

OFFICIAL STATEMENT

NEW ISSUE-Book-Entry Only

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

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds (as defined herein) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

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

TOWN OF MONROE, CONNECTICUT

\$2,610,000

GENERAL OBLIGATION BONDS, ISSUE OF 2016 (BANK QUALIFIED)

Dated: Date of Delivery

Due: Serially July 1, as shown herein

The Town's General Obligation Bonds, Issue of 2016 (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 January 1 and July 1 in each year until maturity, commencing January 1, 2017.

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

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

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

The Bonds are being offered for sale in accordance with the official Notice of Sale dated June 20, 2016. Electronic bids via **PARITY®** for the Bonds will be received until 11:00 A.M. (E.D.T.) on Tuesday, June 28, 2016 as described in the Notice of Sale. (See "Appendix D" herein.)

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>
2017	\$270,000	%	%	610423***	2022	\$260,000	%	%	610423***
2018	260,000			610423***	2023	260,000			610423***
2019	260,000			610423***	2024	260,000			610423***
2020	260,000			610423***	2025	260,000			610423***
2021	260,000			610423***	2026	260,000			610423***

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley LLC, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in definitive book-entry form will be made to DTC in New York, New York on or about July 12, 2016.

Dated: June 20, 2016

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

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

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

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

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

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

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

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

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

BOND COUNSEL

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Hartford, Connecticut
(860) 424-4300

INDEPENDENT FINANCIAL ADVISOR

**INDEPENDENT BOND AND INVESTMENT
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TABLE OF CONTENTS

Bond Sale Summary i

SECTION I – SECURITIES OFFERED

Introduction 1
Description of the Bonds 1
Authorization and Purpose 1
Ratings 1
Optional Redemption 2
Notice of Redemption 2
Tax Matters 2
Security and Remedies 4
Qualification for Financial Institutions 5
Book-Entry Transfer System 5
Replacement Bonds 6
DTC Practices 6

SECTION II – THE ISSUER

Description of the Town 7
Form of Government 7
Organization Chart 8
Municipal Officials 9
Town Services 9
Educational System 11
Educational Facilities 11
School Enrollments 11
Municipal Employment 12
Municipal Employees by Category 12
Municipal Employees Bargaining Organizations 13

SECTION III – ECONOMIC AND DEMOGRAPHIC DATA

Population Trends 14
Age Characteristics of the Population 14
Selected Wealth and Income Indicators 14
Income Distribution 14
Educational Attainment 15
Employment by Industry 15
Major Employers 16
Unemployment Rate Statistics 16
Monroe Housing Inventory 17
Characteristics of Housing Units 17
Age Distribution of Housing 17
Dwelling Units 18
Building Permits 18
Land Use Summary 18

SECTION IV – INDEBTEDNESS

Calculation of Statutory Debt Limit 19
Calculation of Net Direct Debt 20
Current Debt Ratios 20
Historic Debt Statement 21

Historic Debt Ratios	21
Outstanding Short-Term Indebtedness	21
Overlapping and Underlying Indebtedness	21
Capital Leases	21
Legal Requirements for Approval of Borrowing	22
Temporary Financing	22
School Projects	22
Authorized but Unissued Debt	23
Capital Improvement Program	23
Combined Schedule of Long Term Debt through Maturity	24

SECTION V – FINANCIAL DATA

Accounting Policies	25
Basis of Accounting	25
Audit	25
Budgetary Procedure	25
Employee Pension Systems	26
Other Post-Employment Benefits	27
Investment Policies and Procedures	29
Property Tax Assessment	29
Property Tax Levy and Collection	30
Historic Tax Levies and Collections	30
Taxable Grand List	31
Largest Taxpayers	32
Revenues	32
Property Tax Revenues	32
Intergovernmental Revenues	33
Expenditures	33
Comparative General Fund Operating Statement – Budget and Actual (Budgetary Basis)	34
Comparative Balance Sheets – General Fund	35
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund	36

SECTION VI – ADDITIONAL INFORMATION

Litigation	37
Availability of Continuing Disclosure Information	37
Financial Advisor	37
Documents Accompanying Delivery of the Bonds	37
Concluding Statement	38

APPENDICES

Appendix A – Audited Financial Statements	A-1
Appendix B – Form of Opinion of Bond Counsel	B-1
Appendix C – Form of Continuing Disclosure Agreement	D-1
Appendix D – Notice of Sale	E-1

