

**OFFICIAL STATEMENT DATED NOVEMBER 9, 2021**

**NEW ISSUE – Book-Entry-Only**

**S&P GLOBAL RATINGS: AAA**  
**(see “Rating” herein)**

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of s and continuing compliance by the Town with certain representations and covenants relating to requirements of the Internal Revenue Code of 1986, as amended (the “Code”), under existing law, interest on the Bonds is excluded from gross income for federal income tax purpose sand is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax under the Code. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See “Tax Matters”, herein.)*

**TOWN OF MONROE, CONNECTICUT**  
**\$9,815,000 GENERAL OBLIGATION BONDS, ISSUE OF 2021**

**Dated: Date of Delivery**

**Due: November 15, as shown herein**

<b>Maturity</b>	<b>Amount</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup></b>	<b>Maturity</b>	<b>Amount</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup></b>
2022	\$785,000	4.000 %	0.200 %	610423D51	2032	\$205,000	2.000 %	1.670 % *	610423E76
2023	780,000	4.000	0.280	610423D69	2033	205,000	2.000	1.740 *	610423E84
2024	775,000	4.000	0.370	610423D77	2034	205,000	2.000	1.790 *	610423E92
2025	775,000	4.000	0.520	610423D85	2035	205,000	2.000	1.820 *	610423F26
2026	775,000	4.000	0.680	610423D93	2036	205,000	2.000	1.880 *	610423F34
2027	775,000	4.000	0.850	610423E27	2037	205,000	2.000	1.940 *	610423F42
2028	775,000	4.000	0.980	610423E35	2038	205,000	2.000	2.000	610423F59
2029	775,000	3.000	1.150 *	610423E43	2039	205,000	2.000	2.050	610423F67
2030	775,000	3.000	1.220 *	610423E50	2040	205,000	2.000	2.080	610423F75
2031	775,000	2.000	1.580 *	610423E68	2041	205,000	2.000	2.110	610423F83

\*-Priced assuming redemption on November 15, 2028 however any such redemption is at the option of the Town. See “Optional Redemption” herein.

**FIDELITY CAPITAL MARKETS**

The \$9,815,000 General Obligation Bonds, Issue of 2021 (the “Bonds”) will be general obligations of the Town of Monroe, Connecticut (the “Town”), and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. See “Security and Remedies” herein.

Interest on the Bonds will be payable semiannually on May 15 and November 15 in each year until maturity, commencing on May 15, 2022.

The Bonds will be issued by means of a book-entry system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for 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 owners of the Bonds. Purchasers of the Bonds will be made in book-entry form in denominations of \$5,000 or any integral multiples thereof. Purchasers of the Bonds will receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bond Owner, as nominee of DTC, reference herein to the Bond Owner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. See “Book-Entry-Only Transfer System” herein.

U.S. Bank National Association, Global Corporate Trust, City Place I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut will certify the Bonds, and act as Registrar, Transfer Agent, and Paying Agent on the Bonds.

**The Bonds are subject to optional redemption as described more fully herein. See “Optional Redemption”, herein.**

*The Bonds are offered for delivery when, as and if issued, subject to the final approving opinions of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company (“DTC”) in New York, New York on or about November 23, 2021.*

**This cover page contains certain information for quick reference only. It is NOT a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.**

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

No dealer, broker, salesman or other person has been authorized by the Town of Monroe, Connecticut (the “Town”) or the Municipal Advisor to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town or the Municipal Advisor. 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. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

The Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement.

Other than as to matters expressly set forth in Appendix A – “Audited Financial Statements” herein, the independent auditors for the Town are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

Other than matters expressly set forth in Appendices B herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

The Town deems this Official Statement to be “final” as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1).

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

This Official Statement may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the Town up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the Town assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the Town; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the Town; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the Town; (viii) the effects of epidemics and pandemics, including economic effects; and (ix) other factors contained in this Official Statement.

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**MUNICIPAL ADVISOR**  
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## BOND ISSUE SUMMARY

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*The information in this Bond Issue Summary and the front and inside front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.*

<b>Issuer:</b>	Town of Monroe, Connecticut (the “Town”).
<b>Issue:</b>	\$9,815,000 General Obligation Bonds, Issue of 2021 (the “Bonds”).
<b>Dated Date:</b>	Date of Delivery.
<b>Interest Due:</b>	May 15, 2022 and semiannually thereafter on May 15 and November 15 in each year until maturity.
<b>Principal Due:</b>	Serially, November 15, 2022 through 2041, as detailed in this Official Statement.
<b>Purpose and Authority:</b>	The proceeds of the Bonds will be used to finance various capital projects of the Town as authorized by bond resolutions adopted by the Town Council and approved by the voters of the Town. See “Authorization and Purpose” herein.
<b>Redemption:</b>	The Bonds <b>are</b> subject to redemption prior to maturity as more fully described herein.
<b>Security:</b>	The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	The Town received a credit rating of “AAA” from S&P Global Ratings (“S&P”) on the Bonds. See “Rating” herein.
<b>Basis of Award:</b>	Lowest True Interest Cost (“TIC”), as of dated date.
<b>Tax Exemption:</b>	See Appendix B, “Form of Opinion of Bond Counsel” herein.
<b>Bank Qualification:</b>	The Bonds shall <b>not</b> be designated 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 incurred to carry the Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide annual financial information, operating data and notices of certain events with respect to the Bonds within 10 business days of the occurrence of such events, pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form of Appendix C to this Official Statement.
<b>Registrar, Transfer, Certifying and Paying Agent:</b>	U.S. Bank National Association, Global Corporate Trust, City Place I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06013.
<b>Legal Opinion:</b>	Pullman & Comley, LLC of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about November 23, 2021 against payment in <b>Federal Funds</b> .
<b>Issuer Official:</b>	Questions concerning the 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)-452-2800 x 1061.
<b>Municipal Advisor:</b>	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Bill Lindsay, Managing Director, Telephone: (203)-421-2880.

## I. SECURITIES OFFERED

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### INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Monroe, Connecticut (the “Town”) in connection with the sale and issuance of \$9,815,000 General Obligation Bonds, Issue of 2021 (the “Bonds”) of the Town, and may not be reproduced or used in whole or in part for any other purpose.

This Official Statement is not to be construed as a contract or agreement between the Town 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. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents, and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town.

Munistat Services, Inc. (“Munistat” or the “Municipal Advisor”) is engaged as Municipal Advisor to the Town in connection with the issuance of the Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Munistat, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal and state income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Set forth in Appendix A “Basic Financial Statements” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. 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 or to perform audit procedures regarding the post-audit period, 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.

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

The Town considers 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.

### DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery, November 23, 2021, and will mature on the dates and in the principal amounts set forth on the cover page hereof. The Bonds will be issued as fully-registered bonds in denominations of \$5,000 or any integral multiples thereof. Interest on the Bonds will be payable on semiannually on May 15 and November 15 in each year until the date of maturity, commencing on May 15, 2022. Interest will be calculated on the basis of 360-day year, consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the close of business on the last business day of April and October in each year.

A book-entry-only transfer system will be employed evidencing ownership of the Bonds with transfers of ownership 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-Only Transfer System” herein. The Certifying Agent, Paying Agent, Registrar, and Transfer Agent will be U.S. Bank National Association, Global Corporate Trust, Cityplace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Pullman & Comley, LLC, in substantially the form set forth in Appendix B to this Official Statement. **The Bonds are subject to optional redemption prior to maturity as more fully described herein.**

**AUTHORIZATION AND PURPOSE**

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

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

<u>Projects</u>	<u>Total Bond Authorization</u>	<u>Prior Bonds</u>	<u>The Bonds</u>
Emergency Radio System 2020.....	\$ 1,650,000	\$ -	\$ 1,520,000
Public Works Trucks 2020.....	720,000	-	720,000
Public Works Trucks & Equipment 2022.....	520,000	-	520,000
Road Construction & Reconstruction 2020....	1,020,000	-	1,020,000
Road Construction & Reconstruction 2022....	1,220,000	-	1,220,000
Fire Equipment 2020.....	215,000	-	215,000
Fire Equipment 2022.....	500,000	-	500,000
EMS Facility (Phase 2) 2022.....	4,100,000	-	4,100,000
<b>Total.....</b>	<b>\$ 9,945,000</b>	<b>\$ -</b>	<b>\$ 9,815,000</b>

**RATING**

The Town received a credit rating of “AAA” from S&P Global Ratings (“S&P”) on the Bonds. 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.

The rating reflects only the view of the rating agency and an explanation of the significance of such rating may be obtained from S&P Global Ratings, 55 Water Street, 45<sup>th</sup> Floor, New York, New York 10041. There is no assurance that the rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by such rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town’s bonds or notes, including the Bonds.

**OPTIONAL REDEMPTION**

The Bonds maturing on or before November 15, 2028 are not subject to redemption prior to maturity. The Bonds maturing on November 15, 2029 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after November 15, 2028, 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 Date</u>	<u>Redemption Price</u>
November 15, 2028 and thereafter	100.00%

**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 any Bonds designated for redemption in whole or in part 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. So long as Cede & Co., as nominee for DTC is the registered owner of the Bonds, all notices of redemption will be sent only to DTC or its successor nominee.

If less than all 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 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 interests 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 interest in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interest 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 the Town, or be the responsibility of, the Town, the Registrar or Paying Agent.

### **BOOK-ENTRY-ONLY TRANSFER SYSTEM**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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 maturity and interest rate, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds in an issue are being redeemed, DTC's practice is to determine by lot, the amount of interest for each Direct Participant in such issue as 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 the 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 the Paying Agent/Registrar, 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 Bonds 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, the Paying Agent/Registrar, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent/Registrar, 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 the Paying Agent/Registrar. 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-only 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 Town is authorized to issue fully registered Bond 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.

## **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 interest on the Bonds when due.



Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under the Connecticut General Statutes to levy ad valorem taxes on all taxable property in 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. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue that 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 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 (the “obligations”) and a court of competent jurisdiction has the 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 obligations 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 of or interest on such obligations 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 and to the exercise of judicial discretion. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements if it is specifically authorized in its capacity as a municipality or by name, to be a debtor under Chapter 9 thereof, or by State law or a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue notes or other obligations.

## **CONSIDERATION FOR BONDHOLDERS**

In making an investment decision with respect to the Bonds, investors should consider carefully the information in this Official Statement and, in addition to those investment characteristics of fixed-rate municipal debt obligations, consider the following information.

### ***The COVID-19 Outbreak***

The outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. The outbreak of the virus has affected travel, commerce and financial markets globally. There can be no assurances that the continuing prevalence of COVID-19 will not materially affect local, state, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the Town.

### ***State and Local Efforts to Mitigate the Ongoing Impact of COVID-19***

On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the “State”) and took and continues to take steps designed to mitigate the spread and impacts of COVID-19. Public schools began to operate remotely immediately following the outbreak and continued remotely through the 2019/2020 school year. For the 2020/2021 school year, schools were permitted to reopen and school districts were given the discretion to choose in-person learning, virtual learning or a hybrid model. For the 2021/2022 school year, Monroe Public Schools returned to full-time in-person learning.

Connecticut’s COVID-19 vaccination plan commenced on December 14, 2020. The State is currently making vaccinations available to all individuals aged 12 and over, and it making booster shots available as they become recommended and authorized in accordance with CDC guidelines.

The Governor regularly reviews conditions and, accordingly, expands or reduces restrictions. In response to the Spring 2021 decline in the number of positive COVID-19 cases and hospitalizations, effective May 19, 2021, all capacity restrictions related to establishments and social/recreational gatherings were eliminated. Given the increase in positive COVID-19 cases since July 2021, face-covering requirements remain in effect at this time for unvaccinated individuals. Businesses and state and local government offices have the option to require masks be worn by everyone in their establishments. Effective August 5, 2021, municipal leaders have the option of requiring that masks be worn by everyone, regardless of vaccination status, in indoor public places within their respective towns and cities. Although the Town does not have such a mandate in place, all unvaccinated individuals entering Town buildings must wear face coverings per the current executive order.

The potential long-term impact of the COVID-19 pandemic on the Town cannot be predicted at this time. The continued efforts to mitigate the spread of the outbreak and any prolonged effects on the national, State and local economy could have a materially adverse effect on the Town's finances.

### ***COVID-19 Outbreak – Municipal Tax Relief Programs***

On April 1, 2020, in response to the COVID-19 emergency, Governor Ned Lamont issued Executive Order No. 7S ("Order 7S"), as amended by Executive Order No. 7W on April 9, 2020 ("Order 7W"), which created two short-term tax relief programs and required all towns, cities, and boroughs as well as their water pollution control authorities to adopt either or both of them by a vote of the legislative body. One program defers tax payments and benefit assessments by three months for taxpayers based on a showing of need, while the other reduces the interest chargeable on overdue tax and assessment payments for all taxpayers in the municipality for three months.

All municipalities were directed to notify the Secretary of the Office of Policy and Management ("OPM") no later than April 25, 2020 which program or programs it intended to elect. The Town adopted the "Low Interest Rate Program" for all taxpayers. The "Low Interest Rate Program" lowers the interest rate to 3% per annum (0.25% monthly) on any tax, utility, or other assessment that was due between April 1, 2020 and July 1, 2020 and is not paid on time and also those which were already delinquent before April 1, 2020. After the 3 months period which begins on the original due date, the regular rate of interest is restored on all remaining balances.

On December 16, 2020, the Governor issued Executive Order 9R ("Order 9R"), which applied the two tax relief programs to tax deadlines for Taxes and Charges that become due and payable on January 1, 2021. As of December 21, 2020, the Town was deemed to have adopted the Low Interest Program which reduced the interest rate on any unescrowed taxes on real estate, motor vehicles, and personal property as well as unescrowed municipal utility charges that are due between January 1, 2021 and March 31, 2021 and are not paid on time and also those which were already delinquent before January 1, 2021.

For Fiscal Year 2021, the Town did not experience a material negative financial impact as a result of adoption of the Low Interest Program. As of June 30, 2021, the Town estimates that it collected approximately 99.03% of budgeted taxes, which compares favorably to 98.7% collection of budgeted taxes at the same point in time for fiscal year ending June 30, 2020 and 99.06% in fiscal year ending June 30, 2019.

### ***Government Response to COVID-19's Impact on the Economy***

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provided in excess \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion was appropriated to states and other units of government for activities that are directly related to COVID-19. The State received approximately \$1.4 billion in such funding, and it was given the discretion to provide those funds to local governments.

On June 4, 2020, Governor Lamont established the Connecticut Municipal Coronavirus Relief Fund Program (the "Program") which established a process by which Connecticut municipalities can receive funds from the State to offset non-budgeted COVID-19 related expenditures that were incurred between March 1, 2020 and December 30, 2020. For the period through June 30, 2020, municipalities were each allocated a maximum reimbursement amount under the Program which could have been used as the Town's 25% local match against the 75% FEMA Disaster Declaration reimbursement. The Town received no reimbursement from the Program and FEMA for pandemic related costs during the fiscal year ending June 30, 2020, however the Town received \$243,980 in reimbursements from the two programs during the fiscal year ending June 30, 2021.

On December 27, 2020, President Trump signed into law the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, which extends certain programs and benefits first authorized by the CARES Act. The relief package includes, among other items, over \$900 billion in stimulus for various COVID-19 relief programs, \$8.75 billion for vaccine distribution,

\$54.3 billion of Elementary and Secondary School Emergency Relief Funds, \$4.1 billion for the Governors Emergency Education Relief Fund, and an allocation of \$284 billion of Paycheck Protection Program funds to support eligible small businesses and non-profits, and the legislation expands and modifies the program by allowing second draw loans for certain borrowers.

On March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the “Rescue Plan”). The Rescue Plan relief package includes, amongst other provisions, \$350 billion in state and local government aid. Of the \$350 billion, the State and its local governments are expected to receive approximately \$4.2 billion as a result of this legislation, with \$2.6 billion in State relief and another \$1.6 billion in relief for local governments.

The Rescue Plan relief package also includes approximately \$123 billion to allow for a return to full-time, in-person teaching at elementary and high schools, which funds may be used for numerous purposes, including but not limited to expanding testing, modifying classrooms, improving ventilation, and hiring more custodial staff. The State’s K-12 schools are expected to receive approximately \$1.1 billion.

The Rescue Plan relief package includes another \$160 billion dedicated to COVID-19 vaccination development and distribution.

Over the next two years, the Town expects to receive \$5.75 million in federal funding as a result of the Rescue Plan. The Town received its first installment of \$2.875 million in funding from this program.

### ***Cybersecurity***

The Town like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls, including a comprehensive policy relating to the security of the Town’s government networks. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage the Town’s digital networks and systems and the costs of remedying any such damage could be substantial.

In July 2018 the Town was the victim of a ransomware cyber-attack by unknown actors. As a result of the attack, electronic mail was comprised resulting in a loss in email communication for approximately 1½ days. Consistent with other ransomware incidents, the attackers used encryption to hold email systems and data hostage in exchange for money. The Town’s Technology Department immediately isolated the event and restored all affected systems from backup. No data was lost nor stolen, and no ransom was paid. Subsequent to the incident, a comprehensive security analysis was completed. Additional hardware and software was installed and various policy changes were implemented to prevent a reoccurrence. The Technology Department conducts drills regularly to test these procedures.

### ***Climate Change***

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. Like much of Connecticut, the Town is vulnerable to inland wetland, small river and stream flooding. Furthermore, the Town faces other threats due to climate change, including damaging wind that could become more severe and frequent. The Town has a very active program of tree inspections and removals, in coordination with the Town’s electrical utility provider. The Town cannot predict the timing, extent or severity of climate change and its impact on its operations and finances. In light of the COVID-19 pandemic and the increasing frequency of severe weather, the Town has appropriated \$500,000 in an emergency response fund to allow the Town to quickly respond and recover from any such events that would exceed its annual operating budget.

## **QUALIFICATIONS 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.

## AVAILABILITY OF CONTINUING DISCLOSURE

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 within six months of the end of its fiscal year. The Town provides, and will continue to provide, to the rating agency ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, with respect to the Bonds, (ii) timely notice of the occurrence of certain events within 10 days of the occurrence of such events, with respect to the Bonds, and (iii) timely notice of failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds.

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

## TAX MATTERS

**Federal Taxes.** In the opinion of Bond Counsel, under existing law, (i) interest on the Bonds is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

Bond Counsel's opinion with respect to the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Regulatory 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 the Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds and 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 prices of certain maturities of the Bonds may be less than the stated principal amount (the "OID Bonds"). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the inside cover page of this Official Statement for such OID Bonds are expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

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

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

**Original Issue Premium.** The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts payable at maturity (the “OIP Bonds”). In general, an owner who purchases an OIP Bond must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the OIP Bond for federal income tax purposes. Prospective purchasers of Bonds at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and its effect upon basis.

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

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

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

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

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

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

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

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

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

## 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 15.68% since 1990 and a 40.09% increase since 1980. According to the U.S. Bureau of Census, 2020 American Community Survey, the Town's population was 18,825. The Town has above average income and education levels that reflect its character as a suburban bedroom community.

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

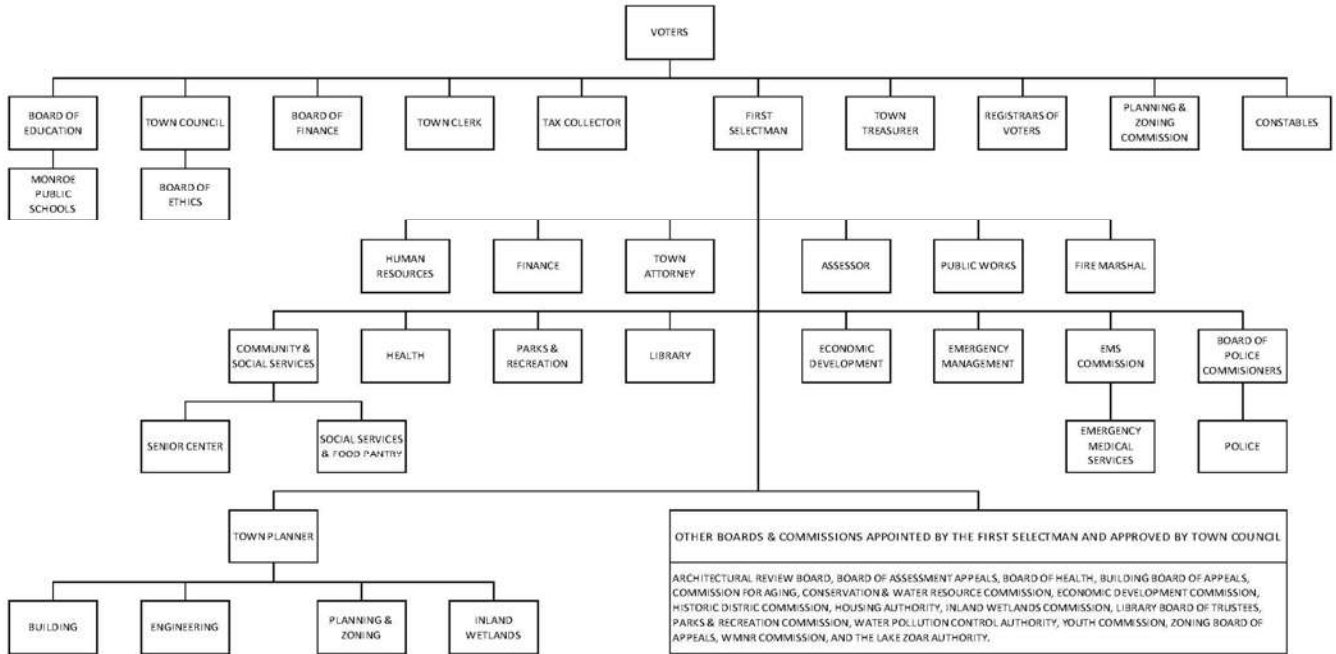
The Town is traversed by State Routes 25, running north and south, and Route 111, running northeast through the Town. The Route 25 expressway, which begins at Route 8 in Bridgeport, intersects with the Merritt Parkway (Route 15), and terminates at the intersection of Route 111 near the Monroe-Trumbull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

### FORM OF GOVERNMENT

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

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

### ORGANIZATION CHART



### PRINCIPAL TOWN OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Term</u>	<u>Length of Service</u>
Kenneth M. Kellogg.....	First Selectman.....	11/21/2021	4 years
Ronald J. Bunovsky, Jr.....	Director of Finance.....	Appointed	7 years
Michael Manjos.....	Chairman, Board of Finance.....	11/21/2021	12 years
Joseph Kobza.....	Superintendent of Schools.....	Appointed	1 year
Deborah Heim.....	Tax Collector.....	11/21/2021	3 years
John Salvatore.....	Chief of Police.....	Appointed	23 years
Patrick O'Hara.....	Town Treasurer.....	11/21/2021	3 years

Source: Town Officials.

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## SUMMARY OF MUNICIPAL 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 45 active members and three (3) ambulances that cover approximately 1,500 emergency calls each year. A contracted service supplements EMT staffing and a paramedic, with a specially equipped vehicle provides that advanced life support for residents is available on a 24/7 basis. The volunteer membership also takes an active role in community services by providing CPR/AED training, first aid stations for special town events and civic groups, school presentations and first aid awareness for Cub Scout and Girl Scout troops. Additionally, MVEMS instructors provide EMT training programs and ongoing continuing education programs for its members. In the spirit of volunteerism, members proudly serve their community providing high quality pre-hospital emergency care to those in need.

**Fire:** Three volunteer fire companies serve the Town, carrying a force of approximately 97 active fire fighters in six fire stations. The major equipment includes 16 pieces of fire apparatus distributed among the three companies. The Town employs one full-time Fire Marshal and three part-time deputy Fire Marshals.

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

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

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

**Solid Waste:** The Town has entered into a Solid Waste Disposal Agreement (the Agreement), with Wheelabrator Bridgeport, L.P. (Wheelabrator) for the disposal of solid waste through the Greater Bridgeport Regional Solid Waste Interlocal Committee (the Interlocal). It is required that the Agreement be executed by Contracting Communities whose aggregate average generation of Acceptable Waste for the two (2) year period prior to the Contract Date was in excess of 175,000 Tons per year. Each municipality which has signed the Agreement agrees to deliver or cause to be delivered to the System all Acceptable Waste, as defined therein, generated by it or within its boundaries. Wheelabrator is required to accept from each municipality and dispose of all Acceptable Waste delivered to the System by or on behalf of each municipality. Both the Greater Bridgeport Regional Solid Waste Interlocal Agreement and the Solid Waste Disposal Agreement are available for review at Town Hall. For fiscal year 2021-22, the Town has paid a tipping fee of \$65.75 per ton for solid waste delivered to the Facility in Bridgeport.

**Transfer Station:** The Town of Monroe is currently participates in long-standing arrangement with the Town of Trumbull to utilize its transfer station to deliver all refuse to be transferred to Wheelabrator in Bridgeport. The Town pays approximately \$50.56 per ton to the Town of Trumbull and City Carting 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 \$116.31 per ton for fiscal year 2021-22.

**Recycling:** Monroe has entered into an agreement with the Greater Bridgeport Regional Recycling Interlocal (GBRRIC), replacing the Southwest Connecticut Regional Recycling Operating Committee (SWEROC). The agreement provides for a committee membership which administers all matters affecting the municipality in connection with the delivery of municipal



recyclables as mandated by the State of Connecticut. Monroe has entered into a contract with residential Waste Systems (RWS) to provide for the pickup and delivery of residential generated recyclables to a resource recovery facility with which GBRRIC has a contract with. The GBRRIC agreement is available for review at Town Hall. Consistent with a nationwide issue, recycling costs have increased significantly over the past couple of years. The anticipated impact has been appropriately addressed in the fiscal year 2021-22 budget.

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

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

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

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

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

The Town has recently completed the process of updating its Plan of Conservation & Development (POCD) which is required to be completed every 10 years pursuant to the Connecticut General Statutes. The current POCD was adopted by the Town's Planning and Zoning Commission in April 2021.

**Economic Development:** The Town re-established an Economic Development Department in its fiscal year 2021-2022 budget, consisting of a full-time Director of Economic and Community Development. Furthermore, 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 works directly with the Director of Economic and Community Development, the First Selectman's Office, and through partnerships with the public, community organizations, elected officials, town departments

and other boards and commissions to assist in the orderly development of commercial and industrial sectors of the Town, while being consistent with the Town’s Plan of Conservation & Development. These efforts include:

- Attracting new commercial development to increase the grand list, expand the commercial tax base, and reduce the tax burden on residents.
- Supporting retention of existing commercial businesses.
- Creating a robust marketing strategy to promote the Town.
- Increasing the local employment base and attracting skilled workers.

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

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

**MUNICIPAL EMPLOYMENT**

<u>Fiscal Year</u>	<u>Full-time Equivalent Employees (FTE)</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Government.....	168	161	170	169	171
Board of Education.....	464	481	476	456	464
<b>Total.....</b>	<b>632</b>	<b>642</b>	<b>646</b>	<b>625</b>	<b>635</b>

Source: Town Officials.

**MUNICIPAL EMPLOYEES BY CATEGORY**

The following is a breakdown by category of the Town’s full-time equivalent employees:

<u>Department</u>	<u>Number of Employees</u>
<u>General Government</u>	
Police.....	52
Library.....	11
Highway Department.....	30
Land Use Group.....	11
Social Services/Senior Center.....	7
Parks & Recreation.....	18
Other.....	39
Total General Government....	<u>168</u>
<u>Board of Education</u>	
Administration and Principals.....	22
Teachers.....	259
Paraprofessionals.....	79
Other.....	104
Total Board of Education.....	<u>464</u>
Grand Total.....	<u>632</u>

Source: Town Officials.

