.25	491,473.15
Total Sources	<u>\$ 8,551,424.25</u>	<u>\$ 7,531,473.15</u>
Uses:		
Deposit to Escrow Deposit Fund	\$ -	\$ 7,463,559.47
Deposit to Project Fund	8,475,578.04	-
Underwriter's Discount	26,133.48	22,210.27
Costs of Issuance	49,712.73	45,703.41
Total Uses	<u>\$ 8,551,424.25</u>	<u>\$ 7,531,473.15</u>

Tax Matters

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds (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 except as hereinafter described, corporations. For taxable years that began before January 1, 2018, interest on the Bonds owned by certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax may be taken into account in computing the federal alternative minimum tax for such corporations. For taxable years beginning on or after January 1, 2018, the federal alternative minimum tax on corporations has been repealed.

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

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

Original Issue Discount. The initial public offering price of the Bonds may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of the Bonds will constitute original issue discount. The offering price relating to the yield set forth on the cover page of this Official Statement for the Bonds is expected to be the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds are sold. Under existing law, original issue discount on the Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Bonds 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 purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond 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. Accrued original issue discount may be taken into account as an increase in the amount of tax exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning such Bonds even though such owner has not received a corresponding cash payment.

Prospective purchasers of Bonds at an original issue discount should consult their own tax advisors as to the treatment of original issue discount for federal income tax purposes including various special rules relating hereto and the state and local tax consequences of owning or disposing of such Bonds.

Original Issue Premium. The initial public offering price of the Bonds may be more than their stated principal amount. An owner who purchases a Bond 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 for federal income tax purposes. Prospective purchasers of the Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

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

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

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

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

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

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

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 under federal or state law or otherwise prevent beneficial owners of the Bonds 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. Prospective purchasers of the Bonds should consult their own tax advisers 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. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds.

Security and Remedies

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

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

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

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

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

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

Qualification for Financial Institutions

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

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co., (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing

Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

Replacement Bonds

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

DTC Practices

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

Underwriting

The Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"), pursuant to the terms of a bond purchase agreement for the Bonds with the Town (the "Bond Purchase Agreement"). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed, subject to certain conditions, to purchase the Series A Bonds from the Town at the net aggregate purchase price of \$8,525,290.77 (consisting of the par amount of \$8,085,000.00, plus original issue premium of \$466,424.25, less an underwriter's discount of \$26,133.48) and to purchase the Series B Bonds from the Town at the net aggregate purchase price of \$7,509,262.88 (consisting of the par amount of \$7,040,000.00, plus original issue premium of \$491,473.15, less an underwriter's discount of \$22,210.27). The Underwriter will be obligated to purchase all such Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower or yields higher than the public offering prices or yields stated on the inside cover page hereof. The initial offering prices or yields may be changed, from time to time, by the Underwriter.

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

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SECTION II - THE ISSUER

Description of the Town

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

The Town is one of the fastest growing, suburban residential communities in the state of Connecticut, with a population increase of 17.1% since 1990 and a 41.8% increase since 1980. According to the U.S. Bureau of Census, 2016 American Community Survey, the Town's population was 19,784. The Town has above average income and education levels that reflect its character as a suburban bedroom community.

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

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

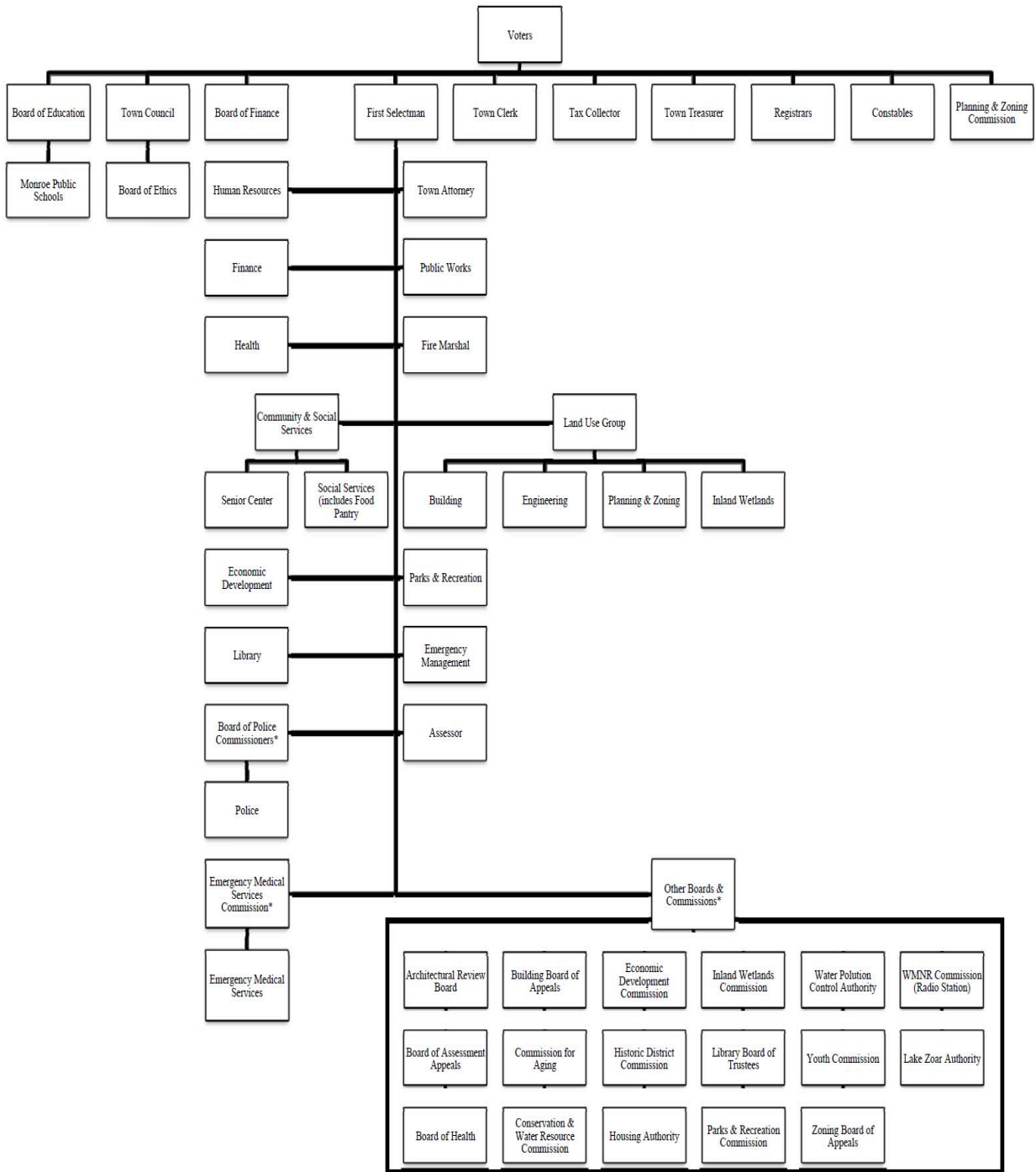
Form of Government

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>
Kenneth M. Kellogg	First Selectman	11/27/2017	6 months
Ronald J. Bunovsky, Jr.	Director of Finance	Appointed	4 years
Michael Manjos	Chairman, Board of Finance	11/27/2017	8 years
John Battista	Interim Superintendent of Schools	Appointed	8 months
Emanuel Cambra Jr.	Tax Collector	11/27/2017	18 years
John Salvatore	Chief of Police	Appointed	17 years
Deborah Heim	Town Treasurer	11/27/2017	2 years
Jeremy Hayden	Town Attorney	Appointed	6 months
<u>Other Appointments</u>			
Pullman Comley	Bond Counsel	Appointed	7 years
PKF O'Connor Davies LLP	Independent Auditors	Appointed	3 years
Independent Bond and Investment Consultants LLC	Independent Municipal Advisors	Appointed	21 years

Source: Town Officials

Town Services

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

Emergency Medical Service (EMS): Founded in 1977, Monroe Volunteer Emergency Medical Service (MVEMS) has grown to its current status of 48 active members, which staff three (3) ambulances that cover approximately 1,500 emergency calls each year. A paramedic with a specially equipped vehicle provides advanced life support for residents on a 24/7 basis. The volunteer membership also takes an active role in community services by providing CPR/AED training, first aid stations for special town events and civic groups, school presentations, "Stuff an Ambulance" food drives and first aid awareness for Cub Scout and Girl Scout troops. The service was instrumental in attaining Heart-Safe Community status for the Town. Additionally, MVEMS instructors provide EMT training programs and ongoing continuing education programs for its members. In the spirit of volunteerism, members proudly serve their community providing high quality pre-hospital emergency care to those in need.

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

Public Works Department: The Public Works Department includes the Highway Department, Solid Waste, Recycling and Building Maintenance. The Department employs one Director, one Deputy Director, one highway supervisor, two crew leaders and twenty-one other personnel, 1 full time and 1 part time administrative assistant, 1 building maintainer and 1 night custodian. The Public Works Department is responsible for 20 buildings and facilities totaling 236,911 square feet in addition to over 42 pieces of rolling stock in the repair, maintenance, and snow plowing of over 143 miles of town roads. In addition, the Public Works Department manages the Town's bulky waste disposal area; open two days a week, for recycling and the disposal of brush, wood, metal and electronics.

Solid Waste: The Town has entered into a Solid Waste Disposal Agreement (the Agreement), with Wheelabrator Bridgeport, L.P. (Wheelabrator) for the disposal of solid waste through the Greater Bridgeport Regional Solid Waste Interlocal Committee (the Interlocal). It is required that the Agreement be executed by Contracting Communities whose aggregate average generation of Acceptable Waste for the two (2) year period prior to the Contract Date was in excess of 175,000 Tons per year. Each municipality which has signed the Agreement agrees to deliver or cause to be delivered to the System all Acceptable Waste, as defined therein, generated by it or within its boundaries. Wheelabrator is required to accept from each municipality and dispose of all Acceptable

Waste delivered to the System by or on behalf of each municipality. Both the Greater Bridgeport Regional Solid Waste Interlocal Agreement and the Solid Waste Disposal Agreement are available for review at Town Hall. For fiscal year 2017-18, the Town has paid a tipping fee of \$62 per ton for solid waste delivered to the Facility in Bridgeport.

Transfer Station: The Town of Monroe is currently operating under a verbal agreement with the Town of Trumbull to utilize its transfer station to deliver all refuse to be transferred to Wheelabrator in Bridgeport. The Town pays approximately \$46 per ton to the Town of Trumbull and Enviro Express, Inc. to operate the transfer station and transport the refuse to the Facility in Bridgeport. The all-in-cost per ton for the operation of the transfer station, the transportation of the refuse to Wheelabrator and the tipping fees paid to Wheelabrator is approximately \$108 per ton for fiscal year 2017-18.

Recycling: Monroe has entered into the Greater Bridgeport Regional Recycling Interlocal Agreement (GBRRIA), replacing the Southwest Connecticut Regional Recycling Operating Committee (SWEROC). The agreement provides for a committee membership which administers all matters affecting the municipality in connection with the delivery of municipal recyclables as mandated by the State of Connecticut. Monroe will agree to continue to provide for the pickup and delivery of residential generated recyclables to a resource recovery facility with which the committee of the GBRRIA contracts with. The Greater Bridgeport Regional Recycling Interlocal Agreement (GBRRIA) is available for review at Town Hall.

Health and Welfare: The Health Department consists of a Director of Health, a Sanitarian, a Part-Time Nurse and an Administrative Assistant. The mission of the department is to improve the quality of life of the community through the promotion of health, the prevention of disease and injury, and fostering a healthy environment. It works closely with the state health department and other community partners to develop population based intervention programs that encourage healthy behaviors of the citizens, the preparation and response to disaster events and provide assistance to the community's recovery process through the Department's work in Community Health, Environmental Health, and Emergency Preparedness activities.

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

Library: The Edith Wheeler Memorial Library is a 30,000 square foot facility which houses a children's department on the ground level with adult and teen services on the main floor. A full range of library services is provided by 7 full time staff, including the Director, 30 part time staff, and many volunteers. The library offers a meeting room with capacity for 150, children's program rooms, study rooms and a 15 person conference room. In addition to the 95,000 items in its collection the library offers opportunities for experiential learning (3-D printing), art and music programs for all ages, programs for special needs, and homebound services. Streaming movies, music and audiobooks, in addition to research databases, are available online and accessed using the library website at www.ewml.org.

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

The Town last completed an update to its Plan of Conservation & Development (POCD) on December 14, 2010. The next review of the Town's POCD, which is required to be completed every 10 years pursuant to the Connecticut General Statutes, will take place prior to December of 2020.

Economic Development: The Town has an all-volunteer Economic Development Commission, consisting of seven members, which are appointed by the First Selectman with Town Council approval. The Commission assists in the orderly development of commercial and industrial sectors of the Town, while being consistent with the Town's Plan of Conservation & Development.

The Commission works directly with the First Selectman’s Office, through partnerships with the public, community organizations, elected officials, town departments and other boards and commissions, in an effort to:

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

The Town includes approximately 1,639 acres (9.7% of the total Town area) zoned for commercial business and industrial development, including substantial acreage ripe for development or redevelopment. The balance, like most Fairfield County communities, consists mainly of one, two and three acre minimum single-family residential zoned areas (one acre approximately 38.9%; two acre approximately 26.6%; and three acre approximately 16.3%) and a smaller percentage of multi-family housing zones (approximately 8.5%).

Financial institutions located in the Town include Bank of America, 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 for pupils in grades Pre K through 5, two schools for pupils in grades K through 5; one school for pupils in grades 6-8 and one high school for pupils in grades 9-12. The schools are governed by a nine-member Board of Education.

Educational Facilities

<u>School</u>	<u>Grades</u>	<u>Date of Construction (Additions, Remodeling)</u>	<u>No. of Classrooms</u>	<u>Enrollment 10/1/2017</u>	<u>Capacity</u>
Monroe	Pre K-5	1935 (1947,1953,1957,1983)	19	371	414
Stepney	K-5	1962 (1989)	30	433	565
Fawn Hollow	K-5	1966 (1989)	34	521	656
Jockey Hollow	6-8	1998	36	786	634
Masuk High School	9-12	1958 (1963,1977,2006)	57	1,027	1,450
Total				<u>3,138</u>	<u>3,719</u>

Source: Superintendent's office, Town of Monroe.

School Enrollment

<u>School Year</u>	<u>Actual</u>					<u>Total</u>
	<u>PK-4</u>	<u>PK-5</u>	<u>5-8</u>	<u>6-8</u>	<u>9-12</u>	
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
2014-15		1,319		758	1,184	3,261
2015-16		1,281		780	1,106	3,167
2016-17		1,337		782	1,061	3,180
2017-18		1,325		786	1,027	3,138
<u>Projections</u>						
2018-19		1,370		749	1,014	3,133
2019-20		1,382		768	1,004	3,154
2020-21		1,389		772	1,010	3,171
2021-22		1,407		764	1,010	3,181
2022-23		1,331		763	992	3,086

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Government	169	171	174	165	165
Board of Education	460	464	470	478	481
Total	629	635	644	643	646

Source: Town Officials

Municipal Employees by Category

<u>Department</u>	<u>Number of Employees</u>
General Government	
Police	52
Library	13
Highway Department	24
Land Use Group	9
Social Services/Senior Center	7
Parks & Recreation	27
Other	38
Total General Government	<u>169</u>
<u>Board of Education</u>	
Administration and Principals	23
Teachers	264
Paraprofessionals	78
Other	95
Total Board of Education	<u>460</u>
Grand Total	<u><u>629</u></u>

Source: Town Officials

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Municipal Employees Bargaining Organizations

<u>Employees</u>	<u>Organization</u>	<u>Employees Covered</u>	<u>Contract Expiration</u>
General Government			
Highway / Parks & Rec Clerical	Local 44, Connecticut Independent Labor Union	23	6/30/2018
	Local 136, International Federation of Professional and Technical Engineers	32	6/30/2017 ¹
Police - Uniform Officers	Local 15, AFSCME, AFL-CIO	38	6/30/2019
Supervisors	Local 818, AFSCME, AFL-CIO	16	6/30/2020
	Sub-total General Government	109	
	Non-Bargaining and part-time	60	
	Total General Government	169	
Board of Education			
Administrators	Monroe Federation of School Administrator's	20	6/30/2021
Teachers	Monroe Education Association	264	6/30/2020
Paraprofessionals	United Public Service Employees Union	78	6/30/2021
Secretaries	United Public Service Employees Union	22	6/30/2020
Custodial	United Public Service Employees Union	27	6/30/2020
School Nurses	United Public Service Employees Union	7	6/30/2018
School Library Employees	Local 136, International Federation of Professional and Technical Engineers, Library Association of Monroe School System	2	6/30/2021
	Sub-total Board of Education	420	
	Non-Bargaining and part-time	40	
	Total Board of Education	460	
	Total Town of Monroe	629	

¹ In negotiations.

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

SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

<u>Year</u>	<u>Town of Monroe</u>	<u>Fairfield County</u>	<u>State of Connecticut</u>
1980	13,952	807,143	3,107,576
1990	16,896	857,270	3,287,116
2000	19,247	882,567	3,405,565
2016	19,784	941,618	3,588,570

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	879	4.4	53,839	5.7	188,812	5.3
5 - 9	1,225	6.2	62,491	6.6	210,557	5.9
10 - 14	1,803	9.1	64,748	6.9	228,543	6.4
15 - 19	1,672	8.5	67,377	7.2	252,522	7.0
20 - 24	833	4.2	56,771	6.0	242,007	6.7
25 - 34	1,487	7.5	108,908	11.6	438,471	12.2
35 - 44	2,334	11.8	122,317	13.0	439,606	12.3
45 - 54	3,918	19.8	148,125	15.7	545,977	15.2
55 - 59	1,973	10.0	67,378	7.2	263,778	7.4
60 - 64	1,149	5.8	54,230	5.8	223,274	6.2
65 - 74	1,498	7.6	72,861	7.7	303,959	8.5
75 - 84	732	3.7	41,447	4.4	163,137	4.5
85 and over	281	1.4	21,126	2.2	87,927	2.5
Total	19,784	100.0	941,618	100.0	3,588,570	100.0

Source: U.S. Bureau of Census, American Community Survey, 2012-16.

Selected Wealth and Income Indicators

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2016)</u>	<u>(2000)</u>	<u>(2016)</u>
Town of Monroe	\$ 92,514	\$132,836	\$34,161	\$50,195
Fairfield County	77,690	107,309	38,350	51,719
Connecticut	65,521	91,274	28,766	39,906
United States	49,600	67,871	21,690	29,829

Source: U.S. Bureau of Census, American Community Survey, 2012-16.

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	72	1.3	6,508	2.8	29,623	3.3
10,000 to 14,999	26	0.5	3,894	1.7	17,060	1.9
15,000 to 24,999	16	0.3	10,140	4.3	44,354	5.0
25,000 to 34,999	142	2.7	13,110	5.6	54,456	6.1
35,000 to 49,999	314	5.9	18,954	8.1	81,300	9.1
50,000 to 74,999	544	10.2	30,098	12.8	137,336	15.4
75,000 to 99,999	563	10.5	26,631	11.3	124,033	13.9
100,000 to 149,999	1,360	25.4	43,596	18.5	186,214	20.8
150,000 to 199,999	969	18.1	25,642	10.9	96,075	10.7
200,000 or more	1,339	25.1	56,491	24.0	123,962	13.9
	5,345	100.0	235,064	100.0	894,413	100.0

Source: U.S. Bureau of Census, American Community Survey, 2012-16.

Educational Attainment
Years of School Completed, Age 25 & Over

Educational Attainment Group	Town of Monroe		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	321	2.4	32,770	5.1	103,279	4.2
9th to 12th grade	307	2.3	31,528	5.0	139,653	5.7
High School graduate	2,727	20.4	142,289	22.4	673,220	27.3
Some college, no degree	1,921	14.4	96,734	15.2	427,232	17.3
Associates degree	1,186	8.9	38,024	6.0	184,426	7.5
Bachelor's degree	4,164	31.1	165,089	25.9	524,370	21.3
Graduate or professional degree	2,746	20.5	129,958	20.4	413,949	16.8
Total	13,372	100.0	636,392	100.0	2,466,129	100.0

Percent of High School Graduates	95.3%	89.9%	90.1%
Percent of College Graduates	51.7%	46.4%	38.0%

Source: U.S. Bureau of Census, American Community Survey, 2012-16.

Employment by Industry

Employment Sector	Town of Monroe		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, Hunting & Mining	49	0.5	1,278	0.3	7,209	0.4
Construction	496	4.7	29,928	6.4	101,497	5.7
Manufacturing	1,410	13.2	38,699	8.3	190,713	10.6
Wholesale Trade	291	2.7	11,604	2.5	45,110	2.5
Retail Trade	950	8.9	49,420	10.5	193,853	10.8
Transportation, Warehousing & Utilities	301	2.8	15,401	3.3	66,516	3.7
Information	314	2.9	13,222	2.8	42,374	2.4
Finance, Insurance & Real Estate	1,156	10.9	56,387	12.0	163,765	9.1
Professional, Scientific & Management	1,835	17.2	73,207	15.6	206,042	11.5
Educational Services & Health Care	2,332	21.9	105,072	22.4	474,976	26.5
Arts, Entertainment, Recreation & Food Services	804	7.6	39,616	8.5	153,754	8.6
Other Service (including nonprofit)	300	2.8	23,708	5.1	81,588	4.5
Public Administration	408	3.8	11,038	2.4	66,291	3.7
Total	10,646	100.0	468,580	100.0	1,793,688	100.0

Source: U.S. Bureau of Census, American Community Survey, 2012-16.