BOND SALE SUMMARY

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

Date of Sale:	Tuesday, June 28, 2016, at 11:00 A.M. (E.D.T).
Location of Sale:	The office of the First Selectman, Town of Monroe, Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468.
Issuer:	Town of Monroe, Connecticut (the "Town").
Issue:	\$2,610,000 General Obligation Bonds, Issue of 2016.
Dated Date:	July 12, 2016.
Interest Due:	January 1 and July 1 in each year of maturity, commencing January 1, 2017.
Principal Due:	Serially, July 1, 2017 - 2026.
Purpose and Authority:	The Bonds are being issued to finance capital projects as authorized by the Town Council and at Special Town Meetings or referenda, as the case may be. (See "Purpose and Authorization" herein.)
Redemption:	The Bonds are subject to redemption prior to maturity, as more fully described herein.
Security:	The Bonds will be general obligations of the Town of Monroe, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due. See "Security and Remedies" herein.
Credit rating:	The Bonds have been rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The underlying rating on the Town's outstanding bonds has recently been affirmed as "Aa2" by Moody's. (See "Ratings" herein.)
Basis for Award:	Lowest True Interest Cost (TIC) as of the Dated Date.
Tax Exemption:	See Appendix B "Form of Opinion of Bond Counsel" and "Tax Matters" herein.
Continuing Disclosure:	See Appendix C "Form of Continuing Disclosure Agreement."
Bank Qualification:	The Bonds SHALL be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Certifying Bank Registrar, Transfer and Paying Agent:	U.S. Bank National Association of Hartford, Connecticut.
Legal Opinion:	Pullman & Comley, LLC, of Hartford, Connecticut is Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made to the Depository Trust Company on or about July 12, 2016. Delivery of the Bonds will be made against payment in federal funds.
Issuer Official:	Questions regarding this Official Statement should be directed to Ronald J. Bunovsky, Jr., Director of Finance and Comptroller, Town of Monroe, 7 Fan Hill Road, Monroe, Connecticut 06468, telephone (203) 452-5454.

SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Monroe, Connecticut (the "Town") in connection with the issuance and sale of \$2,610,000 General Obligation Bonds, Issue of 2016 (the "Bonds") of the Town.

Description of the Bonds

The Bonds will be dated the date of delivery, July 12, 2016, and will mature on the dates and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be payable semiannually on January 1 and July 1 in each year until the date of maturity, commencing on January 1, 2017. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the fifteenth day of June and December in each year, or the preceding business day if the fifteenth is not a business day. A book-entry-only system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein.) The Certifying, Registrar, Transfer and Paying Agent will be U.S. Bank National Association of Hartford, Connecticut. **The Bonds are subject to optional redemption prior to maturity.** (See "Optional Redemption" herein.) The legal opinion on the Bonds will be rendered by Pullman & Comley LLC of Hartford, Connecticut, as set forth in Appendix B. The Bonds **SHALL** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended and described herein.

Authorization and Purpose

Authorizations:

Masuk High School Track and Field Reconstruction Project: A \$1,700,000 appropriation and bond authorization for the planning, design, renovation of the track and installation of a synthetic turf field at Masuk High School was adopted by resolution at a Town Council Meeting held on February 22, 2016 and at a Referendum held on March 8, 2016.

Department of Public Works Vehicles and Equipment: An \$810,000 appropriation and bond authorization for the acquisition of vehicles and equipment for the Department of Public Works was adopted by resolution at a Town Council Meeting held on April 25, 2016 and at a Special Town Meeting held on May 9, 2016.

Stepney Elementary School Oil Tank Removal and Replacement Project: A \$100,000 appropriation and bond authorization for the removal and replacement of an Oil Tank at the Stepney Elementary School was adopted by resolution at a Town Council Meeting held on April 25, 2016 and at a Special Town Meeting held on May 9, 2016.

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>
Masuk High School Track and Field Reconstruction Project	\$ 1,700,000	-	\$ 1,700,000
Public Works Vehicles & Equipment	810,000	-	810,000
Stepney Elementary School Oil Tank Removal	100,000	-	100,000
Total	\$ 2,610,000	\$ -	\$ 2,610,000

Ratings

The Bonds have been rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The underlying rating on the Town's outstanding bonds has recently been affirmed as "Aa2" by Moody's. Such rating reflects only the views of such organization and any explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Town furnished certain information and materials to the rating agency, some of which may not have been included in this Official Statement. There is no assurance that such rating will continue for any given period of time or that the rating will

not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the Town's bonds.

Optional Redemption

The Bonds maturing on or before July 1, 2022 are not subject to redemption prior to maturity. The Bonds maturing on July 1, 2023, and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after July 1, 2022, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the redemption price or prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
July 1, 2022 and thereafter	100%

Notice of Redemption

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

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

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

Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry-only system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by or the responsibility of the Town, the Registrar or Paying Agent.

Tax Matters

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing the federal alternative minimum tax.

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

and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned upon compliance by the Town with such requirements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Security and Remedies

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

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

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

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

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

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

Qualification for Financial Institutions

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

Book-Entry Transfer System

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

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

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

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

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

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

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

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants'

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

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

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

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

Replacement Bonds

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

DTC Practices

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

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SECTION II - THE ISSUER

Description of the Town

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

The Town is one of the fastest growing, suburban residential communities in the state of Connecticut, with an increase of 16.2% since 1990 and a 40.7% increase since 1980. According to the U.S. Bureau of Census, 2014 American Community Survey, the Town's population was 19,744. The Town has above average income and education levels that reflect its character as a suburban bedroom community.