**MUNICIPAL EMPLOYEES' BARGAINING ORGANIZATIONS**

<u>Employees</u>	<u>Organization</u>	<u>Employees Covered</u>	<u>Contract Expiration</u>
<b><u>General Government</u></b>			
Highway / Parks & Rec.....	Local 44, Connecticut Independent Labor Union	23	6/30/2023
Clerical.....	Local 136, International Federation of Professional and Technical Engineers	34	6/30/2020 <sup>1</sup>
Police - Uniform Officers....	Local 15, AFSCME, AFL-CIO	40	6/30/2022
Supervisors.....	Local 818, AFSCME, AFL-CIO	16	6/30/2023
	Sub-total General Government	<u>113</u>	
	Non-Bargaining and part-time	165	
	Total General Government	<u>278</u>	
<b><u>Board of Education</u></b>			
Administrators.....	Monroe Federation of School Administrator's Association	19	6/30/2024
Teachers.....	Monroe Education Association	259	6/30/2023
Paraprofessionals.....	United Public Service Employees Union	79	6/30/2021 <sup>1</sup>
Secretaries.....	United Public Service Employees Union	23	6/30/2023
Custodial.....	United Public Service Employees Union	25	6/30/2022
School Nurses.....	United Public Service Employees Union	6	6/30/2021 <sup>1</sup>
School Library Employees...	Local 136, International Federation of Professional and Technical Engineers, Library Association of Monroe School System	2	6/30/2026
	Sub-total Board of Education	<u>413</u>	
	Non-Bargaining and part-time	51	
	Total Board of Education	<u>464</u>	
	<b>Total Town of Monroe</b>	<u><u>742</u></u>	

<sup>1</sup> In negotiation.

Source: Town of Monroe.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified 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 of Connecticut 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 of the parties. 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. For binding arbitration contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of (i) 5% or less with respect to teachers' contracts, and (ii) 15% or less with respect to municipal employees, 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 the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

**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 10/1/2021</u>	<u>Capacity</u>
Monroe.....	Pre-K-5	1935 (1947,1953,1957,1983)	19	377	414
Stepney.....	K-5	1962 (1989)	30	456	565
Fawn Hollow.....	K-5	1966 (1989)	34	653	656
Jockey Hollow <sup>1</sup> .....	6-8	1998	36	783	634
Masuk High School.....	9-12	1958 (1963,1977,2006)	57	1,076	1,450
<b>Total</b>				<u>3,345</u>	<u>3,719</u>

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

Source: Superintendent's office, Town of Monroe.

**SCHOOL ENROLLMENT**

<u>School Year</u>	<u>Actual</u>			
	<u>PK-5</u>	<u>6-8</u>	<u>9-12</u>	<u>Total</u>
2012-13	1,396	854	1,231	3,481
2013-14	1,370	814	1,189	3,373
2014-15	1,319	758	1,184	3,261
2015-16	1,281	780	1,106	3,167
2016-17	1,337	782	1,061	3,180
2017-18	1,325	786	1,027	3,138
2018-19	1,339	756	1,013	3,108
2019-20	1,362	755	1,006	3,123
2020-21	1,357	773	1,041	3,171
2021-22	1,486	783	1,076	3,345
	<u>Projections</u>			
2022-23	1,498	744	1,041	3,283
2023-24	1,460	721	1,053	3,234
2024-25	1,477	718	1,044	3,239
2025-26	1,480	718	1,019	3,217

Source: Superintendent's office, Town of Monroe.

### III. ECONOMIC AND DEMOGRAPHIC INFORMATION

#### 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
2019	19,546	943,332	3,565,287

Source: U.S. Census Bureau.

#### AGE DISTRIBUTION OF THE 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.....	1072	5.5	51,160	5.4	180,598	5.1
5 - 9.....	997	5.1	55,168	5.8	193,466	5.4
10 - 14.....	1,619	8.3	63,903	6.8	216,194	6.1
15 - 19.....	1,622	8.3	65,820	7.0	238,670	6.7
20 - 24.....	1281	6.6	59,617	6.3	239,939	6.7
25 - 34.....	1,501	7.7	108,198	11.5	444,509	12.5
35 - 44.....	2,205	11.3	117,338	12.4	426,967	12.0
45 - 54.....	3,366	17.2	134,758	14.3	480,565	13.5
55 - 59.....	1,537	7.9	69,815	7.4	258,972	7.3
60 - 64.....	1,301	6.7	63,757	6.8	256,375	7.2
65 - 74.....	1,737	8.9	84,324	8.9	352,559	9.9
75 - 84.....	934	4.8	47,764	5.1	187,950	5.3
85 and over.....	374	1.9	21,710	2.3	88,523	2.5
<b>Total.....</b>	<b>19,546</b>	<b>100.0</b>	<b>943,332</b>	<b>100.0</b>	<b>3,565,287</b>	<b>100.0</b>

Source: U.S. Census Bureau, 2015-2019 American Community Survey.

#### SELECT WEALTH AND INCOME INDICATORS

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2019)</u>	<u>(2000)</u>	<u>(2019)</u>
Town of Monroe.....	\$ 92,514	\$145,497	\$34,161	\$51,867
Fairfield County.....	77,690	122,271	38,350	58,815
Connecticut.....	65,521	101,272	28,766	45,359
United States.....	49,600	80,944	21,690	35,672

Source: U.S. Census Bureau, 2015-2019 American Community Survey.

## 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>
Less than \$10,000.....	36	0.7	5,423	2.3	23,413	2.6
10,000 to 14,999.....	58	1.1	4,828	2.0	16,417	1.9
15,000 to 24,999.....	6	0.1	10,475	4.4	40,285	4.5
25,000 to 34,999.....	138	2.7	8,530	3.6	45,297	5.1
35,000 to 49,999.....	368	7.2	17,528	7.4	72,294	8.2
50,000 to 74,999.....	375	7.3	28,257	12.0	125,399	14.2
75,000 to 99,999.....	526	10.2	23,345	9.9	113,337	12.8
100,000 to 149,999...	1,165	22.7	38,805	16.5	179,477	20.3
150,000 to 199,999...	961	18.7	29,912	12.7	110,065	12.4
200,000 or more.....	1,506	29.3	68,473	29.1	159,927	18.1
	<u>5,139</u>	<u>100.0</u>	<u>235,576</u>	<u>100.0</u>	<u>885,911</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2015-2019 American Community Survey.

## EDUCATIONAL ATTAINMENT

Years of School Completed Age 25 and Over

<u>Educational Attainment Group</u>	<u>Town of Monroe</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade.....	285	2.2	34,199	5.3	99,837	4.0
9th to 12th grade.....	291	2.2	29,996	4.7	132,826	5.3
High School graduate.....	2,930	22.6	138,177	21.5	666,828	26.9
Some college, no degree.....	1,693	13.1	91,683	14.3	416,175	16.8
Associates degree.....	1,356	10.5	40,831	6.3	191,964	7.7
Bachelor's degree.....	3,560	27.5	172,191	26.8	541,380	21.8
Graduate or professional degree.....	2,840	21.9	136,208	21.2	434,085	17.5
<b>Total.....</b>	<u>12,955</u>	<u>100.0</u>	<u>643,285</u>	<u>100.0</u>	<u>2,483,095</u>	<u>100.0</u>

Percent of High School Graduates..	95.6%	90.0%	90.6%
Percent of College Graduates.....	49.4%	47.9%	39.3%

Source: U.S. Census Bureau, 2015-2019 American Community Survey.

## MAJOR EMPLOYERS

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Number of Employees</u>
Town of Monroe.....	Government and education.....	632
Big Y Supermarket.....	Supermarket.....	172
Northeast Laser Engraving.....	Engraving & Electropolishing Services.....	150
Victorinox (Swiss Army).....	Headquarters/Disribution .....	138
Stop & Shop.....	Supermarket.....	126
M Cubed Technologies.....	Ceramic Componant MFG.....	122
Church Hill Classics LTD.....	Classroom supplies.....	114
Pella Windows & Doors.....	Window Sales and Installation.....	70
Sippin Energy Products.....	HVAC Sales & Service, Oil & Propane...	58
Seymour-Sheridan Inc.....	Metal Floats & Bellows Manufacturer....	56
		<u>1,638</u>

## EMPLOYMENT BY INDUSTRY

<b>Employment Sector</b>	<b>Town of Monroe</b>		<b>Fairfield County</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, Forestry, Fishing, Hunting & Mining.	59	0.6	1,260	0.3	7,990	0.4
Construction.....	640	6.3	33,808	7.0	113,732	6.2
Manufacturing.....	949	9.3	35,670	7.4	180,833	9.9
Wholesale Trade.....	225	2.2	12,995	2.7	42,782	2.3
Retail Trade.....	969	9.5	46,486	9.7	191,226	10.5
Transportation, Warehousing & Utilities.....	453	4.4	19,351	4.0	80,333	4.4
Information.....	310	3.0	10,532	2.2	32,903	1.8
Finance, Insurance & Real Estate.....	894	8.8	57,731	12.0	158,570	8.7
Professional, Scientific & Management.....	1,787	17.5	75,452	15.7	206,887	11.3
Educational Services & Health Care.....	2,404	23.6	107,738	22.5	495,627	27.2
Arts, Entertainment, Recreation & Food Services.	823	8.1	42,972	9.0	166,307	9.1
Other Service (including nonprofit).....	291	2.9	24,479	5.1	84,644	4.6
Public Administration.....	393	3.9	11,322	2.4	62,081	3.4
<b>Total.....</b>	<b>10,197</b>	<b>100.0</b>	<b>479,796</b>	<b>100.0</b>	<b>1,823,915</b>	<b>100.0</b>

Source: U.S. Census Bureau, 2015-2019 American Community Survey.

## EMPLOYMENT DATA <sup>1</sup>

<b>Yearly Average</b>	<b>Percentage Unemployed</b>			
	<b>Town of Monroe</b>	<b>Bridgeport Labor Market</b>	<b>State of Connecticut</b>	<b>United States</b>
2011	8.2 %	8.7 %	9.0 %	9.0 %
2012	7.3	8.0	8.4	8.1
2013	6.7	7.7	8.0	7.4
2014	6.1	6.4	6.6	6.2
2015	5.2	5.5	5.6	5.3
2016	4.4	4.8	4.8	4.9
2017	4.4	4.4	4.4	4.4
2018	3.5	3.9	3.9	3.9
2019	3.5	3.6	3.6	3.7
2020	6.9	8.1	7.9	8.1
<b>2021 Monthly</b>				
January	7.5 %	8.7 %	8.5 %	6.8 %
February	7.9	8.7	8.5	6.6
March	7.3	8.4	8.3	6.2
April	6.4	7.5	7.6	5.7
May	4.8	6.0	6.0	5.5
June	5.5	6.9	7.0	6.1
July	6.5	7.0	6.9	5.7
August	5.5	6.2	6.1	5.3

<sup>1</sup> Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

### 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.....	655	9.3	70,463	18.8	328,694	21.6
1940 to 1949.....	223	3.2	27,575	7.3	98,241	6.4
1950 to 1959.....	1,099	15.7	56,311	15.0	228,841	15.0
1960 to 1969.....	1,250	17.8	53,956	14.4	197,072	12.9
1970 to 1979.....	944	13.5	51,368	13.7	210,328	13.8
1980 to 1989.....	1,793	25.6	44,166	11.8	190,350	12.5
1990 to 1999.....	647	9.2	25,988	6.9	116,093	7.6
2000 to 2009.....	359	5.1	23,789	6.3	99,013	6.5
2010 to 2013.....	43	0.6	8,894	2.4	22,093	1.4
2014 or later.....	0	0.0	12,858	3.4	34,234	2.2
<b>Total housing units.....</b>	<b>7,013</b>	<b>100.0</b>	<b>375,368</b>	<b>100.0</b>	<b>1,524,959</b>	<b>100.0</b>

Source: U.S. Census Bureau, 2015-2019 American Community Survey.

### HOUSING INVENTORY

<u>Type</u>	<u>Town of Monroe</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>
1-unit detached.....	6,081	86.7	212,503	56.6	889,358	58.3
1-unit attached.....	318	4.5	26,350	7.0	83,539	5.5
2 to 4 units.....	278	4.0	57,311	15.3	255,583	16.8
5 to 9 units.....	256	3.7	17,813	4.8	82,042	5.4
10 or more units.....	45	0.6	59,940	16.0	203,207	13.3
Mobile home, trailer, other...	35	0.5	1,451	0.4	11,230	0.7
<b>Total Inventory.....</b>	<b>7,013</b>	<b>100.0</b>	<b>375,368</b>	<b>100.0</b>	<b>1,524,959</b>	<b>100.0</b>

Source: U.S. Census Bureau, 2015-2019 American Community Survey.

### OWNER-OCCUPIED HOUSING VALUES

<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>
Less than \$50,000.....	71	1.2	3,988	1.8	18,004	2.0
50,000 to 99,999.....	40	0.7	3,839	1.7	25,427	2.8
100,000 to 149,999.....	64	1.1	6,134	2.7	67,575	7.5
150,000 to 199,999.....	298	4.9	12,293	5.5	131,502	14.7
200,000 to 299,999.....	1,213	20.1	34,799	15.5	251,366	28.1
300,000 to 499,999.....	3,327	55.0	67,995	30.2	249,711	27.9
500,000 to 999,999.....	851	14.1	60,775	27.0	107,606	12.0
1,000,000 and over.....	185	3.1	35,225	15.7	44,403	5.0
<b>Total.....</b>	<b>6,049</b>	<b>100.0</b>	<b>225,048</b>	<b>100.0</b>	<b>895,594</b>	<b>100.0</b>
Median Value .....	\$370,200		\$444,500		\$280,700	

Source: U.S. Census Bureau, 2015-2019 American Community Survey.



**DWELLING UNITS**

<u>2019</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>% Increase 2000-2019</u>	<u>% Increase 1980-2019</u>
7,013	6,601	5,596	4,131	6.2%	69.8%

Source: U.S. Census Bureau.

**BUILDING PERMITS**  
(Includes Mechanical Permits)

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial/ Industrial</u>	<u>All Other</u>	<u>Total</u>
2021 <sup>1</sup>	\$ 9,099,603	\$ 9,330,505	\$ 5,030,707	\$ 23,460,815
2020	4,823,894	2,143,183	7,770,830	14,737,907
2019	7,587,845	682,133	7,716,642	15,986,620
2018	7,224,739	12,168,748	8,962,670	28,356,157
2017	9,242,403	7,086,129	12,210,926	28,539,458
2016	5,449,022	7,591,430	9,038,055	22,078,507
2015	6,632,498	1,724,979	5,850,929	14,208,406
2014	5,133,252	859,599	6,433,557	12,426,408
2013	5,787,045	2,653,020	5,812,035	14,252,100

<sup>1</sup> As of June 30, 2021.

Source: Building Department, Town of Monroe.

**LAND USE SUMMARY**

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

Source: Town Officials.

## IV. TAX BASE DATA

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### ASSESSMENTS

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

When a new structure or modification to an existing structure is undertaken, the 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 at the time of the last revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the 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 of Connecticut 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 but before the next July 31 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 12-24a 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 a 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 of its legislative body to freeze the real 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 the total tax relief granted plus interest.

### MOTOR VEHICLE PROPERTY TAX RATE

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2017 and at 45.00 mills for the assessment year commencing October 1, 2018 and each assessment year thereafter. Section 4-661 of the General Statutes, as amended, diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rate for the current 2020 assessment year (Fiscal Year ending June 30, 2022) is 36.36 mills.

## COVID-19

On April 1, 2020 and April 9, 2020, Governor Ned Lamont issued Executive Order Nos. 7S and 7W, respectively (together, the “Orders”), which, among other things, calls for Connecticut municipalities, including the Town of Monroe, to offer to eligible taxpayers impacted by COVID-19 one or both of the following tax relief programs: a 90-day Deferment Program or a 90-day Low Interest Rate Program. The Town implemented the Low Interest Rate Program. Please see the discussion on page 6 of this Official Statement under the caption “*COVID-19 Outbreak - Municipal Tax Relief Programs*”.

## PROPERTY TAX COLLECTION PROCEDURE

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

## COMPARATIVE ASSESSED VALUATIONS

<b>Grand List Dated</b>	<b>Real Property</b>	<b>Motor Vehicle Property</b>	<b>Personal Property</b>	<b>Gross Taxable Grand List</b>	<b>Less Exemptions<sup>1</sup></b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
10/1/20	\$1,965,320,060	\$181,094,807	\$120,836,911	\$2,267,251,778	\$26,467,189	\$2,240,784,589	0.8%
10/1/19 <sup>2</sup>	1,960,163,060	172,192,676	114,111,001	2,246,466,737	23,361,940	2,223,104,797	1.7%
10/1/18	1,932,911,126	168,768,942	110,567,293	2,212,247,361	26,162,885	2,186,084,476	0.6%
10/1/17	1,926,154,312	168,675,972	102,767,154	2,197,597,438	25,322,099	2,172,275,339	0.6%
10/1/16	1,917,651,143	167,903,024	95,313,866	2,180,868,033	22,090,976	2,158,777,057	0.3%
10/1/15	1,912,908,449	167,301,230	90,398,935	2,170,608,614	17,297,222	2,153,311,392	0.3%
10/1/14 <sup>2</sup>	1,913,037,536	163,276,216	86,481,284	2,162,795,036	16,683,328	2,146,111,708	-7.2%
10/1/13	2,085,997,601	162,084,062	83,973,333	2,332,054,996	20,635,956	2,311,419,040	0.1%
10/1/12	2,085,271,056	156,954,517	83,513,266	2,325,738,839	17,162,517	2,308,576,322	0.5%
10/1/11	2,079,868,452	156,689,468	80,346,311	2,316,904,231	20,188,798	2,296,715,433	0.3%

<sup>1</sup> Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities.

<sup>2</sup> Revaluation year.

Source: Assessor's Office, Town of Monroe.

<b>Grand List Dated</b>	<b>Residential Property</b>	<b>Commercial/Industrial/ Public Utility Property</b>	<b>Vacant Land Property</b>	<b>Sub-Total Real Property</b>
10/1/20	\$1,684,569,440	\$256,375,810	\$ 24,374,810	\$ 1,965,320,060
10/1/19 <sup>1</sup>	1,679,758,120	255,208,620	25,196,320	1,960,163,060
10/1/18	1,653,973,621	253,040,465	25,903,340	1,932,917,426
10/1/17	1,646,277,486	251,811,130	27,414,240	1,925,502,856
10/1/16	1,640,527,840	246,377,500	30,745,803	1,917,651,143
10/1/15	1,637,841,440	242,904,936	32,162,073	1,912,908,449
10/1/14 <sup>1</sup>	1,636,392,900	243,819,216	32,825,420	1,913,037,536
10/1/13	1,788,623,260	240,281,903	57,092,438	2,085,997,601
10/1/12	1,785,703,412	240,872,126	58,103,838	2,084,679,376
10/1/11	1,784,313,791	237,512,033	58,042,628	2,079,868,452

<sup>1</sup> Revaluation year.

### PROPERTY TAX LEVIES AND COLLECTIONS

<b>Fiscal Year Ending 30-Jun</b>	<b>Net Taxable Grand List</b>	<b>Tax Rate (In Mills)</b>	<b>Total Adjusted Tax Levy</b>	<b>% Collected End of Each FY</b>	<b>Uncollected End of Each FY</b>	<b>Uncollected As of 6/30/2021<sup>1</sup></b>
2022	\$2,240,784,589	36.36	\$79,527,684	In process	In process	In process
2021 <sup>2</sup>	2,223,104,797	35.48	79,120,704	99.03 %	\$ 806,606	\$ 806,606
2020	2,186,084,476	35.58	78,016,881	98.77	955,892	406,005
2019	2,172,275,339	35.24	75,835,566	99.06	710,715	80,928
2018	2,158,777,057	35.76	76,796,399	98.91	834,822	24,600
2017	2,153,311,392	35.00	75,013,051	98.97	775,917	-
2016 <sup>2</sup>	2,146,111,708	34.35	73,717,099	99.06	693,058	-
2015	2,311,419,040	31.01	71,651,461	98.80	847,627	-
2014	2,308,576,322	30.41	70,203,806	98.90	765,134	-
2013	2,296,715,433	29.26	67,210,084	99.01	665,685	-

<sup>1</sup> Unaudited estimate.

<sup>2</sup> Revaluation year.

Source: Tax Collector's Office, Town of Monroe.

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**TEN LARGEST TAXPAYERS<sup>1</sup>**

<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.....	\$ 29,032,780	1.3%
Eversource Energy.....	Electric & Gas Utility.....	27,142,780	1.2%
Aquarion Water Company.....	Corporate HQ & Distribution.....	14,546,520	0.6%
One Eleven Century Plaza LLC.....	Commercial Property.....	8,710,400	0.4%
Victorinox Swiss Army Inc.....	Corporate HQ & Distribution.....	8,440,600	0.4%
Maril LLC.....	Retail Property Lease & Mgmt.....	6,263,300	0.3%
Lake Zoar Properties LLC.....	Banquet Facility.....	6,158,970	0.3%
NBC Universal Media LLC/DBA Olympics....	Production Equipment Warehouse...	5,659,070	0.3%
Clocktower Square #1 LLC.....	Retail Property.....	5,625,140	0.3%
Yankee Gas Services Co.....	Gas Utility.....	4,903,880	0.2%
	<b>Total</b>	<u>\$116,483,440</u>	<u>5.2%</u>

<sup>1</sup> Based on a 10/1/20 Net Taxable Grand List of \$2,240,784,589.

Source: Assessor's Office, Town of Monroe.

**EQUALIZED NET GRAND LIST**

<u>Grand List as of 10/1</u>	<u>Equalized Net Grand List</u>	<u>% Growth</u>
2019	\$3,176,321,139	-5.83%
2018	3,373,117,218	6.21%
2017	3,175,907,795	0.01%
2016	3,175,730,981	1.97%
2015	3,114,308,719	1.56%
2014	3,066,526,011	-1.66%
2013	3,118,165,181	-2.77%
2012	3,207,048,912	3.49%
2011	3,098,919,583	-3.79%
2010	3,220,913,936	-1.73%

Source: State of Connecticut, Office of Policy and Management.

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## V. FINANCIAL INFORMATION

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### FISCAL YEAR

The Town's fiscal year begins July 1 and ends June 30.

### 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.

### BUDGETARY PROCEDURES

Monroe Town Charter defines the Town's budgetary policy. Department heads, chairpersons of boards or commissions or any agency submit departmental requests to the First Selectman as scheduled. The First Selectman's Budget is delivered to the Town Council by February 8<sup>th</sup>. The Town Council shall hold one public hearing prior to forwarding the Budget to the Board of Finance by March 15<sup>th</sup>. The Board of Finance must hold one public hearing prior to submitting the budget to the First Selectman no later than April 20<sup>th</sup>. A Budget summary is published in the newspaper 5 days prior to the referendum and Public Input Session. A Budget referendum is held on the 1<sup>st</sup> Tuesday in May.

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

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

### ANNUAL AUDIT

Pursuant to provisions of the Municipal Auditing Act (Chapter 111 of the Connecticut General statutes) 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 and Management and a copy of the report must be filed with such Office within six months of the end of the fiscal year. For the fiscal year ended June 30, 2020, the examination was conducted by the firm of PKF O'Conner Davies, LLP, accountants and advisors, of Wethersfield, Connecticut. 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.

### PENSION PLANS

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, Fiducient 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. (Most 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. The following net pension liability at June 30, 2021, determined by an actuarial valuation as of July 1, 2020 and based on actuarial assumptions as of that date, were as follows:

	<u>Town</u>	<u>Board of Education</u>	<u>Total</u>
Total pension liability.....	\$14,665,772	\$15,110,052	\$29,775,824
Plan fiduciary net position.....	15,799,845	15,572,168	31,372,013
Net pension liability.....	<u>\$ (1,134,073)</u>	<u>\$ (462,116)</u>	<u>\$ (1,596,189)</u>
Plan fiduciary net position as a % of total pension liability.....	107.73%	103.06%	105.36%

The following presents the net pension liability, calculated using the discount rate of 6.75%, as well as what the net pension 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 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.....	\$ 474,816	\$ (1,134,073)	\$ (2,538,228)
Board of Education Employees' Net Pension Liability.....	\$ 1,864,596	\$ (462,116)	\$ (1,513,921)

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

<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>						
07/01/20	\$13,141,199	\$13,984,975	\$ (843,776)	94.0%	\$3,629,388	-23.2%
07/01/18	11,851,485	12,622,979	(771,494)	93.9%	3,678,680	-21.0%
07/01/16	10,399,570	11,725,741	(1,326,171)	88.7%	3,580,543	-37.0%
07/01/14	8,904,632	11,047,132	(2,142,500)	80.6%	3,244,363	-66.0%
07/01/12	7,486,638	9,598,303	(2,111,665)	78.0%	3,044,942	-69.3%
<i><u>Board of Education Employee's Plan</u></i>						
07/01/20	\$13,134,328	\$14,467,279	\$(1,332,951)	90.8%	\$4,411,998	-30.2%
07/01/18	12,367,987	13,400,503	(1,032,516)	92.3%	4,588,373	-22.5%
07/01/16	11,195,105	12,541,374	(1,346,269)	89.3%	3,874,773	-34.7%
07/01/14	10,015,497	11,741,546	(1,726,049)	85.3%	4,023,056	-42.9%
07/01/12	8,994,081	10,626,487	(1,632,406)	84.6%	4,268,569	-38.2%

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
<i><u>Town Employee's Plan</u></i>			
2022 <sup>1</sup>	\$303,927	\$285,000	93.8%
2021 <sup>2</sup>	297,075	297,075	100.0%
2020	291,581	291,581	100.0%
2019	360,192	360,192	100.0%
2018	354,017	354,017	100.0%
<i><u>Board of Education Employee's Plan</u></i>			
2022 <sup>1</sup>	\$370,572	\$371,000	100.1%
2021 <sup>2</sup>	345,033	345,033	100.0%
2020	339,015	339,015	100.0%
2019	356,475	356,475	100.0%
2018	350,452	350,452	100.0%

<sup>1</sup> Adopted budget.

<sup>2</sup> Unaudited estimate.

*Municipal Employees' Retirement System:* Police department employees participate in the Municipal Employees' Retirement system ("MERS"). MERS is a cost-sharing multi-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at [www.ct.gov](http://www.ct.gov).

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service.

*Connecticut State Teachers' Retirement System:* The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan.

*Defined Contribution Retirement Savings Plan:* Certain Town and Education employees are eligible to participate in a defined contribution retirement savings plan, administered by the Town known as the Town of Monroe 401(a) money purchase pension plan. This is in lieu of the defined benefit plan for certain Town and Education employees. The benefits and contributions requirements are established by approval of the Town Council. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employer contributions are based on union contracts. Employees may make additional contributions subject to IRS regulations. The Town matches contributions up to 3% of base pay. Town matching contributions were \$160,358 for the year ended June 30, 2020.