Major Employers

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Number of Employees</u>
Town of Monroe	Government and education	629
Big Y Supermarket	Supermarket	189
Victorinox (Swiss Army)	Headquarters/Disribution	154
Northeast Laser Engraving	Engraving & Electropolishing Services	134
Really Good Stuff	Classroom supplies	126
Stop & Shop	Supermarket	126
M Cubed Technologies	Ceramic Componant MFG	94
Waterview LLC	Property Management /Catering	75
Aquarion Water	Regulated Water Utility	70
Practitioner Support Services	Primary care in nursing facilities	65
		<u>1,662</u>

Source: Town officials.

Unemployment Rate Statistics ¹

<u>Yearly Average</u>	<u>Town of Monroe</u>	<u>Bridgeport Labor Market</u>	<u>State of Connecticut</u>	<u>United States</u>
2007	3.7 %	4.1 %	4.6 %	4.6 %
2008	4.7 %	5.2 %	5.6 %	5.8 %
2009	7.0 %	7.9 %	8.3 %	9.3 %
2010	7.9 %	8.7 %	9.1 %	9.6 %
2011	7.8 %	8.5 %	8.8 %	9.0 %
2012	7.2 %	8.0 %	8.3 %	8.1 %
2013	6.4 %	7.5 %	7.8 %	7.4 %
2014	5.7 %	6.4 %	6.6 %	6.2 %
2015	5.1 %	5.6 %	5.7 %	5.3 %
2016	4.5 %	5.0 %	5.1 %	4.9 %
2017	4.4 %	4.7 %	4.7 %	4.4 %
<u>2018 Monthly</u>				
January	4.6 %	5.2 %	5.3 %	4.5 %
February	4.5 %	5.0 %	5.1 %	4.4 %
March	3.9 %	4.6 %	4.7 %	4.1 %

¹ Non-seasonally adjusted.

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

Monroe Housing Inventory

<u>Type</u>	<u>Units</u>	<u>Percent</u>
1-unit detached	6,167	85.4
1-unit attached	422	5.9
2 to 4 units	324	4.5
5 to 9 units	257	3.6
10 or more units	16	0.2
Mobile home, trailer, other	32	0
Total Inventory	7,218	100.0

Source: U.S. Bureau of Census, American Community Survey, 2012-16.

Characteristics of Housing Units (Owner Occupied)

<u>Value of Owner Occupied Units</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>
\$ 0 to \$ 50,000	89	1.4	4,974	2.2	24,343	2.7
50,000 to 99,999	38	0.6	4,639	2.0	29,703	3.3
100,000 to 149,999	113	1.8	7,827	3.5	81,158	9.0
150,000 to 199,999	254	4.1	15,248	6.7	139,979	15.5
200,000 to 299,999	1,400	22.4	37,008	16.3	246,071	27.3
300,000 to 499,999	2,963	47.3	66,699	29.4	233,345	25.9
500,000 to 999,999	1,265	20.2	58,078	25.6	104,952	11.7
1,000,000 and over	138	2.2	32,234	14.2	40,672	4.5
Total	6,260	100.0	226,707	100.0	900,223	100.0
Median Value	\$374,500		\$413,400		\$269,300	

Source: U.S. Bureau of Census, American Community Survey, 2012-16.

Age Distribution of Housing

<u>Year Structure Built</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>
1939 or earlier	707	9.8	77,643	21.3	334,202	22.4
1940 to 1949	271	3.8	28,368	7.8	105,566	7.1
1950 to 1959	951	13.2	59,084	16.2	225,824	15.1
1960 to 1969	1,192	16.5	53,446	14.7	201,812	13.5
1970 to 1979	1,180	16.3	47,574	13.0	200,614	13.4
1980 to 1989	1,751	24.3	41,834	11.5	190,755	12.8
1990 to 1999	860	11.9	24,556	6.7	113,584	7.6
2000 to 2009	263	3.6	25,497	7.0	104,308	7.0
2010 to 2013	43	0.6	5,567	1.5	14,673	1.0
2014 or later	0	0.0	1,168	0.3	2,460	0.2
Total housing units	7,218	100.0	364,737	100.0	1,493,798	100.0

Source: U.S. Bureau of Census, American Community Survey, 2012-16.

Dwelling Units

<u>2016</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>% Increase 2000-2016</u>	<u>% Increase 1980-2016</u>
7,218	6,601	5,596	4,131	9.3%	74.7%

Source: U.S. Bureau of Census.

Building Permits

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial/ Industrial</u>	<u>All Other</u>	<u>Total</u>
2018 ¹	\$ 5,562,172	\$ 11,973,750	\$ 6,748,444	\$ 24,284,366
2017	9,242,403	7,086,129	12,210,926	28,539,458
2016	5,449,022	7,591,430	9,038,055	22,078,507
2015	6,032,500	1,428,979	1,306,606	8,768,085
2014	5,133,252	859,599	6,433,557	12,426,408
2013	5,787,045	2,653,020	5,812,035	14,252,100
2012	4,040,641	3,023,417	3,981,792	11,045,850
2011	6,766,753	4,296,938	3,657,556	14,721,247
2010	5,820,353	779,995	1,856,156	8,456,504
2009	7,067,408	6,354,629	7,207,179	20,629,216

¹ As of March 31, 2018.

Source: Town of Monroe building officials.

Land Use Summary

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

Source: Town Officials

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SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of June 26, 2018 (Pro Forma)

Total fiscal year 2017 tax collections (including interest and lien fees)	\$ 75,205,787
State Reimbursement for Revenue Loss on Tax Relief for the Elderly	<u>156,055</u>
Base for Establishing Debt Limit	<u><u>\$ 75,361,842</u></u>

Debt Limitation ¹	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	Total Debt
(2.25 times base)	\$169,564,145					
(4.50 times base)		\$339,128,289				
(3.75 times base)			\$282,606,908			
(3.25 times base)				\$244,925,987		
(3.00 times base)					\$226,085,526	
(7.00 times base)						\$527,532,894
Indebtedness (Including this issue)						
Bonds Payable	\$ 16,126,000	\$ 15,199,000	\$ -	\$ -	\$ -	\$ 31,325,000
The Series A Bonds	5,435,000	2,650,000	-	-	-	8,085,000
The Series B Bonds	2,958,000	4,082,000	-	-	-	7,040,000
Refunded Bonds	(3,107,000)	(4,288,000)				(7,395,000)
Authorized but Unissued Debt	5,229,000	271,466	-	-	-	5,500,466
Gross Direct Debt	<u>26,641,000</u>	<u>17,914,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,555,466</u>
School grants receivable ²	-	(67,935)	-	-	-	(67,935)
Net Direct Debt	<u>26,641,000</u>	<u>17,846,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,487,531</u>
Excess of Limit Over Outstanding and Authorized Debt	<u><u>\$142,923,145</u></u>	<u><u>\$321,281,758</u></u>	<u><u>\$282,606,908</u></u>	<u><u>\$244,925,987</u></u>	<u><u>\$226,085,526</u></u>	<u><u>\$483,045,363</u></u>

¹ Under Connecticut General Statutes, Town debt cannot exceed \$527,532,894 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 \$67,935. See "School Projects" herein.

Source: Town Officials.

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Calculation of Net Direct Debt
As of June 26, 2018 (Pro Forma)

Bonded Debt ¹	
The Series A Bonds (<i>This Issue</i>)	\$ 8,085,000
The Series B Bonds (<i>This Issue</i>)	7,040,000
Refunded Bonds	(7,395,000)
General Improvement	16,126,000
Schools	15,199,000
Total Bonded Debt	<u>39,055,000</u>
Short-Term Debt	
Bond Anticipation Notes	<u>-</u>
Total Short-Term Debt	<u>-</u>
Total Direct Debt	<u>39,055,000</u>
Exclusions: (State School Construction Aid) ²	<u>(67,935)</u>
Net Direct Debt	<u><u>\$ 38,987,065</u></u>

¹ Does not include authorized but unissued debt of \$5,500,466.

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 \$67,935.

Source: Town Officials.

Current Debt Ratios

As of June 26, 2018 (Pro Forma)

Total Direct Indebtedness	\$ 39,055,000
Net Direct Indebtedness	\$ 38,987,065
Population ¹	19,784
Net Taxable Grand List (10/1/17)	\$ 2,172,275,339
Estimated Full Value	\$ 3,103,250,484
Equalized Net Taxable Grand List (2015) ²	\$ 3,114,308,719
Per Capita Income (2016) ¹	\$ 50,195
Total Direct Debt:	
Per Capita	\$1,974.07
To Net Taxable Grand List	1.80%
To Estimated Full Value	1.26%
To Equalized Net Taxable Grand List	1.25%
Per Capita to Per Capita Income	3.93%
Net Direct Debt:	
Per Capita	\$1,970.64
To Net Taxable Grand List	1.79%
To Estimated Full Value	1.26%
To Equalized Net Taxable Grand List	1.25%
Per Capita to Per Capita Income	3.93%

¹ U.S. Bureau of Census, American Community Survey, 2012-2016.

² Office of Policy and Management, State of Connecticut

Historical Debt Statement

	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
Population ¹	19,784	19,784	19,744	19,744	19,631
Net taxable grand list	\$2,153,311,392	\$2,146,111,708	\$2,312,089,496	\$2,308,576,322	\$2,296,715,433
Estimated full value	\$3,076,159,131	\$3,065,873,869	\$3,302,984,994	\$3,297,966,174	\$3,281,022,047
Equalized net taxable grand list ²	\$3,114,308,719	\$3,066,526,011	\$3,118,165,181	\$3,207,048,912	\$3,098,919,583
Per capita income ¹	\$ 50,195	\$ 50,195	\$ 48,639	\$ 48,639	\$ 48,118
Short-term debt	\$ -	\$ -	\$ -	\$ 2,950,000	\$ -
Long-term debt	\$ 35,960,000	\$ 38,965,000	\$ 43,550,000	\$ 41,455,000	\$ 42,195,000
Total Direct Indebtedness	\$ 35,960,000	\$ 38,965,000	\$ 43,550,000	\$ 44,405,000	\$ 42,195,000
Net Direct Indebtedness	\$ 35,748,130	\$ 38,368,027	\$ 42,562,828	\$ 43,022,534	\$ 40,412,146

¹ U.S. Bureau of Census, American Community Survey, 2012-16.

² Office of Policy and Management, State of Connecticut.

Historical Debt Ratios

Total Direct Indebtedness:	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
Per capita	\$1,817.63	\$1,969.52	\$2,205.73	\$2,249.04	\$2,149.41
To net taxable grand list	1.67%	1.82%	1.88%	1.92%	1.84%
To estimated full value	1.17%	1.27%	1.32%	1.35%	1.29%
To equalized net taxable grand list	1.15%	1.27%	1.40%	1.38%	1.36%
Debt per capita to per capita income	3.62%	3.92%	4.53%	4.62%	4.47%
Net Direct Indebtedness:					
Per capita	\$1,806.92	\$1,939.35	\$2,155.73	\$2,179.02	\$2,058.59
To net taxable grand list	1.66%	1.79%	1.84%	1.86%	1.76%
To estimated full value	1.16%	1.25%	1.29%	1.30%	1.23%
To equalized net taxable grand list	1.15%	1.25%	1.36%	1.34%	1.30%
Debt per capita to per capita income	3.60%	3.86%	4.43%	4.48%	4.28%

Outstanding Short-Term Indebtedness

The Town currently has no outstanding short-term indebtedness.

Overlapping and Underlying Indebtedness

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

Capital Leases

The Town has entered into a multi-year capital lease agreement for energy conservation improvements and a street sweeper for public works. The present value of future minimum lease payments as of June 30, 2017 was \$1,753,338. These payments are not included in outstanding bonded debt.

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

Legal Requirements for Approval of Borrowing

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

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th 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 1/15th 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.

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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>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
Pepper Street Improvements	5,050,000	-	-	-	5,050,000
Stepney Elementary School Roof Replacement 2017	2,650,000	-	-	2,650,000	-
Fire Apparatus 2017	3,880,000	-	-	3,880,000	-
DPW Dump Trucks 2018	406,000	-	-	405,000	1,000
Road Construction & Reconstruction	1,018,000	-	-	1,018,000	-
Stevenson VFD Vehicles	132,000	-	-	132,000	-
	<u>\$60,490,000</u>	<u>\$32,112,000</u>	<u>\$14,792,534</u>	<u>\$8,085,000</u>	<u>\$ 5,500,466</u>

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

Capital Improvement Program

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>Total</u>
<u>Summary of Programs</u>						
Board of Education	\$ 55,000	\$ 304,480	\$ 143,000	\$ 1,650,000	\$ -	\$ 2,152,480
EMS	1,527,000	2,000,000	200,000	-	-	3,727,000
Engineering/Land Use	3,591,000	4,505,000	3,670,000	1,120,000	20,000	12,906,000
Fire	1,491,000	1,254,000	435,000	72,000	225,700	3,477,700
Information Technology	8,000	58,000	20,000	23,000	20,000	129,000
Parks & Recreation	1,051,000	327,000	202,000	-	-	1,580,000
Police	227,400	1,725,000	152,000	-	-	2,104,400
Public Works	2,382,500	4,148,000	3,725,000	2,120,000	-	12,375,500
Town Clerk	10,000	-	-	-	-	10,000
Vehicle Replacement Plan	259,000	349,000	-	175,000	-	783,000
Total	<u>\$10,601,900</u>	<u>\$14,670,480</u>	<u>\$ 8,547,000</u>	<u>\$ 5,160,000</u>	<u>\$ 265,700</u>	<u>\$39,245,080</u>
<u>Source of Funding</u>						
Capital Reserve Funds	\$ 1,118,500	\$ 791,000	\$ 522,000	\$ 167,000	\$ 32,000	\$ 2,630,500
General Obligation Bonds	4,756,000	10,111,480	7,465,000	4,635,000	225,700	27,193,180
LOCIP	586,000	-	-	-	-	586,000
Operating Budget	82,950	158,000	160,000	8,000	8,000	416,950
Donations/Fundraising	56,000	-	-	-	-	56,000
STEAP Grants	-	500,000	-	-	-	500,000
STP Regional Grant Funding	3,540,000	2,450,000	50,000	-	-	6,040,000
Police Private Duty Fund	152,450	-	-	-	-	152,450
Town Clerk Fund	10,000	-	-	-	-	10,000
Town Road Grant Funds	300,000	660,000	350,000	350,000	-	1,660,000
Total	<u>\$10,601,900</u>	<u>\$14,670,480</u>	<u>\$ 8,547,000</u>	<u>\$ 5,160,000</u>	<u>\$ 265,700</u>	<u>\$39,245,080</u>

Combined Schedule of Long Term Debt through Maturity

As of June 26, 2018 (Pro Forma)

Fiscal Year	Existing Indebtedness			Series A	Refunded	Series B	ALL ISSUES
	Principal Payments	Interest Payments	Total Debt Service	Bonds Principal	Bonds Principal	Bonds Principal	Total Principal
2017-18 ¹	\$ 4,635,000	\$ 1,176,214	\$ 5,811,214	\$ -	\$ -	\$ -	\$ 4,635,000
2018-19	4,490,000	1,009,214	5,499,214	810,000	(860,000)	865,000	5,305,000
2019-20	4,265,000	835,339	5,100,339	810,000	(860,000)	785,000	5,000,000
2020-21	4,270,000	679,364	4,949,364	810,000	(860,000)	785,000	5,005,000
2021-22	4,140,000	527,908	4,667,908	810,000	(860,000)	790,000	4,880,000
2022-23	3,330,000	392,308	3,722,308	810,000	(1,175,000)	1,120,000	4,085,000
2023-24	3,360,000	295,529	3,655,529	810,000	(1,185,000)	1,150,000	4,135,000
2024-25	2,620,000	204,726	2,824,726	810,000	(1,170,000)	1,145,000	3,405,000
2025-26	1,890,000	127,101	2,017,101	810,000	(425,000)	400,000	2,675,000
2026-27	1,235,000	72,720	1,307,720	810,000	-	-	2,045,000
2027-28	645,000	45,420	690,420	795,000	-	-	1,440,000
2028-29	640,000	26,820	666,820	-	-	-	640,000
2029-30	440,000	11,880	451,880	-	-	-	440,000
Total	\$35,960,000	\$ 5,404,542	\$41,364,542	\$8,085,000	\$(7,395,000)	\$7,040,000	\$ 43,690,000

¹ Includes \$4,635,000 in principal payments and \$1,176,214 in interest payments made as of June 26, 2018.

Source: Town annual audit reports.

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SECTION V - FINANCIAL DATA

Accounting Policies

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

Basis of Accounting

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

Audit

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

The most recent annual audit covers the fiscal year ended June 30, 2017, 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 8th. The Town Council shall hold one public hearing prior to forwarding the Budget to the Board of Finance by February 28th. The Board of Finance must hold one public hearing prior to submitting the budget to the First Selectman no later than March 21st. 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 6th, the 1st 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 a contributory defined benefit retirement pension plan (the "Plan") which covers substantially all current Town and Board of Education employees except police department employees who participate in the Connecticut Municipal Employees' Retirement System Fund B (MERS), a cost-sharing, multiple-employer, contributory defined benefit plan established under Chapter 113 of the Connecticut General Statutes and administered by the Connecticut State Employees Retirement Commission, and teachers, who also participate in a contributory plan administered by the Connecticut State Teachers Retirement Board. The Plan is administered by the Town of Monroe Pension Committee, which utilized the services of Hooker & Holcombe for actuarial services, Fiduciary Investment Advisors for investment services and Wells Fargo as the custodian of the plan assets. The Plan was frozen in 2015 for all new Town employees (Board of Education employees are currently still eligible). The Town has set up a defined contribution plan, pursuant to section 401(a) of the Internal Revenue Code, with a 3% employer match for all Town employees hired after June 30, 2015.

The Town has implemented Government Accounting Standards Board's (GASB) Statement No. 67. Net position is based on fair market value as of June 30, 2017 and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date updated to June 30, 2017. In accordance with GASB Statement No. 67, the components of the net pension liability of the Town as of June 30, 2017 were as follows:

	<u>Town</u>	<u>Board of Education</u>	<u>Total</u>
Total pension liability	\$12,306,023	\$13,101,659	\$25,407,682
Plan fiduciary net position	11,323,214	11,311,657	22,634,871
Net pension liability	<u>\$ 982,809</u>	<u>\$ 1,790,002</u>	<u>\$ 2,772,811</u>
Plan fiduciary net position as a % of total pension liability	92.01%	86.34%	89.09%

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

	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>1% Increase 7.75%</u>
Town Employees' Net Pension Liability	\$ 2,438,227	\$ 982,809	\$ (258,962)
Board of Education Employees' Net Pension Liability	\$ 3,383,032	\$ 1,790,002	\$ 441,093

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

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Overfunded (Unfunded) AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
<i><u>Town Employee's Plan</u></i>						
07/01/16	\$10,399,570	\$11,725,741	\$(1,326,171)	88.7%	\$3,580,543	-37.0%
07/01/14	8,904,632	11,047,132	(2,142,500)	80.6%	3,244,363	-66.0%
07/01/12	7,486,638	9,598,303	(2,111,665)	78.0%	3,044,942	-69.3%
01/01/10	7,124,118	8,784,914	(1,660,796)	81.1%	3,205,710	-51.8%
01/01/08	8,221,381	7,967,922	253,459	103.2%	2,938,871	8.6%
<i><u>Board of Education Employee's Plan</u></i>						
07/01/16	\$11,195,105	\$12,541,374	\$(1,346,269)	89.3%	\$3,874,773	-34.7%
07/01/14	10,015,497	11,741,546	(1,726,049)	85.3%	4,023,056	-42.9%
07/01/12	8,994,081	10,626,487	(1,632,406)	84.6%	4,268,569	-38.2%
01/01/11	8,502,820	9,675,631	(1,172,811)	87.9%	3,839,606	-30.5%
01/01/09	7,735,096	8,601,200	(866,104)	89.9%	3,828,126	-22.6%

Schedule of Employer Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed
<i>Town Employee's Plan</i>			
2019 ¹	\$360,192	\$360,192	100.0%
2018 ¹	354,017	354,017	100.0%
2017	389,752	390,000	100.1%
2016	382,281	383,000	100.2%
2015	394,666	391,857	99.3%
<i>Board of Education Employee's Plan</i>			
2019 ¹	\$356,475	\$356,475	100.0%
2018 ¹	350,452	350,452	100.0%
2017	385,429	385,429	100.0%
2016	376,663	367,541	97.6%
2015	376,663	367,541	97.6%

¹ Adopted budget.

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

Other Post-Employment Benefits

The Town administers two single-employer defined benefit plans for employee post-employment benefits. The first is the Police Other Post-employment Benefit Plan (the "Police Benefits Plan") which provides post-employment medical coverage for those officers who retire from employment with the Town. Under the program, the retiree is provided medical coverage at a cost equal to twenty-five percent of the annual premium and is provided coverage from retirement up to the qualification for Medicare benefits. Benefit provisions are established by the Town and the union representing the police officers. The Town established the Town of Monroe Other Post-Employment Benefit Trust Fund for the plan year beginning July 1, 2016.

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

The Town implemented Government Accounting Standards Board's ("GASB") Statement No. 74 for the Police Benefits Plan effective fiscal year ending June 30, 2017. In accordance with GASB Statement No. 74, the net position is based on the fair market value as of the end of the fiscal year and the total OPEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. For the June 30, 2017 measurement, the discount rate used was 6.75%, and the long-term healthcare cost trend rate was 7.75% decreasing to 4.75% for plan year 2022 and beyond. Under GASB Statement No. 74, the components of the net OPEB liability of the Police Benefits Plan as of June 30, 2017 are as follows:

	Police Benefits Plan (Trust)	
	2017	2016
Total OPEB liability	\$ 2,157,704	\$ 1,948,697
Plan fiduciary net position	427,082	252,338
Net pension liability	<u>\$ 1,730,622</u>	<u>\$ 1,696,359</u>
Plan fiduciary net position as a % of total OPEB liability	19.79%	12.95%

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

Discount Rate Sensitivity			
	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Net OPEB Liability	\$1,951,807	\$1,730,622	\$1,532,892

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

Healthcare Cost Trend Rates			
	1% Decrease	Current Rate	1% Increase
	6.75% decreasing to 3.75%	7.75% decreasing to 4.75%	8.75% decreasing to 5.75%
Net OPEB Liability	\$1,407,297	\$1,730,622	\$2,125,303

The following represents historical information regarding the Police Benefits Plan's funding progress. The most recent complete actuarial valuation was effective July 1, 2016.