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

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

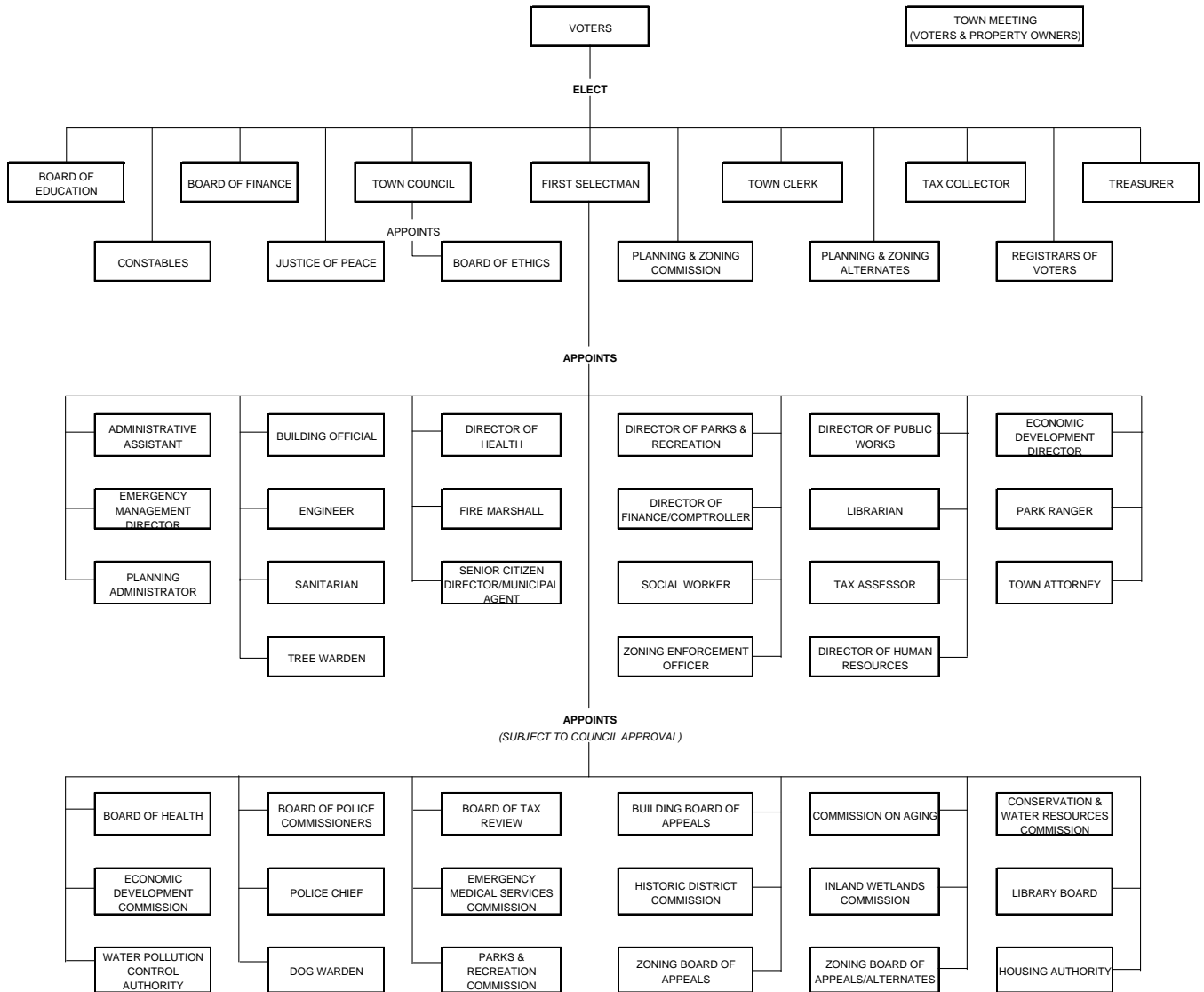
Form of Government

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

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

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Organization Chart



Municipal Officials

<u>Name</u>	<u>Position</u>	<u>Term</u>	<u>Length of Service</u>
Stephen J. Vavrek, Jr.	First Selectman	11/23/2015	6 years
Ronald J. Bunovsky, Jr.	Director of Finance	Appointed	2 years
Michael Manjos	Chairman, Board of Finance	11/23/2015	6 years
Jim Agostine	Superintendent of Schools	Appointed	4 years
Emanuel Cambra Jr.	Tax Collector	11/23/2015	18 years
John Salvatore	Chief of Police	Appointed	17 years
Deborah Heim	Town Treasurer	11/23/2015	1 year
John P. Fracassini	Town Attorney	Appointed	6 years
<u>Other Appointments</u>			
Pullman Comley	Bond Counsel	Appointed	5 years
PKF O'Connor Davies LLP Independent Bond and Investment Consultants LLC	Independent Auditors	Appointed	1 year
	Independent Financial Advisors	Appointed	19 years

Source: Town Officials

Town Services

Police: The Monroe Police Department is a Connecticut Police Officer Standards and Training Council fully accredited law enforcement agency, providing 24-hour police protection to the citizens of Monroe. Professional police services include: computer forensic investigation, electronic and digital collection and analysis, crime scene evidence collection and processing, motor vehicle crash reconstruction, a specialized domestic violence victim support team and first response to all types of public safety emergencies. The Monroe Police Department is staffed by 40 full-time sworn officers and 12 full-time non-sworn employees.