***For further information on the plans, please refer to Appendix A under the Town of Monroe's "Notes to Financial Statements, Note V", herein.***



**OTHER POST EMPLOYMENT BENEFITS (“OPEB”)**

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, dental and life insurance benefits for all eligible Police retirees and their spouses. Benefits and contributions are established by contract between the Town and the union representing the police officers. The retiree pays 25% of the cost for single coverage. The Town pays the remaining cost of coverage. 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 in accordance with various collective bargaining agreements. 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 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, 2021 measurement, the discount rate used was 6.50%, and the long-term healthcare cost trend rate was 7.00% decreasing to 4.00%.

The following net OPEB liability of the Police Employees at June 30, 2021, determined by an actuarial valuation as of July 1, 2020 and based on actuarial assumptions as of that date, were as follows:

	<b>Police Benefits Plan (Trust)</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total OPEB liability.....	\$ 2,762,677	\$ 2,203,615	\$ 2,151,691	\$ 2,376,153	\$ 2,157,704
Plan fiduciary net position.....	1,801,566	1,253,997	1,004,729	695,238	427,082
Net pension liability.....	<u>\$ 961,111</u>	<u>\$ 949,618</u>	<u>\$ 1,146,962</u>	<u>\$ 1,680,915</u>	<u>\$ 1,730,622</u>
Plan fiduciary net position as a % of total OPEB liability.....	65.21%	56.91%	46.69%	29.26%	19.79%

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

	<b>Discount Rate Sensitivity</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>5.50%</b>	<b>6.50%</b>	<b>7.50%</b>
Net OPEB Liability....	\$1,234,505	\$961,111	\$716,789

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

	<b>Healthcare Cost Trend Rates</b>		
	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
	<b>6.00% decreasing</b>	<b>7.00% decreasing</b>	<b>8.00% decreasing</b>
	<b>to 3.00%</b>	<b>to 4.00%</b>	<b>to 5.00%</b>
Net OPEB Liability....	\$616,896	\$961,111	\$1,370,524

The following represents historical information regarding the Police Benefits Plan's funding progress. The most recent complete actuarial valuation was effective July 1, 2020.

<b>Police Benefits Plan</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Overfunded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
7/1/2020	\$ 1,119,033	\$ 2,551,692	\$ (1,432,659)	43.9%	\$ 3,092,292	-46.33%
7/1/2018	695,238	1,990,586	(1,295,348)	34.9%	3,399,727	-38.10%
7/1/2016	252,339	1,948,967	(1,696,628)	12.9%	3,287,439	-51.61%
7/1/2014	231,893	998,668	(766,775)	23.2%	3,129,570	-24.50%
7/1/2012	-	1,702,216	(1,702,216)	0.0%	2,732,999	-62.28%

<b>Police Benefits Plan</b>			
<b>Fiscal Year</b>	<b>Actuarial Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2022 <sup>1</sup>	\$ 185,602	\$ 185,602	100.0%
2021 <sup>2</sup>	135,439	181,755	134.2%
2020	134,964	205,258	152.1%
2019	187,868	256,555	136.6%
2018	186,574	223,631	119.9%

<sup>1</sup> Adopted budget.

<sup>2</sup> Unaudited estimate.

Due to the fact that a trust has not been established for the BOE Benefit Plan, the plan is not subject to GASB 74. However, the plan is subject to the reporting requirements of GASB 75. The following represents the Total OPEB liability as of June 30, 2021:

	<u><b>June 30, 2021</b></u>
Balance as of July 1, 2020	\$ 13,486,635
Changes for the years:	
Service cost	569,848
Interest on total OPEB liability	307,705
Difference between expected and actual experience	469,933
Changes in assumptions or other inputs	535,184
Benefit payments	<u>(267,892)</u>
Net changes	<u>1,614,778</u>
Balance as of June 30, 2021	<u><u>\$ 15,101,413</u></u>

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

	<u><b>1% Decrease</b></u>	<u><b>Current Discount Rate</b></u>	<u><b>1% Increase</b></u>
	<u><b>1.16%</b></u>	<u><b>2.16%</b></u>	<u><b>3.16%</b></u>
Net OPEB Liability.....	\$17,110,443	\$15,101,413	\$13,421,988

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

	<b>1% Decrease 6.50% decreasing to 4.4%</b>	<b>Current Healthcare Cost Trend Rate 6.50% decreasing to 4.4%</b>	<b>1% Increase 7.50% decreasing to 5.4%</b>
Net OPEB Liability.....	\$13,854,362	\$15,101,413	\$16,603,498

The following represents historical information regarding the BOE Benefit Plan. The most recent complete actuarial valuation was effective July 1, 2020.

<b>BOE Benefits Plan</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Overfunded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
7/1/2020	\$ -	\$ 14,807,686	\$(14,807,686)	0.0%	\$35,330,761	-41.91%
7/1/2018	-	10,845,080	(10,845,080)	0.0%	34,532,000	-31.41%
7/1/2016	-	9,573,628	(9,573,628)	0.0%	31,548,000	-30.35%
7/1/2014	-	10,703,353	(10,703,353)	0.0%	29,387,000	-36.42%
7/1/2012	-	9,652,132	(9,652,132)	0.0%	N/A	N/A

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

*For further information on the plans, please refer to Appendix A under the Town of Monroe's "Notes to Financial Statements, Note V", herein.*

#### **INVESTMENT POLICIES AND PRACTICES**

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 the Town which it is permitted to acquire. Generally, the Town may invest in the State's Short Term Investment Fund, 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 money market mutual funds.

The Town of Monroe manages the investment of its funds in compliance with its Charter and the Connecticut General Statutes.

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**COMPARATIVE GENERAL FUND OPERATING STATEMENT**  
 Budget and Actual  
 (Budgetary Basis)

	Fiscal Year 2019-20			Fiscal Year	Fiscal Year
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)	2020-21 Unaudited Estimate	2021-22 Adopted Budget
<b>REVENUES</b>					
Property taxes, interest and liens.....	\$77,599,981	\$77,801,930	\$ 201,949	\$79,309,216	\$80,981,184
Licenses, fees and permits.....	775,800	729,547	(46,253)	1,262,933	913,935
Intergovernmental revenue.....	5,457,781	6,010,494	552,713	5,696,676	5,787,853
Charges for services.....	1,057,315	837,733	(219,582)	707,662	994,000
Investment Income.....	507,000	786,853	279,853	86,729	97,500
Other revenues.....	75,000	73,940	(1,060)	154,041	75,000
<b>TOTAL REVENUES.....</b>	<b>\$85,472,877</b>	<b>86,240,497</b>	<b>767,620</b>	<b>\$87,217,257</b>	<b>\$88,849,472</b>
<b>EXPENDITURES</b>					
Current:					
General government.....	\$ 9,512,467	8,325,199	1,187,268	8,422,463	9,589,417
Public safety.....	7,841,438	7,776,663	64,775	8,032,442	8,732,561
Public works.....	3,356,643	3,337,351	19,292	3,452,531	3,680,811
Health and welfare.....	330,551	318,319	12,232	323,530	332,382
Culture and recreation.....	1,666,724	1,598,042	68,682	1,591,392	1,784,968
Education.....	57,204,020	56,880,227	323,793	56,488,414	61,521,068
Capital outlay.....	3,500	2,020	1,480	1,474	184,936
Debt Service.....	6,092,608	6,046,629	45,979	5,779,409	5,678,328
<b>TOTAL EXPENDITURES.....</b>	<b>86,007,951</b>	<b>84,284,450</b>	<b>1,723,501</b>	<b>84,091,655</b>	<b>91,504,472</b>
Excess (deficiency) of revenues over expenditures.....	(535,074)	1,956,047	2,491,121	3,125,602	(2,655,000)
Other financing sources (uses):					
Appropriation of fund balance.....	2,548,960	-	(2,548,960)	-	4,199,815
Sale of Capital Assets.....	20,000	3,260	(16,740)	-	-
Operating transfers in.....	-	81,927	81,927	-	-
Operating transfers out.....	(2,033,886)	(2,033,886)	-	(2,345,382)	(1,544,815)
Total Other financing sources (uses)	535,074	(1,948,699)	(2,483,773)	(2,345,382)	2,655,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.....	\$ -	7,348	\$ 7,348	\$ 780,220	\$ -

Source: Fiscal Year 2019-20 Audited Financial Statements; fiscal year 2020-21 unaudited estimate and fiscal year 2021-22 adopted budget.

**GENERAL FUND BALANCE SHEET**  
Summary of Audited Assets and Liabilities  
(GAAP Basis)

Fiscal Year Ended:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>ASSETS</b>					
Cash and cash equivalents.....	\$14,149,319	\$16,345,795	\$ 3,559,408	\$ 701,938	\$ 735,558
Investments.....	4,215,568	3,402,252	21,905,355	22,682,084	24,377,728
Restricted cash.....	-	-	1,251,236	1,192,236	1,271,484
Property taxes receivable.....	1,259,343	1,328,325	1,470,823	1,119,270	1,476,491
Intergovernmental receivables.....	596,973	211,870	-	-	61,540
Other receivables.....	402,740	275,369	265,360	99,179	131,816
Prepaid items.....	-	-	-	-	-
Due from other funds.....	1,160,610	1,456,571	995,097	1,391,204	1,813,557
Other assets.....	-	2,123	-	-	911
<b>Total Assets.....</b>	<b><u>\$21,784,553</u></b>	<b><u>\$23,022,305</u></b>	<b><u>\$29,447,279</u></b>	<b><u>\$27,185,911</u></b>	<b><u>\$29,869,085</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities.....	\$ 1,696,057	\$ 1,941,802	\$ 869,131	\$ 1,133,812	\$ 1,574,426
Accrued payroll and related.....	-	-	478,076	\$ 456,993	\$ 582,759
Due to other funds.....	8,370,409	6,927,149	10,090,139	6,422,202	7,195,673
Unearned revenues.....	78,183	204,116	1,251,236	-	-
Performance bonds.....	-	-	-	1,192,236	1,212,736
Other.....	-	-	-	57,856	44,529
Deferred inflows of resources.....	-	-	-	-	-
<b>Total Liabilities.....</b>	<b><u>10,144,649</u></b>	<b><u>9,073,067</u></b>	<b><u>12,688,582</u></b>	<b><u>9,263,099</u></b>	<b><u>10,610,123</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes.....	1,887,545	1,492,353	1,470,823	1,119,270	1,476,491
Unavailable revenue - grants.....	-	-	-	-	-
<b>Total Deferred Inflows of Resources.....</b>	<b><u>1,887,545</u></b>	<b><u>1,492,353</u></b>	<b><u>1,470,823</u></b>	<b><u>1,119,270</u></b>	<b><u>1,476,491</u></b>
<b>FUND BALANCES</b>					
Nonspendable.....	166,433	95,242	55,908	-	-
Restricted.....	389,539	388,966	388,069	371,072	371,072
Committed.....	-	-	-	-	1,000,000
Assigned.....	1,113,291	2,008,743	2,094,776	3,154,776	9,105,815
Unassigned.....	8,083,096	9,963,934	12,749,121	13,277,694	7,305,584
<b>Total Fund Balances.....</b>	<b><u>9,752,359</u></b>	<b><u>12,456,885</u></b>	<b><u>15,287,874</u></b>	<b><u>16,803,542</u></b>	<b><u>17,782,471</u></b>
<b>Total Liabilities, deferred inflows of Resources and fund balances.....</b>	<b><u>\$21,784,553</u></b>	<b><u>\$23,022,305</u></b>	<b><u>\$29,447,279</u></b>	<b><u>\$27,185,911</u></b>	<b><u>\$29,869,085</u></b>

Source: Audited Financial Statements.

**GENERAL FUND REVENUES AND EXPENDITURES**  
 Summary of Audited Revenues and Expenditures  
 (GAAP Basis)

Fiscal Year Ended:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>REVENUES</b>					
Property taxes.....	\$73,956,951	\$75,225,166	\$76,743,249	\$77,492,761	\$77,801,930
Intergovernmental revenue.....	13,437,840	18,329,619	18,055,609	15,003,724	14,970,764
Licenses, permits and fines.....	803,155	828,316	-	-	-
Charges for services.....	839,146	935,523	1,916,924	1,622,022	1,567,280
Contributions.....	-	-	-	-	13,950
Investment income (loss).....	288,436	123,633	398,825	1,020,490	786,853
Miscellaneous revenues.....	312,010	511,548	241,032	41,726	73,940
<b>TOTAL REVENUES.....</b>	<u>89,637,538</u>	<u>95,953,805</u>	<u>97,355,639</u>	<u>95,180,723</u>	<u>95,214,717</u>
<b>EXPENDITURES</b>					
Current:					
General government.....	8,063,744	8,430,885	8,240,767	8,577,863	8,325,199
Public safety.....	7,202,341	7,257,098	7,497,845	7,777,683	7,776,663
Public Works.....	3,321,288	3,062,047	2,549,381	3,627,172	3,337,351
Health and welfare.....	310,587	326,331	313,672	325,475	382,718
Culture and recreation.....	1,625,939	1,539,982	1,557,084	1,662,887	1,598,042
Education.....	59,684,089	65,452,558	67,010,629	65,326,490	65,807,842
Capital outlays.....	367,551	601,372	398,072	1,717	2,020
Debt service.....	5,993,057	6,396,328	6,106,639	5,850,200	6,046,629
<b>TOTAL EXPENDITURES.....</b>	<u>86,568,596</u>	<u>93,066,601</u>	<u>93,674,089</u>	<u>93,149,487</u>	<u>93,276,464</u>
Excess (deficiency) of revenues over expenditures.....	3,068,942	2,887,204	3,681,550	2,031,236	1,938,253
Other financing sources (uses):					
Unspent Encumbrances prior year.....					
Operating transfers in.....	5,492	177,788	-	39,822	81,927
Operating transfers out.....	(1,363,153)	(482,000)	(1,157,653)	(615,000)	(1,044,511)
Proceeds of loan/debt.....	-	7,220,000	-	-	-
Payment to refunded bond escrow agent.	-	(7,917,578)	-	-	-
Premium on bonds.....	-	819,112	-	-	-
Proceeds from energy rebate.....	-	-	-	-	-
Sale of capital assets.....	-	-	307,092	59,610	3,260
Capital Lease Financing.....	-	-	-	-	-
<b>Total other financing sources (uses).....</b>	<u>(1,357,661)</u>	<u>(182,678)</u>	<u>(850,561)</u>	<u>(515,568)</u>	<u>(959,324)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses.....	1,711,281	2,704,526	2,830,989	1,515,668	978,929
Fund Balance - July 1.....	<u>8,041,078</u>	<u>9,752,359</u>	<u>12,456,885</u>	<u>15,287,874</u>	<u>16,803,542</u>
Fund Balance - June 30.....	<u>\$ 9,752,359</u>	<u>\$12,456,885</u>	<u>\$15,287,874</u>	<u>\$16,803,542</u>	<u>\$17,782,471</u>

Source: Audited Financial Statements.

## PROPERTY TAX REVENUES

Fiscal Year	General Fund Revenues	Property Tax Revenues	Property Taxes as a Percentage of General Fund Revenues
2022 <sup>1</sup>	\$ 88,849,472	\$80,981,184	91.1 %
2021 <sup>2</sup>	87,217,257	79,309,216	90.9
2020	95,296,644	77,801,930	81.6
2019	95,220,545	77,492,761	81.4
2018	97,355,639	76,743,249	78.8
2017	96,131,593	75,225,166	78.3
2016	89,643,030	73,956,951	82.5
2015	85,974,331	71,871,017	83.6
2014	85,898,253	70,058,508	81.6
2013	82,904,323	67,784,322	81.8

<sup>1</sup> Adopted budget. Budgetary basis of accounting, excludes Teachers' Pension on-behalf payments.

<sup>2</sup> Unaudited estimate. Budgetary basis of accounting, excludes Teachers' Pension on-behalf payments.

## INTERGOVERNMENTAL REVENUES

Fiscal Year	General Fund Revenues	Federal & State Aid	Aid As a Percentage Of General Fund Revenues
2022 <sup>1</sup>	\$ 88,849,472	\$ 5,787,853	6.5 %
2021 <sup>2</sup>	87,217,257	5,696,676	6.5
2020	95,296,644	14,970,764	15.7
2019	95,220,545	15,003,724	15.8
2018	97,355,639	18,055,609	18.5
2017	96,131,593	18,329,619	19.1
2016	89,643,030	13,437,840	15.0
2015	85,974,331	12,698,512	14.8
2014	85,898,253	14,609,179	17.0
2013	82,904,323	13,856,850	16.7

<sup>1</sup> Adopted budget. Budgetary basis of accounting, excludes Teachers' Pension on-behalf payments.

<sup>2</sup> Unaudited estimate. Budgetary basis of accounting, excludes Teachers' Pension on-behalf payments.

## MUNICIPAL BUDGET EXPENDITURES CAP

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2019-2021 biennium budget legislation does not provide funding for the municipal revenue sharing grant in fiscal years ending June 30, 2020 and June 30, 2021 but

provides that such funding will resume following July 1, 2021. The biennium budget adopted by the General Assembly in June 2021 provides for funding for the municipal revenue sharing grant for the fiscal years ending June 30, 2022 and June 30, 2023. However, the total amount of funding for the revenue sharing grant has not been determined the State’s Office of Policy and Management and therefore, the Town does not know how much funding it will receive in fiscal year 2022 at this time.

**EXPENDITURES**

<b>Fiscal Year</b>	<b>Education</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Debt Service</b>	<b>Public Works</b>
2022 <sup>1</sup>	66.1 %	10.3 %	9.4 %	6.1 %	4.0 %
2021 <sup>2</sup>	64.4	9.6	9.2	6.6	3.9
2020	69.8	8.8	8.2	6.4	3.5
2019	69.7	9.1	8.3	6.2	3.9
2018	70.7	8.7	7.9	6.4	2.7
2017	70.0	9.0	7.8	6.8	3.3
2016	67.9	9.2	8.2	6.8	3.8
2015	67.9	10.0	4.2	7.0	4.2
2014	65.4	9.4	7.4	6.8	3.9
2013	68.9	9.3	7.6	6.6	3.1

<sup>1</sup> Adopted budget. Budgetary basis of accounting, excludes Teachers’ Pension on-behalf payments.

<sup>2</sup> Unaudited estimate. Budgetary basis of accounting, excludes Teachers’ Pension on-behalf payments.

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## VI. DEBT SUMMARY

### PRINCIPAL AMOUNT OF INDEBTEDNESS

As of November 23, 2021  
(Pro Forma)

#### Long-Term Debt

<u>Date of Issue</u>	<u>Issue</u>	<u>Coupon Rate %</u>	<u>Original Issue Amount</u>	<u>Debt Outstanding Including This Issue</u>	<u>Fiscal Year of Final Maturity</u>
<i>General Purpose</i>					
05/14/12	General Purpose, Series C (Taxable)...	2.00 - 3.50	\$ 75,000	\$ 10,000	2022
07/12/16	General Purpose, Series A.....	1.50 - 4.00	810,000	400,000	2027
11/01/16	General Purpose, Refunding Series B.	2.00 - 4.00	6,490,000	3,125,000	2029
06/26/18	General Purpose, Series A.....	3.00 - 5.00	5,435,000	3,800,000	2028
06/26/18	General Purpose, Refunding Series B.	3.00 - 5.00	2,958,000	1,935,000	2026
12/03/19	General Purpose.....	4.00 - 5.00	2,315,000	2,080,000	2030
12/03/19	General Purpose, Refunding.....	4.00 - 5.00	2,251,000	1,090,000	2030
01/16/20	General Purpose, Refunding.....	4.00 - 5.00	2,003,000	1,874,000	2030
11/23/21	<i>General Purpose (This Issue).....</i>	2.00 - 4.00	<u>9,815,000</u>	<u>9,815,000</u>	2041
			<u>\$32,152,000</u>	<u>\$24,129,000</u>	
<i>Schools</i>					
05/14/12	Schools, Series C (Taxable).....	2.00 - 3.50	\$ 385,000	\$ 45,000	2022
07/12/16	Schools, Series A.....	1.50 - 4.00	1,800,000	900,000	2027
11/01/16	Schools, Refunding Series B.....	2.00 - 4.00	730,000	720,000	2029
06/26/18	Schools, Series A.....	3.00 - 5.00	2,650,000	1,855,000	2028
06/26/18	Schools, Refunding Series B.....	3.00 - 5.00	4,085,000	2,670,000	2026
12/03/19	Schools, Refunding.....	4.00 - 5.00	4,289,000	2,145,000	2030
01/16/20	Schools, Refunding.....	4.00 - 5.00	<u>1,812,000</u>	<u>1,696,000</u>	2030
			<u>\$15,751,000</u>	<u>\$10,031,000</u>	
	<b>Total Long-Term Debt.....</b>		<u><u>\$47,903,000</u></u>	<u><u>\$34,160,000</u></u>	

#### Short-Term Indebtedness

The Town currently has no outstanding short-term indebtedness.

#### **CAPTIAL LEASES**

The Town has entered into a multi-year capital lease agreement for energy conservation improvements. The present value of future minimum lease payments as of June 30, 2021 was \$592,686. 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.

**SCHOOL BUILDING GRANT REIMBURSEMENTS**

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, for all school building projects approved after July 1, 1996, the State provides proportional progress payments during construction for the State’s share of the eligible construction costs. The State grant 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 its share of project costs.

**ANNUAL BONDED DEBT MATURITY SCHEDULE <sup>1</sup>**

As of November 23, 2021  
(Pro Forma)

<b>Fiscal Year</b>	<b>Existing Indebtedness</b>			<b>The Bonds Principal</b>	<b>ALL ISSUES Total Principal</b>
	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Debt Service</b>		
2021-22 <sup>2</sup>	\$ 4,010,000	\$ 599,225	\$ 4,609,225	\$ -	\$ 4,010,000
2022-23	4,215,000	773,550	4,988,550	785,000	5,000,000
2023-24	4,280,000	581,475	4,861,475	780,000	5,060,000
2024-25	3,580,000	409,975	3,989,975	775,000	4,355,000
2025-26	2,860,000	287,400	3,147,400	775,000	3,635,000
2026-27	2,240,000	188,650	2,428,650	775,000	3,015,000
2027-28	1,645,000	117,500	1,762,500	775,000	2,420,000
2028-29	855,000	56,100	911,100	775,000	1,630,000
2029-30	660,000	26,400	686,400	775,000	1,435,000
2030-31	-	-	-	775,000	775,000
2031-32	-	-	-	775,000	775,000
2032-33	-	-	-	205,000	205,000
2033-34	-	-	-	205,000	205,000
2034-35	-	-	-	205,000	205,000
2035-36	-	-	-	205,000	205,000
2036-37	-	-	-	205,000	205,000
2037-38	-	-	-	205,000	205,000
2038-39	-	-	-	205,000	205,000
2039-40	-	-	-	205,000	205,000
2040-41	-	-	-	205,000	205,000
2041-42	-	-	-	205,000	205,000
<b>Total</b>	<b>\$24,345,000</b>	<b>\$ 3,040,275</b>	<b>\$27,385,275</b>	<b>\$9,815,000</b>	<b>\$ 34,160,000</b>

<sup>1</sup> Excludes capital lease obligations and other long-term commitments.

<sup>2</sup> Excludes \$965,000 in principal payments and \$408,375 in interest payments made as of November 23, 2021.

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

**OVERLAPPING/UNDERLYING DEBT**

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

**DEBT STATEMENT**  
As of November 23, 2021  
(Pro Forma)

<b>Bonded Debt</b> <sup>1</sup>	
<i>The Bonds (This Issue)</i> .....	\$ 9,815,000
General Improvement.....	14,314,000
Schools.....	<u>10,031,000</u>
<b>Total Bonded Debt</b> .....	<u>34,160,000</u>
 <b>Short-Term Debt</b>	
Bond Anticipation Notes.....	<u>-</u>
<b>Total Short-Term Debt</b> .....	<u>-</u>
 <b>Total Direct Debt</b>	 <u>34,160,000</u>
Exclusions: (State School Construction Aid).....	<u>-</u>
<b>Net Direct Debt</b> .....	<u><u>\$ 34,160,000</u></u>

<sup>1</sup> Does not include capital lease obligations, other long-term commitments, and authorized but unissued debt.

Source: Town Officials.

**CURRENT DEBT RATIOS**  
As of November 23, 2021  
(Pro Forma)

Total Direct Indebtedness.....	\$ 34,160,000
Net Direct Indebtedness.....	\$ 34,160,000
 Population <sup>1</sup> .....	 19,546
Net Taxable Grand List (10/1/20).....	\$ 2,240,784,589
Estimated Full Value.....	\$ 3,201,120,841
Equalized Net Taxable Grand List (2019) <sup>2</sup> ..	\$ 3,176,321,139
Per Capita Income (2019) <sup>1</sup> ..	\$ 51,867
 <b>Total Direct Debt:</b>	
Per Capita.....	\$1,747.67
To Net Taxable Grand List.....	1.52%
To Estimated Full Value.....	1.07%
To Equalized Net Taxable Grand List.....	1.08%
Per Capita to Per Capita Income.....	3.37%
 <b>Net Direct Debt:</b>	
Per Capita.....	\$1,747.67
To Net Taxable Grand List.....	1.52%
To Estimated Full Value.....	1.07%
To Equalized Net Taxable Grand List.....	1.08%
Per Capita to Per Capita Income.....	3.37%

<sup>1</sup> Office of Policy and Management, State of Connecticut.

<sup>2</sup> U.S. Census Bureau, 2015-2019 American Community Survey.

## **BOND AUTHORIZATION**

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 all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer 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, or, for sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes may be funded beyond ten years from the initial borrowing if a 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 fifteen 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 (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

Temporary notes may be issued in one-year maturities for up to fifteen 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).

## **LIMITATION OF INDEBTEDNESS**

Municipalities shall not incur indebtedness through the issuance of bonds or notes which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Pension Liability Purposes:	3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times the base. "Annual receipts from taxation," (the "base,") are defined as total tax collections including interest, penalties and late payment of taxes and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The CGS also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

**STATEMENT OF STATUTORY DEBT LIMITATION**

As of November 23, 2021

(Pro Forma)

Total fiscal year 2021 tax collections (including interest and lien fees)(unaudited estimate)	\$ 79,309,216
State Reimbursement for Revenue Loss on Tax Relief for the Elderly	-
Base for Establishing Debt Limit	<u>\$ 79,309,216</u>

<b>Debt Limitation <sup>1</sup></b>	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>	<b>Total Debt</b>
(2.25 times base).....	\$178,445,736					
(4.50 times base).....		\$356,891,472				
(3.75 times base).....			\$297,409,560			
(3.25 times base).....				\$257,754,952		
(3.00 times base).....					\$237,927,648	
(7.00 times base).....						\$555,164,512
<b>Indebtedness (Including this issue)</b>						
Bonds Payable.....	\$ 14,314,000	\$ 10,031,000	\$ -	\$ -	\$ -	\$ 24,345,000
The Series A Bonds...	9,815,000	-	-	-	-	9,815,000
Authorized but Unissued Debt.....	5,231,795	831,466	-	-	-	6,063,261
Gross Direct Debt.....	<u>29,360,795</u>	<u>10,862,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,223,261</u>
School grants receivable.....	-	-	-	-	-	-
Net Direct Debt.....	<u>29,360,795</u>	<u>10,862,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,223,261</u>
Excess of Limit Over Outstanding and Authorized Debt.....	<u>\$149,084,941</u>	<u>\$346,029,006</u>	<u>\$297,409,560</u>	<u>\$257,754,952</u>	<u>\$237,927,648</u>	<u>\$514,941,251</u>

<sup>1</sup> In no case shall total indebtedness exceed seven times annual receipts from taxation or \$555,164,512.