Schedule of Funding Progress

Police Benefits Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2016	\$ 252,339	\$ 1,948,967	\$ (1,696,628)	12.9%	\$ 3,287,439	-51.61%
7/1/2014	231,893	998,668	(766,775)	23.2%	3,129,570	-24.50%
7/1/2012	-	1,702,216	(1,702,216)	0.0%	2,732,999	-62.28%
7/1/2010	-	1,568,829	(1,568,829)	0.0%	2,702,454	-58.05%
7/1/2008	-	884,014	(884,014)	0.0%	2,567,152	-34.44%

Schedule of Employer Contributions

Police Benefits Plan			
Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2018 ¹	\$ 186,574	\$ 190,000	101.8%
2017	109,498	189,896	173.4%
2016	106,000	94,479	89.1%
2015	179,057	27,390	15.3%
2014	175,750	31,212	17.8%

¹ Adopted budget.

Due to the fact that a trust has not been established for the Board of Education Post-employment Welfare Benefit program, the Board of Education plan is not subject to GASB 74. The following represents the accrued liability and actuarial value of plan assets as of July 1, 2016:

Schedule of Funding Progress

BOE Benefits Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2016	\$ -	\$ 9,573,628	\$ (9,573,628)	0.0%	\$31,548,000	-30.35%
7/1/2014	-	10,703,353	(10,703,353)	0.0%	29,387,000	-36.42%
7/1/2012	-	9,652,132	(9,652,132)	0.0%	N/A	N/A
7/1/2010	-	10,403,104	(10,403,104)	0.0%	N/A	N/A
7/1/2008	-	15,112,705	(15,112,705)	0.0%	N/A	N/A

Schedule of Employer Contributions

BOE Benefits Plan			
Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2018 ¹	\$ 849,063	\$ 796,697	93.8%
2017	737,503	751,759	101.9%
2016	722,572	577,683	79.9%
2015	708,282	769,750	108.7%
2014	567,391	387,594	68.3%

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 Corporation, Federal National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, and certain money market mutual funds.

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

Property Tax Assessment

Section 12-62 et. seq. of the Connecticut General Statutes govern real property assessments and establish the revaluation cycle for Connecticut municipalities of a revaluation every five years and, generally, a physical inspection every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. However, the statute permits the phase-in of a real property assessment increase resulting from a revaluation over a period of up to five years. The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total assessed values for all taxable and

tax exempt real estate, taxable personal property, and motor vehicles located within the Town as of October 1. Assessments for real and personal property are computed at seventy percent (70%) of the market value at the time of last revaluation, and at 70% of the annual approval of Motor Vehicles by the Office of Policy and Management. Grand List information is used by municipalities to set the mill rate which in turn becomes the basis for the Towns' annual tax levy. Any property owner may seek to appeal its assessment by filing a written appeal to a Town's Board of Assessment Appeals. The Board of Assessment Appeals elects to hear such appeals and determines whether adjustments to the Assessor's list relating to assessments under appeal are warranted. Under Connecticut law, taxpayers who are dissatisfied with a decision by a Town's Board of Assessment Appeals may appeal the decision to the Connecticut Superior Court. Pending the appeal, 75 to 90 percent of the taxes due must be paid, depending on the value of the assessed property. The Town recently performed a revaluation on October 1, 2014 which was effective for fiscal year 2015-16.

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

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

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

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

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

Motor Vehicle Property Tax Rate

Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. The State of Connecticut's 2017-2019 biennium budget legislation amended that statute to provide that (1) for the assessment year October 1, 2016 (the fiscal year ending June 30, 2018), the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 (the fiscal year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The amendment raised the mill rate cap for the assessment year October 1, 2016 from 32 mills to 39 mills. However, the Town had adopted its fiscal year 2017-18 operating budget prior to the amendment to the statute. As result, the Town's motor vehicle mill rate for fiscal year 2017-18 was 32 mills.

For the fiscal year ending June 30, 2018, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 39 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 39 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013 (the fiscal year ending June 30, 2015), and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 39 mills (the "Grant Formula"). On May 9, 2018, the Connecticut General Assembly adopted a budget adjustment bill which made revisions to the State's biennial budget for fiscal years ending June 30,

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

Property Tax Levy and Collection

Property taxes are levied on all taxable assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real and personal property taxes are generally payable in two installments on July 1 and January 1, except that real and personal property taxes under \$100 are payable in one installment on July 1. Motor vehicle tax bills are payable in July and motor vehicle supplemental bills are payable in January. Personal property taxes of \$100.00 or less are payable in July. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least four times a year with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle, real estate, and personal property tax accounts are transferred to a suspense account when collection appears unlikely at which time they cease to be carried as receivables. Tax accounts are transferred to suspense accounts no later than fifteen years after the due date in accordance with state statutes.

Historic Property Tax Levies and Collections

Fiscal Year Ending 30-Jun	Net Taxable Grand List	Tax Rate (In Mills)	Total Adjusted Tax Levy	% Collected End of Each FY	Uncollected End of Each FY	Uncollected As of 6/30/2017
2019 ¹	\$2,172,275,339	35.24	\$75,835,566	In process	In process	In process
2018 ¹	2,158,777,057	35.76	74,945,878	In process	In process	In process
2017	2,153,311,392	35.00	75,013,051	98.97 %	\$ 772,917	\$ 775,917
2016 ²	2,146,111,708	34.35	73,717,099	99.06	693,058	312,947
2015	2,311,419,040	31.01	71,651,461	98.80	847,627	53,746
2014	2,308,576,322	30.41	70,203,806	98.90	765,134	8,819
2013	2,296,715,433	29.26	67,210,084	99.01	665,685	8,185
2012	2,289,778,986	28.79	65,702,612	98.80	779,332	4,006
2011 ²	2,283,352,447	28.26	64,320,324	98.54	936,551	-
2010	2,117,900,075	29.50	62,457,178	98.60	866,701	-

¹ Adopted budget.

² Revaluation.

Source: Town Officials.

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Taxable Grand List

Grand List Dated	Real Property	Motor Vehicle Property	Personal Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/1/17	\$ 1,925,836,496	\$168,912,587	\$102,848,355	\$2,197,597,438	\$25,322,099	\$2,172,275,339
10/1/16	1,917,651,143	167,903,024	95,313,866	2,180,868,033	22,090,976	2,158,777,057
10/1/15	1,912,908,449	167,301,230	90,398,935	2,170,608,614	17,297,222	2,153,311,392
10/1/14 ¹	1,913,037,536	163,276,216	86,481,284	2,162,795,036	16,683,328	2,146,111,708
10/1/13	2,085,997,601	162,084,062	83,973,333	2,332,054,996	20,635,956	2,311,419,040
10/1/12	2,084,679,376	156,954,517	83,513,266	2,325,147,159	16,570,837	2,308,576,322
10/1/11	2,079,868,452	156,689,468	80,346,311	2,316,904,231	20,188,798	2,296,715,433
10/1/10	2,078,616,748	150,399,886	80,587,807	2,309,604,441	19,825,455	2,289,778,986
10/1/09 ¹	2,077,209,424	143,313,912	85,254,852	2,305,778,188	22,425,741	2,283,352,447
10/1/08	1,914,130,100	144,037,577	82,022,355	2,140,190,032	22,289,957	2,117,900,075

¹ Revaluation.

Source: Town Officials.

Grand List Dated	Residential Property	Commercial/ Industrial/ Public Utility Property	Vacant Land Property	Sub-Total Real Property
10/1/17	\$1,646,371,736	\$251,848,580	\$ 27,616,180	\$ 1,925,836,496
10/1/16	1,640,527,840	246,377,500	30,745,803	1,917,651,143
10/1/15	1,637,841,440	242,904,936	32,162,073	1,912,908,449
10/1/14 ¹	1,636,392,900	243,819,216	32,825,420	1,913,037,536
10/1/13	1,788,623,260	240,281,903	57,092,438	2,085,997,601
10/1/12	1,785,703,412	240,872,126	58,103,838	2,084,679,376
10/1/11	1,784,313,791	237,512,033	58,042,628	2,079,868,452
10/1/10	1,781,550,580	238,448,260	58,617,908	2,078,616,748
10/1/09 ¹	1,781,803,568	238,305,618	57,100,238	2,077,209,424
10/1/08	1,678,449,336	187,059,210	48,621,554	1,914,130,100

¹ Revaluation.

Source: Town Officials.

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Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2017:

<u>Business-Name</u>	<u>Nature of Business</u>	<u>Total Estimated Assessment</u>	<u>% of Net Taxable Grand List</u>
FirstLight Hydro Generating Co.	Hydro Electric Generation	\$ 32,470,000	1.5%
Eversource Energy	Electric & Gas Utility	26,383,300	1.2%
Aquarion Water Company	Corporate HQ & Distribution	13,301,780	0.6%
Victorinox Swiss Army Inc.	Corporate HQ & Distribution	11,574,010	0.5%
RGS Property LLC / Really Good Stuff	Corporate Headquarters	7,935,700	0.4%
One Eleven Century Plaza LLC	Commercial Property	9,242,200	0.4%
Clocktower Square #1 LLC	Retail Property	6,594,100	0.3%
Maril LLC	Retail Property Lease & Mgmt	6,212,900	0.3%
Nissan Infiniti LT	Vehicle Leasing	6,034,412	0.3%
Lake Zoar Properties LLC	Banquet Facility	6,006,870	0.3%
	Total	\$125,755,272	5.8%

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 2013-2017 in "Statements Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

Property Tax Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Taxes as a Percentage of General Fund Revenues</u>
2019 ¹	\$ 84,892,711	\$76,353,204	89.9 %
2018 ²	84,839,241	76,754,379	90.5
2017	96,131,593	75,225,166	78.3
2016	89,643,030	73,956,951	82.5
2015	85,974,331	71,871,017	83.6
2014	85,898,253	70,058,508	81.6
2013	82,904,323	67,784,322	81.8
2012	80,421,379	66,287,184	82.4
2011	77,582,095	64,441,364	83.1
2010	75,598,496	62,534,910	82.7

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

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

Source: Audited financial statements; and fiscal year 2017-18 unaudited estimate and 2018-19 adopted budget.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Federal & State Aid</u>	<u>Aid As a Percentage Of General Fund Revenues</u>
2019 ¹	\$ 84,892,711	\$ 5,161,621	6.1 %
2018 ²	84,839,241	5,828,300	6.9
2017	96,131,593	18,329,619	19.1
2016	89,643,030	13,437,840	15.0
2015	85,974,331	12,698,512	14.8
2014	85,898,253	14,609,179	17.0
2013	82,904,323	13,856,850	16.7
2012	80,421,379	12,747,056	15.9
2011	77,582,095	11,739,302	15.1
2010	75,598,496	11,597,967	15.3

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

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

Source: Audited financial statements; and fiscal year 2017-18 unaudited estimate and 2018-19 adopted budget.

On October 26, 2017, the Connecticut General Assembly adopted a biennium budget for the fiscal years ending June 30, 2018 and June 30, 2019 (See Senate Bill No. 1502, June 2017 Special Session). On November 17, 2017, the Office of Policy and Management published Governor Dannel P. Malloy's proposal to hold back municipal aid from Connecticut municipalities for the fiscal year ending June 30, 2018. According to this proposal, the total fiscal year 2017-18 holdbacks from the Town would be approximately \$528,000, primarily for the Education Cost Sharing Grant ("ECS"). Although the Town received a reduced amount for ECS (\$5.6 million) when compared to the General Assembly's adopted fiscal year 2017-18 budget allocation (\$6.1 million), the Town had conservatively budgeted ECS at approximately \$2.1 million due to uncertainty at the time the Town budget was adopted. As a result, the Town is estimating a \$3.5 million positive revenue variance for ECS, and a \$2.7 million positive revenue variance for all intergovernmental revenues which will help to produce a \$1.7 million operating surplus for the fiscal year ending June 30, 2018 (see "Comparative General Fund Operation Statement" herein).

Municipal Budget Expenditures Cap

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2017-2019 biennium budget legislation does not provide funding for the municipal revenue sharing grant in the fiscal years ending June 30, 2018 and June 30, 2019, but provides that such funding will resume following July 1, 2019.

Expenditures

<u>Fiscal Year</u>	<u>Education</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Debt Service</u>	<u>Public Works</u>
2019 ¹	66.1 %	10.8 %	9.3 %	6.8 %	4.1 %
2018 ²	66.5	10.5	9.2	7.0	3.4
2017	70.0	9.0	7.8	6.8	3.3
2016	67.9	9.2	8.2	6.8	3.8
2015	67.9	10.0	4.2	7.0	4.2
2014	65.4	9.4	7.4	6.8	3.9
2013	68.9	9.3	7.6	6.6	3.1
2012	70.6	9.0	7.1	6.6	3.7
2011	71.1	8.0	7.3	6.9	4.1
2010	71.5	7.6	7.2	6.6	3.9

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

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

Source: Audited financial statements; and fiscal year 2017-18 unaudited estimate and 2018-19 adopted budget.

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

	<u>Fiscal Year 2016-17</u>			Fiscal Year	Fiscal Year
	Revised	Actual	Variance	2017-18	2018-19
	Budget	Operations	Favorable	Unaudited	Adopted
			(Unfavorable	Estimate	Budget
REVENUES					
Property taxes, interest and liens	\$74,120,218	\$75,180,787	\$ 1,060,569	\$76,754,379	\$76,353,204
Licenses, fees and permits	715,500	828,316	112,816	821,893	844,886
Intergovernmental revenue	7,480,189	7,473,807	(6,382)	5,828,300	5,161,621
Charges for services	361,500	273,749	(87,751)	846,650	906,000
Investment Income	157,000	297,056	140,056	464,629	352,000
Other revenues	75,000	148,027	73,027	123,390	75,000
TOTAL REVENUES	\$82,909,407	84,201,742	1,292,335	\$84,839,241	\$83,692,711
EXPENDITURES					
Current:					
General government	\$ 9,222,004	8,307,945	914,059	8,695,317	9,161,656
Public safety	7,297,706	6,862,578	435,128	7,663,275	7,925,892
Public works	3,474,925	3,307,438	167,487	2,848,833	3,494,916
Health and welfare	265,413	215,201	50,212	325,028	326,654
Culture and recreation	1,766,956	1,710,439	56,517	1,618,299	1,699,003
Education	54,641,776	54,581,776	60,000	55,264,897	56,146,117
Capital outlay	203,744	203,744	-	200,000	200,000
Debt Service	5,961,883	5,940,234	21,649	5,840,582	5,753,473
TOTAL EXPENDITURES	82,834,407	81,129,355	1,705,052	82,456,230	84,707,711
Excess (deficiency) of revenues over expenditures	<u>75,000</u>	<u>3,072,387</u>	<u>2,997,387</u>	<u>2,383,011</u>	<u>(1,015,000)</u>
Other financing sources (uses):					
Appropriation of fund balance	-	-	-	-	1,200,000
Operating transfers in	-	177,788	177,788	-	-
Operating transfers out	<u>(222,000)</u>	<u>(222,000)</u>	<u>-</u>	<u>(705,010)</u>	<u>(185,000)</u>
Total Other financing sources (uses)	<u>(222,000)</u>	<u>(44,212)</u>	<u>177,788</u>	<u>(705,010)</u>	<u>1,015,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (147,000)</u>	<u>3,028,175</u>	<u>\$ 3,175,175</u>	<u>\$ 1,678,001</u>	<u>\$ -</u>

Source: Audited financial statements; fiscal year 2017-18 and 2018-19 adopted budgets.

Comparative Balance Sheet – General Fund

Fiscal Year Ended:	2013	2014	2015	2016	2017
ASSETS					
Cash and cash equivalents	\$ 5,379,830	\$13,980,946	\$12,868,086	\$14,149,319	\$16,345,795
Investments	3,756,145	3,003,955	3,986,302	4,215,568	3,402,252
Property taxes receivable	824,290	1,095,746	1,198,613	1,259,343	1,328,325
Intergovernmental receivables	2,277,512	1,382,466	987,172	596,973	211,870
Other receivables	127,243	412,773	315,245	402,740	275,369
Prepaid items	328,814	34,269	-	-	-
Due from other funds	2,563,364	1,065,713	1,186,793	1,160,610	1,456,571
Other assets	-	-	-	-	2,123
Total Assets	\$15,257,198	\$20,975,868	\$20,542,211	\$21,784,553	\$23,022,305
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 4,455,860	\$ 5,086,329	\$ 2,239,249	\$ 1,696,057	\$ 1,941,802
Due to other funds	2,250,213	6,710,247	8,154,316	8,370,409	6,927,149
Unearned revenues	96,440	88,574	96,468	78,183	204,116
Deferred inflows of resources	2,702,135	-	-	-	-
Total Liabilities	9,504,648	11,885,150	10,490,033	10,144,649	9,073,067
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	1,035,980	2,011,100	1,887,545	1,492,353
Unavailable revenue - grants	-	1,382,466	-	-	-
Total Deferred Inflows of Resources	-	2,418,446	2,011,100	1,887,545	1,492,353
FUND BALANCES					
Nonspendable	328,814	34,269	219,005	166,433	95,242
Restricted	-	-	801,126	389,539	388,966
Committed	-	-	-	-	-
Assigned	735,552	692,998	810,881	1,113,291	2,008,743
Unassigned	4,688,184	5,945,005	6,210,066	8,083,096	9,963,934
Total Fund Balances	5,752,550	6,672,272	8,041,078	9,752,359	12,456,885
Total Liabilities, deferred inflows of Resources and fund balances	\$15,257,198	\$20,975,868	\$20,542,211	\$21,784,553	\$23,022,305

Source: Annual audited financial statements.

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

Fiscal Year Ended:	2013	2014	2015	2016	2017
REVENUES					
Property taxes	\$67,784,322	\$70,058,508	\$71,851,017	\$73,956,951	\$75,225,166
Intergovernmental revenue	13,856,850	14,609,179	12,698,512	13,437,840	18,329,619
Licenses, permits and fines	643,720	577,616	619,293	803,155	828,316
Charges for services	299,516	259,965	241,739	839,146	935,523
Investment income (loss)	64,143	120,855	(57,786)	288,436	123,633
Miscellaneous revenues	220,772	214,265	212,156	312,010	511,548
TOTAL REVENUES	82,869,323	85,840,388	85,564,931	89,637,538	95,953,805
EXPENDITURES					
Current:					
General government	7,583,687	8,359,920	8,538,034	8,063,744	8,430,885
Public safety	6,244,359	6,592,973	6,426,696	7,202,341	7,257,098
Public Works	2,496,482	3,442,507	3,605,026	3,321,288	3,062,047
Health and welfare	199,762	232,826	259,413	310,587	326,331
Culture and recreation	1,458,186	1,457,543	1,550,706	1,625,939	1,539,982
Education	56,376,507	58,266,029	58,009,142	59,684,089	65,452,558
Capital outlays	1,069,737	4,262,062	78,645	367,551	601,372
Debt service	5,437,360	6,052,772	5,978,541	5,993,057	6,396,328
TOTAL EXPENDITURES	80,866,080	88,666,632	84,446,203	86,568,596	93,066,601
Excess (deficiency) of revenues over expenditures	2,003,243	(2,826,244)	1,118,728	3,068,942	2,887,204
Other financing sources (uses):					
Unspent Encumbrances prior year					
Operating transfers in	35,000	57,865	409,400	5,492	177,788
Operating transfers out	(908,663)	(426,545)	(926,987)	(1,363,153)	(482,000)
Proceeds of loan/debt	-	3,097,019	-	-	7,220,000
Payment to refunded bond escrow agent	-	(3,803,204)	-	-	(7,917,578)
Premium on bonds	-	-	-	-	819,112
Proceeds from energy rebate	-	706,185	-	-	-
Capital Lease Financing	-	4,114,646	-	-	-
Total other financing sources (uses)	(873,663)	3,745,966	(517,587)	(1,357,661)	(182,678)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	1,129,580	919,722	601,141	1,711,281	2,704,526
Fund Balance - July 1	4,622,970	5,752,550	7,439,937 ¹	8,041,078	9,752,359
Fund Balance - June 30	<u>\$ 5,752,550</u>	<u>\$ 6,672,272</u>	<u>\$ 8,041,078</u>	<u>\$ 9,752,359</u>	<u>\$12,456,885</u>

¹ Restated

Source: Annual audited financial statements.

SECTION VI - ADDITIONAL INFORMATION

Litigation

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

Availability of Continuing Disclosure Information

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

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided (i) annual financial information and operating data with respect to the Bonds, (ii) notice of the occurrence of certain events with respect to the Bonds within 10 business days of the occurrence of such events; and (iii) timely notice of a failure by the Town to provide the required annual financial information with respect to the Bonds on or before the date specified in the Continuing Disclosure Agreement for the Bonds. The Underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreements for the Bonds the forms of which are set forth in Appendices C-1 and C-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 years, the Town has not failed to meet, in any material respect, any of its undertakings under such agreements.

Municipal Advisor

The Town has retained Independent Bond and Investment Consultants LLC of Madison, Connecticut, as municipal advisor in connection with the issuance and sale of the Bonds. 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

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

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

The Town of Monroe has prepared an Official Statement for the Bonds which is dated June 13, 2018. The Town deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Town will provide the underwriter with a reasonable number of Official Statements.