Emergency Medical Service (EMS): The Monroe EMS was founded in June 1977 and is staffed by 43 active volunteers plus a contracted daytime staff. Emergency treatment services and transportation to area hospitals is provided on a 24-hour basis, with two fully equipped ambulances. Operations are funded through a self-supporting special revenue fund.

Fire: The Fire Department consists of three volunteer fire departments, carrying a force of approximately 120 active fire fighters in six fire stations. The major equipment includes 29 pieces of fire apparatus distributed among the three companies. The Town employs one full-time Fire Marshal and three part-time deputy Fire Marshals.

Public Works Department: The Public Works Department, which includes Highway, Recycling and the Tree Warden, employs one director, one deputy director, one highway supervisor, two crew leaders and twenty-one other personnel. The Public Works Department is responsible for over 42 pieces of rolling stock in the repair, maintenance, and snow plowing of over 143 miles of town roads. In addition, the Public Works Department manages the Town's bulky waste disposal area; open two days a week, for recycling and the disposal of brush, wood, metal and electronics.

Solid Waste: The Town has entered into a Solid Waste Disposal Agreement (the Agreement), with Wheelabrator Bridgeport, L.P. (Wheelabrator) for the disposal of solid waste through the Greater Bridgeport Regional Solid Waste Interlocal Committee (the Interlocal). It is required that the Agreement be executed by Contracting Communities whose aggregate average generation of Acceptable Waste for the two (2) year period prior to the Contact 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. For fiscal year 2015-16, the cost per ton will be based on the disposal fee of \$60.96, which will be increased yearly for the duration of the contract by 0.75% of the CPI as of May 1 in the computation year minus the CPI published May 1, 2014. Both the Greater Bridgeport Regional Solid Waste Interlocal Agreement and the Solid Waste Disposal Agreement are available for review at Town Hall.

Transfer Station: The Town of Monroe is currently operating under a verbal agreement with the Town of Trumbull to utilize its transfer station to deliver all refuse to be transferred to the Facility in Bridgeport. The Town pays the Town of Trumbull a fee to operate the transfer station and transport refuse to the Facility in Bridgeport. For fiscal year 2015-16, the Town has paid a tipping

fee of \$60.96 per ton for solid waste delivery to the Facility in Bridgeport. The Town pays additional fees of \$43.25 per ton to the Town of Trumbull for the operation of the transfer station and transportation to the Facility in Bridgeport, for an all-in-cost of \$104.21 per ton. The Town's agreement with the Town of Trumbull for use of the transfer station expired as of December 31, 2014. Currently the Town is studying the cost/benefit of renewing this contract with the Town of Trumbull.

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

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

Parks and Recreation: Monroe maintains a full-time Parks and Recreation Department under the supervision of a Director of Parks and Recreation. The Department consists of the operation and maintenance of a 309-acre Wolfe Park with swimming pool, hiking trails, tennis courts, soccer fields, basketball courts, ball fields and picnic areas. Summer and evening programs are managed in conjunction with the public schools including Masuk indoor swimming pool. The Department has 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, swimming beaches, a pavilion, fishing and boating areas, a playground and open play area and additional hiking trails. Other recreational facilities available to residents are Lake Zoar, Webb Mountain Park, Lane's Mine Park, and Chalk Hill Nature Trail.

Library: In 2007, the Town completed a new \$6.2 million state of the art library adjacent to the Town Hall, which formerly housed the Town library. The new Edith Wheeler Memorial Library is a 30,000 square foot facility consisting of a children's library with young adult section located on the first floor and the main library located on the second floor. The new facility includes classrooms for cultural and programmatic activities as well as a 150 person capacity meeting room with a separate kitchen for social events. Full library services are provided by 7 full-time employees, including the Director, and 32 part time employees and several volunteer staff. The library offers over 82,000 volumes including works of fiction, nonfiction, and references for both children and adults. In addition, the library also offers music cassettes, audio books, compact disks, video cassettes and framed art, as well as a variety of programs for children, young adults, and adults. The library is fully automated for circulation, acquisitions, and the on-line card catalog which provides access for the public to several on-line databases and CD-ROM products. Additionally, each of the Monroe public schools has a library that is oriented to each school's curriculum.