**AUTHORIZED BUT UNISSUED DEBT**

As of November 23, 2021

(Pro Forma)

<b>Projects</b>	<b>Total Bond Authorization</b>	<b>Prior Debt/Paydowns</b>	<b>Grants Received</b>	<b>The Bonds This Issue</b>	<b>Authorized But Unissued</b>
Police Department Facility, Phase I.....	\$ 1,130,000	\$ 1,117,000	\$ -	\$ -	\$ 13,000 <sup>1</sup>
Schools carpet replacement/asbestos abatement and pool filter system.....	1,527,000	1,100,000	313,080	-	113,920 <sup>1</sup>
Masuk High School Renovation.....	38,407,000	25,020,000	13,229,454	-	157,546 <sup>1</sup>
Edith Wheeler Memorial Library.....	6,290,000	4,875,000	1,250,000	-	165,000 <sup>1</sup>
Pepper Street Improvements.....	5,050,000	-	-	-	5,050,000
DPW Dump Trucks 2018.....	406,000	405,000	-	-	1,000
Road Construction & Reconstruction.....	1,018,000	1,017,000	-	-	1,000
EMS Facility (Phase 2) 2022.....	4,100,000	-	-	4,100,000	-
Emergency Radio System 2020.....	1,650,000	-	128,205	1,520,000	1,795
Fire Equipment 2020.....	215,000	-	-	215,000	-
Fire Equipment 2022.....	500,000	-	-	500,000	-
Road Construction & Reconstruction 2020.....	1,020,000	-	-	1,020,000	-
Road Construction & Reconstruction 2022.....	1,220,000	-	-	1,220,000	-
Public Works Trucks 2020.....	720,000	-	-	720,000	-
Public Works Trucks & Equipment 2022.....	520,000	-	-	520,000	-
Various School Improvements 2022.....	560,000	-	-	-	560,000
	<u>\$64,333,000</u>	<u>\$33,534,000</u>	<u>\$14,920,739</u>	<u>\$9,815,000</u>	<u>\$ 6,063,261</u>

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

Source: Town of Monroe, Finance Office.

## HISTORICAL DEBT STATEMENT

	2020–21 <sup>1</sup>	2019–20	2018–19	2017–18	2016–17
Population <sup>2</sup> .....	19,546	19,546	19,546	19,621	19,766
Net taxable grand list.....	\$2,223,104,797	\$2,186,084,476	\$2,172,275,339	\$2,158,777,057	\$2,153,311,392
Estimated full value.....	\$3,175,863,996	\$3,122,977,823	\$3,103,250,484	\$3,083,967,224	\$3,076,159,131
Equalized net taxable grand list <sup>3</sup> ...	\$3,176,321,139	\$3,373,117,218	\$3,175,907,795	\$3,175,730,981	\$3,114,308,719
Per capita income <sup>2</sup> .....	\$ 51,867	\$ 51,867	\$ 51,867	\$ 48,741	\$ 47,991
Short-term debt.....	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt.....	\$ 25,310,000	\$ 30,265,000	\$ 33,750,000	\$ 38,795,000	\$ 35,960,000
Total Direct Indebtedness.....	\$ 25,310,000	\$ 30,265,000	\$ 33,750,000	\$ 38,795,000	\$ 35,960,000
Net Direct Indebtedness.....	\$ 25,310,000	\$ 30,265,000	\$ 33,750,000	\$ 38,795,000	\$ 35,748,130

<sup>1</sup> Unaudited estimate.

<sup>2</sup> U.S. Census Bureau, 2015-2019 American Community Survey.

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

## HISTORICAL DEBT RATIOS

	2020–21 <sup>1</sup>	2019–20	2018–19	2017–18	2016–17
<b>Total Direct Indebtedness:</b>					
Per capita.....	\$1,294.89	\$1,548.40	\$1,726.70	\$1,977.22	\$1,819.29
To net taxable grand list.....	1.14%	1.38%	1.55%	1.80%	1.67%
To estimated full value.....	0.80%	0.97%	1.09%	1.26%	1.17%
To equalized net taxable grand list.....	0.80%	0.90%	1.06%	1.22%	1.15%
Debt per capita to per capita income.....	2.50%	2.99%	3.33%	4.06%	3.79%
<b>Net Direct Indebtedness:</b>					
Per capita.....	\$1,294.89	\$1,548.40	\$1,726.70	\$1,977.22	\$1,808.57
To net taxable grand list.....	1.14%	1.38%	1.55%	1.80%	1.66%
To estimated full value.....	0.80%	0.97%	1.09%	1.26%	1.16%
To equalized net taxable grand list.....	0.80%	0.90%	1.06%	1.22%	1.15%
Debt per capita to per capita income.....	2.50%	2.99%	3.33%	4.06%	3.77%

<sup>1</sup> Unaudited estimate

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**CAPITAL IMPROVEMENT PROGRAM**

	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>Total</u>
<b><u>Summary of Programs</u></b>						
Board of Education.....	\$ 735,000	\$ 5,182,000	\$ 1,365,000	\$ 1,147,000	\$ 2,140,000	\$10,569,000
EMS.....	4,000,000	-	-	-	-	4,000,000
Engineering & P&Z.....	460,000	1,600,000	655,000	460,000	-	3,175,000
Fire.....	1,021,000	665,000	921,000	850,000	-	3,457,000
Information Technology.....	37,000	22,000	25,000	22,000	10,000	116,000
Library.....	14,800	14,800	14,800	14,800	14,800	74,000
Parks & Recreation.....	271,460	41,225	72,000	63,750	225,000	673,435
Police.....	216,240	156,000	158,000	-	-	530,240
Public Works.....	3,550,564	5,243,064	4,290,064	1,980,000	10,000	15,073,692
Senior Center.....	1,235,000	-	-	-	-	1,235,000
Vehicle Replacement Plan...	-	128,000	-	-	-	128,000
<b>Total .....</b>	<b><u>\$11,541,064</u></b>	<b><u>\$13,052,089</u></b>	<b><u>\$ 7,500,864</u></b>	<b><u>\$ 4,537,550</u></b>	<b><u>\$ 2,399,800</u></b>	<b><u>\$39,031,367</u></b>
<b><u>Source of Funding</u></b>						
Capital Reserve Funds.....	\$ 498,300	\$ 456,025	\$ 388,800	\$ 163,800	\$ 49,800	\$ 1,556,725
General Obligation Bonds....	7,281,000	10,378,000	6,202,000	3,713,750	2,340,000	29,914,750
Operating Budget.....	199,407	171,064	173,064	-	-	543,535
Donations/Fundraising.....	870,000	-	-	-	-	870,000
STEAP Grants.....	500,000	-	-	-	-	500,000
LOCIP / LOTCIP.....	1,041,460	1,620,000	310,000	310,000	10,000	3,291,460
Police Private Duty Fund.....	115,897	77,000	77,000	-	-	269,897
Town Road Grant Funds.....	1,035,000	350,000	350,000	350,000	-	2,085,000
<b>Total .....</b>	<b><u>\$11,541,064</u></b>	<b><u>\$13,052,089</u></b>	<b><u>\$ 7,500,864</u></b>	<b><u>\$ 4,537,550</u></b>	<b><u>\$ 2,399,800</u></b>	<b><u>\$39,031,367</u></b>

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## VII. LEGAL AND OTHER LITIGATION

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### LITIGATION

The Town of Monroe, its officers, employees, boards and commissions, are 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 the one or all claims in the aggregate would have a material adverse effect on the Town's ability to repay its debt obligations.

### MUNICIPAL ADVISOR

The Town has retained Munistat to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds, and receipt by the Town of payment therefor. The Town may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Bond proceeds.

### CLOSING DOCUMENTS

Upon the delivery of the Bonds, the original purchaser of the Bonds will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay the principal of and interest on the Bonds.
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 and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were accepted on the Bonds, the descriptions and 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. Receipt for the purchase price of the Bonds.
4. Approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut substantially in the form of Appendix B attached hereto.
5. An executed Continuing Disclosure Agreement for the Bonds substantially in the form of Appendix C attached hereto.

The Town has prepared an Official Statement for the Bonds which is dated November 9, 2021. The Town deems such Preliminary Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept in file at the offices of U.S. Bank National Association, Global Corporate Trust, City Place I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut and will be available for examination upon reasonable request.



**CONCLUDING STATEMENT**

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser 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 of such opinion or estimate will be realized.

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 made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

Information herein has been derived by the Town from various officials, departments and other sources and is believed by the Town to be reliable, but such information, other than that obtained from official records of the Town, has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

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.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

**TOWN OF MONROE**

By: /s/ Kenneth M. Kellogg  
Kenneth M. Kellogg, *First Selectman*

By: /s/ Patrick O’Hara  
Patrick O’Hara, *Treasurer*

By: /s/ Ronald J. Bunovsky, Jr.  
Ronald J. Bunovsky, Jr., *Director of Finance*

Dated as of November 9, 2021

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**APPENDIX A – BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Appendix A - Basic Financial Statements - is taken from the Annual Report of the Town of Monroe for the Fiscal Year ended June 30, 2020 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of Monroe, Connecticut.

## Independent Auditors' Report

**Board of Finance  
Town of Monroe, Connecticut**

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Monroe, Connecticut ("Town"), as of and for the year ended June 30, 2020, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Board of Finance  
Town of Monroe, Connecticut**

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***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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, supplemental schedules and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Board of Finance  
Town of Monroe, Connecticut**

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The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Wethersfield, Connecticut  
February 19, 2021



# TOWN OF MONROE

## FINANCE DEPARTMENT

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### Management's Discussion and Analysis For the Year Ended June 30, 2020

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This discussion and analysis of the financial performance for the Town of Monroe, Connecticut ("Town") provides an overview of the Town's financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the financial statements included herein, which begin with Exhibit A.

#### **Financial highlights**

The Town's total net position decreased by \$1,494,400 from \$49,753,532 to \$48,259,132. The decrease is substantially due to the following: (See Exhibit D)

- |  |            |
|--|------------|
| ➤ positive operations of the General Fund of         | \$ 978,929 |
| ➤ positive operations of the Capital Reserve fund of | 1,263,783  |

The positive operations were offset by:

- |   |           |
|---|-----------|
| ➤ deficit operations of the Reconstruction of Pepper Street Fund of | (214,670) |
|---|-----------|

Conversion to accrual basis on Exhibit E:

- |   |             |
|---|-------------|
| ➤ capital outlay net of depreciation expense of     | (2,276,549) |
| ➤ net principal debt activity of                    | 1,533,075   |
| ➤ change in landfill closure and postclosure of     | (1,652,500) |
| ➤ change in pension liability of                    | (2,802,154) |
| ➤ change in OPEB liability of                       | (1,756,967) |
| ➤ amortization of pension/OPEB deferred outflows of | 2,256,912   |
| ➤ amortization of pension/OPEB deferred inflows of  | 423,445     |
| ➤ amortization of premium of                        | 1,175,452   |

- The unassigned fund balance for all governmental funds, which includes the Town's General Fund, ended the current fiscal year at \$6,895,488. This decreased by \$6,186,780 from the prior fiscal year. The unassigned fund balance of the General Fund of \$7,305,584 represents 8.46% of total budgetary expenditures and transfers out for the current fiscal year.

- On a budgetary basis, the Town's General Fund had \$7,348 positive operating results for the current fiscal year. \$767,620 of this increase was attributable to actual revenues greater than the budgeted amounts and expenditures \$1,723,501 under budget. This was offset by \$2,548,960 appropriated fund balance. See Exhibit RSI-1 in the Required Supplementary Information section of this financial report for additional details.
- Net capital assets decreased by \$2,276,549. This decrease is attributable to depreciation expense exceeding capital asset additions.
- The Town's total bonds and notes payable decreased by \$3,767,386 due to scheduled principal payments and refunded bonds exceeding debt issuances.

### **Overview of the basic financial statements**

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

### **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Town's financial health. Other non-financial events such as the impact of changes in the Town's tax base or infrastructure should also be considered when evaluating the Town's financial health.

The *statement of activities* presents information showing how the Town's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is actually received or paid. Therefore, revenues and expenses are reported in this statement for some items whose cash flow may occur in a future fiscal period. Taxes uncollected but levied or vacation leave unused but earned are examples of this.

Both of the government-wide financial statements show functions of the Town that are principally supported by taxes and intergovernmental revenue (*governmental activities*). The governmental activities of the Town include general government, public safety, public works, health and welfare, culture and recreation, and education.

The government-wide financial statements can be found on Exhibits A and B of this report.

### **Fund financial statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds to similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.

For governmental funds, the Town presents separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Capital Reserve Fund, both of which are considered to be major funds. The remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary funds** - Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions.

The Town uses internal service funds to account for its Education employees and retirees' self-insured medical benefits as well as heart and hypertension costs. These services have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on Exhibits F, G, and H.

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

The basic fiduciary fund financial statements can be found on Exhibits I and J.

### **Notes to financial statements**

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

### **Required supplementary information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows:

- A budgetary comparison schedule for the General Fund to demonstrate compliance with this budget.
- Schedules to demonstrate the Town's progress in funding its obligation to provide pension benefits.
- Schedules to demonstrate the Town's progress in funding its obligation to provide other post-employment benefits.

### **Other information**

Other required schedules and the combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.



**Government-wide financial analysis**

As discussed earlier, the Town's net position is one useful indicator of its financial health. The Town had a total net position of \$48,259,132 at the close of the 2020 fiscal year. Our analysis below focuses on the net position and changes in net position of the Town.

**Statements of Net Position  
June 30**

	2020	2019
Current and other assets	\$ 29,518,358	\$ 27,762,637
Capital assets (net)	89,137,180	91,413,729
Total assets	118,655,538	119,176,366
Deferred outflows of resources	7,104,935	5,237,866
Other liabilities	10,555,056	12,167,088
Long-term liabilities	62,883,741	59,365,135
Total liabilities	73,438,797	71,532,223
Deferred inflows of resources	4,062,544	3,128,477
Net position:		
Net investment in capital assets	54,837,885	54,444,890
Restricted	2,949,295	1,059,000
Unrestricted	(9,528,048)	(5,750,358)
Total net position	\$ 48,259,132	\$ 49,753,532

The Town's net investment in capital assets of \$54,837,885 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 above, the Town's net investment in capital assets increased by \$392,995 over the prior fiscal year, the result of a decrease in bonds payable and other related liabilities associated with capital purchases.

The Town's restricted net position, which represents resources with externally enforceable limitations placed upon them, was \$2,949,295. 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, a deficit of \$(9,528,048), was unrestricted. This deficit unrestricted net position is caused by the \$13,486,635 Education OPEB liability which does not have a trust. There is no current portion of this liability.

As detailed below, the Town's net position decreased by \$1,494,400 during the fiscal year.

**Statements of Changes in Net Position  
For the Year Ended June 30**

	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 5,846,750	\$ 6,541,935
Operating grants and contributions	16,902,216	16,773,406
Capital grants and contributions	530,412	617,347
General revenues:		
Property taxes	78,159,151	77,141,208
Grants and contributions not restricted to specific programs	487,019	487,134
Income from investments	791,761	1,032,629
Other	76,157	49,601
Total revenues	<u>102,793,466</u>	<u>102,643,260</u>
Expenses:		
General government	8,615,641	8,694,492
Public safety	10,565,580	10,017,082
Public works	7,534,360	5,578,373
Health and welfare	455,582	433,183
Culture and recreation	3,126,270	3,397,814
Education	72,942,808	72,378,312
Interest	1,047,625	953,959
Total expenses	<u>104,287,866</u>	<u>101,453,215</u>
Increase in net position	(1,494,400)	1,190,045
Net position - July 1	<u>49,753,532</u>	<u>48,563,487</u>
Net position - June 30	<u>\$ 48,259,132</u>	<u>\$ 49,753,532</u>

Significant variances were as follows:

- The \$695,185 decrease in charges for services was primarily due to decreases in recreation, police private duty, cafeteria and education program fees due to COVID-19 closures.
- The \$548,498 increase in public safety expense was primarily due to a \$500,985 increase in pension expense related to the MERS pension liability.

## Management's Discussion and Analysis (continued)

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- The \$1,955,987 increase in public works expense was due to an increase in the landfill closure and postclosure liability and a \$589,698 increase in Town Aid Road grant expenses, which was partially offset by a \$268,448 decrease in snow removal costs due to less snow storms during the winter.
- The \$271,544 decrease in culture and recreation expense was due to COVID-19 closures. Recreation programs decreased by \$83,243 and cultural program decreased by \$117,337.
- The \$564,496 increase in education expense was primarily due to a \$418,352 increase in budget expenditures relating to an increase in the original budget of \$712,985 which was partially offset by the budget being underspent by \$323,793, which was related to COVID-19 school closures.

### **Financial analysis of the Town's funds**

The Town's combined fund balance for all governmental funds was \$24,611,038, an increase of \$2,050,815 over the course of the current fiscal year. The components of fund balance were as follows:

Nonspendable for endowments	\$ 2,250
Restricted	2,947,045
Committed	3,028,487
Assigned	11,737,768
Unassigned	6,895,488

The total fund balance increase is the result of the following activity:

The **General Fund** is the main operating fund of the Town. At year-end, the total fund balance was \$17,782,471, an increase of \$978,929 over the prior year. This increase in fund balance was primarily due to revenues being \$767,620 higher than expected, expenditures coming in \$1,724,981 lower than expected, offset by appropriation of fund balance of \$2,548,960 as discussed further in the next section.

The **Capital Reserve Fund** is used to account for various capital projects of the Town. It had a total fund balance of \$1,745,822 at year-end, \$1,726,325 of which was committed for specific capital projects and \$19,497 was assigned for unspecified capital projects. Fund balance increased by \$1,263,783 during the fiscal year as a result of the issuance of debt and transfers in.

### **General fund budgetary highlights**

Below is a discussion of the original budget compared to the final budget and a discussion of the final budget compared to actual results.

**Original budget compared to the final budget.** Significant budget transfers included:

- The following amounts were transferred to transfers out for purposes as described below:
  - \$223,178 from human resources – fringe benefits
  - \$310,055 from police personnel
  - \$234,846 from public works snow removal

- \$1,238,180 was transferred to transfers out to fund the following significant items:
  - \$500,000 special education
  - \$500,000 emergency disaster relief
  - \$188,960 capital reserve debt service

**Final budget compared to actual results.** The overall budget positive operating results of \$7,348 was driven by revenues exceeding the budget by \$767,620 and expenditures coming in under budget by \$1,723,501. The budgeted appropriation of fund balance of \$2,548,960 was not needed. The most significant budget variances were as follows:

- Total property tax revenue greater than budget of \$201,949. This was largely because a conservative collection rate was used in calculating the mill rate and supplemental motor vehicle taxes came in well above budget.
- The education cost sharing grant greater than budget of \$494,482. When the budget was prepared, it was unclear as to the amount the Town would receive for the education cost sharing grant, accordingly, less grant revenue was budgeted and more fund balance was appropriated.
- Income from investments of greater than budget \$279,853. This was the result of a much higher than expected increase in the interest rate the Town received on its investments.
- General government - board of finance expenditure was under budget by \$996,393, the result of unused budgeted contingency.
- Board of education expenditure was \$323,793, largely the result of COVID-19 related closures, including decreases in transportation costs.

**Capital asset and debt administration**

**Capital assets**

**Capital Assets (Net of Depreciation)  
June 30**

	2020	2019
Land	\$ 14,788,616	\$ 14,664,016
Construction in progress	2,255,715	1,703,741
Land improvements	2,838,445	3,157,477
Buildings and systems	46,342,399	49,100,399
Machinery and equipment	1,955,206	1,718,322
Vehicles	6,728,396	7,353,973
Infrastructure	14,228,403	13,715,801
Total	\$ 89,137,180	\$ 91,413,729

The capital assets (net of depreciation) decreased in the current year by \$2,276,549. The decrease is due to depreciation expense exceeding capital additions. In the current year, the Town had capital asset additions totaling \$3,457,306. Major capital asset additions consisted of the following:

Management's Discussion and Analysis (continued)

➤ Land:		
○ 883 Main Street	\$	124,600
➤ Construction in progress:		
○ Radio system replacement		405,992
○ Police CSI vehicle		118,772
○ Pepper Street reconstruction and paving		100,628
➤ Machinery and equipment:		
○ Education chromebooks		159,786
○ Fire truck outfitting equipment		211,954
➤ Vehicles:		
○ Dump truck		232,405
➤ Infrastructure:		
○ paving and drainage - various roads		1,335,790

Additional detail about the Town's capital assets is presented in Note III.D of the financial statements.

**Long-term debt**

**Long-Term Debt  
June 30**

	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 30,265,000	\$ 33,750,000
Notes payable	<u>880,566</u>	<u>1,162,952</u>
Totals	<u>\$ 31,145,566</u>	<u>\$ 34,912,952</u>

The Town's total long-term debt outstanding as of June 30, 2020 was \$31,145,566. This was a net decrease of \$3,767,386 during the current fiscal year. This was the result of \$5,102,386 of scheduled principal payments and \$11,335,000 of refunded bonds, partially offset by the issuance of \$12,670,000 bonds. \$2,315,000 of the new bonds were general obligation bonds. The remaining balance of \$10,355,000 was refunding bonds.

The Town continues to carry a rating of "Aa2" from Moody's Investor Services, Inc. on general obligation debt outstanding. More detailed information about the Town's long-term liabilities is presented in Note III.F of the financial statements.

### **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 2021. Some of the more significant considerations were:

- At June 2020, the unemployment rate for the Town was 8.80% as compared to the State's average unemployment rate of 10.10% and a national unemployment rate of 11.10%. The increase in the unemployment rates are due to the COVID-19 pandemic.
- Projection for an increase in the cost of health insurance based upon all available information.
- Projection for an increase in special education costs based upon recent trends.
- 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.
- The potential impact of the pandemic on the local economy, businesses and Town revenues is being closely monitored. The July 2020 collections were in line with the prior year. Any impact on the property tax revenues is expected to occur with the January 2021 semi-annual payment, if at all. The State of Connecticut through the Governor's executive order, required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and/or the payment deferral program through October 1, 2020. The Town implemented the interest rate reduction program. For the collection period ended July 31, 2020, collections were in line with the prior year.

For fiscal year 2021, general fund operating expenditures are trending to be comparable to prior years. However, the cafeteria fund is currently operating at a deficit due to the impact of the pandemic on revenue. Accordingly, strategies have been put into place in order to increase student meal participation and mitigate cafeteria operating costs. Although these measures are expected to reduce the cafeteria fund operating deficit, it is projected that the fund will incur a deficit between \$200,000 to \$300,000 for the fiscal year.

### **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.

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# **Basic Financial Statements**

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Town of Monroe, Connecticut

Statement of Net Position  
Governmental Activities  
June 30, 2020

Assets

Current assets:	
Cash	\$ 1,471,963
Investments	24,588,213
Receivables:	
Property taxes	965,091
Accounts	389,990
Intergovernmental	101,221
Other	911
Total current assets	<u>27,517,389</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Investments	1,269,234
Permanently restricted:	
Investments	<u>2,250</u>
Total restricted assets	<u>1,271,484</u>
Receivables (net):	
Property taxes	511,400
Loans	<u>218,085</u>
Total receivables (net)	<u>729,485</u>
Capital assets (net of accumulated depreciation):	
Land	14,788,616
Construction in progress	2,255,715
Land improvements	2,838,445
Buildings and systems	46,342,399
Machinery and equipment	1,955,206
Vehicles	6,728,396
Infrastructure	<u>14,228,403</u>
Total capital assets (net of accumulated depreciation)	<u>89,137,180</u>
Total noncurrent assets	<u>91,138,149</u>
Total assets	<u>118,655,538</u>

Deferred Outflows of Resources

Deferred outflows related to pensions	4,568,689
Deferred outflows related to OPEB	<u>2,536,246</u>
Total deferred outflows of resources	<u>7,104,935</u>

(Continued)

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



Town of Monroe, Connecticut

Statement of Net Position  
Governmental Activities  
June 30, 2020

Liabilities

Current liabilities:	
Accounts payable	\$ 2,282,099
Accrued payroll and related	582,759
Accrued interest payable	239,612
Unearned revenue	281,684
Bonds and notes payable	5,242,880
Compensated absences	535,629
Special termination benefits	1,292,839
Heart and hypertension	53,025
Other	44,529
	<hr/>
Total current liabilities	10,555,056
Noncurrent liabilities:	
Performance bonds	1,212,736
Bonds, notes, and related liabilities	27,698,903
Compensated absences	1,606,887
Special termination benefits	5,533,848
Claims payable	155,500
Heart and hypertension	232,220
Landfill closure and postclosure	1,652,500
Net pension liability	10,354,894
Net OPEB liability	14,436,253
	<hr/>
Total noncurrent liabilities	62,883,741
	<hr/>
Total liabilities	73,438,797

Deferred Inflows of Resources

Deferred charges on refunding	1,357,512
Deferred inflows related to pension	1,642,806
Deferred inflows related to OPEB	1,062,226
	<hr/>
Total deferred inflows of resources	4,062,544

Net Position

Net investment in capital assets	54,837,885
Restricted for:	
Endowments	
Nonexpendable	2,250
Expendable	56,498
Town programs	262,979
Senior center programs	371,072
Town clerk fees	115,170
Education programs	29,432
Library programs	82,244
Housing rehabilitation	222,585
Public safety programs	96,682
Public works programs	1,710,383
Unrestricted	(9,528,048)
	<hr/>
Total net position	\$ 48,259,132

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

(Concluded)

Town of Monroe, Connecticut

Statement of Activities  
Governmental Activities  
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Expenses and Changes in Net Position
General government	\$ 8,615,641	\$ 1,030,637	\$ 419,218	\$ -	\$ (7,165,786)
Public safety	10,565,580	1,599,242	53,098	-	(8,913,240)
Public works	7,534,360	626,883	-	530,412	(6,377,065)
Health and welfare	455,582	87,152	16,095	-	(352,335)
Culture and recreation	3,126,270	1,023,448	195,178	-	(1,907,644)
Education	72,942,808	1,479,388	16,218,627	-	(55,244,793)
Interest	1,047,625	-	-	-	(1,047,625)
Total	<u>\$ 104,287,866</u>	<u>\$ 5,846,750</u>	<u>\$ 16,902,216</u>	<u>\$ 530,412</u>	<u>(81,008,488)</u>
General revenues:					
Property taxes					78,159,151
Grants and contributions not restricted to specific programs					487,019
Income from investments					791,761
Other					76,157
Total general revenues					<u>79,514,088</u>
Change in net position					(1,494,400)
Net position - July 1, 2019					49,753,532
Net position - June 30, 2020					<u>\$ 48,259,132</u>