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

Concluding Statement

Additional information may be obtained upon request from the Office of the Director of Finance at (203) 452-2802 or from Independent Bond and Investment Consultants LLC at (203) 245-9603.

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

Independent Bond and Investment Consultants LLC, the Town's municipal 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.

TOWN OF MONROE, CONNECTICUT

/s/ Kenneth M. Kellogg
By: KENNETH M. KELLOGG
First Selectman

/s/ Deborah Heim
By: DEBORAH HEIM
Treasurer

/s/ Ronald J. Bunovsky, Jr.
By: RONALD J. BUNOVSKY, JR.
Director of Finance and Comptroller

Dated: June 13, 2018

APPENDIX A – AUDITED FINANCIAL STATEMENTS

TOWN OF MONROE, CONNECTICUT

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Independent Auditors' Report

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 ("Town") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Monroe, Connecticut as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

PKF O'Connor Davies, LLP

December 29, 2017

Town of Monroe, Connecticut

Management's Discussion and Analysis
June 30, 2017

This discussion and analysis of the financial performance for the Town of Monroe, Connecticut (the "Town") provides an overview of the Town's financial activities for the fiscal year ended June 30, 2017. It should be read in conjunction with the financial statements included herein, which begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the Town's net position was \$50,036,296 at the end of the current fiscal year, an increase of \$2,532,499 over the prior year. Substantially all of this was attributable to the Town's net investment in capital assets.
- The unassigned fund balance for all governmental funds, which includes the Town's General Fund, ended the current fiscal year at \$8,089,634. This increased by \$1,079,159 over the prior fiscal year and represents 9.7% of total budgeted expenditures for the current fiscal year.
- On a budgetary basis, the Town's General Fund operated at a \$3,185,627 surplus for the current year. After making adjustments for Generally Accepted Accounting Principles (GAAP), the GAAP basis surplus was \$2,704,526. See Exhibit RSI-1 in the Required Supplementary Information section of this financial report for additional details.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This CAFR consists of a series of financial statements. The government-wide financial statements, which include the Statement of Net Position and the Statement of Activities (Exhibits 1 and 2), provide information about the activities of the Town as a whole and present a longer-term view of Town's finances. The fund financial statements, which tell how services were financed in the short term as well as what remains for future spending, start with Exhibit 3. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town either; (i) accounts for and allocates costs internally among various town functions, or (ii) acts solely as a trustee or agent for the benefit of those outside of the government.

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

Our analysis of the Town as a whole begins with Exhibit 1. The Statement of Net Position and the Statement of Activities report information about the Town on a government-wide basis that provides the information necessary to determine the overall financial position of the Town and the results of its current year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

Town of Monroe, Connecticut

Management's Discussion and Analysis
June 30, 2017

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

The Fund Financial Statements - Reporting the Town's Funds

Our analysis of the Town's funds begin with Exhibits 3 and 4 of the basic financial statements. The Balance Sheet for the Governmental Funds (Exhibit 3) provides detailed information about the Town's general fund and all other governmental funds combined. The detail of all other governmental funds can be found in the Combining Fund Financial Statements (Statements 1-6) included within this financial report. Some funds are required to be established by State law or by bond covenants. However, the Board of Finance has established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grant revenue, donations, or any other restricted money received.

- *Governmental funds.* The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine the level of financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds*—When the Town charges customers for the services it provides—whether to outside customers or to other units of the Town—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's only proprietary funds are internal service funds.
- *Fiduciary funds.* The Town is the trustee, or *fiduciary*, for the activity funds at the school, school scholarships, the Town defined benefit pension plan and performance bonds collected by the land use group. These funds do not belong to the Town. The Town's fiduciary activities are reported in the Statement of Fiduciary Net Position in Exhibit 8 and Statement of Changes in Fiduciary Net Position in Exhibit 9. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Town of Monroe, Connecticut

Management's Discussion and Analysis
June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS - THE TOWN AS A WHOLE

As discussed earlier, a Town's net position is one useful indicator of its financial health. The Town of Monroe had a total net position of \$50,036,296 at the close of the 2017 fiscal year. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town.

Table 1
Net Position (Figures taken from Exhibit 1)

	Governmental Activities			2016
	2017	\$	%	
ASSETS				
Cash and equivalents	\$ 17,282,895	\$ 1,141,447	7.07%	\$ 16,141,448
Investments	3,719,684	(788,285)	-17.49%	4,507,969
Receivables	3,258,052	62,000	1.94%	3,196,052
Other assets	2,123	2,123	0.00%	-
Capital assets				
Nondepreciable	16,032,718	908,874	6.01%	15,123,844
Depreciable	74,947,564	242,641	0.32%	74,704,923
	115,243,036	1,568,800	1.38%	113,674,236
DEFERRED OUTFLOWS OF RESOURCES				
Related to refunding bonds	733,322	64,775	9.69%	668,547
Related to pensions and OPEB	3,229,721	(132,794)	-3.95%	3,362,515
	3,963,043	(68,019)	-1.69%	4,031,062
LIABILITIES				
Payables, accruals and other liabilities	7,467,690	615,525	8.98%	6,852,165
Net pension liability	6,668,484	(1,100,067)	-14.16%	7,768,551
Other post-employment benefits	4,161,229	(14,360)	-0.34%	4,175,589
Non-current liabilities				
Due within one year	6,520,871	(612,597)	-8.59%	7,133,468
Due in more than one year	42,374,454	(1,228,304)	-2.82%	43,602,758
Total liabilities	67,192,728	(2,339,803)	-3.37%	69,532,531
DEFERRED INFLOWS OF RESOURCES				
Related to pensions and OPEB	1,977,055	1,308,085	195.54%	668,970
NET POSITION				
Net investment in capital assets	51,511,189	3,867,128	8.12%	47,644,061
Restricted	1,030,376	139,053	15.60%	891,323
Unrestricted	(2,505,269)	(1,473,682)	142.86%	(1,031,587)
	\$ 50,036,296	\$ 2,532,499	5.33%	\$ 47,503,797

The Town's net investment in capital assets of \$51,511,189 comprises the major portion of the net position of the Town. This figure reflects its investment in capital assets (land, buildings, infrastructure, vehicles and equipment), less any outstanding debt that was used to purchase those assets. These assets are used to provide various services to the citizens of the Town and are therefore not available for any future spending. As reflected in Table 1 above, the Town's net investment in capital assets increased by \$3,867,128 over the prior fiscal year. This increase was driven by the construction of a new track and turf field at Masuk High School, the construction of new tennis courts at Wolfe Park, construction (in progress) at Stepney Elementary School of a new roof and the net pay-down of capital asset related debt.

Town of Monroe, Connecticut

Management’s Discussion and Analysis
June 30, 2017

The Town’s restricted net position, which represents resources with externally enforceable limitations placed upon them, was \$1,030,376 at year-end. The vast majority of these restricted resources are from donations accepted and received by the Town for various purposes specified (restricted) by the donor.

The balance of the Town’s net position is unrestricted. As of June 30, 2017, this was a negative \$2,505,269. Since the majority of the Town’s liabilities are not payable within one year, the negative unrestricted net position is not a concern. The current unrestricted resources of the Town are more than sufficient to cover all of the Town’s current obligations. The decline in unrestricted net position reflected in Table 1 was driven by an increase in the net difference between projected and actual earnings on the Town’s defined benefit pension plan.

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

	Governmental Activities			2016
	2017	\$	%	
Revenues				
Program revenues:				
Charges for services	\$ 8,255,057	\$ 464,024	5.96%	\$ 7,791,033
Operating grants and contributions	20,847,592	4,463,926	27.25%	16,383,666
Capital grants and contributions	541,748	(197,323)	-26.70%	739,071
General revenues:				
Property taxes	75,241,086	1,208,372	1.63%	74,032,714
Grants and contributions	2,486	(9,248)	-78.81%	11,734
Interest and investment earnings	126,258	(164,767)	-56.62%	291,025
Other General Revenues	463,027	170,400	58.23%	292,627
Total revenues	105,477,254	5,935,384	5.96%	99,541,870
Program expenses				
General government	8,196,290	176,070	2.20%	8,020,220
Public safety	8,727,631	317,341	3.77%	8,410,290
Public works	4,894,353	93,364	1.94%	4,800,989
Health and Welfare	338,798	(18,512)	-5.18%	357,310
Education	3,796,280	364,049	10.61%	3,432,231
Culture and Recreation	75,525,651	6,543,051	9.49%	68,982,600
Interest on long-term debt	1,465,752	58,557	4.16%	1,407,195
Total expenses	102,944,755	7,533,920	7.90%	95,410,835
Increase (decrease) in net position	2,532,499	(1,598,536)	-38.70%	4,131,035
Beginning net position, as restated	47,503,797	4,131,035	9.52%	43,372,762
Ending net position	\$ 50,036,296	\$ 2,532,499	5.33%	\$ 47,503,797

During the current fiscal year the overall net position of the Town increased by \$2,532,499, which was primarily the result of two factors. The first being that a spending freeze was placed upon all Town departments for any discretionary purchases because of the uncertainty surrounding the State of Connecticut’s budget and its potential impact on municipal aid; and the second factor was that the actual collection rate of property taxes exceeded the projected rate used in calculating the mill rate on the 2015 grand list.

Town of Monroe, Connecticut

Management's Discussion and Analysis
June 30, 2017

FINANCIAL ANALYSIS OF THE TOWN'S GOVERNMENTAL FUNDS

As of June 30, 2017, the Town's combined fund balance for all governmental funds was \$14,729,454, an increase of \$622,480 over the course of the current fiscal year. \$8,089,634 of this amount (54.92%) is unassigned fund balance, which is a useful measure of the Town's net available resources for discretionary use. The remainder of the Town's fund balance has limitations places on its availability for future use and is either nonspendable (\$97,492), restricted (\$837,134), committed (\$1,959,645), or assigned (\$3,745,549).

The General Fund is the main operating fund of the Town. At year end it had a total fund balance of \$12,456,885, an increase of \$2,704,526 over the prior year. As previously discussed, a spending freeze on all discretionary purchases and a positive variance realized with the property tax collection rate where the main reasons for this increase. The General Fund's unassigned fund balance increased by \$1,880,838 during the current fiscal year driven by this operating surplus. The General Fund assigned fund balance increased by \$895,452, the result of a \$1,200,000 appropriation of unassigned fund balance in the Approved 2017-2018 Annual Town Budget. Based upon the current level of projected municipal aid that the Town is likely to receive for the 2017-2018 fiscal year, it does not appear that this assigned fund balance will be needed.

General Fund Budgetary Highlights

Upon request of the First Selectman, the Board of Finance may transfer any unencumbered appropriation, balance, or portion thereof from one office, agency, board or commission to another within the fiscal year. No transfer may be made from any appropriations for debt service or other statutory charges. Additional appropriations shall not be made except from the contingency fund. Appropriations from the contingency fund shall be approved by the First Selectman, the Town Council, and the Board of Finance. The contingency fund is not to exceed one half of one mill of the grand list within the annual budget. Below is a discussion of the original budget compared to the final budget, a summary of the final budget and actual results for the General Fund (Table 3) and a discussion of the final budget compared actual results:

Original budget compared to the final budget. During the year there was an additional appropriation of \$120,000 from General Fund's Fund balance. This additional appropriation was required to keep Chalk Hill, a building which was being utilized by Parks & Recreation, open for the remainder of the fiscal year. The only other budget transfers were between departments and were relatively insignificant. These department transfers, which were approved by the Board of Finance as described above, were all funded with a transfer of \$226,764 out of the Human Resource Department. These funds were available in Human Resources because of realized savings which resulted from a change in the Town's health insurance carrier during the fiscal year. This savings was not anticipated at the time the budget was prepared.

**Table 3
 General Fund - Budget Summary**

Revenues	Final Budget	Actual	Variance
Property Taxes	\$ 74,120,218	\$ 75,180,787	\$ 1,060,569
Intergovernmental	7,480,189	7,473,807	(6,382)
Licenses and Permits	715,500	828,316	112,816
Miscellaneous Revenue	593,500	896,620	303,120
Total Revenues	82,909,407	84,379,530	1,470,123
Expenditures			
General Government	9,222,004	8,307,945	914,059
Public Safety	7,297,706	6,862,578	435,128
Public Works	3,474,925	3,307,438	167,487
Health and Welfare	265,413	215,201	50,212
Recreation	1,766,956	1,710,439	56,517
Debt Service	5,961,883	5,940,234	21,649
Education	54,641,776	54,581,776	60,000
Capital nonrecurring	203,744	203,744	-
Other Financing Uses	222,000	222,000	-
Total Expenditures	83,056,407	81,351,355	1,705,052
Increase (Decrease) in Fund Balance	\$ (147,000)	\$ 3,028,175	\$ 3,175,175

Final budget compared to actual results. The positive variance of \$1,060,569 in property tax revenue was the result of a higher actual collection rate than was projected in calculating the mill rate on the 2015 grant list. The positive variance of \$303,120 in miscellaneous revenue was attributable to conservative revenue projections used in the budget. All of the positive expenditure variances can be attributed at large to the discretionary spending freeze that was implemented by the First Selectman during the fiscal year when the State of Connecticut was having difficulty passing a budget, which created a significant amount of uncertainty for the Town. There was also a significant amount of saving realized in changing the Town's health insurance carrier.

Town of Monroe, Connecticut

Management's Discussion and Analysis
June 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year the Town had a net investment of \$90,980,282 in capital assets for governmental activities. This amount represents a net increase (after depreciation) of \$1,151,515 from the prior year. During the fiscal year the Town's major capital projects were a new track and turf field at the high school at a cost of \$2,062,952, new tennis courts at the town park at a cost of \$376,717, a new school roof (in progress at year-end) at a cost of \$874,064 and infrastructure improvements (road reconstruction including paving and drainage) at a cost of \$1,171,695. More detailed information about the Town's capital assets is presented in Note 6 of the financial statements.

Debt

The Town's total bonded debt outstanding as of June 30, 2017 was \$35,960,000. This was a net decrease of \$3,005,000 during the current fiscal year, which resulted from one new debt issuance of only \$2,610,000, versus regular principal payments made of \$5,085,000 and a net decrease in bonded debt of \$530,000 which was the result of a refunding issue by the Town. The refunding was done to refinance existing debt of the Town to take advantage of favorable interest rates.

The Town continues to carry a rating of Aa2 from Moody's Investor Services, Inc. on its general obligation debt. More detailed information about the Town's long-term liabilities is presented in Note 7 of the financial statements. Additional information about the Town's pension plans can be located in Note 10 of the financial statements and Schedule 3 of the supplementary schedules.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's elected and appointed officials considered many factors in preparing the annual budget and setting the mill rate for fiscal year 2018. Some of the more significant considerations were:

- The overall poor fiscal condition of the State of Connecticut and its negative impact on projected revenues that the Town will receive from the State in the form of municipal aid. This concern was noted in last year's CAFR and became a reality in the preparation and review of the 2018 Town Budget. It is management's opinion that the State's fiscal situation is not likely to improve in the near term.
- Projection for the increase in the cost of health insurance based upon all available information.
- The status of any open collective bargaining agreements.
- The status of all lawsuits relative to assessment appeals which could have a negative impact on the grand list.

As a result of the conservative budget practices followed by considering these and other factors in assessing the state and local economy, the fiscal year 2018 revenues are currently trending to exceed budgeted estimates and expenditures are trending to be at or below budgeted appropriations. As previously mentioned, it does not appear that the Town will require the use of the \$1,200,000 appropriated fund balance that was assigned in the Approved 2017-2018 Annual Town Budget.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

**BASIC FINANCIAL
STATEMENTS**

Statement of Net Position
June 30, 2017

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 17,282,895
Investments	3,719,684
Receivables	
Taxes, net	1,328,325
Accounts, net	744,989
Intergovernmental	1,184,738
Other assets	2,123
Capital assets	
Nondepreciable	16,032,718
Depreciable, net of accumulated depreciation	<u>74,947,564</u>
Total Assets	<u>115,243,036</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding bonds	733,322
Difference between expected and actual experience in pension/OPEB plans	353,210
Net difference between projected and actual earnings in pension/OPEB plans	1,698,274
Change in pension/OPEB assumptions	608,384
Contributions to the pension plan after the measurement date	<u>569,853</u>
Total Deferred Outflows of Resources	<u>3,963,043</u>
LIABILITIES	
Accounts payable	2,754,475
Accrued payroll and related	607,418
Risk management claims payable	741,559
Due to fiduciary funds	1,313,880
Unearned revenues	1,781,776
Accrued interest payable	268,582
Net pension liability	6,668,484
Net OPEB liability	4,161,229
Non-current liabilities	
Due within one year	6,520,871
Due in more than one year	<u>42,374,454</u>
Total Liabilities	<u>67,192,728</u>
DEFERRED INFLOWS OF RESOURCES	
Difference between expected and actual experience in pension/OPEB plans	703,812
Net difference between projected and actual earnings in pension/OPEB plans	1,178,282
Change in proportionate share of pension plan	<u>94,961</u>
Total Deferred Inflows of Resources	<u>1,977,055</u>
NET POSITION	
Net investment in capital assets	51,511,189
Restricted net position	
Expendable	1,028,126
Nonexpendable - trust fund principal	2,250
Unrestricted	<u>(2,505,269)</u>
Total Net Position	<u>\$ 50,036,296</u>

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

Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					Governmental Activities
General government	\$ (8,196,290)	\$ 563,500	\$ 515,909	\$ 407,228	\$ (6,709,653)
Public safety	(8,727,631)	1,638,735	301,087	96,225	(6,691,584)
Public works	(4,894,353)	623,166	340,304	-	(3,930,883)
Health and welfare	(338,798)	90,905	70,300	-	(177,593)
Culture and recreation	(3,796,280)	1,802,181	202,573	-	(1,791,526)
Education	(75,525,651)	3,536,570	19,417,419	38,295	(52,533,367)
Interest on long-term debt	(1,465,752)	-	-	-	(1,465,752)
Total Governmental Activities	<u>\$ (102,944,755)</u>	<u>\$ 8,255,057</u>	<u>\$ 20,847,592</u>	<u>\$ 541,748</u>	(73,300,358)
General Revenues					
Property taxes, payments in lieu of taxes, interest and liens					75,241,086
Grants and contributions not restricted to specific programs					2,486
Unrestricted interest and investment earnings					126,258
Other general revenues					<u>463,027</u>
Total General Revenues					<u>75,832,857</u>
Change in Net Position					2,532,499
Net Position - Beginning of Year, as restated					<u>47,503,797</u>
Net Position - End of Year					<u>\$ 50,036,296</u>

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

Balance Sheet
 Governmental Funds
 June 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and equivalents	\$ 16,345,795	\$ 741,353	\$ 17,087,148
Investments	3,402,252	317,432	3,719,684
Taxes receivable, net of allowance for uncollectible amounts	1,328,325	-	1,328,325
Other receivables			
Accounts	275,369	469,620	744,989
Intergovernmental	211,870	972,868	1,184,738
Due from other funds	1,456,571	5,316,095	6,772,666
Other assets	2,123	-	2,123
Total Assets	<u>\$ 23,022,305</u>	<u>\$ 7,817,368</u>	<u>\$ 30,839,673</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,421,790	\$ 1,332,685	\$ 2,754,475
Accrued payroll and related	520,012	87,406	607,418
Due to other funds	6,927,149	1,292,106	8,219,255
Unearned revenues	204,116	1,577,660	1,781,776
Total Liabilities	<u>9,073,067</u>	<u>4,289,857</u>	<u>13,362,924</u>
Deferred Inflows of Resources			
Revenues not available	<u>1,492,353</u>	<u>1,254,942</u>	<u>2,747,295</u>
Fund Balances			
Nonspendable	95,242	2,250	97,492
Restricted	388,966	448,168	837,134
Committed	-	1,959,645	1,959,645
Assigned	2,008,743	1,736,806	3,745,549
Unassigned	9,963,934	(1,874,300)	8,089,634
Total Fund Balances	<u>12,456,885</u>	<u>2,272,569</u>	<u>14,729,454</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,022,305</u>	<u>\$ 7,817,368</u>	<u>\$ 30,839,673</u>

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

Reconciliation of Governmental Funds Balance Sheet
to the Government Wide Statement of Net Position - Governmental Activities
June 30, 2017

Fund Balances - Total Governmental Funds (Exhibit 3)	\$ 14,729,454
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	90,980,282
Internal service funds are used by management to charge the costs of insurance and general services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(413,103)
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(1,755,755)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,747,295
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(268,582)
Bonds payable	(35,960,000)
Capital leases payable	(1,753,338)
Compensated absences	(2,272,604)
Termination benefits payable	(5,522,886)
Retired employee obligations	(897,420)
Pension obligations payable	(6,668,484)
Other post-employment benefits obligations payable	(4,161,229)
Deferred outflows on pension and OPEB plans	3,229,721
Deferred inflows on pension and OPEB plans	<u>(1,977,055)</u>
Net Position of Governmental Activities (Exhibit 1)	<u>\$ 50,036,296</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 75,225,166	\$ -	\$ 75,225,166
Intergovernmental	18,329,619	2,705,081	21,034,700
Licenses, permits and other charges	828,316	-	828,316
Charges for services	935,523	3,782,143	4,717,666
Contributions	-	335,896	335,896
Investment earnings	123,633	1,583	125,216
Miscellaneous	511,548	95,423	606,971
Total Revenues	<u>95,953,805</u>	<u>6,920,126</u>	<u>102,873,931</u>
EXPENDITURES			
Current			
General government	8,430,885	20,185	8,451,070
Public safety	7,257,098	619,997	7,877,095
Public works	3,062,047	859,958	3,922,005
Health and welfare	326,331	91,972	418,303
Culture and recreation	1,539,982	1,310,815	2,850,797
Education	65,452,558	3,758,408	69,210,966
Debt service			
Principal	5,085,000	-	5,085,000
Interest	1,311,328	-	1,311,328
Bond issuance costs	-	64,978	64,978
Capital outlay	601,372	5,347,859	5,949,231
Total Expenditures	<u>93,066,601</u>	<u>12,074,172</u>	<u>105,140,773</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,887,204</u>	<u>(5,154,046)</u>	<u>(2,266,842)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	177,788	864,736	1,042,524
Transfers out	(482,000)	(580,524)	(1,062,524)
Issuance of general obligation bonds	-	2,610,000	2,610,000
Issuance of refunding bonds	7,220,000	-	7,220,000
Premium on bonds	819,112	177,788	996,900
Payment to refunded bond escrow agent	(7,917,578)	-	(7,917,578)
Total Other Financing Sources (Uses)	<u>(182,678)</u>	<u>3,072,000</u>	<u>2,889,322</u>
Net Change in Fund Balance	2,704,526	(2,082,046)	622,480
Fund Balances - Beginning of Year	<u>9,752,359</u>	<u>4,354,615</u>	<u>14,106,974</u>
Fund Balances - End of Year	<u>\$ 12,456,885</u>	<u>\$ 2,272,569</u>	<u>\$ 14,729,454</u>