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

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

The Commission reviews project proposals and lends guidance and support to prospective business owners. The Commission provides information to potential businesses such as maps, charts, pamphlets, and demographic and economic information. It also works closely with the Monroe Chamber of Commerce and co-sponsor publications such as the Monroe Business Directory.

Currently the Town's commercial and industrial area is over 40% developed with less than 800 acres of existing land left for development. The Town has 1,639 acres of land zoned for business, commercial or industrial development, which is 9.74% of the total area of Town. The balance of the Town is residential zoning consisting of approximately 50% one acre dwelling lots, 42% two and three acre lots and 8% density and planned development.

Financial institutions located in the Town include Bank of America, First Niagara Bank, Hudson City Savings Bank, JPMorgan Chase Bank, Newtown Savings Bank, People's United Bank, Webster Bank and Wells Fargo Bank.

Educational System

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

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

Educational Facilities

<u>School</u>	<u>Grades</u>	<u>Date of Construction (Additions, Remodeling)</u>	<u>No. of Classrooms</u>	<u>Enrollment 10/1/2015</u>	<u>Capacity</u>
Monroe	Pre K-5	1935 (1947,1953,1957,1983)	19	354	414
Stepney	K-5	1962 (1989)	30	430	565
Fawn Hollow	K-5	1966 (1989)	34	497	656
Jockey Hollow	6-8	1998	36	555	634
Masuk High School	9-12	1958 (1963,1977,2006)	57	1,331 ¹	1,450
Total				3,167	3,719

¹ Includes 275 Jockey Hollow Middle School students participate in a STEM program which is located at Masuk High School.

Source: Superintendent's office, Town of Monroe.

School Enrollment

<u>School Year</u>	<u>Actual</u>					<u>Total</u>
	<u>PK-4</u>	<u>PK-5</u>	<u>5-8</u>	<u>6-8</u>	<u>9-12</u>	
2006-07	1,566		1,349		1,300	4,215
2007-08	1,350		1,300		1,348	3,998
2008-09	1,340		1,255		1,305	3,900
2009-10	1,338		1,254		1,302	3,894
2010-11 ¹		1,537		930	1,312	3,779
2011-12		1,424		890	1,277	3,591
2012-13		1,396		854	1,231	3,481
2013-14		1,370		814	1,189	3,373
2014-15		1,319		758	1,184	3,261
2015-16		1,281		780	1,106	3,167
		<u>Projections</u>				
2016-17		1,265		770	1,057	3,092
2017-18		1,194		747	1,037	2,978
2018-19		1,185		704	1,002	2,891
2019-20		1,196		704	984	2,884

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

Source: Superintendent's office, Town of Monroe.

Municipal Employment

<u>Fiscal Year</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Board of Education	470	478	486	485	500
General Government	199	192	208	207	205
Total	<u>669</u>	<u>670</u>	<u>694</u>	<u>692</u>	<u>705</u>

Source: Town Officials

Municipal Employees by Category

<u>Department</u>	<u>Number of Employees</u>
General Government	
Police	52
Library	39
Highway Department	26
Land Use Group	10
Social Services/Senior Center	10
Parks & Recreation	9
Other	53
Total General Government	<u>199</u>
<u>Board of Education</u>	
Administration and Principals	24
Teachers	272
Paraprofessionals	84
Other	90
Total Board of Education	<u>470</u>
Grand Total	<u>669</u>

Source: Town Officials

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Municipal Employees Bargaining Organizations

<u>Employees</u>	<u>Organization</u>	<u>Employees Covered</u>	<u>Contract Expiration</u>
General Government			
Highway / Parks & Rec Clerical	Local 44, Connecticut Independent Labor Union	23	6/30/2016 ¹
	Local 136, International Federation of Professional and Technical Engineers	32	6/30/2017
Police - Uniform Officers Supervisors	Local 15, AFSCME, AFL-CIO	40	6/30/2016 ¹
	Local 818, AFSCME, AFL-CIO	16	6/30/2017
	Sub-total General Government	111	
	Non-Bargaining and part-time	88	
	Total General Government	199	
Board of Education			
Administrators	Monroe Federation of School Administrator's	21	6/30/2018
Teachers	Monroe Education Association	272	6/30/2017
Paraprofessionals	United Public Service Employees Union	84	6/30/2017
Secretaries	United Public Service Employees Union	22	6/30/2017
Custodial	United Public Service Employees Union	27	6/30/2017
School Nurses	United Public Service Employees Union	7	6/30/2018
School Library Employees	Local 136, International Federation of Professional and Technical Engineers, Library Association of Monroe School System	2	6/30/2021
	Sub-total Board of Education	435	
	Non-Bargaining and part-time	35	
	Total Board of Education	470	
	Total Town of Monroe	669	

¹ In negotiations.

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

SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

<u>Year</u>	<u>Town of Monroe</u>	<u>Fairfield County</u>	<u>State of Connecticut</u>
1980	13,952	807,143	3,107,576
1990	16,896	857,270	3,287,116
2000	19,247	882,567	3,405,565
2014	19,744	934,215	3,592,053

Source: U.S. Bureau of Census.