Town of Monroe, Connecticut

Balance Sheet  
Governmental Funds  
June 30, 2020

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 735,558	\$ -	\$ 662,504	\$ 1,398,062
Investments	24,377,728	-	210,485	24,588,213
Restricted investments	1,271,484	-	-	1,271,484
Receivables (net):				
Property taxes	1,476,491	-	-	1,476,491
Accounts	131,816	-	239,779	371,595
Intergovernmental	61,540	-	39,681	101,221
Loans	-	-	222,585	222,585
Due from other funds	1,813,557	1,994,260	4,773,180	8,580,997
Other	911	-	-	911
Total assets	<u>\$ 29,869,085</u>	<u>\$ 1,994,260</u>	<u>\$ 6,148,214</u>	<u>\$ 38,011,559</u>
<u>Liabilities</u>				
Accounts payable	\$ 1,574,426	\$ 248,438	\$ 459,235	\$ 2,282,099
Accrued payroll and related	582,759	-	-	582,759
Due to other funds	7,195,673	-	314,543	7,510,216
Unearned revenue	-	-	281,684	281,684
Performance bonds	1,212,736	-	-	1,212,736
Other	44,529	-	-	44,529
Total liabilities	<u>10,610,123</u>	<u>248,438</u>	<u>1,055,462</u>	<u>11,914,023</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue				
Property taxes	1,476,491	-	-	1,476,491
Intergovernmental	-	-	10,007	10,007
Total deferred inflows of resources	<u>1,476,491</u>	<u>-</u>	<u>10,007</u>	<u>1,486,498</u>
<u>Fund Balances</u>				
Nonspendable	-	-	2,250	2,250
Restricted	371,072	-	2,575,973	2,947,045
Committed	1,000,000	1,726,325	302,162	3,028,487
Assigned	9,105,815	19,497	2,612,456	11,737,768
Unassigned	7,305,584	-	(410,096)	6,895,488
Total fund balances	<u>17,782,471</u>	<u>1,745,822</u>	<u>5,082,745</u>	<u>24,611,038</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,869,085</u>	<u>\$ 1,994,260</u>	<u>\$ 6,148,214</u>	<u>\$ 38,011,559</u>

(Continued)

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

**Town of Monroe, Connecticut**

**Reconciliation of Fund Balance to Net Position of Governmental Activities  
June 30, 2020**

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balances (Exhibit C, Page 1)	\$ 24,611,038
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Beginning capital assets	91,413,729
Current year additions (net of construction in progress decreases)	3,142,646
Depreciation expense	(5,419,195)
Other long-term assets and deferred outflows of resources are not available resources and, therefore, are not reported in the funds:	
Allowance for doubtful accounts - loans	(4,500)
Deferred outflows related to pensions	4,568,689
Deferred outflows related to OPEB	2,536,246
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:	
Property tax - accrual basis change	1,476,491
Intergovernmental - accrual basis change	10,007
Internal service funds are used by management to charge the cost of medical and dental insurance premiums and heart and hypertension claims to individual departments:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	(1,263,730)
Some liabilities and deferred inflows of resources, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable and related liabilities	(32,941,783)
Compensated absences	(2,142,516)
Special termination benefits	(6,826,687)
Claims payable	(155,500)
Landfill closure and postclosure	(1,652,500)
Net pension liability	(10,354,894)
Net OPEB liability	(14,436,253)
Accrued interest payable	(239,612)
Deferred charge on refunding	(1,357,512)
Deferred inflows related to pension	(1,642,806)
Deferred inflows related to OPEB	(1,062,226)
<b>Net position (Exhibit A)</b>	<b><u>\$ 48,259,132</u></b>

(Concluded)

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

## Town of Monroe, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 77,801,930	\$ -	\$ -	\$ 77,801,930
Intergovernmental	14,970,764	-	2,681,015	17,651,779
Charges for services	1,567,280	-	4,283,970	5,851,250
Contributions	13,950	-	253,918	267,868
Income from investments	786,853	-	4,908	791,761
Other	73,940	-	2,217	76,157
	<u>95,214,717</u>	<u>-</u>	<u>7,226,028</u>	<u>102,440,745</u>
Total revenues				
Expenditures:				
Current:				
General government	8,325,199	-	126,200	8,451,399
Public safety	7,776,663	-	728,064	8,504,727
Public works	3,337,351	-	1,326,330	4,663,681
Health and welfare	382,718	-	73,433	456,151
Culture and recreation	1,598,042	-	1,114,356	2,712,398
Education	65,807,842	-	3,363,933	69,171,775
Debt service	6,046,629	163,405	-	6,210,034
Capital outlay	2,020	1,450,733	1,611,211	3,063,964
	<u>93,276,464</u>	<u>1,614,138</u>	<u>8,343,527</u>	<u>103,234,129</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>1,938,253</u>	<u>(1,614,138)</u>	<u>(1,117,499)</u>	<u>(793,384)</u>
Other financing sources (uses):				
Issuance of debt	-	1,298,000	1,017,000	2,315,000
Issuance of refunding bonds	-	10,355,000	-	10,355,000
Premium	-	1,588,746	-	1,588,746
Payment to refunded bond escrow agent	-	(11,417,807)	-	(11,417,807)
Sale of capital assets	3,260	-	-	3,260
Transfers in	81,927	1,053,982	58,345	1,194,254
Transfers out	(1,044,511)	-	(149,743)	(1,194,254)
	<u>(959,324)</u>	<u>2,877,921</u>	<u>925,602</u>	<u>2,844,199</u>
Net other financing sources (uses)				
Net change in fund balances	978,929	1,263,783	(191,897)	2,050,815
Fund balances - July 1, 2019	<u>16,803,542</u>	<u>482,039</u>	<u>5,274,642</u>	<u>22,560,223</u>
Fund balances - June 30, 2020	<u>\$ 17,782,471</u>	<u>\$ 1,745,822</u>	<u>\$ 5,082,745</u>	<u>\$ 24,611,038</u>

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

**Town of Monroe, Connecticut**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to Statement of Activities  
For the Year Ended June 30, 2020**

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different due to:

Net change in fund balances - total governmental funds (Exhibit D)	<u>\$ 2,050,815</u>
--	---------------------

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.

Capital outlay	3,142,646
Depreciation expense	<u>(5,419,195)</u>
<b>Total</b>	<u><b>(2,276,549)</b></u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not reported in the statement of activities:

Change in property tax receivable - accrual basis change	357,221
Change in loan receivable allowance for doubtful accounts	<u>(4,500)</u>
<b>Total</b>	<u><b>352,721</b></u>

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

Debt issued or incurred:	
Issuance of debt	(12,670,000)
Premiums	(525,939)
Deferred charge on refunding	<u>(1,708,372)</u>
Principal repayments:	
General obligation bonds and notes	5,102,386
Refunded bonds	<u>11,335,000</u>
<b>Total</b>	<u><b>1,533,075</b></u>

(Continued)

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

**Town of Monroe, Connecticut**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to Statement of Activities  
For the Year Ended June 30, 2020**

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:

Amortization of premiums	1,175,452
Change in:	
Compensated absences	(118,673)
Special termination benefits	(470,798)
Claims payable	(155,500)
Landfill closure and postclosure	(1,652,500)
Pension liability	(2,802,154)
OPEB liability	(1,756,967)
Accrued interest payable	(65,688)
Amortization of deferred charges on refunding	(38,983)
Amortization of deferred outflows of resources related to pension and OPEB	2,256,912
Amortization of deferred inflows of resources related to pension and OPEB	<u>423,445</u>
Total	<u>(3,205,454)</u>
Internal service funds are used by management to charge costs of medical insurance and heart and hypertension premiums to individual departments (change in net position)	<u>50,992</u>
Change in net position (Exhibit B)	<u>\$ (1,494,400)</u>
	(Concluded)

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

## Town of Monroe, Connecticut

Statement of Net Position  
Proprietary Fund  
June 30, 2020

	<u>Internal Service Fund</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 73,901
Accounts receivable	18,395
Due from other funds	<u>428,233</u>
Total current assets	<u>520,529</u>
<u>Liabilities</u>	
Current liabilities:	
Heart and hypertension	53,025
Due to other funds	<u>1,499,014</u>
Total current liabilities	1,552,039
Noncurrent liability:	
Heart and hypertension	<u>232,220</u>
Total liabilities	<u>1,784,259</u>
<u>Net Position</u>	
Unrestricted	<u><u>\$(1,263,730)</u></u>

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



Town of Monroe, Connecticut

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Fund  
 For the Year Ended June 30, 2020

	<u>Internal Service Fund</u>
Operating revenues:	
Charges for services	\$ 96,034
Operating expenses:	
Claims and benefits	<u>45,042</u>
Change in net position	<u>50,992</u>
Net position - July 1, 2019	<u>(1,314,722)</u>
Net position - June 30, 2020	<u><u>\$ (1,263,730)</u></u>

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

**Town of Monroe, Connecticut**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2020**

	<u>Internal Service Funds</u>
Cash flows from (used in) operating activities:	
Cash received from charges for services	\$ 801,785
Cash paid for benefits and claims	(948,016)
Cash paid for administration	<u>(16,870)</u>
Net increase (decrease) in cash	(163,101)
Cash - July 1, 2019	<u>237,002</u>
Cash - June 30, 2020	<u><u>\$ 73,901</u></u>
Reconciliation of operating income (loss) to net cash from (used in) operating activities:	
Operating income (loss)	\$ 50,992
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(18,395)
Due from other funds	(20,000)
Increase (decrease) in:	
Accounts payable	(16,870)
Claims payable	(875,983)
Heart and hypertension	(26,991)
Due to other funds	<u>744,146</u>
Net cash from (used in) operating activities	<u><u>\$ (163,101)</u></u>

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

**Town of Monroe, Connecticut**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

	Pension and OPEB Trust Funds	Private- Purpose Trust Fund	Custodial Funds
<u>Assets</u>			
Cash	\$ -	\$ 10,746	\$ 236,336
Investments:			
Mutual funds:			
Equity	16,972,971	-	-
Bond	7,133,777	-	-
Commodities	1,172,632	-	-
Bank money market	296,998	-	-
Total investments	25,576,378	-	-
Receivable:			
Employer contribution	473,979	-	-
Total assets	26,050,357	10,746	236,336
<u>Net Position</u>			
Restricted for:			
Pensions	24,796,360	-	-
OPEB	1,253,997	-	-
Individuals and organizations	-	10,746	236,336
Total net position	\$ 26,050,357	\$ 10,746	\$ 236,336

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

**Town of Monroe, Connecticut**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2020**

	<u>Pension and OPEB Trust Funds</u>	<u>Private- Purpose Trust Fund</u>	<u>Custodial Funds</u>
Additions:			
Contributions:			
Employer	\$ 835,854	\$ -	\$ -
Employee	<u>448,000</u>	<u>-</u>	<u>-</u>
Total contributions	<u>1,283,854</u>	<u>-</u>	<u>-</u>
Activity fees	<u>-</u>	<u>-</u>	<u>581,236</u>
Investment income (loss):			
Net change in fair value of investments	(603,105)	-	-
Interest and dividends	<u>530,585</u>	<u>193</u>	<u>-</u>
Total investment income (loss)	(72,520)	193	-
Less investment expense	<u>52,678</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	<u>(125,198)</u>	<u>193</u>	<u>-</u>
Total additions	<u>1,158,656</u>	<u>193</u>	<u>581,236</u>
Deductions:			
Benefits	1,302,942	-	-
Administration	43,990	75	-
Scholarship awards	-	600	-
Activities and events	<u>-</u>	<u>-</u>	<u>568,329</u>
Total deductions	<u>1,346,932</u>	<u>675</u>	<u>568,329</u>
Change in net position	(188,276)	(482)	12,907
Net position - July 1, 2019	<u>26,238,633</u>	<u>11,228</u>	<u>223,429</u>
Net position - June 30, 2020	<u><u>\$ 26,050,357</u></u>	<u><u>\$ 10,746</u></u>	<u><u>\$ 236,336</u></u>

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

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**History and organization**

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

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) 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. The Town does not report any component units.

**I. Summary of significant accounting policies****A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, 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.

**B. Measurement focus, basis of accounting and financial statement presentation**

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

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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 collected within the current period. The Town considers reimbursement grants to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and certain other long-term liabilities, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Expenditure reimbursement type grants, certain intergovernmental revenues, charges, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

Additionally, the Town reports the following fund types:

*Special Revenue Funds* are used to account for and report the proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt.

*The Capital Project Funds* are used to account for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments.

The *Permanent Funds* are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs.

The *Internal Service Fund* accounts for risk financing activities for medical and dental benefits and heart and hypertension as allowed by GASB Statement No. 10.

The *Pension Trust Funds* account for the activities of the Town Retirement Plan and Education Retirement Plan, which accumulate resources for pension benefit payments to qualified employees.

The *OPEB Trust Fund* accounts for the activities of the Police OPEB Plan which accumulates resources for OPEB benefits.

The *Private-Purpose Trust Fund* accounts for the receipt of private donations to be used for student awards.

*Custodial Funds* account for monies held on behalf of student groups.

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between certain Town functions because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are premiums for insurance.

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town pension and OPEB plans, the Connecticut Municipal Employees Retirement Systems ("MERS"), the Connecticut State Teachers' Retirement System (TRS), and the Connecticut State Retiree Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the Town's pension and OPEB plans, MERS, TRS, and RHIP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**C. Assets, liabilities, deferred outflows/inflows of resources and equity****1. Cash and investments****a. Cash**

The Town considers cash as cash on hand and demand deposits.

For cash flow purposes the Town considers cash equivalents money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

**b. Investments**

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital reserve fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

The Town's pension and OPEB funds have adopted a formal investment policy that defines asset allocation guidelines, diversification guidelines and fixed income and cash guidelines.

The Town's pension and OPEB plan investment policy targets investments as follows:

Asset Class	Target Allocation	
	Pension	OPEB
Domestic Equity	35.00%	35.00%
International Equity	27.50%	30.00%
Fixed Income	30.00%	30.00%
Other	7.50%	5.00%
Total	100.00%	100.00%

**c. Method used to value investments**

Investments for the Town are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**Fair value of investments**

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1	Quoted prices for identical investments in active markets
Level 2	Quoted prices for identical investments in markets that are not active. Fair values are primarily obtained from the third party pricing services for identical comparable assets
Level 3	Unobservable inputs

**d. Risk policies**

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.

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 has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.



## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Concentration of credit risk – Concentration of credit risk is the risk attributed to the magnitude of an entity'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 in any one depository.

Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a formal policy with respect to custodial credit risk.

Foreign currency risk – Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Town does not have a formal policy with respect to the foreign currency risk.

**2. Receivables and payables****a. Interfunds**

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

**b. Property taxes and other receivables**

In the fund financial and government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2% to 20% of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, property taxes receivable which have not been collected as of June 30, have been recorded as deferred inflows of resources, since they are not considered to be available to finance expenditures of the current year.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1, and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, on July 1, and supplemental motor vehicle taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Loan receivables consist of Community Development Block Grant loans. The Town provides the low interest loans for residential rehabilitation as well as loans to local businesses for facility improvements.

**3. Restricted assets**

The restricted assets for the Town are restricted for performance bonds and endowments. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance. Endowments are restricted for Town purposes.

## Town of Monroe, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****4. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

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

**5. Deferred outflows/inflows of resources**

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

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

The Town reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide statements for differences between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on plan investments, changes in proportional share and contributions subsequent to the measurement date. The deferred outflow or inflow related to differences between expected and actual experience, changes in assumptions and changes in proportional share will be amortized over the average remaining service life of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period. The deferred outflow relating to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

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

Advance tax collections represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes (including advance collections, if any) and intergovernmental. These amounts are recognized as an inflow of resources in the period that the amounts become available.

**6. Compensated absences**

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. A liability for these amounts has been recorded in the government-wide financial statements.

**7. 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. A liability for these amounts has been recorded in the government-wide financial statements.

**8. Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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

**9. Net position and fund balances**

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

Net Investment in Capital Assets

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

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**Restricted Net Position

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

Unrestricted Net Position

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

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide 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.

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through resolutions approved by the Town Council.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's fund balance policy, the Board of Finance is authorized to assign fund balance. Intent is also expressed by a properly approved purchase order (encumbrance).

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town Council or Board of Finance has provided otherwise in its commitment or assignment actions.

**Minimum fund balance policy**

The Board of Finance has adopted a minimum fund balance policy for the General Fund. The policy establishes the intent to maintain a level of unassigned fund balance of at least 8.33% to 16.67% of annual budgeted expenditures.

**10. Use of estimates**

The preparation of the 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 and deferred outflows and inflows of resources including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the mitigation responses. Any such differences are not expected to be material for the year ended June 30, 2020.

**11. Reclassifications**

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

**II. Stewardship, compliance and accountability****A. Basis of budgeting**

Only the General Fund has a legally adopted annual budget.

The Town uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in the budgetary statements included as required supplementary information.

## Town of Monroe, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**B. Donor-restricted endowments**

The Town has received certain endowments for the improvement of the Town. The amounts are reflected in net position as restricted for endowments. Investment income is approved for disbursement by the Town Council and is included in restricted fund balance.

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

**C. Capital projects authorizations**

The following is a summary of certain capital projects:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
Fire apparatus	\$ 3,880,000	\$ 3,807,821	\$ 72,179
EMS facility phase 1	180,000	142,067	37,933
Radio system	1,650,000	405,992	1,244,008
Fire equipment	215,000	211,954	3,046
Totals	<u>\$ 5,925,000</u>	<u>\$ 4,567,834</u>	<u>\$ 1,357,166</u>

**III. Detailed notes****A. Cash and investments****1. Deposits – custodial credit risk**

At year end, the Town's bank balance was \$14,908,960 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>2,684,298</u>
Total amount subject to custodial credit risk	<u>\$ 2,684,298</u>

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

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## A. Cash and investments (continued)

## 2. Investments

- a. The Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

Type of Investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	5-10 Years	Over 10
Mutual funds					
Equity	\$ 16,972,971	\$ 16,972,971	\$ -	\$ -	\$ -
Bond	7,133,777	-	1,102,509	6,031,268	-
Commodities	1,172,632	1,172,632	-	-	-
Bank money market	12,164,609	-	12,164,609	-	-
Pooled fixed income	11,964,688	-	11,964,688	-	-
US government agency securities	2,027,398	-	-	-	2,027,398
Total	\$ 51,436,075	\$ 18,145,603	\$ 25,231,806	\$ 6,031,268	\$ 2,027,398

- b. The Town had the following recurring fair value measurements:

Investments by Fair Value Level	Amount	Quoted Market Prices in Active Markets	Significant Observable Inputs
		Level 1	Level 2
Mutual Funds			
Equity	\$ 16,972,971	\$ 16,972,971	\$ -
Bond	7,133,777	7,133,777	-
Commodities	1,172,632	1,172,632	-
U.S. government agency securities	2,027,398	-	2,027,398
Total Investments by Fair Value Level	27,306,778	\$ 25,279,380	\$ 2,027,398
<u>Other Investments</u>			
Bank money market	12,164,609		
Pooled fixed income	11,964,688		
Total Other Investments	11,964,688		
Total Investments	\$ 39,271,466		

Level 1: Quoted prices for identical investments in active markets;

Level 2: Quoted prices for identical investments in markets that are not active. Fair values are primarily obtained from third party pricing services for identical comparable assets.

The market approach was used to determine the value of securities.

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## A. Cash and investments (continued)

c. The Town's investments subject to credit risk had average ratings by Standard & Poor's as follows:

Type of Investment	Ratings				Total
	AAA	AA	BB	Unrated	
Mutual Funds					
Bond	\$ -	\$ 5,938,378	\$ 1,195,399	\$ -	\$ 7,133,777
Commodities	-	-	-	1,172,632	1,172,632
Pooled fixed income	11,964,688	-	-	-	11,964,688
U.S. government agency securities	2,027,398	-	-	-	2,027,398
Total	<u>\$ 13,992,086</u>	<u>\$ 5,938,378</u>	<u>\$ 1,195,399</u>	<u>\$ 1,172,632</u>	<u>\$ 22,298,495</u>

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

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

	Total	Less Insured Amounts	Amount Subject to Custodial Credit Risk
U.S. government agency securities	<u>\$ 2,027,398</u>	<u>\$ 500,000</u>	<u>\$ 1,527,398</u>

## B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below.

	Property Taxes			CDBG Loans
	Taxes	Interest and lien fees	Total	
Current portion	<u>\$ 855,089</u>	<u>\$ 110,002</u>	<u>\$ 965,091</u>	<u>\$ -</u>
Long-term portion	\$ 524,087	\$ 124,313	\$ 648,400	\$ 222,585
Less allowance for uncollectibles	<u>(100,500)</u>	<u>(36,500)</u>	<u>(137,000)</u>	<u>(4,500)</u>
Net long-term portion	<u>\$ 423,587</u>	<u>\$ 87,813</u>	<u>\$ 511,400</u>	<u>\$ 218,085</u>



## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## C. Interfund accounts

## 1. Interfund payables and receivables

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
General Fund			
Capital Reserve Fund	N/A	\$ -	\$ 1,994,260
Other Governmental Funds	N/A	314,543	4,773,180
Internal Service Funds	N/A	1,499,014	428,233
Total General Fund		<u>1,813,557</u>	<u>7,195,673</u>
Capital Reserve Fund			
General Fund	N/A	1,994,260	-
Other Governmental Funds			
Special Revenue Funds			
Library grants	General Fund	9,352	-
Wheeler library	General Fund	76,691	-
School cafeteria	General Fund	41,456	-
Education grants	General Fund	89,363	-
Education programs	General Fund	367,300	-
Police grants	General Fund	19,499	-
Police private duty	General Fund	1,066,411	-
Recreation programs	General Fund	233,566	-
Senior center grant and program	General Fund	99,598	-
Town grants and programs	General Fund	429,220	19,636
Town road grants	General Fund	1,742,883	-
Waste disposal	General Fund	84,219	-
Total Special Revenue Funds		<u>4,259,558</u>	<u>19,636</u>
Capital Projects Funds			
Plan of conservation and development	General Fund	62,183	-
Local capital improvements	General Fund	197,270	-
Reconstruction of Pepper Street	General Fund	-	294,907
Police department renovation	General Fund	104,771	-
Education reserve	General Fund	90,650	-
Total Capital Projects		<u>454,874</u>	<u>294,907</u>
Permanent Fund			
Cornelia Rogers	General Fund	58,748	-
Total Other Governmental Funds		<u>4,773,180</u>	<u>314,543</u>

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## C. Interfund accounts (continued)

	Corresponding Fund	Due From	Due To
Internal Service Funds			
Education medical and dental	General Fund	\$ -	\$ 1,499,014
Heart and hypertension		428,233	-
Total Internal Service Funds		428,233	1,499,014
Total		\$ 9,009,230	\$ 9,009,230

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have a cash account.

## 2. Interfund transfers

A summary of interfund transfers for the fiscal year is as follows:

	Corresponding Fund	Transfers In	Transfers Out
General Fund			
Capital Reserve Fund	N/A	\$ -	\$ 986,166
Other Governmental Funds	N/A	81,927	58,345
Total General Fund		81,927	1,044,511
Capital Reserve Fund			
General Fund	N/A	986,166	-
Other Governmental Funds	N/A	67,816	-
Total Capital Reserve Fund	General Fund	1,053,982	-
Other Governmental Funds			
Special Revenue Funds			
School cafeteria	General Fund	42,720	-
Police private duty	General Fund	-	81,927
Town grants and programs	General Fund	15,625	-
Total Special Revenue Funds		58,345	81,927
Capital Project Funds			
Education bonded projects	Capital Reserve Fund	-	67,816
Total Other Governmental Funds		58,345	149,743
Total		\$ 1,194,254	\$ 1,194,254

Transfers are used to move budgeted appropriations from the general fund for funding of the capital nonrecurring fund and various programs and activities in other funds.

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**D. Capital assets**

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital Assets, Not Being Depreciated:				
Land	\$ 14,664,016	\$ 124,600	\$ -	\$ 14,788,616
Construction in progress	1,703,741	866,634	314,660	2,255,715
Total Capital Assets, Not Being Depreciated	<u>16,367,757</u>	<u>991,234</u>	<u>314,660</u>	<u>17,044,331</u>
Capital Assets, Being Depreciated:				
Land improvements	5,120,963	-	-	5,120,963
Buildings and systems	106,994,995	9,111	-	107,004,106
Machinery and equipment	8,644,814	576,793	149,032	9,072,575
Vehicles	15,453,128	417,123	66,830	15,803,421
Infrastructure	73,343,999	1,463,045	-	74,807,044
Total Capital Assets, Being Depreciated	<u>209,557,899</u>	<u>2,466,072</u>	<u>215,862</u>	<u>211,808,109</u>
Total Capital Assets	<u>225,925,656</u>	<u>3,457,306</u>	<u>530,522</u>	<u>228,852,440</u>
Less Accumulated Depreciation For:				
Land improvements	1,963,486	319,032	-	2,282,518
Buildings and systems	57,894,596	2,767,111	-	60,661,707
Machinery and equipment	6,926,492	339,909	149,032	7,117,369
Vehicles	8,099,155	1,042,700	66,830	9,075,025
Infrastructure	59,628,198	950,443	-	60,578,641
Total Accumulated Depreciation	<u>134,511,927</u>	<u>5,419,195</u>	<u>215,862</u>	<u>139,715,260</u>
Total Capital Assets, Being Depreciated, Net	<u>75,045,972</u>	<u>(2,953,123)</u>	<u>-</u>	<u>72,092,849</u>
Capital Assets, Net	<u>\$ 91,413,729</u>	<u>\$(1,961,889)</u>	<u>\$ 314,660</u>	<u>\$ 89,137,180</u>

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

General government	\$ 103,600
Public safety	1,077,432
Public works	1,289,318
Culture and recreation	397,694
Education	2,551,151
Total depreciation expense	<u>\$ 5,419,195</u>

**E. Construction commitments**

The Town has construction commitments totaling \$4,634,907 for Pepper street reconstruction.