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

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds (Exhibit 4)	<u>\$ 622,480</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.</p>	
Capital outlay expenditures	5,949,231
Depreciation expense	(4,753,095)
Undepreciated basis of assets disposed of or sold	<u>(44,621)</u>
	<u>1,151,515</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Real property taxes and other revenues in the General Fund	(395,192)
Grant revenues in the Pepper Street Grant Fund	166,282
Revenues in the Police Private Duty Fund	77,195
Revenues in the Local Capital Improvements Fund	407,228
Revenues in the Waste Disposal Fund	<u>111,466</u>
	<u>366,979</u>
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Proceeds from long-term debt - general obligation bonds	(9,830,000)
Premium on issuance of long-term debt	(996,900)
Principal payments on long-term debt	5,085,000
Principal payment on capital lease (education)	348,620
Payments to refunded bond escrow agent	7,917,578
Amortization of loss on refunding bonds, issuance premium and issuance costs	<u>294,118</u>
	<u>2,818,416</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the change in</p>	
Accrued interest	(154,424)
Change in compensated absences	(8,398)
Change in termination benefits	(837,690)
Change in retired employee obligations	36,151
Change in pension liability	(340,812)
Change in other post employment benefits liability	<u>14,360</u>
	<u>(1,290,813)</u>
<p>Internal service funds are used by management to charge the costs of medical, risk management and other claims to individuals funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>	
	<u>(1,136,078)</u>
Change in Net Position of Governmental Activities (Exhibit 2)	<u>\$ 2,532,499</u>

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

Statement of Net Position
 Internal Service Funds
 June 30, 2017

	Governmental Activities
	<u>Internal Service Funds</u>
ASSETS	
Current Assets	
Cash and equivalents	\$ 195,747
Due from other funds	<u>325,318</u>
Total Current Assets	<u>521,065</u>
LIABILITIES	
Current Liabilities	
Due to other funds	192,609
Claims payable	<u>465,876</u>
Total Current Liabilities	<u>658,485</u>
Noncurrent Liabilities	
Claims payable, less current portion	<u>275,683</u>
Total Liabilities	<u>934,168</u>
NET POSITION	
Unrestricted	<u>\$ (413,103)</u>

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

Statement of Revenues, Expenses and Changes in Net Position
 Internal Service Funds
 For the Year Ended June 30, 2017

	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES	
Employer contributions	\$ 6,384,829
Charges for services	<u>1,784,815</u>
Total Operating Revenues	<u>8,169,644</u>
OPERATING EXPENSES	
Claims and benefits	8,092,331
Premiums and administrative charges	<u>1,234,433</u>
Total Operating Expenses	<u>9,326,764</u>
Loss from Operations	(1,157,120)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	<u>1,042</u>
Loss Before Transfers	(1,156,078)
Transfers in	<u>20,000</u>
Change in Net Position	(1,136,078)
Net Position - Beginning of Year	<u>722,975</u>
Net Position - End of Year	<u>\$ (413,103)</u>

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

Statement of Cash Flows
 Internal Service Funds
 For the Year Ended June 30, 2017

	Governmental Activities
	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from employer contributions	\$ 6,577,438
Cash received from charges for services	1,784,815
Cash payments for benefits and claims	(8,477,321)
Cash payments to vendors and others	<u>(1,234,433)</u>
Net Cash from Operating Activities	<u>(1,349,501)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Received from other funds	32,531
Transfers in	<u>20,000</u>
Net Cash from Non-Capital Financing Activities	<u>52,531</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>1,042</u>
Net Increase (Decrease) in Cash and Equivalents	(1,295,928)
Cash and Equivalents - Beginning of Year	<u>1,491,675</u>
Cash and Equivalents - End of Year	<u>\$ 195,747</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Income (loss) from operations	\$ (1,157,120)
Changes in operating assets and liabilities	
Due from other funds	(20,000)
Due to other funds	192,609
Risk management claims payable	<u>(364,990)</u>
Net Cash from Operating Activities	<u>\$ (1,349,501)</u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2017

	Pension and OPEB Trust Funds	Private Purpose Trust Fund School Scholarships	Agency Funds
ASSETS			
Cash	\$ 427,082	\$ 11,845	\$ 212,347
Investments, at fair value			
Mutual fund - money market	567,035	-	-
Mutual fund - equity	15,165,266	-	-
Mutual fund - bond	6,412,775	-	-
Mutual fund - commodities	489,795	-	-
	22,634,871	-	-
Due from other funds	-	-	1,313,880
	<u>23,061,953</u>	<u>11,845</u>	<u>1,526,227</u>
LIABILITIES			
Due to others	-	(43,760)	1,526,227
NET POSITION			
Restricted for pensions	22,634,871	-	-
Restricted for OPEB	427,082	-	-
Restricted for other purposes	-	55,605	-
	<u>\$ 23,061,953</u>	<u>\$ 55,605</u>	<u>\$ -</u>

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

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2017

	Pension and OPEB Trust Funds	Private Purpose Trust Fund School Scholarships
ADDITIONS		
Contributions		
Employer	\$ 965,325	\$ -
Plan members	<u>388,023</u>	<u>-</u>
Total Contributions	<u>1,353,348</u>	<u>-</u>
Investment Income		
Net change in fair value of investments	1,790,920	-
Interest and dividends	<u>415,225</u>	<u>5</u>
Total Investment Income	<u>2,206,145</u>	<u>5</u>
Total Additions	<u>3,559,493</u>	<u>5</u>
DEDUCTIONS		
Benefit payments	1,255,562	2,300
Administrative expenses	<u>16,148</u>	<u>170</u>
Total Deductions	<u>1,271,710</u>	<u>2,470</u>
Change in Net Position	<u>2,287,783</u>	<u>(2,465)</u>
Net Position - Beginning of Year, as restated	<u>20,774,170</u>	<u>58,070</u>
Net Position - End of Year	<u>\$ 23,061,953</u>	<u>\$ 55,605</u>

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

Town of Monroe, Connecticut

Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies

The Town of Monroe, Connecticut ("Town") was incorporated in 1823. The Town operates under a First Selectman/Council form of government. The First Selectman is the chief executive officer and the Town Council (made up of nine members) is the legislative body of the Town. The Town Council may enact, amend or repeal ordinances and resolutions. The Board of Finance is responsible for financial and budgetary matters as prescribed by Connecticut General Statutes and the Town Charter. The Board of Education is responsible for operation of the school system. The Town operates under a charter and provides the following services as authorized by such: public safety, public works, recycling, health and welfare, culture and recreation, education, planning and zoning and general administration.

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

A. Financial Reporting Entity

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

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position in exhibit 1 and the statement of activities in exhibit 2) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

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

1. Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The Town maintains proprietary and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds and the internal service funds are charges to customers for services. Operating expenses for the enterprise funds and the internal service funds include the cost of services, administrative expenses, depreciation, and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

The fund financial statements show the Town's resources in three broad fund categories:

Fund Categories

- a. Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The Town's General Fund is the only major governmental fund.

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

1. Summary of Significant Accounting Policies (Continued)

- b. Proprietary Funds - Proprietary funds include internal service funds. Internal service funds are used to account for the Town's risk financing activities; specifically the Town reports the revenues and expenses of the self-insured health insurance plan for employees of the Board of Education ("BOE") in the BOE Medical and Dental Fund. The Heart and Hypertension Fund is used to account for heart and hypertension claims of police officers. The Town Dental Fund was closed during the year.
- c. Fiduciary Funds - These funds are not included in the government-wide financial statements. The fiduciary funds are used to account for assets held by the Town in an agency capacity on behalf of others. These include pension trust, private purpose trust and agency funds. The pension trust fund is provided to account for the activities of the Town's defined pension plan, which accumulates resources in two separate asset pools for pension benefit payments to qualified employees upon retirement. One asset pool is for the benefit of qualified Board of Education employees and the other is for qualified Town of Monroe employees. The OPEB fund is used to account for activities in the police OPEB trust fund. The private purpose trust fund was established to fund scholarships for students in the schools. Agency funds are primarily utilized to account for monies held as custodian for outside student groups and performance bonds.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and pension trust funds. The Agency Fund has no measurement focus, but utilizes 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.

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.

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

1. Summary of Significant Accounting Policies (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post-closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Deposits, Investments and Risk Disclosure

Cash and Equivalents – Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut treasurer's short-term investment fund and treasury bills with original maturities of less than three months.

The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

The short-term investment fund ("STIF") is a money market investment pool managed by the cash management division of the State treasurer's office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and reports its investments at amortized cost (which approximates fair value). The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools. The pooled investment fund's risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

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

1. Summary of Significant Accounting Policies (Continued)

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

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

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

Interest Rate Risk – Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town's formalized investment policy does not specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The policy does suggest that investments be undertaken in a manner to protect against the erosion of market prices from rising interest rates. The Town's investment policy does not pertain to the pension trust fund and the internal service fund investments. Investment policies have not been formalized for these funds.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

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

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

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

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)

June 30, 2017

1. Summary of Significant Accounting Policies (Continued)

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

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

An allowance for uncollectible taxes of \$140,000 has been recorded net with taxes receivable as of June 30, 2017.

Other Receivables – Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Prepaid Expenses/Expenditures – Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Reported amounts are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute “available spendable resources” even though they are a component of current assets.

Inventories – Inventories in the governmental funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balances in governmental funds, which indicates that they do not constitute “available spendable resources” even though they are a component of current assets. Non-material purchases of other inventoriable items are recorded as expenditures/expenses at the time of purchase and not included in year-end balances.

Due From/To Other Funds – During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)

June 30, 2017

1. Summary of Significant Accounting Policies (Continued)

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

Intangible assets lack physical substance, are nonfinancial in nature and its useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual, regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.

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

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

Assets	Years	Capitalization Threshold
Land improvements	10-30	\$ 5,000
Buildings and improvements	20-40	5,000
Machinery and equipment	5-20	5,000
Vehicles	3-15	5,000
Infrastructure	25-50	5,000

Unearned Revenues – Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

1. Summary of Significant Accounting Policies (Continued)

The Town reports deferred outflow and inflow of resources related to pensions and other post-employment benefits in the government-wide statement of net position. A deferred outflow or inflow of resources related to pension results from differences between expected and actual experience, the net difference between projected and actual earnings, and a change in assumptions. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employee and inactive employees).

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

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

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

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

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

Net Position – Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the statement of net position includes three categories - net investment in capital assets, restricted net position and unrestricted net position.

In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

1. Summary of Significant Accounting Policies (Continued)

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

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

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

1. Summary of Significant Accounting Policies (Continued)

F. Encumbrances

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

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 29, 2017.

2. Stewardship, Compliance and Accountability

A. Budget Basis

A formal, legally approved, annual budget is adopted for the General Fund. This budget is adopted on a basis consistent with generally accepted accounting principles (modified accrual basis) with the following exceptions:

- **Teachers' Retirement** – The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut under a special funding situation in its budget. GASB requires that the employer government recognize payments for salaries and fringe benefits paid under a special funding situation for its employees.
- **Long-Term Debt and Lease Financing** – Revenues and expenditures from funding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures are expected.
- **General Government Accrued Payroll** – The general government records its payroll on a cash basis of accounting for budgetary purposes.
- **Encumbrances** – Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year-end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

2. Stewardship, Compliance and Accountability (Continued)

- **Excess Cost Grant** – The State reimburses the Town for certain costs incurred for special educational needs of students that exceed a set of multiple of a student in the regular program. Connecticut General Statute 10-76g states that the excess cost – student based grant should reduce the education expenditures instead of being reported as revenue.

B. Budget Calendar

All departments, agencies, boards, commissions, committees, and authorities including the Board of Education submit an estimate of proposed revenues and expenditures to the Director of Finance and First Selectman. The First Selectman presents the proposed budget to the Town Council no later than February 8th.

The Town Council reviews the proposed budget and makes revisions deemed necessary. During the Town Council's review process, the Town Council will hold a public hearing. The Town Council presents the proposed budget to the Board of Finance no later than February 28th.

The Board of Finance reviews the proposed budget and makes revisions deemed necessary. During the Board of Finance's review process, the Board of Finance will hold a public hearing. The Board of Finance forwards its final proposed budget to the First Selectman no later than March 21st.

The First Selectman prepares the final proposed budget and submits it to the annual budget referendum, which is held on the first Tuesday in April of each year. After the budget is approved at referendum, the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

C. Budget Control

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

D. Additional Appropriations in the General Fund

When an office, agency, board or commission, except for the Board of Education, needs to transfer funds in its appropriation from funds set apart for one specific purpose or another, the First Selectman makes the proposal to the Town Council who then may approve the transfer.

Upon request from the First Selectman, the Board of Finance may transfer any unencumbered appropriation, balance or portion thereof from one office, agency, board or commission to another after the First Selectman has notified the affected office or agency, board or commission. No transfers are to be made from any appropriations for debt service or other statutory charges.

The Board of Finance allows additional appropriations not to exceed one half of one mil of the grand list to cover unexpected conditions and requirements. The transfers shall be approved by the First Selectman, Town Council and the Board of Finance.

During the year \$147,000 of additional appropriations were made.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

2. Stewardship, Compliance and Accountability (Continued)

E. Fund Deficits

The following funds had deficit unassigned fund balances at year end:

	Deficit	Expected Coverage		
		Future Bonding	Future Revenues	Internal Transfers
Special Revenue Funds:				
Library grants	\$ 10,513	\$ -	\$ 10,513	\$ -
Local capital improvements	216,236	-	216,236	-
Waste disposal	23,245	-	23,245	-
Capital Projects Funds:				
BOE bonded projects	874,435	874,435	-	-
Reconstruction of Pepper Street	271,838	-	271,838	-
Capital financing	478,033	-	-	478,033
Internal Service Fund:				
Board of Education Medical Dental	416,457	-	-	416,457

F. Application of Accounting Standards and Restatement of Net Position

The Town implemented a new accounting standard which resulted in additional disclosures and adjustments to the beginning net position:

GASB Statement 74 – Accounting and Financial Reporting for Postemployment Benefits (“OPEB”) Other than Pensions – This statement established standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts and applies to all governments whose employees are provided with OPEB.

This implementation increased the Net OPEB liability for the police OPEB plan by \$949,331 and, as a result, the beginning net position decreased by the same amount. This is discussed further in note 13(A). The trust for the police OPEB plan was established effective July 1, 2016. As a result, the net position of the plan as of that date, \$252,338, was reclassified from the governmental funds to the fiduciary funds.

The board of education plan, discussed in note 13(B) is not maintained in a trust and is not subject to GASB 74.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

3. Cash, Cash Equivalents and Investments

Cash and investments of the Town consist of the following:

Statement of Net Position	
Cash and equivalents	\$ 17,282,895
Investments	<u>3,719,684</u>
	<u>21,002,579</u>
Fiduciary Funds	
Cash and equivalents	651,274
Investments	<u>22,634,871</u>
	<u>23,286,145</u>
Total Cash and Investments	<u><u>\$ 44,288,724</u></u>

Cash and Equivalents - The carrying amount of the deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 7,914,109
Plus external investment pools	<u>10,020,060</u>
	<u><u>\$ 17,934,169</u></u>

The bank balance of the deposits, \$9,726,086, was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 1,174,502
Uninsured and uncollateralized	<u>8,551,584</u>
	<u><u>\$ 9,726,086</u></u>

Investments – Investments are summarized as follows:

	General Fund	Other Governmental Funds	Town Employees' Retirement Plan	Board of Education Pension Plan	Total Investments
U.S. treasuries	\$ 3,402,252	\$ -	\$ -	\$ -	\$ 3,402,252
Mutual funds					
Money market	-	317,432	449,455	117,580	884,467
Equity	-	-	7,518,703	7,646,563	15,165,266
Bonds	-	-	3,118,008	3,294,767	6,412,775
Commodities	-	-	237,048	252,747	489,795
	<u>\$ 3,402,252</u>	<u>\$ 317,432</u>	<u>\$ 11,323,214</u>	<u>\$ 11,311,657</u>	<u>\$ 26,354,555</u>

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

3. Cash, Cash Equivalents and Investments

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

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1 Year	1-5 Years	Over 5 Years
U.S. treasury notes	NA	\$ 3,402,252	\$ -	\$ -	\$ 3,402,252
Mutual funds					
Money market	NR	884,467	-	884,467	-
Equity	NR	15,165,266	15,165,266	-	-
Bonds	A	6,412,775	953,867	2,514,226	2,944,682
Commodities	NR	489,795	489,795	-	-
		<u>\$ 26,354,555</u>	<u>\$ 16,608,928</u>	<u>\$ 3,398,693</u>	<u>\$ 6,346,934</u>

NR = Not rated

NA = Not applicable

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

Type of Investment	Investments not Measured at Fair Value	Quoted Prices in active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. treasury notes	\$ -	\$ 3,402,252	\$ -	\$ -	\$ 3,402,252
Mutual funds					
Money market	-	884,467	-	-	884,467
Equity	-	15,165,266	-	-	15,165,266
Bonds	-	6,412,775	-	-	6,412,775
Commodities	-	489,795	-	-	489,795
	<u>\$ -</u>	<u>\$ 26,354,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,354,555</u>

4. Receivables, Deferred Inflows and Unearned Revenue

Receivables – Of the intergovernmental receivables, \$196,136 in reimbursements for education bonds from the State is a long-term receivable and not expected to be collected within one year.

Revenues Not Available – Governmental funds report deferred inflows on the modified accrual basis (Exhibit 3) in connection with certain receivables that are not available within 60 days to liquidate liabilities of the current period. The following amounts of receivables were reported as *deferred inflows*, instead of revenue, because they were not received within 60 days of year end:

	General Fund	Other Governmental Funds
Property taxes	\$ 1,136,735	\$ -
Intergovernmental revenue	211,870	819,667
Other	143,748	246,614
	<u>\$ 1,492,353</u>	<u>\$ 1,254,942</u>

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

5. Interfund Transactions

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. These are summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 1,290,962
General Fund	Proprietary Funds	192,609
Other Governmental Funds	General Fund	5,287,951
Proprietary Funds	General Fund	325,318
Fiduciary Funds	General Fund	1,313,880
Other Governmental Funds	Other Governmental Funds	1,144
		<u>\$ 8,411,864</u>

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

	Transfers into			Total
	General Fund	Other Governmental Funds	Proprietary Funds	
Transfers out of				
General Fund	\$ -	\$ 462,000	\$ 20,000	\$ 482,000
Other Governmental Funds	177,788	402,736	-	580,524
	<u>\$ 177,788</u>	<u>\$ 864,736</u>	<u>\$ 20,000</u>	<u>\$ 1,062,524</u>

6. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 13,922,971	\$ -	\$ -	\$ 13,922,971
Construction in progress	1,200,873	908,874	-	2,109,747
	<u>15,123,844</u>	<u>908,874</u>	<u>-</u>	<u>16,032,718</u>
Capital assets being depreciated				
Land improvements	2,638,949	2,453,106	-	5,092,055
Buildings and systems	104,285,555	97,510	-	104,383,065
Machinery and equipment	7,306,938	720,014	(61,265)	7,965,687
Vehicles	11,722,780	598,032	(905,144)	11,415,668
Infrastructure	70,524,209	1,171,695	-	71,695,904
	<u>196,478,431</u>	<u>5,040,357</u>	<u>(966,409)</u>	<u>200,552,379</u>
Less accumulated depreciation for:				
Land improvements	(1,119,222)	(206,489)	-	(1,325,711)
Buildings and systems	(49,935,771)	(2,586,310)	-	(52,522,081)
Machinery and equipment	(6,142,548)	(272,858)	59,993	(6,355,413)
Vehicles	(7,906,380)	(677,495)	861,795	(7,722,080)
Infrastructure	(56,669,587)	(1,009,943)	-	(57,679,530)
	<u>(121,773,508)</u>	<u>(4,753,095)</u>	<u>921,788</u>	<u>(125,604,815)</u>
Net Capital Assets	<u>\$ 89,828,767</u>	<u>\$ 1,196,136</u>	<u>\$ (44,621)</u>	<u>\$ 90,980,282</u>

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

6. Capital Assets (Continued)

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

General government	\$ 95,178
Public safety	670,281
Public works	1,264,920
Culture and recreation	375,261
Education	2,347,455
	<u>\$ 4,753,095</u>

7. Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 38,965,000	\$ 9,830,000	\$ (12,835,000)	\$ 35,960,000	\$ 4,635,000
Premium on bonds	1,786,295	996,900	(294,118)	2,489,077	-
	<u>40,751,295</u>	<u>10,826,900</u>	<u>(13,129,118)</u>	<u>38,449,077</u>	<u>4,635,000</u>
Capital leases	2,101,958	-	(348,620)	1,753,338	313,386
Compensated absences	2,264,206	154,807	(146,409)	2,272,604	568,151
Special termination benefits	4,685,196	837,690	-	5,522,886	585,183
Retired employee obligations	933,571	419,670	(455,821)	897,420	419,151
	<u>\$ 50,736,226</u>	<u>\$ 12,239,067</u>	<u>\$ (14,079,968)</u>	<u>\$ 48,895,325</u>	<u>\$ 6,520,871</u>

Each governmental funds liability is liquidated by the respective fund, primarily the General Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

A. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2017 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Various School and General Projects	2009	18,975,000	5/1/2024	2-5%	\$ 7,700,000
Various School and General Projects	2010	10,805,000	4/1/2026	2-4%	8,255,000
Various School and General Projects	2012	8,785,000	12/15/2023	2-3%	2,990,000
General and School Renovations	2012	460,000	5/15/2022	2.375-3.5%	260,000
Paving/Roof Improvements	2014	3,275,000	6/15/2022	2-4%	1,200,000
Paving/Roof Improvements	2015	6,220,000	4/15/2030	2-3%	5,765,000
General and School Renovations	2016	2,610,000	7/1/2026	1.5-4%	2,610,000
General and School Renovations	2016	7,220,000	9/15/2028	2-4%	7,180,000
					<u>\$ 35,960,000</u>

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

7. Long-Term Liabilities (Continued)

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

Year End	General Obligation Bonds		Year End	General Obligation Bonds	
	Principal	Interest		Principal	Interest
2018	4,635,000	1,176,214	2024	\$ 3,360,000	\$ 295,529
2019	4,490,000	1,009,214	2025	2,620,000	204,726
2020	4,265,000	835,339	2026	1,890,000	127,101
2021	4,270,000	679,364	2027	1,235,000	72,720
2022	4,140,000	527,907	2028	645,000	45,420
2023	3,330,000	392,308	2029	640,000	26,820
			2030	440,000	11,880
				<u>\$ 35,960,000</u>	<u>\$ 5,404,542</u>

The total interest incurred and expensed in this year on bonds was \$1,430,927.