Age Characteristics of Population

<u>Age</u>	<u>Town of Monroe</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	810	4.1	55,160	5.9	194,338	5.4
5 - 9	1,285	6.5	62,453	6.7	217,491	6.1
10 - 14	1,905	9.6	66,834	7.2	234,666	6.5
15 - 19	1,650	8.4	66,306	7.1	255,499	7.1
20 - 24	765	3.9	52,937	5.7	234,482	6.5
25 - 34	1,342	6.8	108,966	11.7	433,145	12.1
35 - 44	2,749	13.9	126,509	13.5	459,130	12.8
45 - 54	3,452	17.5	149,979	16.1	563,772	15.7
55 - 59	1,766	8.9	62,942	6.7	253,952	7.1
60 - 64	1,191	6.0	51,854	5.6	214,499	6.0
65 - 74	1,549	7.8	68,211	7.3	280,541	7.8
75 - 84	1,016	5.1	41,333	4.4	162,971	4.5
85 and over	264	1.3	20,731	2.2	87,567	2.4
Total	19,744	100.0	934,215	100.0	3,592,053	100.0

Source: U.S. Bureau of Census, American Community Survey, 2010-14.

Selected Wealth and Income Indicators

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2014)</u>	<u>(2000)</u>	<u>(2014)</u>
Town of Monroe	\$ 92,514	\$126,066	\$34,161	\$48,639
Fairfield County	77,690	105,275	38,350	49,688
Connecticut	65,521	88,217	28,766	38,480
United States	49,600	65,443	21,690	28,555

Source: U.S. Bureau of Census, American Community Survey, 2010-14.

Income Distribution

	<u>Town of Monroe</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ -0- to 9,999	73	1.4	6,792	2.9	30,584	3.4
10,000 to 14,999	38	0.7	3,775	1.6	18,591	2.1
15,000 to 24,999	82	1.5	10,698	4.6	46,537	5.2
25,000 to 34,999	98	1.8	13,458	5.8	56,473	6.3
35,000 to 49,999	431	8.1	18,649	8.0	85,206	9.5
50,000 to 74,999	667	12.5	29,654	12.8	140,776	15.6
75,000 to 99,999	683	12.8	27,334	11.8	129,656	14.4
100,000 to 149,999	1,177	22.0	42,767	18.5	184,327	20.5
150,000 to 199,999	758	14.2	25,374	10.9	93,100	10.3
200,000 or more	1,338	25.0	53,228	23.0	114,307	12.7
	5,345	100.0	231,729	100.0	899,557	100.0

Source: U.S. Bureau of Census, American Community Survey, 2010-14.

Educational Attainment
Years of School Completed, Age 25 & Over

Educational Attainment Group	Town of Monroe		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	324	2.4	33,374	5.3	106,784	4.3
9th to 12th grade	434	3.3	34,812	5.5	150,227	6.1
High School graduate	2,857	21.4	142,082	22.5	677,887	27.6
Some college, no degree	2,159	16.2	97,284	15.4	431,807	17.6
Associates degree	884	6.6	36,551	5.8	180,321	7.3
Bachelor's degree	4,078	30.6	160,572	25.5	506,662	20.6
Graduate or professional degree	2,593	19.5	125,850	20.0	401,889	16.4
Total	13,329	100.0	630,525	100.0	2,455,577	100.0
Percent of High School Graduates		94.3%		89.1%		89.5%
Percent of College Graduates		50.0%		45.4%		37.0%

Source: U.S. Bureau of Census, American Community Survey, 2010-14.

Employment by Industry

Employment Sector	Town of Monroe		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, Hunting & Mining	12	0.1	1,178	0.3	7,413	0.4
Construction	550	5.5	29,210	6.4	97,974	5.5
Manufacturing	1,038	10.4	38,520	8.5	191,057	10.8
Wholesale Trade	205	2.0	10,850	2.4	44,195	2.5
Retail Trade	1,081	10.8	48,583	10.7	191,267	10.8
Transportation, Warehousing & Utilities	192	1.9	14,251	3.1	65,068	3.7
Information	222	2.2	13,153	2.9	41,905	2.4
Finance, Insurance & Real Estate	1,186	11.8	55,651	12.2	161,926	9.2
Professional, Scientific & Management	1,809	18.1	71,029	15.6	197,880	11.2
Educational Services & Health Care	2,334	23.3	100,357	22.0	467,574	26.5
Arts, Entertainment, Recreation & Food Services	716	7.1	37,532	8.2	154,005	8.7
Other Service (including nonprofit)	286	2.9	24,432	5.4	80,179	4.5
Public Administration	384	3.8	10,769	2.4	66,491	3.8
Total	10,015	100.0	455,515	100.0	1,766,934	100.0

Source: U.S. Bureau of Census, American Community Survey, 2010-14.