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## F. Changes in long-term obligations

## 1. Summary of changes

Description	Original Amount	Year of Issue	Date of Maturity	Interest Rate	Balance July 1, 2019	Additions	Deductions*	Balance June 30, 2020	Current Portion	Long-Term Portion
<b>Bonds:</b>										
General purpose:										
Refunding bonds	\$ 5,511,000	2009	05/01/22	2-5%	\$ 965,000	\$ -	\$ 965,000	\$ -	\$ -	\$ -
Refunding bonds	3,930,000	2012	12/15/23	2-3%	1,304,000	-	1,304,000	-	-	-
General obligation (taxable)	75,000	2012	05/15/22	2.375-3.5%	30,000	-	10,000	20,000	10,000	10,000
General obligation	1,690,000	2014	06/15/22	2-4%	375,000	-	375,000	-	-	-
General obligation	3,270,000	2015	04/15/30	2-3%	2,555,000	-	2,555,000	-	-	-
General obligation	810,000	2016	07/01/26	1.5-4%	640,000	-	80,000	560,000	80,000	480,000
Refunding bonds	6,490,000	2016	09/15/28	2-4%	5,210,000	-	685,000	4,525,000	695,000	3,830,000
General obligation	5,435,000	2018	06/15/28	3-5%	4,890,000	-	545,000	4,345,000	545,000	3,800,000
Refunding bonds	2,958,000	2018	04/01/26	3-5%	2,595,000	-	330,000	2,265,000	330,000	1,935,000
General obligation	2,315,000	2019	05/01/30	4-5%	-	2,315,000	-	2,315,000	235,000	2,080,000
Refunding bonds	2,251,000	2019	05/01/24	4-5%	-	2,251,000	435,000	1,816,000	726,000	1,090,000
Refunding bonds	2,003,000	2020	04/15/30	4-5%	-	2,003,000	-	2,003,000	129,000	1,874,000
<b>Total general purpose</b>	<b>36,738,000</b>				<b>18,564,000</b>	<b>6,569,000</b>	<b>7,284,000</b>	<b>17,849,000</b>	<b>2,750,000</b>	<b>15,099,000</b>
School bonds:										
Refunding bonds	13,464,000	2009	05/01/24	2-5%	3,885,000	-	3,885,000	-	-	-
Refunding bonds	4,855,000	2012	12/15/23	2-3%	391,000	-	391,000	-	-	-
General obligation (taxable)	385,000	2012	05/15/22	2.375-3.5%	130,000	-	40,000	90,000	45,000	45,000
General obligation	1,585,000	2014	06/15/22	2-4%	345,000	-	345,000	-	-	-
General obligation	2,950,000	2015	04/15/30	2-3%	2,310,000	-	2,310,000	-	-	-
General obligation	1,800,000	2016	07/01/26	1.5-4%	1,440,000	-	180,000	1,260,000	180,000	1,080,000
Refunding bonds	730,000	2016	09/15/28	2-4%	720,000	-	-	720,000	-	720,000
General obligation	2,650,000	2018	06/15/28	3-5%	2,385,000	-	265,000	2,120,000	265,000	1,855,000
Refunding bonds	4,082,000	2018	04/01/26	3-5%	3,580,000	-	455,000	3,125,000	455,000	2,670,000
Refunding bonds	4,289,000	2019	05/01/24	4-5%	-	4,289,000	1,000,000	3,289,000	1,144,000	2,145,000
Refunding bonds	1,812,000	2020	04/15/30	4-5%	-	1,812,000	-	1,812,000	116,000	1,696,000
<b>Total school bonds</b>	<b>38,602,000</b>				<b>15,186,000</b>	<b>6,101,000</b>	<b>8,871,000</b>	<b>12,416,000</b>	<b>2,205,000</b>	<b>10,211,000</b>
<b>Total bonds</b>	<b>75,340,000</b>				<b>33,750,000</b>	<b>12,670,000</b>	<b>16,155,000</b>	<b>30,265,000</b>	<b>4,955,000</b>	<b>25,310,000</b>
Energy financing notes	2,747,787	2013	06/26/23	1.82%	1,162,952	-	282,386	880,566	287,880	592,686
<b>Total bonds/notes</b>	<b>78,087,787</b>				<b>34,912,952</b>	<b>12,670,000</b>	<b>16,437,386</b>	<b>31,145,566</b>	<b>5,242,880</b>	<b>25,902,686</b>
Premium**					2,445,730	525,939	1,175,452	1,796,217	-	1,796,217
<b>Total bonds/notes and related liabilities</b>					<b>37,358,682</b>	<b>13,195,939</b>	<b>17,612,838</b>	<b>32,941,783</b>	<b>5,242,880</b>	<b>27,698,903</b>
Compensated absences					2,023,843	575,392	456,719	2,142,516	535,629	1,606,887
Special termination benefits					6,355,889	644,004	173,206	6,826,687	1,292,839	5,533,848
Claims payable					-	155,500	-	155,500	-	155,500
Heart and hypertension					312,236	38,031	65,022	285,245	53,025	232,220
Landfill closure and post closure					-	1,652,500	-	1,652,500	-	1,652,500
Net pension liability					7,552,740	3,796,240	994,086	10,354,894	-	10,354,894
Net OPEB liability					12,679,286	2,779,090	1,022,123	14,436,253	-	14,436,253
<b>Total long-term obligations</b>					<b>\$66,282,676</b>	<b>\$22,836,696</b>	<b>\$20,323,994</b>	<b>\$ 68,795,378</b>	<b>\$7,124,373</b>	<b>\$61,671,005</b>

\* Includes \$11,335,000 of refunded bonds.

\*\* Premium for the refunding bonds was deposited into the trust.

All long-term liabilities are generally liquidated by the general fund.

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## F. Changes in long-term obligations (continued)

The following is a summary of principal and interest amounts of bond and note maturities:

Year Ended June 30,	Governmental Activities		
	Bond Principal	Note Principal	Total Interest
2021	\$ 4,955,000	\$ 287,880	\$ 1,257,104
2022	4,975,000	293,484	1,017,058
2023	4,215,000	299,202	777,640
2024	4,280,000	-	581,475
2025	3,580,000	-	409,975
2026	2,860,000	-	287,400
2027	2,240,000	-	188,650
2028	1,645,000	-	117,500
2029	855,000	-	56,100
2030	660,000	-	26,400
Total	<u>\$ 30,265,000</u>	<u>\$ 880,566</u>	<u>\$ 4,719,302</u>

## 2. Assets pledged as collateral

The Town's outstanding energy financing notes of \$880,566 are secured with collateral of the equipment purchased.

## 3. Statutory debt limitations

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

Category	Debit Limit	Net Indebtedness	Balance
General purpose	\$ 174,333,627	\$ 17,849,000	\$156,484,627
Schools	348,667,254	12,416,000	336,251,254
Sewer	290,556,045	-	290,556,045
Urban renewal	251,815,239	-	251,815,239
Pension deficit	232,444,836	-	232,444,836

The total overall statutory debt limit for the Town is equal to seven times annual receipts from prior year taxation, \$542,371,284.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**F. Changes in long-term obligations (continued)****4. Authorized/unissued bonds**

The amount of authorized, unissued bonds are as follows:

Police department facility, phase I	\$ 13,000
Schools carpet/asbestos and pool filter	113,920
Masuk High School renovation	157,546
Edith Wheeler Memorial Library	165,000
Pepper Street improvements	5,050,000
DPW dump truck 2018	1,000
Road construction and reconstruction phase 6	1,000
Town wide radio system	1,650,000
Vehicle replacement plan	720,000
Road construction and reconstruction phase 7	1,020,000
Fire equipment	<u>215,000</u>
Totals	<u><u>\$ 9,106,466</u></u>

**5. Current year advance refunding**

In December 2019 and January 2020, the Town issued \$6,540,000 and \$3,815,000 of general obligation refunding bonds with interest rates of 4.00% to 5.00%. These refunding bonds were issued to defease bonds issued in 2009 to 2015. The refunding resulted in an economic gain of \$370,375 and a total savings of \$373,828.

**6. Landfill closure and post-closure care costs**

State and Federal laws and regulations require that the Town place a cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The cost of landfill closure and post closure care is allocated based on landfill capacity used to date. The landfill has been converted to a transfer station facility for residents.

The Town currently has no plans to close the landfill. The estimated total current costs of landfill closure is \$1,052,500, which is based on what it would cost to perform all closure at 2020 prices with a third party performing the closure work.

Estimated total current costs of landfill post-closure care is \$600,000, which is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfill. However, the actual cost of closure and monitoring and other post-closure care may be higher due to inflation, deflation, changes in technology or changes in landfill laws and regulations.

**7. Claims and judgments**

The Town, its officers and employees, are defendants in numerous lawsuits. Based upon consultation with legal counsel, the Town's management estimates that potential claims against the Town resulting from such litigation would not materially affect the financial position of the Town. The Town has recorded \$155,500, the estimated settlement costs for claims relating to lawsuits.

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**G. Fund balances and restricted net position**

Fund balances are composed of the following:

Fund Balance Component	General Fund	Capital Reserve Fund	Other Governmental Funds	Total
Nonspendable:				
Cornelia Rogers	\$ -	\$ -	\$ 2,250	\$ 2,250
Restricted:				
Town programs	-	-	319,477	319,477
Housing rehabilitation	-	-	222,585	222,585
Town clerk fees	-	-	115,170	115,170
Public safety programs	-	-	96,682	96,682
Public works	-	-	1,710,383	1,710,383
Senior center programs	371,072	-	-	371,072
Library programs	-	-	82,244	82,244
Education programs	-	-	11,755	11,755
School lunch programs	-	-	17,677	17,677
Total restricted	<u>371,072</u>	<u>-</u>	<u>2,575,973</u>	<u>2,947,045</u>
Committed:				
Public works programs	-	-	-	-
Special education	500,000	-	-	500,000
Emergency disaster relief	500,000	-	-	500,000
Capital projects	-	1,726,325	302,162	2,028,487
Total committed	<u>1,000,000</u>	<u>1,726,325</u>	<u>302,162</u>	<u>3,028,487</u>
Assigned:				
Subsequent year's budget	8,500,000	-	-	8,500,000
Education medical	500,000	-	-	500,000
Public safety programs	-	-	1,122,992	1,122,992
Public works programs	-	-	100,505	100,505
Culture and recreation programs	-	-	884,034	884,034
Education programs	-	-	442,742	442,742
Capital projects	-	19,497	62,183	81,680
Other purposes	105,815	-	-	105,815
Total assigned	<u>9,105,815</u>	<u>19,497</u>	<u>2,612,456</u>	<u>11,737,768</u>
Unassigned	<u>7,305,584</u>	<u>-</u>	<u>(410,096)</u>	<u>6,895,488</u>
Total	<u>\$ 17,782,471</u>	<u>\$ 1,745,822</u>	<u>\$ 5,082,745</u>	<u>\$ 24,611,038</u>

The amount of restricted net position, which was restricted by enabling legislation, totaled \$132,847.

**H. Deficit fund balances**

The Town had a deficit fund balance in the Reconstruction of Pepper Street Fund of \$410,096. The deficit will be eliminated by future grant revenues and general fund transfers.

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## IV. Other information

## A. Risk management

The Town is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors or omissions; injuries to employees and natural disasters. The Town obtains commercial insurance for these risks. As of July 1, 2019, the Board of Education has obtained commercial insurance for medical and dental claims. Claims expense during the year for education, medical and dental relates only to claims incurred in prior years. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

The Town is a member in Connecticut Interlocal Risk Management Association ("CIRMA"). CIRMA is a public entity risk pool established under the provisions of the Connecticut General Statutes Section 7-479a et. seq. 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 pool coverage with no deductible retention. A separate agreement limits the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

The Town is a member of CIRMA's Liability-Automobile-Property Pool a risk sharing pool. The Town paid CIRMA for provisions of general liability automobile liability employee benefit liability law enforcement liability public officials and property coverage. The premium is subject to these coverages and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

The Town is also a member of CIRMA's Workers' Compensation Pool, a risk sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to a payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10,000,000 per occurrence.

By Statute, the Town is a self-insured for claims under C.G.S. 7-433c, the Heart and Hypertension Act. The death benefits liability is adjusted annually to reflect cost of living increases. The present value of benefits was computed at an assumed rate of return of three percent. The plan is funded monthly by budget appropriations and employee contributions, as required.

The Town utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss for Education medical and dental claims and heart and hypertension claims. The fund records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Internal Service Fund is funded by the General Fund based on estimated cost of claim payments based on employee census, historical cost estimates of the amounts needed to pay prior and current year claims and administration. Claims liabilities include an estimate of claims incurred but not reported and are the Town's best estimate based on available information.



## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**A. Risk management (continued)**

The Town records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated in the government-wide statements. The claims liability reported is based upon accounting principles which require that a liability for estimated claims incurred but not reported be accrued. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and social factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30	Current Portion	Long-Term Portion
<u>Education Medical and Dental</u>						
2018-2019	\$ 819,462	\$ 9,285,807	\$ 9,229,286	\$ 875,983	\$ 875,983	\$ -
2019-2020	875,983	7,011	882,994	-	-	-
<u>Heart and Hypertension</u>						
2018-2019	255,662	176,427	119,853	312,236	47,576	264,660
2019-2020	312,236	38,031	65,022	285,245	53,025	232,220
<u>Totals</u>						
2018-2019	\$ 1,075,124	\$ 9,462,234	\$ 9,349,139	\$ 1,188,219	\$ 923,559	\$ 264,660
2019-2020	\$ 1,188,219	\$ 45,042	\$ 948,016	\$ 285,245	\$ 53,025	\$ 232,220

**B. Commitments and litigation**

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

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

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**C. Contingences***Coronavirus*

In March 2020, the United States declared the outbreak of Coronavirus a national emergency. Similarly, the Governor of the State of Connecticut declared a state of emergency and has since issued over 70 executive orders regarding the pandemic. One of the most significant executive orders required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and payment deferral program. The interest rate reduction program reduced the interest rate charged on delinquent taxes/user fees from 18% to 3% for the period April 1, 2020 through October 1, 2020. The payment deferral program also was effective April 1, 2020 for local governments with quarterly payments and July 1, 2020 for those with semi-annual payments. This program allowed taxpayers/rate payers to defer payment of amounts due without incurring any penalty interest until October 1, 2020. The Town implemented the interest rate reduction program. The impact of this program on property tax and user fee revenues and delinquent interest collections was not significant during this period.

The state of emergency has had a negative impact on the Town's economically sensitive revenues such as park and recreation program fees, interest earnings and certain other charges for services for the last quarter of the fiscal year and the impact continues into the 2021 fiscal year. On the expenditure side, expenditures for health and safety measures, including additional personnel costs, technology and supplies are expected to increase and may exceed adopted budgets. There continues to be uncertainty related to the duration, possible reemergence and future severity of the pandemic, as well as to what actions may be taken by the Federal government, the State of Connecticut and health care authorities to contain or mitigate its effects. This includes the nature and extent of any financial support.

The Town is continuously monitoring its financial condition and will take proactive measures as necessary to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the complete impact on the Town's future financial position at this time.

**V. Pensions and other post-employment benefit plans****A. Pension plans****1. Plan description****a. Plan administration**

The Town is the administrator of a single employer public employee retirement system ("Plan"), 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 Plan 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 administered by the Pension Committee ("Committee") which is a subcommittee of the Town Council.

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

A. Pension plans (continued)

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.

The Plan is closed to all new hires in the Town employee groups.

b. Plan membership

As of July 1, 2018 for the memberships in the plan is comprised of the following:

	<u>Town</u>	<u>Education</u>
Active members	60	80
Terminated employees entitled to benefits	15	18
Retirees, disabled employees, and beneficiaries receiving benefits	<u>55</u>	<u>72</u>
Total	<u>130</u>	<u>170</u>

2. Benefit provisions

	<u>Town Employees</u>	<u>Education Employees</u>
Normal retirement	Age 65	Age 65
Service requirement	5 years	5 years
Benefit calculation	Highway employees: 1.625% of final average compensation per year of service to a maximum of 35 years	1.75% of final average compensation per year of service to a maximum of 35 years
	Clerical and non-union: 1.75% of final average compensation per year of service to a maximum of 35 years. Supplemental benefit for employees hired prior to July 1, 2015 of \$200 per month payable for the life of retiree	
	Supervisors: 1.75% of final average compensation per year of service to a maximum of 35 years	
Final average compensation	Average annual rate of pay earned during the highest 5 consecutive years out of the last 10 years	Average annual rate of pay earned during the highest 5 consecutive years out of the last 10 years
Early retirement age	55	55
Early retirement service requirement	15 years	15 years

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

A. Pension plans (continued)

	Town Employees	Education Employees
Early retirement amount	Normal accrued benefit, reduced by 0.6% for the first 60 months and 0.3% for the remaining number of months before age 65	Normal accrued benefit, reduced by 0.6% for the first 60 months and 0.3% for the remaining number of months before age 65
Vesting - age	None	None
Vesting - service	5 years	5 years
Vesting - amount	100% of accrued benefit	100% of accrued benefit
Pre-retirement death benefit amount	100% of employee benefit who is eligible for normal or early retirement and married for 12 months	100% of employee benefit who is eligible for normal or early retirement and married for 12 months
Post-retirement death benefit amount	Lump sum: 100% of contributions plus interest made by the employee, less total benefits paid	Lump sum: 100% of contributions plus interest made by the employee, less total benefits paid
Cost of living increases	None	None

3. Contributions

Employee contributions as a percentage of annual earnings are as follows:

Town	
Highway employees	3.00%
Clerical and non-union employees	3.85%
Supplemental benefit	1.00%
Supervisors	3.85%
Education	4.75%

The Town is required to contribute the remaining amounts as determined by actuarial valuations.

Average active member contribution rate of annual base compensation was	3.71%
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Average contribution rate of covered payroll was

Town	7.36%
Education	7.22%

## Town of Monroe, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**A. Pension plans (continued)****4. Investments****a. Investment policy**

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Committee by a majority vote of its members. It is the policy of the Town's Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following is the Committee's adopted asset allocation policy for the plans:

<u>Asset Class</u>	<u>Target Allocation</u>
Large Cap Domestic Equity	25.00%
Small Cap Domestic Equity	10.00%
Developed International Equity	20.00%
Emerging International Equity	7.50%
Core Fixed Income	25.00%
Global Fixed income	5.00%
Global REIT	5.00%
Commodities	2.50%

**b. Concentrations**

There were no investments in any one organization that represented 5% or more of the pension plan's net position.

**c. Rate of return**

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

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## A. Pension plans (continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equity	5.55%
Small Cap Domestic Equity	6.00%
Developed International Equity	5.55%
Emerging International Equity	6.50%
Core Fixed Income	1.65%
Global Fixed income	1.85%
Global REIT	4.40%
Commodities	2.40%

Long-term expected nominal rate of return was 6.97%.

## d. Annual money-weighted rate of return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

	<u>Town</u>	<u>Education</u>
Rate of return	-0.40%	-0.87%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## 5. Net pension liability

The components of the net pension liability were as follows:

	<u>Town</u>	<u>Education</u>
Total pension liability	\$ 13,914,983	\$ 14,805,525
Plan fiduciary net position	12,447,803	12,348,557
Net pension liability	<u>\$ 1,467,180</u>	<u>\$ 2,456,968</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>89.46%</u>	<u>83.41%</u>

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

A. Pension plans (continued)

6. Actuarial methods and significant assumptions

The net pension liability was determined using the following actuarial assumptions applied to all periods included in the measurement.

Valuation Date	July 1, 2018
Investment Rate of Return	6.75%
Inflation Rate	2.60%
Projected Salary Increases	3.75%
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of salary
Mortality Table	RP-2014 Mortality Tables adjusted to 2006 Total dataset mortality table projected to valuation date with scale MP-2018

7. Changes from prior year

a. Changes in assumptions

There were no assumptions changes during the year.

b. Changes in benefit terms

There were no benefit changes during the year.

8. Discount rate

The discount rate used to measure the total pension liability was 6.75%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rate of return on pension plan investments was used to discount plan liabilities.

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## A. Pension plans (continued)

## 9. Changes in the net pension liability

The Town's net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The changes in net pension liability were as follows:

Town	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2019	\$ 13,264,918	\$ 12,649,427	\$ 615,491
Service cost	316,466	-	316,466
Interest	898,005	-	898,005
Contributions - employer	-	291,581	(291,581)
Contributions - member	-	147,083	(147,083)
Net investment income (loss)	-	(50,772)	50,772
Benefit payments, including refunds of member contributions	(564,406)	(564,406)	-
Administration expenses	-	(25,110)	25,110
Net change	650,065	(201,624)	851,689
Balance at June 30, 2020	\$ 13,914,983	\$ 12,447,803	\$ 1,467,180

Education	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2019	\$ 14,094,088	\$ 12,584,477	\$ 1,509,611
Service cost	422,026	-	422,026
Interest	957,653	-	957,653
Contributions - employer	-	339,015	(339,015)
Contributions - member	-	216,407	(216,407)
Net investment income (loss)	-	(107,020)	107,020
Benefit payments, including refunds of member contributions	(668,242)	(668,242)	-
Administration expenses	-	(16,080)	16,080
Net change	711,437	(235,920)	947,357
Balance at June 30, 2020	\$ 14,805,525	\$ 12,348,557	\$ 2,456,968



## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## A. Pension plans (continued)

## 10. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate 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 or 1-percentage point higher than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Town	<u>\$ 2,993,593</u>	<u>\$ 1,467,180</u>	<u>\$ 160,371</u>
Education	<u>\$ 4,226,052</u>	<u>\$ 2,456,968</u>	<u>\$ 955,464</u>

## 11. Pension expense and deferred outflows and inflows of resources

The Town recognized pension expense of \$334,501 for the Town and \$420,275 for the Education Plans.

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ -	\$ (167,835)	\$ (167,835)
Changes in assumptions	-	(244,847)	(244,847)
Net difference between projected and actual earnings on pension plan investments	<u>736,875</u>	<u>-</u>	<u>736,875</u>
Total amount of deferred outflows/inflows	<u>\$ 736,875</u>	<u>\$ (412,682)</u>	<u>\$ 324,193</u>

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

A. Pension plans (continued)

Education	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 1,702	\$ (206,359)	\$ (204,657)
Changes in assumptions	21,712	(338,512)	(316,800)
Net difference between projected and actual earnings on pension plan investments	<u>770,939</u>	<u>-</u>	<u>770,939</u>
Total amount of deferred outflows/ inflows	<u>\$ 794,353</u>	<u>\$ (544,871)</u>	<u>\$ 249,482</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive employees, which were as follows:

Plan	Years
Town Employees	4.6
Education Employees	5.7

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

Year Ending June 30,	Town	Education
2021	\$ (92,637)	\$ (60,619)
2022	78,957	11,088
2023	157,954	155,725
2024	<u>179,919</u>	<u>143,288</u>
Total	<u>\$ 324,193</u>	<u>\$ 249,482</u>

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**A. Pension plans (continued)****12. Defined contribution retirement savings plan**

Certain Town and Education employees are eligible to participate in a defined contribution retirement savings plan administered by the Town known as the Town of Monroe 401(a) money purchase pension plan. This is in lieu of the defined benefit plan for certain Town and Education employees. The benefits and contribution requirements are established by approval of the Town Council. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employer contributions are based on union contracts. Employees may make additional contributions subject to IRS regulations. The Plan is not reported as a fiduciary fund by the Town as it does not meet the reporting criterion.

The Town matches employees' contributions up to 3% of base pay. The Town contributions for each employee are 100% vested after three years.

Voluntary contributions up to the amount allowable under IRS regulations may be made by employees to the Town's 457 plan. These contributions may be withdrawn at any time, although earned interest will not be paid until such time as benefits are otherwise payable to the employee.

During the year, the employer and employee contributions were \$160,358 and \$75,249, respectively.

**B. Connecticut municipal employees' retirement system****1. Plan description**

The Connecticut Municipal Employees' Retirement System ("MERS") is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. MERS is a cost-sharing defined benefit pension plan administered by the Connecticut State Retirement Commission.

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

The plan has 4 sub plans as follows:

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

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)

2. Benefit provisions

<b>Normal retirement</b>	
General Employees	Age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service
Police and Firemen	Compulsory retirement age is age 65
Benefit calculation	The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits
With social security	1.50% of the average final compensation not in excess of the year's breakpoint plus 2.00% of average final compensation in excess of the year's breakpoint, times years of service If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security
<b>Early retirement</b>	5 years of continuous service or 15 years of active aggregate service
Early retirement amount	Calculated on the basis of average final compensation and service to date of termination Deferral to normal retirement age, or an actuarially reduced allowance may begin at the time of separation
Service connected disability amount	Calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability
Non-service connected disability service requirement	10 years of service
Non-service connected disability service amount	Calculated based on compensation and service to the date of the disability
Pre-retirement death benefit amount	Lump-sum return of contributions with interest of if vested and married, the surviving spouse will receive a lifetime benefit
Cost of living increases	2.50% - 6.00% depending on retirement date and increase in CPI

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**B. Connecticut municipal employees' retirement system (continued)****3. Contributions**Employer

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

Employees

For employees not covered by social security, each person is required to contribute 5.00% of compensation.

For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wage base plus 5.00% of compensation, if any, in excess of such base.

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

The Town reported \$6,430,746 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The Town's proportionate share of the net pension liability was based upon the Town's 2019 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The Police's proportional share was 8.825715% for the police officers and firefighters with social security sub plan. The Town's proportional share in the subplan increased 0.836745% from the prior year.

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

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)

For the fiscal year, the Town recognized pension expense of \$1,904,061. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows and Inflows
Net difference between projected and actual earnings on pension plan investments	\$ 296,696	\$ -	\$ 296,696
Change in assumptions	1,776,668	-	1,776,668
Change in proportional share	193,238	(162,021)	31,217
Difference between expected and actual experience	78,925	(523,232)	(444,307)
Contributions subsequent to measurement date	<u>691,934</u>	<u>-</u>	<u>691,934</u>
Total	<u>\$ 3,037,461</u>	<u>\$ (685,253)</u>	2,352,208
Contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the subsequent year			<u>(691,934)</u>
Net amortized amount of deferred inflows and outflows			<u>\$1,660,274</u>

The \$691,934 amount reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	\$ 671,200
2022	389,405
2023	523,383
2024	<u>76,286</u>
Total	<u>\$1,660,274</u>

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.00%
Inflation	2.50%
Salary increases	3.50-10.00%, including inflation
Cost of living adjustments	Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6.00%. The minimum annual COLA is 2.50%, the maximum is 6.00%
Mortality rates	Mortality rates were based on RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the 5 year period ended June 30, 2017.

Long-term expected rate of return

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

## Town of Monroe, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**B. Connecticut municipal employees' retirement system (continued)**

The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Target Expected Real Rate of Return</u>
Domestic equity	20.00%	5.30%
Developed market international	11.00%	5.10%
Emerging market international	9.00%	7.40%
Core fixed income	16.00%	1.60%
Inflation linked bond	5.00%	1.30%
Emerging market debt	5.00%	2.90%
High yield bond	6.00%	3.40%
Real estate	10.00%	4.70%
Private equity	10.00%	7.30%
Alternative investments	7.00%	3.20%
Liquidity fund	1.00%	0.90%
Total	<u>100.00%</u>	

**6. Discount rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportional share of the net pension (asset) liability of MERS, calculated using the discount rate, as well as what the net pension 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 rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Town's proportional share of the net pension liability	<u>\$ 9,644,844</u>	<u>\$ 6,430,746</u>	<u>\$ 3,745,414</u>



Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

**B. Connecticut municipal employees' retirement system (continued)**

**8. Plan fiduciary net position**

Detailed information about the MERS plan's fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

**C. Connecticut state teachers' retirement system**

**1. Plan description**

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

**2. Benefit provisions**

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Benefit calculation	2.00% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary)
Early retirement	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Early retirement amount	Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.00% per year by which retirement precedes normal retirement date
Service connected disability amount	2.00% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

C. Connecticut state teachers' retirement system (continued)

Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service
Vesting - amount	100%
Pre-retirement death benefit amount	Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service

3. Contributions

State of Connecticut

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

Employer (school districts)

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

Employees

Each teacher is required to contribute 7% of their salary for the pension benefit.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

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

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>114,804,732</u>
Total	<u>\$ 114,804,732</u>

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

C. Connecticut state teachers' retirement system (continued)

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Town has no proportionate share of the net pension liability.

During the year the Town recognized pension expense and revenue of \$8,690,107 for on-behalf amounts for contributions to the plan by the State.

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.90%
Inflation	2.50%
Salary increases	3.25-6.50%, including inflation
Mortality rates	Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3.00% and a maximum of 5.00% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Changes in assumptions and inputs

- The inflation assumption was decreased from 2.75% to 2.50%.
- The investment rate of return was decreased from 8.00% to 6.90%.