B. Advance Refunding

During the year, the Town issued serial bonds to advance refund existing serial bonds. The net proceeds were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for certain future debt service payments on the bonds. As a result the bonds are considered partially defeased and the liability for those serial bonds have been removed from the statement of net position.

	New Debt	Old Debt
Purpose	Refunding	General Purpose
Range of Interest Rates	2.62% average	3.64% average
Face Value of Debt	\$ 7,220,000	\$ 7,750,000
Net Original Issue Premium, Amortizing (1)	800,320	NA
Underwriting Fees	(102,742)	NA
Net Proceeds	<u>\$ 7,917,578</u>	NA
Deferred Charge on Refunding, Amortizing (2)		167,578
Deposit to Escrow Deposit Fund		<u>\$ 7,917,578</u>
Savings on Refunding		
Reduction in Debt Service Payments	\$ 318,775	
Net Present Value of Economic Gain	\$ 246,530	

- (1) This premium will be amortized over the term of the bond payments and is included in the non-current liabilities on the statement of net position (exhibit 1).
- (2) The deferred charge on refunding is being amortized over the term of the bond payments and is included in the deferred outflows of resources on the statement of net position (exhibit 1).

C. Prior Year Defeasance of Debt

The Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2017, \$26,110,000 of bonds outstanding are considered defeased.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

7. Long-Term Liabilities (Continued)

D. Authorized but Unissued Bonds

The Town has debt authorized but unissued as follows:

Purpose	Total Bond Authorization	Prior Debt/Paydowns	Grants Received	Authorized But Unissued
Police Department Facility, Phase I	\$ 1,130,000	\$ 1,117,000	\$ -	\$ 13,000
Schools carpet/asbestos and pool filter	1,527,000	1,100,000	313,080	113,920
Masuk High School renovation	38,407,000	25,020,000	13,229,454	157,546
Edith Wheeler Memorial Library	6,290,000	4,875,000	1,250,000	165,000
Pepper Street improvements	5,050,000	-	-	5,050,000
Fire apparatus	3,880,000	-	-	3,880,000
Stepney Elementary School roof	2,650,000	-	-	2,650,000
	<u>\$ 58,934,000</u>	<u>\$ 32,112,000</u>	<u>\$ 14,792,534</u>	<u>\$ 12,029,466</u>

* The Town does not expect any future borrowing for these projects.

E. Capital Leases Payable

The Town has entered into multi-year lease agreements to finance the acquisition of vehicles and building improvements. The cost of the vehicles and improvements is included in the capital assets with a cost of \$3,926,784 and accumulated depreciation of \$1,331,122. These leases qualify as capital leases for accounting purposes. The capital lease obligations are as follows:

Total payments on capital lease(s) for year ending

2018	\$ 343,308
2019	301,951
2020	302,273
2021	302,603
2022	302,941
2023	303,293
	<u>1,856,369</u>
Less the amount representing interest	<u>(103,031)</u>
Present value of future minimum lease payments	<u>\$ 1,753,338</u>

The total interest incurred and expensed in this year on capital leases was \$34,825.

F. Operating Leases Payable

The Town is a lessee in an operating lease as follows:

Lease of	Munis software
Total payments on operating lease(s) for year ending	
2018	\$ 112,930
2019	28,233
	<u>\$ 141,163</u>

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

7. Long-Term Liabilities (Continued)

G. Compensated Absences

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

Town		
Vested - Vacation	\$	431,869
Board of Education		
Vested		
Sick		1,032,937
Vacation		118,941
Non-vested		
Sick		688,857
	\$	<u>2,272,604</u>

H. Special Termination Benefits

Termination benefits represent the present value of future benefits to be paid to former employees. Certain Board of Education employees were granted retirement awards based on years of service and other provisions in their contracts. The net present value of all special termination benefits has been reflected in the government-wide financial statements. Management's estimate of the vested and non-vested potential liability for payments to employees as of June 30, 2017 is as follows:

Vested	\$	2,340,730
Non-vested		3,182,156
	\$	<u>5,522,886</u>

I. Retired Employee Obligations

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

Year End		
<u>2018</u>	\$	419,151
2019		201,376
2020		184,595
2021		92,298
	\$	<u>897,420</u>

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

7. Long-Term Liabilities (Continued)

J. Legal Debt Limit

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town of Monroe, Connecticut are as follows:

Total tax collections (including interest and lien fees) for the year - primary government	\$ 75,180,787
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	156,055
Debt limitation base	<u>\$ 75,336,842</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 169,507,895	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	339,015,789	-	-	-
3 3/4 times base	-	-	282,513,158	-	-
3 1/4 times base	-	-	-	244,844,737	-
3 times base	-	-	-	-	226,010,526
Total debt limitation	<u>169,507,895</u>	<u>339,015,789</u>	<u>282,513,158</u>	<u>244,844,737</u>	<u>226,010,526</u>
Indebtedness					
Bonds payable	18,414,000	17,546,000	-	-	-
Bonds authorized but not yet issued	9,108,000	2,921,466	-	-	-
Amount to be provided by CT	-	(211,870)	-	-	-
Total indebtedness	<u>27,522,000</u>	<u>20,255,596</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 141,985,895</u>	<u>\$ 318,760,193</u>	<u>\$ 282,513,158</u>	<u>\$ 244,844,737</u>	<u>\$ 226,010,526</u>

In no case shall total indebtedness exceed seven times the annual receipts from taxation \$ 527,357,894

8. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position – Nonexpendable – the component of net position that reflects funds set aside in accordance with laws, regulations, grants, and other agreements that must be kept intact and cannot be spent. This is made up of \$2,250 of trust principal.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

8. Net Position (Continued)

Restricted Net Position – Expendable – the component of net position that reflects funds that can only be spent subject to the laws, regulations, grants, and other agreements relating to these funds. This is summarized below:

General government	\$ 129,818
Wilton Estate donations - senior center	388,966
Town clerk fees	88,022
Education	10,054
Public Works	190,992
Library	143,892
Capital projects	1,492
Other purposes	74,890
	<u>\$ 1,028,126</u>

Unrestricted – all other amounts that do not meet the other definitions.

9. Fund Balances

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

	General Fund	Other Governmental Funds
Nonspendable		
Not in spendable form		
Long-term receivables	\$ 95,242	\$ -
Required to be maintained - trust principal	-	2,250
	<u>\$ 95,242</u>	<u>\$ 2,250</u>
Restricted		
General government donations	\$ -	\$ 129,818
Wilton Estate donations - senior center	388,966	-
Town clerk fees	-	88,022
Education	-	10,054
Library	-	143,892
Public safety	-	1,492
Other purposes	-	74,890
	<u>\$ 388,966</u>	<u>\$ 448,168</u>
Committed		
Capital projects	<u>\$ -</u>	<u>\$ 1,959,645</u>
Assigned		
General government	\$ 1,249,384	\$ 126,113
Education	500,000	271,662
Public safety	-	623,838
Culture and recreation	-	60,581
WMNR	-	389,869
Capital projects	-	264,743
Other purposes	259,359	-
	<u>\$ 2,008,743</u>	<u>\$ 1,736,806</u>

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

10. The Funded Retirement Plan of the Town of Monroe, Connecticut

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

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

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

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

Contribution Policy – Employees are required to contribute as follows as of June 30, 2017:

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

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

Investment Policy – The investment policy has been to protect the assets in the fund by not having a concentration of assets in any one type of investment.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

10. The Funded Retirement Plan of the Town of Monroe, Connecticut

Plan Fiduciary Net Position – The plan’s fiduciary net position displays the net position, held in trust to pay pension benefits as follows:

	Town	Board of Education
ASSETS		
Investments, at fair value		
Mutual fund - money market	\$ 449,455	\$ 117,580
Mutual fund - equity	7,518,703	7,646,563
Mutual fund - bond	3,118,008	3,294,767
Mutual fund - commodities	237,048	252,747
Total Assets	<u>11,323,214</u>	<u>11,311,657</u>
NET POSITION		
Restricted for pensions benefits	<u>\$ 11,323,214</u>	<u>\$ 11,311,657</u>

Long-term expected rate of return – The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation.

Below shows the Board’s target asset class allocation and the long-term expected rate of return calculated as geometric means:

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

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

Net money-weighted rate of return for the year ended June 30, 2017

Town	10.93%
Board of Education	10.91%

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

10. The Funded Retirement Plan of the Town of Monroe, Connecticut (Continued)

Net Pension Liability

The components of the net pension liability of the Town as of June 30, 2017 were as follows:

	Town	BOE	Total
Total pension liability	\$ 12,306,023	\$ 13,101,659	\$ 25,407,682
Plan fiduciary net position	11,323,214	11,311,657	22,634,871
Net pension liability	<u>\$ 982,809</u>	<u>\$ 1,790,002</u>	<u>\$ 2,772,811</u>
Plan fiduciary net position as a percentage of total pension liability	92.01%	86.34%	89.09%

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

	Town	Board of Education
Total Pension Liability		
Service cost	\$ 320,580	\$ 423,345
Interest on total pension liability	933,432	998,818
Effect of plan changes	(687,325)	(744,769)
Effect of economic/demographic gains (losses)	(108,021)	(133,712)
Benefit payments	(545,744)	(660,562)
Net change in total pension liability	(87,078)	(116,880)
Total pension liability, beginning	12,393,101	13,218,539
Total pension liability, ending	<u>12,306,023</u>	<u>13,101,659</u>
Fiduciary Net Position		
Employer contributions	390,000	385,429
Member contributions	144,665	209,551
Investment income net of investment expenses	1,100,157	1,105,691
Benefit payments	(545,744)	(660,562)
Administrative expenses	(6,403)	(9,746)
Net change in plan fiduciary net position	1,082,675	1,030,363
Fiduciary net position, beginning	10,240,539	10,281,294
Fiduciary net position, ending	<u>11,323,214</u>	<u>11,311,657</u>
Net pension liability, beginning	2,152,562	2,937,245
Net pension liability, ending	<u>\$ 982,809</u>	<u>\$ 1,790,002</u>

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the July 1, 2016 valuation (Valuation and Measurement Date) and projected forward to June 30, 2017 (Reporting Date):

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

10. The Funded Retirement Plan of the Town of Monroe, Connecticut (Continued)

Valuation timing	Actuarially determined contribution rates are calculated as of July 1, 24 months prior to the beginning of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry Age Actuarial Cost Method (level percentage of salary).
Amortization method	
Level percent or level dollar	Level percent
Closed, open or layered	Open periods
Amortization period	18 years
Amortization growth rate	0.00%
Asset valuation method	Fair value
Inflation	2.75%
Salary increases	3.75%
Investment rate of return	6.75%
Cost of living adjustment	None
Retirement age	65
Post-retirement mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016.

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

	1% Decrease	Current Discount Rate	1% Increase
Town	5.75%	6.75%	7.75%
Net Pension Liability	\$ 2,438,227	\$ 982,809	\$ (258,962)
Board of Education	5.75%	6.75%	7.75%
Net Pension Liability	\$ 3,383,032	\$ 1,790,002	\$ 441,093

Pension Expense – Pension expense for the next 5 years will be affected by the following deferred outflows and inflows of resources for the Town:

Increase (Decrease) in Pension Expense from the Recognition of the Effects of:

	Recognized in		To Be Recognized in				
	2017	2018	2019	2020	2021	2022	
Differences between Expected and Actual Experience							
2015	\$ (25,975)	\$ (25,975)	\$ (25,975)	\$ (10,392)	\$ -	\$ -	
2016	\$ 6,699	\$ 6,699	\$ 6,699	\$ 6,031	\$ -	\$ -	
2017	\$ (20,381)	\$ (20,381)	\$ (20,381)	\$ (20,381)	\$ (20,381)	\$ (6,116)	
Recognition of the Effects of Changes in Assumptions							
2015	\$ 108,749	\$ 108,749	\$ 108,749	\$ 43,497	\$ -	\$ -	
2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2017	\$ (129,684)	\$ (129,684)	\$ (129,684)	\$ (129,684)	\$ (129,684)	\$ (38,905)	
Differences between Projected and Actual Earnings on Pension Plan Investments							
2015	\$ 66,893	\$ 66,893	\$ 66,891	\$ -	\$ -	\$ -	
2016	\$ 144,332	\$ 144,332	\$ 144,332	\$ 144,331	\$ -	\$ -	
2017	\$ (66,552)	\$ (66,552)	\$ (66,552)	\$ (66,552)	\$ (66,552)	\$ -	

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

10. The Funded Retirement Plan of the Town of Monroe, Connecticut (Continued)

For the Board of Education:

Increase (Decrease) in Pension Expense from the Recognition of the Effects of:

	Recognized in			To Be Recognized in		
	2017	2018	2019	2020	2021	2022
Differences between Expected and Actual Experience						
2015	\$ (138,250)	\$ (138,250)	\$ (138,250)	\$ (138,250)	\$ (27,653)	\$ -
2016	\$ 2,127	\$ 2,127	\$ 2,127	\$ 2,127	\$ 1,702	\$ -
2017	\$ (22,285)	\$ (22,285)	\$ (22,285)	\$ (22,285)	\$ (22,285)	\$ (22,287)
Recognition of the Effects of Changes in Assumptions						
2015	\$ 108,559	\$ 108,559	\$ 108,559	\$ 108,559	\$ 21,712	\$ -
2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (124,128)	\$ (124,128)	\$ (124,128)	\$ (124,128)	\$ (124,128)	\$ (124,129)
Differences between Projected and Actual Earnings on Pension Plan Investments						
2015	\$ 99,938	\$ 99,938	\$ 99,938	\$ -	\$ -	\$ -
2016	\$ 146,559	\$ 146,559	\$ 146,559	\$ 146,559	\$ -	\$ -
2017	\$ (67,474)	\$ (67,474)	\$ (67,474)	\$ (67,474)	\$ (67,472)	\$ -

11. Connecticut Municipal Employee's Retirement System

Plan Description - The Town's Police Department participates in the Municipal Employees' Retirement System ("MERS"). This is 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 pension benefits for the employees of participating local government authorities. The plan was established in 1947 and is governed by Connecticut General Statutes Title 7, Chapter 113. A separate stand-alone financial report is not issued.

Plan Membership - Any local government authority in the State of Connecticut, including towns, cities, boroughs, regional school districts, housing authorities, or other special districts, may elect to participate for one or more of its departments, including elective officers; only teachers who are covered under the Connecticut State Teachers' Retirement System are ineligible.

Plan Benefits - Plan provisions are set by State Statute. MERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases are paid to disabled members and non-disabled retirement benefits and vary based on member age and date of retirement. For members that retired prior to January 1, 2002, increases between 3.0% and 5.0% are paid to those who have reached age 65 and (effective January 1, 2002) increases of 2.5% are paid to those who have not yet reached age 65.

For members that retired after December 31, 2001, increases between 2.5% and 6.0% are paid, regardless of age. 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, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of the three highest paid years of service times years of service.
- If covered by Social Security: 1.5% of the average of the three highest paid years of service not in excess of the year's breakpoint, plus 2% of the average of the three highest paid years of service in excess of the year's breakpoint.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

11. Connecticut Municipal Employees' Retirement System

Funding Policy – Covered employees 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. Employees not covered by Social Security are required to contribute 5% of all earnings. Each participating municipality is required by State Statute to contribute the amounts necessary to finance the remaining costs of the plan. The annual contribution consists of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the MERS not met by member contributions.

Each covered municipality is required by State Statute to pay an actuarially determined percentage of covered payroll to provide for benefits based on current service. This percentage varies by police and fire versus general employees, and within those two groups, for populations covered by Social Security versus those not covered by Social Security. The Statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit's date of participation. This amount is a level dollar amortization (including interest and principal) over varying time periods depending upon the unit's date of participation and other factors. The required employer contribution rates for the year ended June 30, 2017 were:

General employees	
With social security	11.56%
Without social security	11.13%
Police and fire	
With social security	17.06%
Without social security	15.12%

The total amount contributed for the fiscal year ended June 30, 2017 was \$645,577.

Obtaining a Report of the Plan – MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The reports include information on the plan's assets, deferred outflows of resource, liabilities, deferred inflows of resources, and fiduciary net position. More information can be obtained by contacting the Municipal Employees' Retirement System – Fund B, Office of the State Comptroller or on their website (<http://www.osc.ct.gov/rbsd/cmers/plandoc/index.html>).

The Town of Monroe, Connecticut's proportionate share has been determined on the same basis as that used by the plan as has the basis of accounting, including policies with respect to benefit payments (including refunds of employee contributions) and the valuation of plan investments.

Actuarial Methods and Significant Assumptions – The following assumptions were used in the pension valuations, prepared as of June 30, 2016 (the Valuation Date and Measurement Date) for use in the June 30, 2017 financial statements (Reporting Date):

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

11. Connecticut Municipal Employees' Retirement System (Continued)

Actuarial cost method	Entry Age Normal Cost method
Experience study dates	July 1, 2007 - June 30, 2012
Asset valuation method	Market value
Inflation	3.25%
Salary increases	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of investment related expense, including inflation using a long-normal distribution analysis of best-estimate ranges using a weighted average for each asset class and applied to all periods.
Discount rate	8.00%, the projection of cash flows assumed that plan member contributions will be made at the current contribution rate and employer contributions will be made at the actuarially determined rates in future years.
Cost of living adjustment	Annually compounded increases vary based on member age and date of retirement and range from 2.50% to 6% maximum.
Post-retirement mortality	RP2000 Mortality Table for Annuitant and non-Annuitants

There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

Target Asset Allocation and Rates of Return – The table below shows the target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	16.00%	5.80%
Developed Non-U.S. Equities	14.00%	6.60%
Emerging Markets (Non-U.S.)	7.00%	8.30%
Core Fixed Income	8.00%	1.30%
Inflation Linked Bond Fund	5.00%	1.00%
Emerging Market Bond	8.00%	3.70%
High Yield Bonds	14.00%	3.90%
Real Estate	7.00%	5.10%
Private Equity	10.00%	7.60%
Alternative Investments	8.00%	4.10%
Liquidity Fund	3.00%	0.40%

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

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	\$ 6,247,103	\$ 3,895,673	\$ 1,936,975

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

11. Connecticut Municipal Employee's Retirement System (Continued)

Town of Monroe, Connecticut's Proportionate Share

Net Pension Liability	\$	3,895,673
Net Pension Liability percentage of the total		8.3328250%
Deferred outflows of resources		
Contributions subsequent to the Measurement Date	\$	569,853
Net difference projected and actual earnings on investments	\$	1,028,044
Net difference projected and actual experience	\$	325,698
Pension expense	\$	819,480
Proportion Basis		Reported Payroll
Change in proportion since prior measurement date	\$	(94,961)

The contributions subsequent to the measurement date, shown as a deferred outflow of resources, will be recognized as a reduction of the net pension liability next year. Other amounts reported as deferred inflows of resources will be recognized in pension expense as follows:

2017	\$	224,031
2018		224,031
2019		368,103
2020		211,879
	\$	<u>1,028,044</u>

12. Connecticut Teachers' Retirement System

Plan Description – Teachers and certain other certified personnel in the Town are eligible to participate in the Connecticut State Teachers' Retirement System ("TRS"), a cost-sharing multiple employer public employee retirement system described in the Connecticut General Statutes, Chapter 167a. TRS has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. TRS is administered by the Teachers' Retirement Board. A separate stand-alone financial report is not issued.

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

Plan Benefits – Plan provisions are set by State Statute. Teachers' Retirement System provides retirement benefits, as well as death and disability benefits. A member is eligible to receive a normal retirement benefit who (1) has reached the age of sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) has attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut.