Major Employers

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Number of Employees</u>
Town of Monroe	Government and education	669
Big Y	Supermarket	159
Swiss Army Brands	Headquarters/Disribution	147
Really Good Stuff	Classroom supplies	126
Stop & Shop	Supermarket	126
Northeast Laser Engraving	Engraving Electopolish SVC	103
M Cubed Technologies	Ceramic Componant MFG	95
Waterview LLC	Property Management /Catering	75
Aquarion Water	Regulated Water Utility	69
Edgerton Inc.	HVAC Service & Installation	60
Seymour Sheridan Inc	MFG Bellows & Floats	60
		<u>1,689</u>

Source: Town officials.

Unemployment Rate Statistics ¹

<u>Yearly Average</u>	<u>Town of Monroe</u>	<u>Bridgeport Labor Market</u>	<u>State of Connecticut</u>	<u>United States</u>
2005	3.9 %	4.6 %	4.9 %	5.1 %
2006	3.4 %	3.9 %	4.3 %	4.6 %
2007	3.7 %	4.1 %	4.6 %	4.6 %
2008	4.7 %	5.3 %	5.8 %	5.8 %
2009	7.0 %	7.6 %	8.0 %	9.3 %
2010	7.9 %	8.4 %	9.0 %	9.6 %
2011	7.8 %	8.2 %	8.8 %	9.0 %
2012	7.2 %	7.8 %	8.3 %	8.1 %
2013	6.4 %	7.3 %	7.9 %	7.4 %
2014	5.7 %	6.2 %	6.7 %	6.2 %
2015	5.0 %	5.5 %	5.6 %	5.3 %
<u>2016 Monthly</u>				
January	5.1 %	6.5 %	6.8 %	6.1 %
February	5.2 %	6.7 %	6.9 %	5.8 %
March	5.3 %	6.3 %	6.5 %	5.6 %
April	5.0 %	5.4 %	5.6 %	5.7 %

¹ Non-seasonally adjusted.

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

Monroe Housing Inventory

Type	Units	Percent
1-unit detached	5,920	85.9
1-unit attached	563	8.2
2 to 4 units	182	2.6
5 to 9 units	225	3.3
10 or more units	-	-
Mobile home, trailer, other	-	-
Total Inventory	6,890	100.0

Source: U.S. Bureau of Census, American Community Survey, 2010-14.

Characteristics of Housing Units (Owner Occupied)

Value of Owner Occupied Units	Town of Monroe		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000	84	1.4	4,664	2.0	24,122	2.6
50,000 to 99,999	17	0.3	4,247	1.9	26,438	2.9
100,000 to 149,999	127	2.1	7,431	3.3	72,756	8.0
150,000 to 199,999	168	2.7	14,232	6.2	137,797	15.1
200,000 to 299,999	1,073	17.4	35,819	15.7	257,364	28.2
300,000 to 499,999	3,162	51.2	69,761	30.6	243,882	26.7
500,000 to 999,999	1,465	23.7	60,739	26.6	109,918	12.0
1,000,000 and over	80	1.3	31,438	13.8	40,766	4.5
Total	6,176	100.0	228,331	100.0	913,043	100.0
Median Value	\$390,700		\$422,400		\$274,500	

Source: U.S. Bureau of Census, American Community Survey, 2010-14.

Age Distribution of Housing

Year Structure Built	Town of Monroe		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	600	8.7	2,833	0.8	7,423	0.5
1940 to 1949	251	3.6	24,846	6.9	104,093	7.0
1950 to 1959	820	11.9	24,607	6.8	113,875	7.6
1960 to 1969	1,285	18.7	41,461	11.4	193,794	13.0
1970 to 1979	1,156	16.8	49,147	13.6	200,288	13.4
1980 to 1989	1,588	23.0	52,575	14.5	199,413	13.4
1990 to 1999	986	14.3	62,069	17.1	232,682	15.6
2000 to 2009	204	3.0	27,396	7.6	104,523	7.0
2010 or later	0	0.0	77,682	21.4	334,290	22.4
Total housing units	6,890	100.0	362,616	100.0	1,490,381	100.0

Source: U.S. Bureau of Census, American Community Survey, 2010-14.

Dwelling Units

<u>2014</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>% Increase 2000-2014</u>	<u>% Increase 1980-2014</u>
6,890	6,601	5,596	4,131	4.4%	66.8%

Building Permits

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial/ Industrial</u>	<u>All Other</u>	<u>Total</u>
2016 ¹	\$ 4,584,810	\$ 7,513,430	\$ 1,495,744	\$ 13,593,984
2015	6,032,500	1,428,979	1,306,606	8,768,085
2014	5,133,252	859,599	6,433,557	12,426,408
2013	5,787,045	2,653,020	5,812,035	14,252,100
2012	4,040,641	3,023,417	3,981,792	11,045,850
2011	6,766,753	4,296,938	3,657,556	14,721,247
2010	5,820,353	779,995	1,856,156	8,456,504
2009	7,067,408	6,354,629	7,207,179	20,629,216
2008	9,644,811	11,954,127	7,088,757	28,687,695
2007	12,529,990	5,513,034	9,905,857	27,948,881

¹ As of May 1, 2016.