## Town of Monroe, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**C. Connecticut state teachers' retirement system (continued)****Long-term expected rate of return**

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

The target asset allocation and best estimates of geometric rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equity - U.S. equity	20.00%	8.10%
Public equity - international developed equity	11.00%	8.50%
Public equity - emerging markets equity	9.00%	10.40%
Fixed income - core fixed income	16.00%	4.60%
Fixed income - inflation linked bonds	5.00%	3.60%
Fixed income - high yield	6.00%	6.50%
Fixed income - emerging market debt	5.00%	5.20%
Private equity	10.00%	9.80%
Real estate	10.00%	7.00%
Alternative investments - real assets	4.00%	8.20%
Alternative investments - hedge funds	3.00%	5.40%
Liquidity fund	<u>1.00%</u>	2.90%
Total	<u>100.00%</u>	

**6. Discount rate**

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

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**C. Connecticut state teachers' retirement system (continued)****7. Sensitivity of the net pension liability to changes in the discount rate**

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

**8. Plan fiduciary net position**

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

**D. Total pension plans**

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Town Employees	\$ 1,467,180	\$ 736,875	\$ (412,682)	\$ 334,501
Education Employees	2,456,968	794,353	(544,871)	420,275
MERS	6,430,746	3,037,461	(685,253)	1,904,061
Total	<u>\$ 10,354,894</u>	<u>\$ 4,568,689</u>	<u>\$ (1,642,806)</u>	<u>\$ 2,658,837</u>

**E. Other post-employment benefit ("OPEB") plan****1. Plan description****a. Plan administration**

The Town provides certain health care benefits for retired police employees through a single-employer defined benefit other post-employment benefits plan administered by the Town in accordance with the police collective bargaining agreements. The plan does not issue a separate financial statement. Administration costs are financed from investment earnings.

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

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

E. Other post-employment benefit (“OPEB”) plan (continued)

b. Plan membership

As of July 1, 2018 the plans' membership consisted of:

	<u>Police</u>	<u>Board of Education</u>
Active members	39	474
Retirees, disabled employees, and beneficiaries receiving benefits	<u>6</u>	<u>63</u>
Total	<u><u>45</u></u>	<u><u>537</u></u>

2. Benefit provisions

**Police**

The Police plan provides for medical, dental and life insurance benefits for all eligible Police retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Police with 25 years of service are eligible for pre-65 medical coverage at retirement. Coverage continues until the earlier of age 65 or 15 years of coverage at retirement.

**Education**

Board of Education employees are eligible for medical benefits as follows:

- Certified teachers and administrators – Retirement under the State Teachers’ Plan. Coverage goes through age 65 for those eligible for Medicare or life for those not eligible for Medicare.
- Non-certified – Age 55 with 15 years of service or age 65 with 5 years of service. Coverage is for life.

3. Contributions

**Police**

There are no active employee contributions to the plan. The retiree pays 25% of the cost of single coverage. The Town pays the remaining cost of coverage. The retiree pays 100% of the cost of coverage for the spouse (if applicable).

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 the Plan and/or contributions to the Trust Fund. Town contributions to the trust were 2.00% of covered payroll for the year.

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

E. Other post-employment benefit (“OPEB”) plan (continued)

Education

Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement Plan. These retirees are required to contribute the cost of the insurance to the Town less the Board of Education offset which is:

- 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; \$3,100 and \$4,000 for administrators
  - \$2,475 and \$6,600 for two-person coverage; \$6,100 and \$8,000 for administrators
- 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.

4. Investments

a. Investment policy

The Police OPEB plan’s policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Town's Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the Board's adopted asset allocation policy for the Police OPEB Plan:

<u>Asset Class</u>	<u>Target Allocation</u>
Large Cap Domestic Equity	25.00%
Small Cap Domestic Equity	10.00%
Developed International Equity	30.00%
Core Fixed Income	30.00%
Global REIT	5.00%

b. Concentrations

There were no investments in any one organization that represents 5% or more of the OPEB plan’s net position.

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## E. Other post-employment benefit (“OPEB”) plan (continued)

## c. Rate of return

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equity	4.50%
Small Cap Domestic Equity	5.00%
Developed International Equity	5.25%
Core Fixed Income	2.50%
Global REIT	4.50%
Long-Term Expected Nominal Return	6.69%

- d. The annual money-weighted rate of return on Police OPEB plan investments, net of investment expense, was 3.13%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## 5. Net OPEB liability

The components of the net OPEB liability were measured as of June 30, 2020 and were as follows:

	<u>Police</u>	<u>Education</u>
Total OPEB liability	\$ 2,203,615	\$ 13,486,635
Plan fiduciary net position	<u>1,253,997</u>	<u>-</u>
Net OPEB liability	<u>\$ 949,618</u>	<u>\$ 13,486,635</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>56.91%</u>	<u>0.00%</u>



Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

E. Other post-employment benefit (“OPEB”) plan (continued)

6. Actuarial methods and significant assumptions

The OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Police	Education
Valuation date	July 1, 2018	July 1, 2018
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	6.50%	2.21%
Healthcare cost trend rate		
Initial	7.00%	7.00%
Ultimate	4.00%	4.60%
Compensation increases	3.50%	3.75%
Inflation	2.50%	2.60%
Mortality rates	RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2018	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018

The investment rate of return for the Board of Education plan was based on the Bond Buyer GO 20-Bond municipal index as of the measurement date.

7. Changes from prior year

a. Changes in assumptions

The Police plan had no changes in assumptions:

The Education plan had the following changes in assumptions:

- The investment interest rate of return decreased from 3.51% to 2.21%.
- Rate of compensation increased from 3.50% to 3.75%.

b. Changes in benefit terms

There were no changes in benefit terms.

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## E. Other post-employment benefit (“OPEB”) plan (continued)

## 8. Discount rate

The discount rate used to measure the total OPEB liability was:

	<u>Police</u>	<u>Education</u>
Discount rate	6.50%	2.21%

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Police OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Since the Board of Education OPEB Plan is not funded, the municipal bond index is used for the discount rate.

## 9. Changes in the net OPEB liability

The Town's OPEB liabilities were measured at June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Police	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2019	\$ 2,151,691	\$ 1,004,729	\$ 1,146,962
Service cost	121,080	-	121,080
Interest	145,481	-	145,481
Differences between expected and actual experience	(144,343)	-	(144,343)
Contributions - employer	-	205,258	(205,258)
Contributions - member	-	84,510	(84,510)
Net investment income	-	32,594	(32,594)
Benefit payments, including refunds of member contributions	(70,294)	(70,294)	-
Administrative expenses	-	(2,800)	2,800
Other changes - transfer in from Elected Officials Plan	-	-	-
Net change	51,924	249,268	(197,344)
Balance at June 30, 2020	\$ 2,203,615	\$ 1,253,997	\$ 949,618

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## E. Other post-employment benefit (“OPEB”) plan (continued)

<u>Education</u>	<u>Total OPEB Liability</u>
Balance at July 1, 2019	<u>\$11,532,324</u>
Service cost	425,078
Interest	414,750
Differences between expected and actual experience	(270,621)
Changes in assumptions	1,669,901
Benefit payments, including refunds of member contributions	<u>(284,797)</u>
Net change	<u>1,954,311</u>
Balance at June 30, 2020	<u><u>\$13,486,635</u></u>

## 10. Sensitivity of the OPEB liability to changes in the discount rate

The following presents the OPEB liability, as well as what the 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:

<u>OPEB Liability</u>	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Police (net)	<u>\$ 1,157,821</u>	<u>\$ 949,618</u>	<u>\$ 762,943</u>
Education (total)	<u>\$15,007,042</u>	<u>\$13,486,635</u>	<u>\$12,175,159</u>

## 11. Sensitivity of the OPEB liability to changes in the healthcare cost trend rate

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

<u>OPEB Liability</u>	<u>Healthcare Cost Trend Rates</u>		
	<u>1% Decrease</u>	<u>Current trend rate</u>	<u>1% Increase</u>
Police (net)	<u>\$ 665,218</u>	<u>\$ 949,618</u>	<u>\$ 1,289,191</u>
Education (total)	<u>\$12,358,130</u>	<u>\$13,486,635</u>	<u>\$14,844,281</u>

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## E. Other post-employment benefit ("OPEB") plan (continued)

## 12. OPEB expense and deferred outflows of resources related to OPEB

For the fiscal year, the Town recognized OPEB expense of \$83,083 for Police employees' and \$976,667 for Education. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Police Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ -	\$ (496,078)	\$ (496,078)
Changes in assumptions	-	(60,124)	(60,124)
Net difference between projected and actual earnings on OPEB plan investments	<u>44,658</u>	<u>-</u>	<u>44,658</u>
Total	<u>\$ 44,658</u>	<u>\$ (556,202)</u>	<u>\$ (511,544)</u>

Education Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 619,544	\$ (265,307)	\$ 354,237
Changes in assumptions	<u>1,872,044</u>	<u>(240,717)</u>	<u>1,631,327</u>
Total	<u>\$ 2,491,588</u>	<u>\$ (506,024)</u>	<u>\$ 1,985,564</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years for both plans. Experience losses (gains) and changes in assumptions are amortized over the average remaining service period of actives and inactive, which were as follows:

Plan	Years
Police	13.3
Education	12.1

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

**E. Other post-employment benefit (“OPEB”) plan (continued)**

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

Year Ending June 30,	Police	Education
2021	\$ (33,847)	\$ 184,359
2022	(33,847)	184,359
2023	(40,291)	184,359
2024	(41,461)	184,359
2025	(48,526)	184,359
Thereafter	<u>(313,572)</u>	<u>1,063,769</u>
Total	<u>\$ (511,544)</u>	<u>\$ 1,985,564</u>

**F. Connecticut state teachers’ retirement board retiree health insurance plan**

**1. Plan description**

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

**2. Benefit provisions**

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

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Early retirement	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Service connected disability service requirement	No service requirement
Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020**F. Connecticut state teachers' retirement board retiree health insurance plan (continued)****Retiree health care coverage**

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

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

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

**Survivor health care coverage**

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

**3. Contributions****State of Connecticut**

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

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

F. Connecticut state teachers' retirement board retiree health insurance plan (continued)

**Employer (school districts)**

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

**Employees**

Each member is required to contribute 1.25% of their annual salary.

**4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB**

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

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>17,904,446</u>
Total	<u>\$ 17,904,446</u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Town has no proportionate share of the net OPEB liability.

The Town recognized OPEB expense and revenue of \$237,508 for on-behalf amounts for contributions to the plan by the State.

Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

F. Connecticut state teachers' retirement board retiree health insurance plan (continued)

5. Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	3.00%
Inflation	2.50%
Health care cost trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Mortality rates	Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.
Year fund net position will be depleted	2020

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

**Changes in assumptions and inputs**

- The discount rate was decreased from 3.87% to 3.50% to reflect the change in the Municipal Bond Index rate.

Additionally, expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019. Further, the expected rate of inflation was decreased and the Real Wage Growth assumption was increased.

**Long-term expected rate of return**

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

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 3.00%.



## Town of Monroe, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2020**

**F. Connecticut state teachers' retirement board retiree health insurance plan (continued)****6. Discount rate**

The discount rate used to measure the total OPEB liability was 3.50%. The Municipal Bond Index Rate was used in the determination in the discount rate. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that no future employer contributions were assumed to be made.

**7. Sensitivity of the OPEB liability to changes in the discount rate and the health care cost trend rate**

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

**8. Plan fiduciary net position**

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

**G. Total other post-employment benefit ("OPEB") plans**

	<u>Net OPEB liability</u>	<u>Deferred outflows</u>	<u>Deferred inflows</u>	<u>OPEB expense</u>
Police	\$ 949,618	\$ 44,658	\$ (556,202)	\$ 83,083
Education	<u>13,486,635</u>	<u>2,491,588</u>	<u>(506,024)</u>	<u>976,667</u>
Total	<u>\$ 14,436,253</u>	<u>\$2,536,246</u>	<u>\$ (1,062,226)</u>	<u>\$1,059,750</u>

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## H. Plan statements

Combining Statement of Fiduciary Net Position  
Pension and OPEB Trust Funds  
June 30, 2020

	<u>Retirement Income Plan</u>		Police Other Post- Retirement Benefits	Total Pension and OPEB Trust Funds
	<u>Town</u>	<u>Education</u>		
<u>Assets</u>				
Investments:				
Mutual funds:				
Equity	\$ 8,234,267	\$ 7,951,108	\$ 787,596	\$ 16,972,971
Bond	3,488,335	3,353,458	291,984	7,133,777
Commodities	598,089	574,543	-	1,172,632
Bank money market	127,112	130,433	39,453	296,998
	<u>12,447,803</u>	<u>12,009,542</u>	<u>1,119,033</u>	<u>25,576,378</u>
Total investments	12,447,803	12,009,542	1,119,033	25,576,378
Receivable:				
Employer contribution	-	339,015	134,964	473,979
	<u>-</u>	<u>339,015</u>	<u>134,964</u>	<u>473,979</u>
Total assets	<u>12,447,803</u>	<u>12,348,557</u>	<u>1,253,997</u>	<u>26,050,357</u>
<u>Net Position</u>				
Restricted for:				
Pensions	12,447,803	12,348,557	-	24,796,360
OPEB	-	-	1,253,997	1,253,997
	<u>-</u>	<u>-</u>	<u>1,253,997</u>	<u>1,253,997</u>
Total net position	<u>\$ 12,447,803</u>	<u>\$ 12,348,557</u>	<u>\$ 1,253,997</u>	<u>\$ 26,050,357</u>

## Town of Monroe, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2020

## H. Plan statements (continued)

Combining Statement of Changes in Fiduciary Net Position  
Pension and OPEB Trust Funds  
For the Year Ended June 30, 2020

	Retirement Income Plan		Police Other Post- Retirement Benefits	Total Pension and OPEB Trust Funds
	Town	Education		
Additions:				
Contributions:				
Employer	\$ 291,581	\$ 339,015	\$ 205,258	\$ 835,854
Employee	147,083	216,407	84,510	448,000
Total contributions	438,664	555,422	289,768	1,283,854
Investment income (loss):				
Net change in fair value of investments	(284,487)	(331,787)	13,169	(603,105)
Interest and dividends	257,440	248,258	24,887	530,585
Total investment income (loss)	(27,047)	(83,529)	38,056	(72,520)
Less investment expense	23,725	23,491	5,462	52,678
Net investment income (loss)	(50,772)	(107,020)	32,594	(125,198)
Total additions	387,892	448,402	322,362	1,158,656
Deductions:				
Benefits	564,406	668,242	70,294	1,302,942
Administration	25,110	16,080	2,800	43,990
Total deductions	589,516	684,322	73,094	1,346,932
Change in net position	(201,624)	(235,920)	249,268	(188,276)
Net position - July 1, 2019	12,649,427	12,584,477	1,004,729	26,238,633
Net position - June 30, 2020	<u>\$12,447,803</u>	<u>\$12,348,557</u>	<u>\$ 1,253,997</u>	<u>\$ 26,050,357</u>

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# Required Supplementary Information

Type	Description
Budgetary	Schedule of Revenues, Other Financing Sources, Expenditures and Other Financing Uses - Budget and Actual - General Fund
	Notes to Required Supplementary Information - Budgets and Budgetary Accounting
<u>Pension Plans</u> Town Education Municipal Employees' Retirement System State Teachers' Retirement System	Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Proportionate Share of the Net Pension Liability
	Schedule of Contributions
	Notes to Required Supplementary Information
<u>Other Post-Employment Benefits Plans</u> Police Education State Teacher's Retirement Board Retiree Health Insurance Plan	Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Proportionate Share of the Net OPEB Liability
	Schedule of Contributions
	Notes to Required Supplementary Information

Town of Monroe, Connecticut

Required Supplementary Information

General Fund  
Schedule of Revenues, Other Financing Sources, Expenditures and Other Financing Uses  
Budget and Actual  
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues					
Property taxes					
Tax levies	\$ 77,396,481	\$ (50,000)	\$ 77,346,481	\$ 77,562,128	\$ 215,647
Interest and lien fees	203,500	50,000	253,500	239,802	(13,698)
Total property taxes	<u>77,599,981</u>	<u>-</u>	<u>77,599,981</u>	<u>77,801,930</u>	<u>201,949</u>
Intergovernmental					
State and federal education grants					
Education cost sharing	4,956,479	-	4,956,479	5,450,961	494,482
Other					
Tax grant - disabled persons	-	-	-	2,001	2,001
Veteran exemption	9,000	-	9,000	9,537	537
Telephone access	25,000	-	25,000	31,758	6,758
Municipal stabilization revenue	443,723	-	443,723	443,723	-
Health grants	14,579	-	14,579	16,095	1,516
Miscellaneous grants	9,000	-	9,000	56,419	47,419
Total intergovernmental	<u>5,457,781</u>	<u>-</u>	<u>5,457,781</u>	<u>6,010,494</u>	<u>552,713</u>
Charges for services					
Police department permits	15,000	-	15,000	13,349	(1,651)
Building permits	275,000	-	275,000	206,930	(68,070)
Burning permits	3,250	-	3,250	3,270	20
Planning and zoning	36,350	-	36,350	29,547	(6,803)
Library	13,200	-	13,200	7,552	(5,648)
Refuse permits	2,000	-	2,000	2,006	6
Canine licenses	1,000	-	1,000	550	(450)
Town clerk's fees	430,000	-	430,000	466,343	36,343
Health department licenses	85,515	-	85,515	85,599	84
EMS revenue	584,500	-	584,500	585,374	874
Recreation department fees	185,800	-	185,800	94,282	(91,518)
Landfill lease	70,000	-	70,000	55,748	(14,252)
Nutrition	2,000	-	2,000	1,553	(447)
Tuition	9,000	-	9,000	7,301	(1,699)
Special police assignments	100,000	-	100,000	-	(100,000)
Inland wetland commission	19,000	-	19,000	7,876	(11,124)
Economic development commission	1,500	-	1,500	-	(1,500)
Total charges for services	<u>1,833,115</u>	<u>-</u>	<u>1,833,115</u>	<u>1,567,280</u>	<u>(265,835)</u>
Income from investments	<u>507,000</u>	<u>-</u>	<u>507,000</u>	<u>786,853</u>	<u>279,853</u>
Other	<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>73,940</u>	<u>(1,060)</u>
Total revenues	<u>85,472,877</u>	<u>-</u>	<u>85,472,877</u>	<u>86,240,497</u>	<u>767,620</u>
Other financing sources					
Appropriation of fund balance	2,548,960	-	2,548,960	-	(2,548,960)
Sale of capital assets	20,000	-	20,000	3,260	(16,740)
Transfers in	-	-	-	81,927	81,927
Total other financing sources	<u>2,568,960</u>	<u>-</u>	<u>2,568,960</u>	<u>85,187</u>	<u>(2,483,773)</u>
Total revenues and other financing sources	<u>88,041,837</u>	<u>-</u>	<u>88,041,837</u>	<u>86,325,684</u>	<u>(1,716,153)</u>

(Continued)

Town of Monroe, Connecticut

Required Supplementary Information

General Fund  
Schedule of Revenues, Other Financing Sources, Expenditures and Other Financing Uses  
Budget and Actual  
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Expenditures</b>					
<b>General government</b>					
First selectman	\$ 337,517	\$ (79,706)	\$ 257,811	\$ 257,810	\$ 1
Town council	5,200	-	5,200	4,590	610
Board of finance	1,072,680	(33,703)	1,038,977	42,584	996,393
Registrar of voters	126,000	-	126,000	93,188	32,812
Town clerk	175,438	-	175,438	171,740	3,698
Tax collector	190,278	-	190,278	183,928	6,350
Town treasurer	11,056	-	11,056	11,056	-
Boards and commissions	13,500	-	13,500	5,153	8,347
Senior citizen	276,441	-	276,441	254,688	21,753
Economic development	15,000	-	15,000	7,412	7,588
Engineering	224,866	(9,812)	215,054	212,175	2,879
Inland wetlands commission	85,422	-	85,422	82,609	2,813
Human resources - fringe benefits	5,006,938	(223,178)	4,783,760	4,770,889	12,871
Finance department	341,625	7,686	349,311	319,464	29,847
Technology	655,050	-	655,050	627,231	27,819
Assessor	249,816	(6,500)	243,316	234,046	9,270
Building inspection department	168,005	9,060	177,065	177,065	-
Planning and zoning department	296,258	1,215	297,473	282,148	15,325
Town hall maintenance	432,675	(35,167)	397,508	397,507	1
Chalk Hill School expenditures	11,000	(7,840)	3,160	3,160	-
Special programs	146,056	-	146,056	137,665	8,391
Regional programs	49,591	-	49,591	49,091	500
<b>Total general government</b>	<b>9,890,412</b>	<b>(377,945)</b>	<b>9,512,467</b>	<b>8,325,199</b>	<b>1,187,268</b>
<b>Public safety</b>					
Police department	430,648	9,355	440,003	435,801	4,202
Police personnel	4,777,721	(310,055)	4,467,666	4,467,662	4
Police operations	454,893	(47,006)	407,887	391,805	16,082
Animal control	147,262	-	147,262	141,173	6,089
Park ranger	78,745	-	78,745	73,761	4,984
Monroe fire department	267,428	-	267,428	267,428	-
Stevenson fire department	192,380	-	192,380	192,380	-
Stepney fire department	266,964	-	266,964	266,964	-
Water distribution system	623,190	9,836	633,026	633,026	-
Fire marshal	115,908	-	115,908	101,851	14,057
Emergency management	13,500	-	13,500	8,944	4,556
Emergency medical services	895,436	(84,767)	810,669	795,868	14,801
<b>Total public safety</b>	<b>8,264,075</b>	<b>(422,637)</b>	<b>7,841,438</b>	<b>7,776,663</b>	<b>64,775</b>
<b>Public works</b>					
Public works administration	325,572	(3,495)	322,077	316,216	5,861
Highway administration	1,306,354	22,052	1,328,406	1,328,406	-
Snow removal	519,400	(234,846)	284,554	284,552	2
Road and building	1,058,834	(86,019)	972,815	967,422	5,393
Sanitation - solid waste	39,839	-	39,839	31,803	8,036
Sanitation - recycling	402,866	6,086	408,952	408,952	-
<b>Total public works</b>	<b>3,652,865</b>	<b>(296,222)</b>	<b>3,356,643</b>	<b>3,337,351</b>	<b>19,292</b>
<b>Health and welfare</b>					
Health department	245,149	(6,397)	238,752	238,751	1
Department of social services	91,799	-	91,799	79,568	12,231
<b>Total health and welfare</b>	<b>336,948</b>	<b>(6,397)</b>	<b>330,551</b>	<b>318,319</b>	<b>12,232</b>

(Continued)

Town of Monroe, Connecticut

Required Supplementary Information

General Fund  
Schedule of Revenues, Other Financing Sources, Expenditures and Other Financing Uses  
Budget and Actual  
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Culture and recreation					
Library	\$ 843,859	\$ (63,540)	\$ 780,319	\$ 768,738	\$ 11,581
Recreation department	915,124	(28,719)	886,405	829,304	57,101
Total culture and recreation	<u>1,758,983</u>	<u>(92,259)</u>	<u>1,666,724</u>	<u>1,598,042</u>	<u>68,682</u>
Capital outlay					
Special projects	3,500	-	3,500	2,020	1,480
Debt service	6,092,608	-	6,092,608	6,046,629	45,979
Board of Education	57,246,740	(42,720)	57,204,020	56,880,227	323,793
Total expenditures	<u>87,246,131</u>	<u>(1,238,180)</u>	<u>86,007,951</u>	<u>84,284,450</u>	<u>1,723,501</u>
Other financing uses					
Transfers out	795,706	1,238,180	2,033,886	2,033,886	-
Total expenditures and other financing uses	<u>88,041,837</u>	<u>-</u>	<u>88,041,837</u>	<u>86,318,336</u>	<u>1,723,501</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,348</u>	<u>\$ 7,348</u>

(Concluded)

**Town of Monroe, Connecticut**

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2020**

**Budgets and Budgetary Accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

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 budget for as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the Town's behalf.
2. Certain funds that are required to be reported as part of the General Fund under the requirement of GASB No. 54.

<u>Reconciliation to Exhibit D</u>	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis - RSI 1	\$ 86,240,497	\$ 84,284,450
State Teachers' Pension on behalf amount	8,690,107	8,690,107
State Teachers' OPEB on behalf amount	237,508	237,508
COVID-19 Fund	<u>46,605</u>	<u>64,399</u>
GAAP Basis - Exhibit D	<u>\$ 95,214,717</u>	<u>\$ 93,276,464</u>

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

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

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

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

The Board of Education is authorized under state law to make any transfers required within their budget at their discretion. Additionally, as required by the Charter, these transfers must be reported to the Board of Selectmen. Any additional appropriations must have Board of Education and Board of Selectmen approval and, if over one-half of one percent of the annual budget, Town Meeting approval.

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 there were no additional appropriations.



## Town of Monroe, Connecticut

## Required Supplementary Information

Town Retirement Income Plan  
Last Seven Years (1)

	2020	2019	2018	2017	2016	2015	2014
<b>Schedule of Changes in Net Pension Liability and Related Ratios</b>							
Total pension liability	\$ 316,466	\$ 347,759	\$ 339,442	\$ 320,580	\$ 279,200	\$ 268,462	\$ 258,136
Service cost	898,005	879,883	835,744	933,432	880,508	802,505	760,256
Interest	-	(250,060)	-	(108,021)	32,827	(140,267)	-
Differences between expected and actual experience	-	(134,918)	-	(687,325)	-	587,242	-
Changes in assumptions	(564,406)	(522,047)	(536,908)	(545,744)	(511,431)	(466,648)	(464,206)
Benefit payments, including refunds of member contributions	650,065	320,617	638,278	(87,078)	681,104	1,051,294	554,186
Net change in total pension liability	13,264,918	12,944,301	12,306,023	12,393,101	11,711,997	10,660,703	10,106,517
Total pension liability - July 1	\$ 13,914,983	\$ 13,264,918	\$ 12,944,301	\$ 12,306,023	\$ 12,393,101	\$ 11,711,997	\$ 10,660,703
Plan fiduciary net position	\$ 291,581	\$ 360,192	\$ 355,000	\$ 390,000	\$ 383,000	\$ 391,857	\$ 341,866
Contributions - employer	147,083	143,319	142,277	144,665	145,302	137,917	137,271
Contributions - member	(50,772)	669,078	782,543	1,100,157	43,338	399,506	1,265,162
Net investment income (loss)	(564,406)	(522,047)	(536,908)	(545,744)	(511,431)	(466,648)	(464,206)
Benefit payments, including refunds of member contributions	(25,110)	(29,636)	(37,605)	(6,323)	(22,358)	(30,021)	(58,327)
Administration	(201,624)	620,906	705,307	1,082,755	37,851	432,611	1,221,766
Net change in plan fiduciary net position	12,649,427	12,028,521	11,323,214	10,240,459	10,202,608	9,769,997	8,548,231
Plan fiduciary net position - July 1	\$ 12,447,803	\$ 12,649,427	\$ 12,028,521	\$ 11,323,214	\$ 10,240,459	\$ 10,202,608	\$ 9,769,997
Plan fiduciary net position - June 30 (b)	\$ 1,467,180	\$ 615,491	\$ 915,780	\$ 982,809	\$ 2,152,642	\$ 1,509,389	\$ 890,706
Plan fiduciary net position as a percentage of the total pension liability	89.46%	95.36%	92.93%	92.01%	82.63%	87.11%	91.64%
Covered payroll	\$ 3,959,755	\$ 3,816,631	\$ 3,854,118	\$ 3,714,813	\$ 3,576,586	\$ 3,439,025	\$ 3,166,740
Net pension liability as a percentage of covered payroll	37.05%	16.13%	23.76%	26.46%	60.19%	43.89%	28.13%
<b>Schedule of Investment Returns</b>							
Annual money weighted rate of return, net of investment	-0.40%	5.59%	6.81%	10.93%	0.43%	4.15%	15.10%

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

**Town of Monroe, Connecticut**  
**Required Supplementary Information**

**Town Retirement Income Plan**  
**Schedule of Contributions**  
**Last Ten Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contributions	\$ 291,581	\$ 360,192	\$ 354,017	\$ 389,752	\$ 382,281	\$ 394,666	\$ 388,045	\$ 381,679	\$ 564,832	\$ 555,705
Contributions in relation to the actuarially determined contribution	291,581	360,192	355,000	390,000	383,000	391,857	341,866	301,267	102,101	106,684
Contribution excess (deficiency)	\$ -	\$ -	\$ 983	\$ 248	\$ 719	\$ (2,809)	\$ (46,179)	\$ (80,412)	\$ (462,731)	\$ (449,021)
Covered payroll	\$ 3,959,755	\$ 3,816,631	\$ 3,854,118	\$ 3,714,813	\$ 3,576,586	\$ 3,439,025	\$ 3,166,740	\$ 2,732,999	\$ 3,205,710	\$ 3,205,710
Contributions as a percentage of covered payroll	7.36%	9.44%	9.21%	10.50%	10.71%	11.39%	10.80%	11.02%	3.18%	3.33%

Town of Monroe, Connecticut

Notes to Required Supplementary Information

Town Retirement Income Plan  
Schedule of Contributions  
Last Seven Years (1)

	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2018	July 1, 2016	July 1, 2014	July 1, 2014	July 1, 2012	July 1, 2012
Actuarial methods and assumptions used to determine contribution rates:							
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level dollar	Level dollar
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.75%	2.75%	2.75%	3.00%	3.00%	3.00%	3.00%
Salary Increases	3.75%	3.75%	3.75%	4.00%	4.00%	4.00%	4.00%
Investment Rate of Return (net)	6.75%	6.75%	6.75%	7.50%	7.50%	7.50%	7.50%
Mortality Rate	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2018.	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016.	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with Scale MP-2014.	RP-2000 Mortality with no collar adjustment projected to valuation date with Scale MP-2014.	RP-2000 Mortality with no collar adjustment projected to valuation date with Scale MP-2014.	RP-2000 Mortality Table projected to the valuation date with scale AA.	RP-2000 Mortality Table projected to the valuation date with scale AA.