The normal retirement benefit is two percent times the number of years of credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefit exceed seventy-five percent of the average annual salary.

A minimum monthly benefit of \$1,200 is provided for teachers who retire under the normal retirement provisions and who have completed at least twenty-five years of full time Connecticut service.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

12. Connecticut Teachers' Retirement System (Continued)

A member is eligible to receive an early retirement benefit who (1) has attained any age and has accumulated twenty-five years of credited service, at least twenty years of which are service in the public schools of Connecticut or (2) has reached the age of fifty-five and has accumulated twenty years of credited service, at least fifteen years of which are service in the public schools of Connecticut.

The early retirement benefit is reduced six percent per year for the first five years preceding normal retirement age and four percent per year for the next five years preceding normal retirement age. Effective July 1, 1999, the reductions for individuals with 30 or more years of service is three percent per year by which retirement precedes normal retirement date.

Benefits are fully vested after ten years of service. Benefits are payable at age sixty and early retirement reductions are based on the number of years of service the member would have had if they had continued to work until age sixty.

Funding Policy – In accordance with the Connecticut General Statutes, Section 10-183z, contribution requirements of active employees and the State of Connecticut is amended and certified by the Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earning, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Members are required to contribute six percent of their annual salary for the pension benefit.

The Town's proportionate share has been determined on the same basis as that used by the plan as has the basis of accounting, including policies with respect to benefit payments (including refunds of employee contributions) and the valuation of plan investments.

Actuarial Methods and Significant Assumptions – The following assumptions were used in the pension valuations, prepared as of June 30, 2016 (the Valuation Date and Measurement Date) for use in the June 30, 2017 financial statements (Reporting Date):

Experience study dates	July 1, 2010 - June 30, 2015
Inflation	2.75%
Salary increases	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of investment related expense, including inflation
Discount rate	8.00%, the projection of cash flows assumed that plan member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between the actuarially determined rate and the member rate.
Cost of living adjustment	Annually compounded increases vary based on member age and date of retirement and range from 1.75% to 6.00%
Post-retirement mortality	RPH-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using BB improvement scale.

12. Connecticut Teachers’ Retirement System (Continued)

Changes in Assumptions – 1. Reduce the inflation assumption from 3.00% to 2.75%; 2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption rate of return assumption from 8.50% to 8.00%; 3. Reduce the annual rate of wage increase assumption from .75% to .50%; 4. Slightly modify the merit portion of the salary scale; 5. Reduce the payroll growth assumption from 3.75% to 3.25%; 6. Update mortality tables to projected version of the RPH-2014 mortality tables; 7. Increase normal retirement rates for females at most ages and probable retirement rates for males at most ages. Decrease early retirement rates for both males and females; 8. Increase rate of withdrawal; 9. Decrease rates of disability for males.

Target Asset Allocation and Rates of Return – The long-term expected rate of return on plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. The table below shows the target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the fiduciary of the plan:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.00%	5.80%
Developed Non-U.S. Equities	18.00%	6.50%
Emerging Markets (Non-U.S.)	9.00%	8.30%
Core Fixed Income	7.00%	1.30%
Inflation Linked Bond Fund	3.00%	1.00%
Emerging Market Bond	5.00%	3.70%
High Yield Bonds	5.00%	3.90%
Real Estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investments	8.00%	4.10%
Cash	6.00%	0.40%

Town’s Proportionate Share of the Collective Net Pension Liability – Connecticut school teachers participate in the TRS pursuant to section 10-183b et seq. of the Connecticut general statutes (the “Teachers’ Retirement Act”). The Teachers’ Retirement Act (“Act”) governs the pension benefits and eligibility of the active and retired teachers. The Act requires the Connecticut General Assembly, not any town, city or local school district, to appropriate the funds necessary to pay the pension benefits due to retirees under the system, including retired teachers.

Section 10-183c of the Connecticut General Statutes provides that the retirement benefits of teachers who have vested under TRS are contractual in nature and may not be diminished by an act of the General Assembly. Accordingly, funding the pension benefits of retired teachers is a statutory and contractual obligation of the State government, not an obligation of the Town.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

12. Connecticut Teachers' Retirement System (Continued)

Town's Net Pension Liability	\$	-
State's share of the Net Pension Liability associated with the Town		99,683,015
Net Pension Liability	<u>\$</u>	<u>99,683,015</u>
Net Pension Liability percentage of the total		0.699773%
Deferred inflows of resources		
Net Deferred Outflows and Inflows	\$	19,411,710
Pension expense	\$	10,870,791
Proportion Basis		Employee contributions
Change in proportion since prior measurement date		None

Other amounts reported as deferred inflows of resources will be recognized in pension expense by the State as follows:

2017	\$	3,564,749
2018		3,564,763
2019		5,063,445
2020		3,801,407
2021		1,888,039
2022		1,529,307
	<u>\$</u>	<u>19,411,710</u>

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

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
Net Pension Liability (Asset)	<u>\$ 122,980,899</u>	<u>\$ 99,683,015</u>	<u>\$ 79,988,330</u>

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

Support Provided by Nonemployer Contributing Entities – The Town has a special funding situation whereby the State is obligated to pay the pension costs of TRS and the Town is not required to pay any of the costs. However, the Town is required to record these costs made on its behalf by the State as revenue and expense in its GAAP financial statements. Accordingly, an additional \$10,870,791 of revenue and expense was recognized for the current fiscal year in the Town's Statement of Activities (Exhibit 2) and Statement of Revenues Expenditures and Changes in Fund Balance (Exhibit 4).

12. Connecticut Teachers’ Retirement System (Continued)

Obtaining a Report of the Plan – Teachers’ Retirement System is considered to be a part of the State of Connecticut’s financial reporting entity and is included in the State’s financial reports as a pension trust fund. The reports include information on the plan’s assets, deferred outflows of resource, liabilities, deferred inflows of resources, and fiduciary net position. More information may be obtained through the Teachers’ Retirement Board at www.ct.gov/trb.

13. Other Post-Employment Benefits (“OPEB”)

From an accrual accounting perspective, the cost of post-employment health care benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town’s future cash flows.

Changes in Reporting – As discussed in note 2F, the Town implemented GASB 75 this year for the Town Police OPEB plan. The objective of these statements are to improve the usefulness of information about post-employment benefits other than pensions included in the general-purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

A. Town Police OPEB Plan

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

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

Plan Benefits and Contributions Rates by employee group are as follows:

Covered Employees	Plan Benefits and Contribution Rates
Police with 25 years of service:	
Before the age of 65	Retiree pays 25% of the cost of single coverage
After the age of 65	No coverage after the age of 65

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

13. Other Post-Employment Benefits (“OPEB”) (Continued)

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

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

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

Investment Policy – The investment policy has been to protect the assets in the fund by not having a concentration of assets in any one type of investment.

Plan Fiduciary Net Position – The plan’s fiduciary net position displays the net position, held in trust, to pay OPEB benefits as follows:

ASSETS

Cash and equivalents \$ 427,082

NET POSITION

Restricted for pensions benefits \$ 427,082

Long-Term Expected Rate of Return – The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation.

Below shows the board of finance’s target asset class allocation and the long-term expected rate of return calculated as geometric means:

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

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

13. Other Post-Employment Benefits ("OPEB") (Continued)

Calculation of Money-Weighted Rate of Return – The money-weighted rate of return considers the cash flow of the changing amounts actually invested during the period and weighs the amount of OPEB plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated, net of investment expense, as .09%

Net OPEB Liability

The components of the net OPEB liability of the Town as of June 30, 2017 were as follows:

Total OPEB liability	\$ 2,157,704
Less: Plan fiduciary net position	<u>427,082</u>
Net OPEB liability	<u>\$ 1,730,622</u>
Plan fiduciary net position as a percentage of total OPEB liability	19.79%

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

Total OPEB Liability	
Service cost	\$ 130,779
Interest on total OPEB liability	138,377
Differences between expected and actual experience	(11,163)
Benefit payments	<u>(49,256)</u>
Net change in total OPEB liability	208,737
Total OPEB liability, beginning as restated	<u>1,948,967</u>
Total OPEB liability, ending	<u>\$ 2,157,704</u>
Fiduciary Net Position	
Employer contributions	\$ 189,896
Member contributions	33,807
Investment income net of investment expenses	297
Benefit payments	(49,256)
Net change in plan fiduciary net position	174,744
Fiduciary net position, beginning	<u>252,338</u>
Fiduciary net position, ending	<u>\$ 427,082</u>
Net OPEB liability, beginning as restated	<u>1,696,629</u>
Net OPEB liability, ending	<u>\$ 1,730,622</u>

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

13. Other Post-Employment Benefits (“OPEB”) (Continued)

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the July 1, 2016 valuation and projected forward to a measurement date of June 30, 2017:

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

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

	Discount Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	5.75%	6.75%	7.75%
Net OPEB Liability (Asset)	\$ 1,951,807	\$ 1,730,622	\$ 1,532,892

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

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
	6.75% decreasing to 3.75%	7.75% decreasing to 4.75%	8.75% decreasing to 5.75%
Net OPEB Liability (Asset)	\$ 1,407,297	\$ 1,730,622	\$ 2,125,303

Changes in the Plan and the Plan Assumptions – There were no changes in the plan or the assumptions used.

OPEB Expense – The total OPEB expense recognized for the year was \$269,156.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

13. Other Post-Employment Benefits (“OPEB”) (Continued)

B. Board of Education Plan

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

Eligibility	Certified teachers and administrators – Retirement under the State Teachers’ Plan. Non-certified – Age 55 with 15 years of service or age 65 with 5 years of service.
Cost	100% of the cost less the BOE offset which is:
Sharing	Certified – Payable for retirement after July 1, 2011 for the earlier of 10 years or attainment of age 65. The offset is based on hire date and years of service and ranges from: \$1,125 and \$3,000 for single coverage \$2,475 and \$6,600 for two-person coverage Non-certified - \$2,400 if retired under Rule of 75, \$3,000 if retired under Rule of 85 and \$4,200 if retired under Rule of 90.
Duration	Certified – Age 65 for those eligible for Medicare, life for those not eligible for Medicare. Non-certified – Life

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

Retired members	80
Spouses of retired members	24
Active plan members	464
	<hr/>
	568
	<hr/>

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

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

13. Other Post-Employment Benefits ("OPEB") (Continued)

Annual OPEB Cost ("AOC") and Net OPEB Obligation ("NOO")

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2016	\$ 9,573,628
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 9,573,628</u>
Funded Ratio	0.00%
Covered Payroll (Active plan members)	\$ 31,548,000
UAAL as a Percentage of Covered Payroll	30.35%
Annual Required Contribution	\$ 737,503
Interest on Net OPEB Obligation	111,553
Adjustment to Annual Required Contribution	<u>(145,650)</u>
Annual OPEB Cost	703,406
Contributions made	<u>(751,759)</u>
Increase in net OPEB Obligation (Asset)	(48,353)
Net OPEB Obligation - Beginning of the year	<u>2,478,960</u>
Net OPEB Obligation - End of the year	<u>\$ 2,430,607</u>

Actuarial Methods and Significant Assumptions - The Town's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB. GASB establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities is using a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. 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.

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

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

13. Other Post-Employment Benefits (“OPEB”) (Continued)

Other actuarial methods and significant assumptions are summarized as follows:

Latest Actuarial Date	July 1, 2016
Actuarial Cost Method	Entry Age Normal
Discount Rate	4.0%
Medical Inflation	7.50% for 2016, reducing .5% per year to a final 4.5% for 2022 and later
Amortization Method	Level dollar amortization
Amortization	30 years, open
Mortality	RP-2014 Mortality Table, projected to valuation date with Scale MP-2016
Participation	Based on percentages depending on cost to employee
Retirement	Based on percentages from CT State TRS 2016 OPEB Valuation

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

- Interest (reduced from 4.5% to 4.0%)
- Salary increases
- Mortality rates (used updated tables)
- Retirement
- Withdrawal
- Inflation
- Healthcare cost trend rates
- Morbidity

Three year trend information is as follows:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contributions Made	Percentage of AOC Contributed	Net OPEB Obligation (NOO)
6/30/2015	\$ 674,419	\$ 769,750	114.1%	\$ 2,366,622
6/30/2016	690,021	577,683	83.7%	2,478,960
6/30/2017	703,406	751,759	106.9%	2,430,607

Funding Progress

As of the last valuation date, July 1, 2016, the actuarial accrued liability was \$10,703,353, and the actuarial valuation of the plan assets was \$0, resulting in an unfunded actuarial accrued liability of \$9,652,132. The covered payroll (annual payroll of active employees covered by the plan) is \$31,548,000. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no requirement for funding and the plan has not been funded.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

13. Other Post-Employment Benefits (“OPEB”) (Continued)

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
7/1/2012	\$ -	\$ 9,652,132	\$ 9,652,132	0.00%	N/A	N/A
7/1/2014	-	10,703,353	10,703,353	0.00%	29,387,000	36.42%
7/1/2016	-	9,573,628	9,573,628	0.00%	31,548,000	30.35%

14. Risk Management

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

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

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

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

Year Ended	Beginning Claims Payable	Current Year Claims	Claim Payments	Ending Claims Payable
2016	509,159	7,205,796	(6,974,689)	740,266
2017	740,266	8,040,049	(8,360,720)	419,595

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

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

14. Risk Management (Continued)

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

Year Ended	Beginning Claims Payable	Claims and Changes in Estimates	Claim Payments	Ending Claims Payable
2016	405,498	31,753	(81,951)	355,300
2017	355,300	47,403	(80,739)	321,964

The internal service funds are substantially funded by the Town's General Fund based on estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liabilities, reported in the internal service funds at June 30, 2017, are based on the amount of the possible loss that can be reasonably estimated. The amount of claim accrual estimated is based on the ultimate cost of settling the claim which includes past experience data, inflation, other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual estimate does not include other allocated or unallocated claims adjustment expenses.

15. Contingencies

Litigation - The Town is a defendant in various lawsuits. Although the outcome of these lawsuits may require changes based upon attorney responses, in the opinion of the Town's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

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

School Building Grants - Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the State funding back to the State. For projects with a cost of over two million dollars or over, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

Investment Securities - The Town invests in various securities, including commercial paper, government-sponsored enterprises, and alternative investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position and activities.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

16. State of Connecticut Information and Restrictions

State's Financial Condition – The State's bond rating has decreased to AA- and its outlook for the future has been changed from stable to negative. This reflects increasing constraints on Connecticut achieving long-term structural balance according to the rating agency Standard and Poor's Global Ratings. This has caused approximately one-third of Connecticut cities and towns' bond ratings to drop or their outlook for the future to be changed from stable to negative. In the current year, the Town of Monroe received \$9,023,758 in payments from the State's budget plus the State paid \$10,870,791 on behalf of the Town for teachers' retirement benefits. These payments may be greatly or totally reduced in subsequent years. In addition, the Town may be required to pay additional costs charged by the State.

As discussed in note 13 and above, the Town participates in a cost-sharing multiple employer public employee retirement system with the State of Connecticut ("Plan") covering teachers' retirement benefits. Currently the plan is funded solely by the State. During Connecticut budget negotiations, various proposals were made to share the costs of the Plan. Generally the net pension liability in a cost sharing plan is allocated based on same allocation as the costs are allocated. The pension liability for teachers' in Monroe, currently reported 100% as a State of Connecticut liability, is \$99,683,015. This figure represents Monroe's share of the \$14,245,051,000 liability the State reports for all teachers in the plan.

Motor Vehicle Tax Cap – Beginning in fiscal year 2017, the State of Connecticut capped the mill rate for motor vehicle taxes. The motor vehicle mill rate cap for fiscal year 2018 will be 39 mills. The rate cap in fiscal year 2019 and thereafter will be 46 mills. Towns with mill rates above these thresholds are currently scheduled to be reimbursed for lost revenue.

17. GASB Pronouncements Issued, But Not Yet Effective

GASB is the standard setting board for governmental entities. The following is a statement which has been approved by GASB but is not yet effective:

- GASB Statement 81 – *Irrevocable Split-Interest Agreements* – This statement provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement and is effective for periods beginning after December 15, 2016. Management does not expect this statement to have a significant impact on the Town.
- GASB Statement 83 – *Certain Asset Retirement Obligations* – This statement addresses accounting and financial reporting for certain asset retirement obligations ("ARO"). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The statement is effective for periods beginning after June 15, 2018. Management does not expect this statement to have a significant impact on the Town.
- GASB Statement 84 – *Fiduciary Activities* – This statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported and is effective for periods beginning after December 15, 2018. Management is currently assessing the impact of this standard on the Town.

17. GASB Pronouncements Issued, But Not Yet Effective (Continued)

- GASB Statement 85 – *Omnibus 2017* – This statement addresses practice issues that have been identified during implementation and application of certain GASB statements and is effective for periods beginning after June 15, 2017. Management does not expect this statement to have a significant impact on the Town.
- GASB Statement 86 – *Certain Debt Extinguishment Issues* –The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement is effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Management does not expect this statement to have a significant impact on the Town.
- GASB Statement 87 – *Leases* - This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management is currently assessing the impact of this standard on the Town.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund
 For the Year Ended June 30, 2017

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
REVENUES					
Property Taxes					
Tax levies	\$ 73,970,218	\$ -	\$ 73,970,218	\$ 74,830,948	\$ 860,730
Interest and lien fees	150,000	-	150,000	349,839	199,839
	<u>74,120,218</u>	<u>-</u>	<u>74,120,218</u>	<u>75,180,787</u>	<u>1,060,569</u>
Licenses and Permits					
Police department permits	10,000	-	10,000	21,166	11,166
Building permits	235,000	-	235,000	317,814	82,814
Burning permits	1,500	-	1,500	1,640	140
Planning and zoning	40,000	-	40,000	45,126	5,126
Library	25,000	-	25,000	16,016	(8,984)
Refuse permits	2,000	-	2,000	1,800	(200)
Canine licenses	2,000	-	2,000	770	(1,230)
Town clerk's fees	400,000	-	400,000	423,984	23,984
	<u>715,500</u>	<u>-</u>	<u>715,500</u>	<u>828,316</u>	<u>112,816</u>
Intergovernmental					
State and Federal Education Grants					
Education cost sharing	6,510,618	-	6,510,618	6,398,824	(111,794)
Other					
Revenue sharing grant	300,000	-	300,000	404,221	104,221
Tax grant - disabled persons	2,500	-	2,500	2,486	(14)
PILOT - state property	-	-	-	46	46
Tax grant - circuit breaker	174,500	-	174,500	156,055	(18,445)
Bond subsidy payments	407,663	-	407,663	423,398	15,735
Veteran exemption	11,500	-	11,500	11,077	(423)
Mashantucket Pequot grant	33,408	-	33,408	33,321	(87)
Telephone access	40,000	-	40,000	44,379	4,379
	<u>7,480,189</u>	<u>-</u>	<u>7,480,189</u>	<u>7,473,807</u>	<u>(6,382)</u>
Charges for Services					
Recreation department fees	175,000	-	175,000	165,861	(9,139)
Landfill lease	62,000	-	62,000	66,871	4,871
Nutrition	2,000	-	2,000	1,813	(187)
Tuition	5,000	-	5,000	23,443	18,443
Senior citizens transportation	5,000	-	5,000	5,224	224
Senior citizens registration	1,000	-	1,000	-	(1,000)
Special police assignments	100,000	-	100,000	-	(100,000)
Inland wetland commission	10,000	-	10,000	10,537	537
Economic development commission	1,500	-	1,500	-	(1,500)
	<u>361,500</u>	<u>-</u>	<u>361,500</u>	<u>273,749</u>	<u>(87,751)</u>
Interest and Dividends	<u>157,000</u>	<u>-</u>	<u>157,000</u>	<u>297,056</u>	<u>140,056</u>
Miscellaneous Income	<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>148,027</u>	<u>73,027</u>
Other Financing Sources					
Operating transfers in	-	-	-	177,788	177,788
Total Revenues	<u>82,909,407</u>	<u>-</u>	<u>82,909,407</u>	<u>84,379,530</u>	<u>1,470,123</u>

(Continued)

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund (Continued)
 For the Year Ended June 30, 2017