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

**Town of Monroe, Connecticut**  
**Required Supplementary Information**  
**Education Retirement Income Plan**  
**Last Seven Years (1)**

	2020	2019	2018	2017	2016	2015	2014
<b>Schedule of Changes in Net Pension Liability and Related Ratios</b>							
Total pension liability	\$ 422,026	\$ 390,732	\$ 381,387	\$ 423,345	\$ 397,551	\$ 382,260	\$ 367,558
Service cost	957,653	933,269	889,277	998,818	943,960	903,638	849,759
Interest	-	(206,638)	-	(133,712)	12,337	(857,153)	-
Differences between expected and actual experience	-	(139,041)	-	(744,769)	-	673,066	-
Changes in assumptions	(668,242)	(629,157)	(627,400)	(660,562)	(636,276)	(524,668)	(503,012)
Benefit payments, including refunds of member contributions	711,437	349,165	643,264	(116,880)	717,572	577,143	714,305
Net change in total pension liability	14,094,088	13,744,923	13,101,659	13,218,539	12,500,967	11,923,824	11,209,519
Total pension liability - July 1	<u>\$ 14,805,525</u>	<u>\$ 14,094,088</u>	<u>\$ 13,744,923</u>	<u>\$ 13,101,659</u>	<u>\$ 13,218,539</u>	<u>\$ 12,500,967</u>	<u>\$ 11,923,824</u>
Total pension liability - June 30 (a)							
Plan fiduciary net position	\$ 339,015	\$ 356,474	\$ 350,342	\$ 385,429	\$ 367,541	\$ 367,541	\$ 349,519
Contributions - employer	216,407	218,017	218,797	209,551	204,700	210,767	198,033
Contributions - member	(107,020)	642,730	769,615	1,105,691	38,494	253,090	1,213,572
Net investment income (loss)	(668,242)	(629,157)	(627,400)	(660,562)	(636,276)	(524,668)	(503,012)
Benefit payments, including refunds of member contributions	(16,080)	(40,139)	(33,816)	(9,746)	(16,620)	(14,664)	-
Administration	-	47,357	-	-	-	9,034	-
Other	(235,920)	595,282	677,538	1,030,363	(42,161)	301,100	1,258,112
Net change in plan fiduciary net position	12,584,477	11,989,195	11,311,657	10,281,294	10,323,455	10,022,355	8,764,243
Plan fiduciary net position - July 1	<u>\$ 12,348,557</u>	<u>\$ 12,584,477</u>	<u>\$ 11,989,195</u>	<u>\$ 11,311,657</u>	<u>\$ 10,281,294</u>	<u>\$ 10,323,455</u>	<u>\$ 10,022,355</u>
Plan fiduciary net position - June 30 (b)							
Net pension liability - June 30 (a)-(b)	<u>\$ 2,456,968</u>	<u>\$ 1,509,611</u>	<u>\$ 1,755,728</u>	<u>\$ 1,790,002</u>	<u>\$ 2,937,245</u>	<u>\$ 2,177,512</u>	<u>\$ 1,901,469</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83.41%</u>	<u>89.29%</u>	<u>87.23%</u>	<u>86.34%</u>	<u>77.78%</u>	<u>82.58%</u>	<u>84.05%</u>
Covered payroll	<u>\$ 4,938,953</u>	<u>\$ 4,760,437</u>	<u>\$ 4,170,830</u>	<u>\$ 4,020,077</u>	<u>\$ 4,435,017</u>	<u>\$ 4,264,439</u>	<u>\$ 4,439,312</u>
Net pension liability as a percentage of covered payroll	<u>49.75%</u>	<u>31.71%</u>	<u>42.10%</u>	<u>44.53%</u>	<u>66.23%</u>	<u>51.06%</u>	<u>42.83%</u>
<b>Schedule of Investment Returns</b>							
Annual money weighted rate of return, net of investment expense	<u>-0.87%</u>	<u>5.86%</u>	<u>6.74%</u>	<u>10.91%</u>	<u>38.00%</u>	<u>2.62%</u>	<u>13.80%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Monroe, Connecticut  
Required Supplementary Information  
Education Retirement Income Plan  
Schedule of Contributions  
Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contributions	\$ 339,015	\$ 356,475	\$ 350,452	\$ 385,429	\$ 376,663	\$ 356,619	\$ 349,519	\$ 357,276	\$ 348,507	\$ 304,258
Contributions in relation to the actuarially determined contribution	339,015	356,474	350,342	385,429	367,541	367,541	349,519	357,276	357,276	304,258
Contribution excess (deficiency)	\$ -	\$ (1)	\$ (110)	\$ -	\$ (9,122)	\$ 10,922	\$ -	\$ -	\$ 8,769	\$ -
Covered payroll	\$ 4,938,953	\$ 4,760,437	\$ 4,170,830	\$ 4,020,077	\$ 4,435,017	\$ 4,264,439	\$ 4,439,312	N/A	\$ 3,839,606	\$ 3,839,606
Contributions as a percentage of covered payroll	6.86%	7.49%	8.40%	9.59%	8.29%	8.62%	7.87%	N/A	9.31%	7.92%

Town of Monroe, Connecticut

Notes to Required Supplementary Information

Education Retirement Income Plan  
Schedule of Contributions  
Last Seven Years (1)

	2020	2019	2018	2017	2016	2015	2014
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Changes of Benefit Terms	None	None	None	None	None	None	None
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The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2018	July 1, 2016	July 1, 2014	July 1, 2014	July 1, 2012	July 1, 2012
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Actuarial methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
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Amortization Method	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level dollar	Level dollar
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Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
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Inflation	2.75%	2.75%	2.75%	3.00%	3.00%	3.00%	3.00%
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Salary Increases	3.75%	3.75%	3.75%	4.00%	4.00%	4.00%	4.00%
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Investment Rate of Return (net)	6.75%	6.75%	6.75%	7.50%	7.50%	7.50%	7.50%
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Mortality Rate	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2018	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2018	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016	RP-2000 Mortality with no collar adjustments projected to valuation date with Scale MP-2014	RP-2000 Mortality with no collar adjustments projected to valuation date with Scale MP-2014	RP-2000 Mortality Table projected to the valuation date with Scale AA.	RP-2000 Mortality Table projected to the valuation date with Scale AA.
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(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available

Town of Monroe, Connecticut

Required Supplementary Information

Connecticut Municipal Employees' Retirement System  
Last Six Years (1)

	2020	2019	2018	2017	2016	2015
<b>Schedule of Proportionate Share of the Net Pension Liability</b>						
Town's proportion of the net pension liability for the police and fire with social security sub plan	8.825715%	7.988970%	8.332825%	8.332825%	8.754860%	8.754860%
Town's proportionate share of the net pension (asset) liability	\$ 6,430,746	\$ 5,427,638	\$ 3,331,755	\$ 3,895,673	\$ 2,678,744	\$ 2,116,810
Town's covered payroll	N/A	\$ 3,919,896	\$ 4,525,278	\$ 3,858,797	\$ 3,858,797	\$ 3,507,399
Town's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	N/A	138.46%	73.63%	100.96%	69.42%	60.35%
Total plan fiduciary net position as a percentage of the total pension liability	72.69%	73.60%	91.68%	88.29%	92.75%	90.48%

**Schedule of Contributions**

Contractually required contribution	\$ 809,775	\$ 706,224	\$ 645,577	\$ 645,577	\$ 633,992	\$ 608,354
Contributions in relation to the contractually required contribution	809,775	706,224	645,577	645,577	633,992	608,354
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	N/A	\$ 3,919,896	\$ 4,525,278	\$ 3,858,797	\$ 3,858,797	\$ 3,507,399
Contributions as a percentage of covered payroll	N/A	18.02%	14.27%	16.73%	16.43%	17.34%

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

N/A - not available

Town of Monroe, Connecticut

Notes to Required Supplementary Information

Connecticut Municipal Employees' Retirement System  
Schedule of Contributions  
Last Six Years (1)

	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2019	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014

Actuarial methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining Amortization Period	21 years	21 years	23 years	23 years	25 years	25 years
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.50%	2.50%	3.25%	3.25%	3.25%	3.25%
Salary Increases	3.50%-10.00% average, including inflation	3.50%-10.00% average, including inflation	4.25%-11.00% average, including inflation	4.25%-11.00% average, including inflation	4.25%-11.00% average, including inflation	4.25%-11.00% average, including inflation
Cost-of-Living Adjustments	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards
Social Security Wage Base	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%
Investment Rate of Return (net)	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Mortality	RP-2014 Mortality table projected to 2015 with scale MP-2017 and projected to 2022 with scale BB	RP-2014 Mortality table projected to 2015 with scale MP-2017 and projected to 2022 with scale BB	RP-2000 Mortality table	RP-2000 Mortality table	RP-2000 Mortality table	RP-2000 Mortality table

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.



Town of Monroe, Connecticut  
Required Supplementary Information

Connecticut State Teachers' Retirement System  
Last Six Years (3)

		2020	2019	2018	2017	2016	2015
<b>Schedule of Proportionate Share of the Net Pension Liability</b>							
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	114,804,732	88,521,118	94,485,584	99,683,015	76,967,634	71,141,153	71,141,153
Total	\$ 114,804,732	\$ 88,521,118	\$ 94,485,584	\$ 99,683,015	\$ 76,967,634	\$ 71,141,153	\$ 71,141,153
Town's covered payroll	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%	61.51%

**Schedule of Contributions**

Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Monroe, Connecticut

Notes to Required Supplementary Information  
 Connecticut State Teachers' Retirement System  
 Schedule of Contributions  
 Last Six Years (1)

	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	Beginning January 1, 2018, member contributions increased from 6.00% to 7.00% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:						
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	17.6 years	17.6 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Inflation	2.50%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Investment Rate of Return (net)	6.90%	8.00%	8.00%	8.00%	8.00%	8.00%
Mortality	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

**Town of Monroe, Connecticut**  
**Required Supplementary Information**  
**Police Other Post-Employment Benefit ("OPEB") Plan**  
**Last Four Years (1)**

	2020	2019	2018	2017
<b><u>Schedule of Changes in Net OPEB Liability and Related Ratios</u></b>				
OPEB liability				
Service cost	\$ 121,080	\$ 141,451	\$ 134,375	\$ 130,779
Interest	145,481	167,658	153,598	138,377
Differences between expected and actual experience	(144,343)	(394,118)	(35,893)	(11,163)
Changes in assumptions	-	(70,766)	-	-
Benefit payments, including refunds of member contributions	(70,294)	(68,687)	(33,631)	(49,256)
Net change in total OPEB liability	51,924	(224,462)	218,449	208,737
OPEB liability - July 1	2,151,691	2,376,153	2,157,704	1,948,967
OPEB liability - June 30 (a)	<u>\$ 2,203,615</u>	<u>\$ 2,151,691</u>	<u>\$ 2,376,153</u>	<u>\$ 2,157,704</u>
Fiduciary net position				
Contributions - employer	205,258	256,555	223,631	189,896
Contributions - member	84,510	83,915	72,824	33,807
Net investment income (loss)	32,594	49,708	5,332	297
Benefit payments, including refunds of member contributions	(70,294)	(68,687)	(33,631)	(49,256)
Administrative expenses	(2,800)	(12,000)	-	-
Net change in plan fiduciary net position	249,268	309,491	268,156	174,744
Plan fiduciary net position - July 1	1,004,729	695,238	427,082	252,338
Plan fiduciary net position - June 30 (b)	<u>\$ 1,253,997</u>	<u>\$ 1,004,729</u>	<u>\$ 695,238</u>	<u>\$ 427,082</u>
Net OPEB liability - June 30 (a)-(b)	<u>949,618</u>	<u>1,146,962</u>	<u>1,680,915</u>	<u>1,730,622</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>56.91%</u>	<u>46.69%</u>	<u>29.26%</u>	<u>19.79%</u>
Covered payroll	<u>\$ 3,518,717</u>	<u>\$ 3,399,727</u>	<u>\$ 3,377,844</u>	<u>\$ 3,287,439</u>
Net OPEB liability as a percentage of covered payroll	<u>26.99%</u>	<u>33.74%</u>	<u>49.76%</u>	<u>52.64%</u>
<b><u>Schedule of Investment Returns</u></b>				
Annual money-weighted rate of return, net of investment expenses	<u>3.13%</u>	<u>6.81%</u>	<u>1.60%</u>	<u>0.09%</u>

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Town of Monroe, Connecticut  
Required Supplementary Information  
Police Other Post Employment Benefit ("OPEB") Plan  
Schedule of Contributions  
Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contributions	\$ 134,964	\$ 187,868	\$ 186,574	\$ 109,498	\$ 106,000	\$ 179,057	\$ 175,750	\$ 162,881	\$ 159,926	\$ 112,070
Contributions in relation to the actuarially determined contribution	205,258	256,555	223,631	189,896	94,479	27,390	31,212	46,500	42,515	45,143
Contribution excess (deficiency)	\$ 70,294	\$ 68,687	\$ 37,057	\$ 80,398	\$ (11,521)	\$ (151,667)	\$ (144,538)	\$ (116,381)	\$ (117,411)	\$ (66,927)
Covered payroll	\$ 3,518,717	\$ 3,399,727	\$ 3,377,844	\$ 3,287,439	\$ 3,129,570	\$ 3,129,570	\$ 2,732,999	\$ 2,732,999	\$ 2,702,454	\$ 2,702,454
Contributions as a percentage of covered payroll	5.83%	7.55%	6.62%	5.78%	3.02%	0.88%	1.14%	1.70%	1.57%	1.67%

Town of Monroe, Connecticut

Notes to Required Supplementary Information

Police Other Post Employment Benefits ("OPEB") Plan  
Schedule of Contributions  
Last Four Years (1)

	2020	2019	2018	2017
Changes of Benefit Terms	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2016	July 1, 2016	July 1, 2014
Actuarial methods and assumptions used to determine contribution rates:				
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Projected unit credit
Amortization Method	Level percentage	Level percentage	Level percentage	Level dollar
Asset Valuation Method	Fair value	Fair value	Fair value	Fair value
Inflation	2.50%	2.75%	2.75%	N/A
Salary Increases	3.50%	3.75%	3.75%	N/A
Investment Rate of Return (net)	6.75%	6.75%	6.75%	7.00%
Mortality Rate	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2016	RP-2000 projected to the valuation date with Scale BB.

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

N/A - Not Available

## Town of Monroe, Connecticut

## Required Supplementary Information

Education Other Post-Employment Benefit ("OPEB") Plan  
Last Three Years (1)Schedule of Changes in the OPEB Liability and Related Ratios

	<u>2020</u>	<u>2019</u>	<u>2018</u>
OPEB liability			
Service cost	\$ 425,078	\$ 325,702	\$ 326,852
Interest	414,750	395,786	370,243
Differences between expected and actual experience	(270,621)	742,226	(22,271)
Changes in assumptions	1,669,901	407,507	(314,406)
Benefit payments, including refunds of member contributions	<u>(284,797)</u>	<u>(475,936)</u>	<u>(472,843)</u>
Net change in total OPEB liability	1,954,311	1,395,285	(112,425)
OPEB liability - July 1	11,532,324	10,137,039	10,249,464
OPEB liability - June 30 *	<u>\$ 13,486,635</u>	<u>\$ 11,532,324</u>	<u>\$ 10,137,039</u>
Covered payroll	<u>\$ 36,351,008</u>	<u>\$ 35,429,832</u>	<u>\$ 33,795,006</u>
Total OPEB liability as a percentage of covered payroll	<u>37.10%</u>	<u>32.55%</u>	<u>30.00%</u>

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

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Town of Monroe, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Last Three Years (3)

	2020	2019	2018
<b><u>Schedule of Proportionate Share of the Net OPEB Liability</u></b>			
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	17,904,446	17,695,969	24,319,519
Total	\$ 17,904,446	\$ 17,695,969	\$ 24,319,519
Town's covered payroll	(2)	(2)	(2)
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.08%	1.49%	1.79%

**Schedule of Contributions**

Contractually required contribution (1)	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered payroll	(2)	(2)	(2)
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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

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

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Monroe, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Schedule of Contributions  
Last Three Years (1)

	2020	2019	2018
Changes of Benefit Terms	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2018	June 30, 2018	June 30, 2016

Actuarial methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age	Entry age	Entry age
Amortization Method	Level percentage, open	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value
Inflation	2.75%	2.75%	2.75%
Healthcare Inflation Rate	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return (net)	3.00%	3.00%	4.25%
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.



**APPENDIX B – FORM OF OPINION OF BOND COUNSEL**

November \_\_, 2021

Town of Monroe  
7 Fan Hill Road  
Monroe, CT 06468

Re: \$ \_\_\_\_\_ General Obligation Bonds, Issue of 2021  
Dated November \_\_, 2021

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 \$ \_\_\_\_\_ General Obligation Bonds, Issue of 2021 dated November \_\_, 2021 (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 November \_\_, 2021 (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 excluded 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 be excluded from 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 excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax. Although we have rendered an opinion that interest on the Bonds is excluded from 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 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 excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other state tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated November \_\_, 2021 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.

Respectfully,

PULLMAN & COMLEY, LLC

## APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT

### FORM OF CONTINUING DISCLOSURE AGREEMENT

#### In Connection With The Issuance and Sale of \$ \_\_\_\_\_ General Obligation Bonds, Issue of 2021

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of November \_\_, 2021, by the Town of Monroe, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$ \_\_\_\_\_ General Obligation Bonds, Issue of 2021, dated November \_\_, 2021 (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.

“Business Day” shall mean any day, other than Saturday, Sunday or a federal holiday, and shall consist of the time period from 12:01 a.m. through 12:00 midnight Eastern Time.

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

“Final Official Statement” means the official statement of the Issuer dated November \_\_, 2021, 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, 2021):

(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. If audited financial statements for any Fiscal Year End are not available to be provided to the MSRB through EMMA by the Deadline (as hereinafter defined in Section 3 hereof), the Issuer shall provide to the MSRB through EMMA: i) unaudited financial statements for such Fiscal Year End, and when available; ii) audited financial statements for such Fiscal Year End, as soon as practicable after its receipt thereof.

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

(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) to the MSRB through EMMA not later than eight months after each Fiscal Year End for which such information is being provided (the "Deadline").

**Section 4. Event Notices.**

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

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;

- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances;
- (ix) rating changes; and
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation\* of the Town, any of which reflect financial difficulties.

\* Note: For the purposes of the events identified in paragraph (x), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

- (i) non-payment related defaults;
- (ii) modifications to rights of Bond holders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
- (vii) incurrence of a Financial Obligation\* of the Town or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation\* of the Town, any of which affect bondholders.

\* Note: For the purposes of the events identified in paragraph (vii), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

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

By: \_\_\_\_\_  
Kenneth M. Kellogg  
First Selectman

By: \_\_\_\_\_  
Ronald J. Bunovsky, Jr.  
Director of Finance

**APPENDIX D – NOTICE OF SALE**

**NOTICE OF SALE**

**TOWN OF MONROE, CONNECTICUT  
\$9,815,000 GENERAL OBLIGATION BONDS, ISSUE OF 2021  
(the “Bonds”)**

ELECTRONIC BIDS via *PARITY*® will be received by the **TOWN OF MONROE, CONNECTICUT** (the “Town”) at the Office of the First Selectman, Monroe Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468 until **11:00 A.M. (Eastern Time), TUESDAY**

**NOVEMBER 9, 2021**

(the “Bid Date”) for the purchase of all (but not less than all) of \$9,815,000 General Obligation Bonds, Issue of 2021 of the Town (the “Bonds”), when issued, at not less than par, which mature on November 15 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2022	\$785,000	2032	\$205,000
2023	\$780,000	2033	\$205,000
2024	\$775,000	2034	\$205,000
2025	\$775,000	2035	\$205,000
2026	\$775,000	2036	\$205,000
2027	\$775,000	2037	\$205,000
2028	\$775,000	2038	\$205,000
2029	\$775,000	2039	\$205,000
2030	\$775,000	2040	\$205,000
2031	\$775,000	2041	\$205,000

**The Issue**

The full faith and credit of the Town will be pledged for the prompt payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The Bonds will be dated their date of delivery, with interest payable on May 15, 2022 and semiannually thereafter on each November 15 and May 15 each year until maturity, or earlier redemption. The information in this Notice of Sale is only a brief summary of certain provisions of the Bonds. For further information about the Bonds, reference is hereby made to the Preliminary Official Statement, dated October 29, 2021.

**Optional Redemption**

The Bonds maturing on November 15, 2029 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after November 15, 2028, 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 following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

<u>Redemption Period</u>	<u>Redemption Price</u>
November 15, 2028 and thereafter	100%

The Town, so long as a book-entry 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.

## Ratings

The Town has applied to S&P Global Ratings for a rating on the Bonds. The assigned ratings may be obtained from the respective rating agency or will be posted through the facilities of *PARITY*<sup>®</sup> prior to sale.

## Official Statement and Continuing Disclosure Agreement

The Town has prepared a Preliminary Official Statement for the Bonds which is dated October 29, 2021, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The Town will provide the winning bidder, at its request, hard copies of the Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder at delivery of the Bonds or by the 7<sup>th</sup> business day after the day bids on the Bonds are received. If the Town's municipal advisor is provided with the necessary information from the winning bidder by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the winning bidder and the name of the insurer, if any, and any corrections. Additional copies of the Official Statement may be obtained by the winning bidder at its own expense by arrangement with the printer.

The winning bidder agrees to promptly file a final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data including audited financial statements, (ii) notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

## Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted electronically via *PARITY*<sup>®</sup>, in accordance with this Notice of Sale, until 11:00 A.M. (Eastern Time) on Tuesday, November 9, 2021, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in *PARITY*<sup>®</sup> shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. For further information about *PARITY*<sup>®</sup>, including any fee charged, potential bidders may contact i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal LLC's BiDCOMP competitive bidding system. The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

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

For the purpose of the electronic bidding process, the time maintained on *PARITY*<sup>®</sup> shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Award, Delivery and Payment" below, represented by the rate or rates of interest and the bid price specified in their respective bids. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.



***Disclaimer.*** Each **PARITY**<sup>®</sup> prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**<sup>®</sup> for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**<sup>®</sup> shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**<sup>®</sup> shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**<sup>®</sup>. The Town is using **PARITY**<sup>®</sup> as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY**<sup>®</sup> to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**<sup>®</sup> are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**<sup>®</sup> at (212) 849-5021.

### **Bid Requirements**

Each bid must be for the entire \$9,815,000 of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent (1/20 of 1%) or one-eighth of one percent (1/8 of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than two (2) percentage points. Interest shall be computed on the basis of twelve 30-day months and a 360 day year. No bid for less than par will be considered.

### **Establishment of Issue Price**

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Bonds an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public (the "Initial Offering Price") or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. For purposes of this "Establishment of Issue Price" section, Bond Counsel may act on behalf of the Town.

The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Rule") because:

- (1) The Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest TIC, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Acceptance by the Town of a bid pursuant to this Notice of Sale shall constitute a written contract between the Town and the winning bidder.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder in writing on the sale date. The Town may treat the first price at which 10% of a maturity of the bonds (the "Actual Sale Rule") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The successful bidder shall advise the Town if any maturity of the Bonds satisfies the Actual Sale Rule as of the date and time of the award of the Bonds.

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

If the competitive sale requirements are not satisfied, then until the Actual Sale Rule has been satisfied as to each maturity of the bonds, the successful bidder agrees to promptly report to the Town the prices at which the unsold Bonds of each maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the Actual Sale Rule has been satisfied for each maturity or until all Bonds of that maturity have been sold.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (2) *Related Party* generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (3) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public)

### **Award, Delivery and Payment**

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the Town. The purchase price must be paid in Federal Funds.

Promptly upon verbal notification that a bidder's proposal may be accepted, the bidder shall confirm to the Town the reoffering prices of all the Bonds of each maturity.

Bids will be finally accepted or rejected promptly after opening and not later than 3:00 p.m. (Eastern Time) on the Bid Date in accordance with the provisions herein.

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

The Bonds **SHALL NOT BE** designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

The Town will have no responsibility to pay for any expenses of the winning bidder except to the extent specifically stated in this Notice of Sale. The winning bidder will have no responsibility to pay for any of the Town's costs of issuance except to the extent specifically stated in this Notice of Sale.

The winning bidder will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

The Bonds will be delivered to The Depository Trust Company, New York, New York ("DTC") or its agent via Fast Automated Securities Transfer ("FAST") on or about November 23, 2021 against payment in immediately available Federal Funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning bidder or bidders to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

### **Right to Reject Bids; Waiver**

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

### **Postponement; Change of Terms**

The Town reserves the right to alter any terms of the Bonds or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

### **Book-Entry-Only Form**

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the Beneficial Owners of the Bonds or their nominees. (The record dates for the Bonds will be the close of business on the last day of April and October in each year, or the preceding business day if such last day is not a business day.)

**Additional Information**

More information concerning the issue and the Town may be obtained from William Lindsay, Managing Director, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443; (203) 421-2880.

KENNETH M. KELLOGG  
First Selectman

PATRICK O'HARA  
Treasurer

October 29, 2021

Municipal Advisory Services

Provided by