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
EXPENDITURES					
General Government					
First selectman	\$ 390,108	\$ 1,931	\$ 392,039	\$ 343,309	\$ 48,730
Town council	4,350	-	4,350	2,880	1,470
Board of finance	98,580	-	98,580	33,173	65,407
Registrar of voters	142,050	-	142,050	112,178	29,872
Town clerk	200,242	84	200,326	162,328	37,998
Tax collector	205,760	3,871	209,631	194,990	14,641
Town treasurer	10,839	-	10,839	10,839	-
Boards and commissions	14,850	-	14,850	10,197	4,653
Senior citizen	266,749	3,392	270,141	252,460	17,681
Economic development	15,500	-	15,500	2,256	13,244
Engineering	159,334	9,290	168,624	164,950	3,674
Inland wetlands commission	110,891	814	111,705	108,708	2,997
Human resources - fringe benefits	5,431,100	(226,764)	5,204,336	4,669,820	534,516
Finance department	329,795	5,926	335,721	320,451	15,270
Technology	675,101	-	675,101	632,572	42,529
Assessor	240,384	2,682	243,066	228,536	14,530
Building inspection department	166,517	3,526	170,043	166,013	4,030
Planning and zoning department	197,708	-	197,708	185,819	11,889
Town hall maintenance	382,761	9,403	392,164	392,164	-
Chalk Hill School expenditures	50,000	120,000	170,000	126,363	43,637
Special programs	144,439	-	144,439	137,335	7,104
Regional programs	50,791	-	50,791	50,604	187
	<u>9,287,849</u>	<u>(65,845)</u>	<u>9,222,004</u>	<u>8,307,945</u>	<u>914,059</u>
Public Safety					
Police department	5,226,119	77,800	5,303,919	5,018,007	285,912
Animal control	134,619	2,597	137,216	128,196	9,020
Park ranger	67,051	-	67,051	66,962	89
Monroe fire department	275,700	-	275,700	275,700	-
Stevenson fire department	198,595	-	198,595	198,595	-
Stepney fire department	260,900	-	260,900	260,900	-
Water distribution system	538,850	9,251	548,101	548,101	-
Fire marshal	118,370	3,955	122,325	109,047	13,278
Emergency management	12,866	125	12,991	12,097	894
Emergency medical services	<u>370,052</u>	<u>856</u>	<u>370,908</u>	<u>244,973</u>	<u>125,935</u>
	<u>7,203,122</u>	<u>94,584</u>	<u>7,297,706</u>	<u>6,862,578</u>	<u>435,128</u>
Public Works					
Highway administration	305,318	2,393	307,711	304,574	3,137
General maintenance	1,314,976	38,932	1,353,908	1,314,249	39,659
Snow removal	469,045	-	469,045	458,968	10,077
Operations	907,163	-	907,163	829,703	77,460
Tree warden	40,000	-	40,000	39,945	55
Traffic control	81,994	-	81,994	68,087	13,907
Sanitation - solid waste	26,610	-	26,610	20,536	6,074
Sanitation - recycling	<u>288,494</u>	<u>-</u>	<u>288,494</u>	<u>271,376</u>	<u>17,118</u>
	<u>3,433,600</u>	<u>41,325</u>	<u>3,474,925</u>	<u>3,307,438</u>	<u>167,487</u>
Health and Welfare					
Health department	154,940	4,891	159,831	117,637	42,194
Department of social services	<u>103,432</u>	<u>2,150</u>	<u>105,582</u>	<u>97,564</u>	<u>8,018</u>
	<u>258,372</u>	<u>7,041</u>	<u>265,413</u>	<u>215,201</u>	<u>50,212</u>

(Continued)

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund (Continued)
 For the Year Ended June 30, 2017

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Culture and Recreation					
Library	\$ 788,692	\$ 24,390	\$ 813,082	\$ 780,639	\$ 32,443
Recreation department	935,613	18,261	953,874	929,800	24,074
	<u>1,724,305</u>	<u>42,651</u>	<u>1,766,956</u>	<u>1,710,439</u>	<u>56,517</u>
Capital Outlay					
Special projects	3,500	244	3,744	3,744	-
Appropriation for equipment replacement	200,000	-	200,000	200,000	-
	<u>203,500</u>	<u>244</u>	<u>203,744</u>	<u>203,744</u>	<u>-</u>
Debt Service	<u>5,961,883</u>	<u>-</u>	<u>5,961,883</u>	<u>5,940,234</u>	<u>21,649</u>
Other Financing Uses					
Operating transfers out	195,000	27,000	222,000	222,000	-
	<u>195,000</u>	<u>27,000</u>	<u>222,000</u>	<u>222,000</u>	<u>-</u>
Total General Government	<u>28,267,631</u>	<u>147,000</u>	<u>28,414,631</u>	<u>26,769,579</u>	<u>1,645,052</u>
Board of Education					
Salaries	35,012,722	(9,003)	35,003,719	34,793,900	209,819
Benefits	8,752,620	61,044	8,813,664	9,217,719	(404,055)
Transportation	3,222,443	(13,839)	3,208,604	3,164,129	44,475
Special Education Instruction	1,942,464	21,941	1,964,405	2,162,102	(197,697)
Energy	1,283,031	-	1,283,031	1,317,156	(34,125)
Facilities	1,271,666	(54,154)	1,217,512	1,190,555	26,957
Textbooks and Supplies	770,740	(4,549)	766,191	613,509	152,682
Technology	597,195	(1,105)	596,090	510,597	85,493
Other Professional Services	1,087,359	(335)	1,087,024	897,471	189,553
Honeywell Lease Payment	405,035	-	405,035	406,181	(1,146)
Other	296,501	-	296,501	308,457	(11,956)
Total Board of Education	<u>54,641,776</u>	<u>-</u>	<u>54,641,776</u>	<u>54,581,776</u>	<u>60,000</u>
Total Expenditures	<u>82,909,407</u>	<u>147,000</u>	<u>83,056,407</u>	<u>81,351,355</u>	<u>1,705,052</u>
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	<u>\$ -</u>	<u>\$ (147,000)</u>	<u>\$ (147,000)</u>	3,028,175	<u>\$ 3,175,175</u> (Continued)

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund (Continued)
 For the Year Ended June 30, 2017

	Actual Budgetary Basis
Adjustments to Generally Accepted Accounting Principles (GAAP):	
Payments on Behalf of the Town Not Recorded on a Budgetary Basis	
Revenues from Teachers' Retirement	10,870,791
Expenditures for Teachers' Retirement	(10,870,791)
Unrealized Gain (Loss) on Investments Not Recorded on a Budgetary Basis	(124,902)
Transfer to BOE Capital Reserve under C.G.S. 10-248a	(60,000)
Revenues net on the Budget Basis	
Revenues from EMS operations	577,906
Expenditures from EMS operations	(577,906)
Revenues from Health Department operations	113,268
Expenditures from Health Department operations	(113,268)
Unbudgeted activity from legal settlements	
Legal settlement proceeds	315,000
Attorney fees	(63,148)
Assigned Fund Balance - netted with Debt Service in the Budget	(409,400)
Other Financing Sources - Difference in Treatment of Debt Transaction	
Proceeds from Long Term Debt	7,220,000
Premium on financing	819,112
Other Costs on Bond Refunding	(102,733)
Payment to refunded bond escrow agent	(7,917,578)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis (Exhibit 4)	<u>\$ 2,704,526</u>

Notes to Required Supplementary Information: This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf; 2. The Town records its payroll on a cash basis of accounting for budgetary purposes; 3. Encumbrances are treated as expenditures against the budget in the year committed.

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

Town of Monroe, Connecticut

RSI-2a

Required Supplementary Information
 Town of Monroe Retirement Income Plan - Town
 Schedule of Changes in Net Pension Liability and Related Ratios
 Last 10 Fiscal Years or Since Inception of GASB 67/68

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town of Monroe Employee Retirement Plan				
Total Pension Liability				
Service cost	\$ 320,580	\$ 279,200	\$ 268,462	\$ 258,136
Interest on total pension liability	933,432	880,508	802,505	760,256
Effect of economic/demographic gains (losses)	(108,021)	32,827	(140,267)	-
Effect of assumption changes or inputs	(687,325)	-	587,242	-
Benefit payments	<u>(545,744)</u>	<u>(511,431)</u>	<u>(466,648)</u>	<u>(464,206)</u>
Net change in total pension liability	(87,078)	681,104	1,051,294	554,186
Total pension liability, beginning	<u>12,393,101</u>	<u>11,711,997</u>	<u>10,660,703</u>	<u>10,106,517</u>
Total pension liability, ending	<u>12,306,023</u>	<u>12,393,101</u>	<u>11,711,997</u>	<u>10,660,703</u>
Fiduciary Net Position				
Employer contributions	390,000	383,000	391,857	341,866
Member contributions	144,665	145,302	137,917	137,271
Investment income net of investment expenses	1,100,157	43,338	399,506	1,265,162
Benefit payments	(545,744)	(511,431)	(466,648)	(464,206)
Administrative expenses	(6,403)	(22,358)	(30,021)	(58,327)
Other	-	80	-	-
Net change in plan fiduciary net position	1,082,675	37,931	432,611	1,221,766
Fiduciary net position, beginning	<u>10,240,539</u>	<u>10,202,608</u>	<u>9,769,997</u>	<u>8,548,231</u>
Fiduciary net position, ending	<u>11,323,214</u>	<u>10,240,539</u>	<u>10,202,608</u>	<u>9,769,997</u>
Net pension liability, ending	<u>\$ 982,809</u>	<u>\$ 2,152,562</u>	<u>\$ 1,509,389</u>	<u>\$ 890,706</u>
Fiduciary net position as a % of total pension liability	92.01%	82.63%	87.11%	91.64%
Covered payroll	\$ 3,714,813	\$ 3,439,025	\$ 3,439,025	\$ 3,166,740
Net pension liability as a % of covered payroll	26.46%	62.59%	43.89%	28.13%

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

See Independent Auditors' Report

Required Supplementary Information
 Town of Monroe Retirement Income Plan - Town
 Schedule of Employer Contributions
 Last 10 Fiscal Years or Since Inception of GASB 67/68

	2017	2016	2015	2014
Actuarily determined contribution	\$ 389,752	\$ 382,281	\$ 394,666	\$ 388,045
Contributions in relation to the actuarily determined contribution	\$ 390,000	\$ 383,000	\$ 391,857	\$ 341,866
Contribution deficiency (excess)	\$ (248)	\$ (719)	\$ 2,809	\$ 46,179
Covered payroll	\$ 3,714,813	\$ 3,576,586	\$ 3,439,025	\$ 3,166,740
Contributions as a percentage of covered payroll	10.50%	10.71%	11.39%	10.80%

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

Notes to the Schedule

Valuation Date Actuarially determined contribution rates are calculated as of July 1, twelve months prior to the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method Entry age normal
- Amortization method Level percent
- Remaining amortization period 18 years
- Asset valuation method difference between the Expected Value and the Market Value of Assets.
- Inflation 2.75% (previously 3.00%)
- Salary increases 3.75% (previously 4.00%)
- Investment rate of return 6.75% (previously 7.50%)
- Retirement age Increasing rates from age 55 to 75 (previous all 65)
- Mortality RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016 (previously with scale MP-2014)

See Independent Auditors' Report

Required Supplementary Information
Town of Monroe Retirement Income Plan - Town
Annual Money-Weighted Rate of Return
Last 10 Fiscal Years or Since Inception of GASB 67/68

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2017	10.93%
2016	0.43%
2015	4.15%
2014	15.10%
2013	NA
2012	NA
2011	NA
2010	NA
2009	NA
2008	NA
2007	NA

NA = Not available

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

Required Supplementary Information
 Town of Monroe Retirement Income Plan - Board of Education
 Schedule of Changes in Net Pension Liability and Related Ratios
 Since Inception of GASB 67/68

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

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

See Independent Auditors' Report

Required Supplementary Information
 Town of Monroe Retirement Income Plan - Board of Education
 Schedule of Employer Contributions
 Last 10 Fiscal Years or Since Inception of GASB 67/68

	2017	2016	2015	2014
Actuarially determined contribution	\$ 385,429	\$ 376,663	\$ 356,619	\$ 349,519
Contributions in relation to the actuarially determined contribution	\$ 385,429	\$ 367,541	\$ 367,541	\$ 349,519
Contribution deficiency (excess)	\$ -	\$ 9,122	\$ (10,922)	\$ -
Covered payroll	\$4,020,077	\$4,435,017	\$4,264,439	\$4,439,312
Contributions as a percentage of covered payroll	9.59%	8.29%	8.62%	7.87%

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

Notes to the Schedule

Valuation Date Actuarially determined contribution rates are calculated as of July 1, twelve months prior to the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent
Remaining amortization period	18 years
Asset valuation method	Expected Asset value plus or minus 20% of the difference between the Expected Value and the Market Value of Assets.
Inflation	2.75% (previously 3.00%)
Salary increases	3.75% (previously 4.00%)
Investment rate of return	6.75% (previously 7.50%)
Retirement age	Increasing rates from age 55 to 75 (previous all 65)
Mortality	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016 (previously with scale MP-2014)

Required Supplementary Information
Town of Monroe Retirement Income Plan - Board of Education
Annual Money-Weighted Rate of Return
Last 10 Fiscal Years or Since Inception of GASB 67/68

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2017	10.91%
2016	0.38%
2015	2.62%
2014	13.80%
2013	NA
2012	NA
2011	NA
2010	NA
2009	NA
2008	NA
2007	NA

NA = Not available

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

Required Supplementary Information
 Other Post Employment Benefits Plan - Police Benefits in a Trust
 Schedule of Changes in Net OPEB Liability
 Last 10 Fiscal Years or Since Inception of GASB 74/75

	<u>2017</u>
Town of Monroe Other Post Employment Benefits Plan	
Total OPEB Liability	
Service cost	\$ 130,779
Interest	138,377
Differences between expected and actual experience	(11,163)
Benefit payments	<u>(49,256)</u>
Net change in total OPEB liability	208,737
Total OPEB liability, beginning as restated	<u>1,948,967</u>
Total OPEB liability, ending	<u>2,157,704</u>
 Fiduciary Net Position	
Employer contributions	189,896
Member contributions	33,807
Investment income net of investment expenses	297
Benefit payments	<u>(49,256)</u>
Net change in plan fiduciary net position	174,744
Fiduciary net position, beginning	<u>252,338</u>
Fiduciary net position, ending	<u>427,082</u>
 Net OPEB liability, ending	 <u>\$ 1,730,622</u>
 Fiduciary net position as a % of total OPEB liability	 19.79%
Covered payroll	\$ 3,287,439
Net OPEB liability as a % of covered payroll	52.64%

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

Required Supplementary Information
 Other Post Employment Benefits Plan - Police Benefits in a Trust
 Schedule of Net OPEB Liability
 Last 10 Fiscal Years or Since Inception of GASB 74/75

	<u>2017</u>	<u>2016</u>
Total OPEB liability	\$ 2,157,704	\$ 1,948,697
Plan fiduciary net position	<u>427,082</u>	<u>252,338</u>
Net OPEB liability (asset)	<u>\$ 1,730,622</u>	<u>\$ 1,696,359</u>
Plan fiduciary net position as a % of total OPEB liability	19.79%	12.95%
Covered payroll	\$ 3,287,439	\$ 3,168,616
Net OPEB liability as a % of covered payroll	52.64%	53.54%

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

Notes to the Schedule

Valuation date	The July 1, 2016 valuation calculated the July 1 total OPEB liability. This was adjusted to estimate the liability as of June 30, 2017.
Methods and assumptions:	
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level percent
Closed, open or layered	Open
Amortization period	20 years
Asset valuation method	Fair Value
Inflation	2.50%
Payroll growth	3.75%
Discount rate	6.75% (previously 7.0%)
Healthcare cost trends	7.75% for 2016 decreasing .5% per year to 4.75% for 2022 and after
Post-retirement mortality	RP-2014 Adjusted to 2006 with a scale MP-2016

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

Required Supplementary Information
 Other Post Employment Benefits Plan - Police Benefits in a Trust
 Schedule of Investment Returns
 Last 10 Fiscal Years or Since Inception of GASB 74/75

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2017	0.09%
2016	N/A
2015	N/A
2014	N/A
2013	N/A
2012	N/A
2011	N/A
2010	N/A
2009	N/A
2008	N/A

NA = Not available

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

Required Supplementary Information
 Other Post Employment Benefits Plan for the Board of Education - Not in a trust
 June 30, 2017

**Schedule of Funding Progress
 Last Three Valuations**

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
Town of Monroe Board of Education OPEB Plan						
7/1/2016	\$ -	\$ 9,573,628	\$ 9,573,628	0.00%	\$ 31,548,000	30.35%
7/1/2014	-	10,703,353	10,703,353	0.00%	29,387,000	36.42%
7/1/2012	-	9,652,132	9,652,132	0.00%	N/A	N/A

**Schedule of Employer Contributions
 Last Six Fiscal Years**

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
Town of Monroe Board of Education OPEB Plan			
6/30/2017	\$ 737,503	\$ 751,759	101.93%
6/30/2016	722,572	577,683	79.95%
6/30/2015	708,282	769,750	108.68%
6/30/2014	567,391	387,594	68.31%
6/30/2013	545,568	466,832	85.57%
6/30/2012	545,568	498,525	91.38%

Notes to Schedule

Status of plan:	The OPEB plan is not in a trust.
Changes in benefit term	None
Changes in assumptions	Change in interest, salary increase, mortality, retirement, withdrawal inflation, healthcare cost trend rates, morbidity
Actuarial cost method	Entry age normal (previously projected unit credit)
Amortization method	Level dollar
Remaining Amortization Period	30 years, open
Discount rates	4.00% (previously 4.50%)
Rate of compensation increase	3.50% (previously 4.00%)
Inflation	2.50%
Mortality	PR-2014 adjusted to 206 dataset projected with scale MP-2016

Required Supplementary Information
 Connecticut Municipal Employees' Retirement System
 June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Schedule of Changes in Net Pension Liability and Related Ratios Since Inception of GASB 68			
Town's percentage of collective net pension liability (police and fire with social security)	<u>8.332825%</u>	<u>8.754860%</u>	<u>8.754860%</u>
Town's portion net pension liability	<u>\$ 3,895,673</u>	<u>\$ 2,678,744</u>	<u>\$ 2,116,810</u>
Town's covered payroll	<u>\$ 3,858,797</u>	<u>\$ 3,507,399</u>	<u>\$ 3,507,399</u>
Town's portion net pension liability as a % of covered payroll	<u>100.96%</u>	<u>76.37%</u>	<u>60.35%</u>
Plan Fiduciary net position as a % of total pension liability	<u>88.29%</u>	<u>92.75%</u>	<u>90.48%</u>

Schedule of Employer Contributions Since Inception of GASB 68

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

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

Notes to Schedule

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

Required Supplementary Information
 Connecticut Teachers Retirement System
 June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Schedule of Changes in Net Pension Liability and Related Ratios Since Inception of GASB 68			
Town's percentage of collective net pension liability	0.00%	0.00%	0.00%
State's percentage of collective net pension liability	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	100.00%	100.00%	100.00%
Town's proportionate dollar share of the collective net pension liability	\$ -	\$ -	\$ -
State's proportionate dollar share of the collective net pension liability associated with the Town of Monroe	<u>99,683,015</u>	<u>76,967,634</u>	<u>71,141,153</u>
Total proportionate share of the collective net pension liability	<u>\$99,683,015</u>	<u>\$76,967,634</u>	<u>\$71,141,153</u>
Town's covered employee payroll	(1) NA	NA	NA
Town's proportionate share of the collective net pension liability as a % of covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a % of total pension liability	52.26%	59.50%	61.50%
Schedule of Employer Contributions Since Inception of GASB 68			
Contractually required Town contribution	(2) <u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

(Continued)

See Independent Auditors' Report

Required Supplementary Information
 Connecticut Teachers Retirement System (Continued)
 June 30, 2017

Notes to Schedule

Changes in benefit term	None
Changes in assumptions	<ol style="list-style-type: none"> 1. Reduce the inflation assumption from 3.00% to 2.75% 2. Reduce the real rate of return assumption from 5.5% to 5.25% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.5% to 8.0% 3. Reduce the annual rate of wage increase assumption from .75% to .50% 4. Slightly modify the merit portion of the salary scale 5. Reduce the payroll growth assumption from 3.75% to 3.25% 6. Update the mortality tables to projected versions of the RPH-2014 mortality tables 7. Increase normal retirement rates for females at most ages and prorate retirement rates for males at most ages 8. Increase rates of withdrawal 9. Decrease rates of disability for males
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	21.4 years
Asset valuation method	4 year smoothed market
Inflation	2.75%
Salary increases	3.25%-6.00%, average, including inflation
Investment rate of return	8.0% net of investment expense, including inflation

See Independent Auditors' Report

APPENDIX B-1 - FORM OF OPINION OF BOND COUNSEL FOR SERIES A BONDS

June 13, 2018

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 \$8,085,000 General Obligation Bonds, Issue of 2018, Series A dated June 26, 2018 (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 26, 2018 (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 obligation 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 or corporations; however, for taxable years that began before January 1, 2018 for certain corporations (as defined for federal income tax purposes) such interest may be taken into account in computing the corporation's federal alternative minimum tax liability. 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 13, 2018 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 B-2 - FORM OF OPINION OF BOND COUNSEL FOR SERIES B BONDS

June 13, 2018

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 \$7,040,000 General Obligation Refunding Bonds, Issue of 2018, Series B dated June 26, 2018 (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 26, 2018 (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 obligation 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 or corporations; however, for taxable years that began before January 1, 2018 for certain corporations (as defined for federal income tax purposes) such interest may be taken into account in computing the corporation's federal alternative minimum tax liability. 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 13, 2018 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-1 - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR SERIES A BONDS

CONTINUING DISCLOSURE AGREEMENT

**In Connection With The Issuance and Sale of the Town of Monroe, Connecticut
\$8,085,000 General Obligation Bonds, Issue of 2018, Series A**

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered as of June 26, 2018, by the Town of Monroe, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$8,085,000 General Obligation Bonds, Issue of 2018, Series A dated June 26, 2018 (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 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 13, 2018, prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2017):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

(ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;

(E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins;

(I) the funding status of the Issuer's pension benefit obligations; and

(J) the funding status of the Issuer's OPEB obligation.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vi) tender offers;

(vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

(viii) Bond defeasances; 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, or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; 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 Agreement on or before the date set forth in Section 3 hereof.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the 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 Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF MONROE, CONNECTICUT

By: _____
Kenneth Kellogg
First Selectman

APPENDIX C-2 - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR SERIES B BONDS

CONTINUING DISCLOSURE AGREEMENT

**In Connection With The Issuance and Sale of the Town of Monroe, Connecticut
\$7,040,000 General Obligation Refunding Bonds, Issue of 2018, Series B**

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered as of June 26, 2018, by the Town of Monroe, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$7,040,000 General Obligation Refunding Bonds, Issue of 2018, Series B dated June 26, 2018 (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 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 13, 2018, prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2017):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

(ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;

(E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins;

(I) the funding status of the Issuer's pension benefit obligations; and

(J) the funding status of the Issuer's OPEB obligation.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vi) tender offers;

(vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

(viii) Bond defeasances; 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, or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; 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 Agreement on or before the date set forth in Section 3 hereof.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the 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 Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF MONROE, CONNECTICUT

By: _____
Kenneth Kellogg
First Selectman