Source: Town of Monroe building officials.

Land Use Summary

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

Source: Town Officials

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SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of July 12, 2016 (Pro Forma)

Total fiscal year 2015 tax collections (including interest and lien fees)	\$ 71,706,333
State Reimbursement for Revenue Loss on Tax Relief for the Elderly	<u>160,000</u>
Base for Establishing Debt Limit	<u>\$ 71,866,333</u>

Debt Limitation ¹	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	Total Debt
(2.25 times base)	\$161,699,249					
(4.50 times base)		\$323,398,499				
(3.75 times base)			\$269,498,749			
(3.25 times base)				\$233,565,582		
(3.00 times base)					\$215,598,999	
(7.00 times base)						\$503,064,331
Indebtedness (Including this issue)						
Bonds Payable	\$ 20,284,000	\$ 18,681,000	\$ -	\$ -	\$ -	\$ 38,965,000
The Bonds (<i>This Issue</i>)	2,510,000	100,000	-	-	-	2,610,000
Authorized but Unissued Debt	5,228,000	271,466	-	-	-	5,499,466
Gross Direct Debt	<u>28,022,000</u>	<u>19,052,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School grants receivable ²	-	(596,973)	-	-	-	(596,973)
Net Direct Debt	<u>28,022,000</u>	<u>18,455,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(596,973)</u>
Excess of Limit Over Outstanding and Authorized Debt	<u>\$133,677,249</u>	<u>\$304,943,006</u>	<u>\$269,498,749</u>	<u>\$233,565,582</u>	<u>\$215,598,999</u>	<u>\$503,661,304</u>

¹ Under Connecticut General Statutes, Town debt cannot exceed \$503,064,331 or seven times the debt limit base.

² The Town also receives school construction subsidy grants which are paid over the life of the outstanding school bonds issued for projects approved prior to July 1, 1996. The grants representing the principal portion of the outstanding bonds are estimated to be \$596,973. See "School Projects" herein.

Source: Town Officials.

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Calculation of Net Direct Debt
As of July 12, 2016 (Pro Forma)

Bonded Debt ¹	
The Bonds (<i>This Issue</i>)	\$ 2,610,000
General Improvement	20,284,000
Schools	<u>18,681,000</u>
Total Bonded Debt	41,575,000
Short-Term Debt	
Bond Anticipation Notes	<u>-</u>
Total Short-Term Debt	<u>-</u>
Total Direct Debt	<u>41,575,000</u>
Exclusions: (State School Construction Aid) ²	<u>(596,973)</u>
Net Direct Debt	<u><u>\$ 40,978,027</u></u>

¹ Does not include authorized but unissued debt of \$5,499,466.

² The Town receives State of Connecticut school construction subsidy grants which are paid over the life of the outstanding school bonds issued for projects approved prior to July 1, 1996. The grants representing the principal portion of the outstanding bonds are estimated to be \$596,973.

Current Debt Ratios

As of July 12, 2016 (Pro Forma)

Total Direct Indebtedness	\$ 41,575,000
Net Direct Indebtedness	\$ 40,978,027
Population ¹	19,744
Net Taxable Grand List (10/1/15)	\$ 2,153,311,392
Estimated Full Value	\$ 3,076,159,131
Equalized Net Taxable Grand List (2013) ²	\$ 3,118,165,181
Per Capita Income (2014) ¹	\$ 48,639
Total Direct Debt:	
Per Capita	\$2,105.70
To Net Taxable Grand List	1.93%
To Estimated Full Value	1.35%
To Equalized Net Taxable Grand List	1.33%
Per Capita to Per Capita Income	4.33%
Net Direct Debt:	
Per Capita	\$2,075.47
To Net Taxable Grand List	1.90%
To Estimated Full Value	1.33%
To Equalized Net Taxable Grand List	1.31%
Per Capita to Per Capita Income	4.27%

¹ U.S. Bureau of Census, American Community Survey, 2010-2014.

² Office of Policy and Management, State of Connecticut

Historical Debt Statement

	2015-16 ¹	2014-15	2013-14	2012-13	2011-12
Population ²	19,744	19,744	19,744	19,631	19,441
Net taxable grand list	\$2,146,058,206	\$2,312,089,496	\$2,308,576,322	\$2,296,715,433	\$2,290,492,353
Estimated full value	\$3,065,797,437	\$3,302,984,994	\$3,297,966,174	\$3,281,022,047	\$3,272,131,933
Equalized net taxable grand list ³	\$3,118,165,181	\$3,118,165,181	\$3,207,048,912	\$3,098,919,583	\$3,271,578,057
Per capita income ²	\$ 48,639	\$ 48,639	\$ 48,639	\$ 48,118	\$ 48,380
Short-term debt	\$ -	\$ -	\$ 2,950,000	\$ -	\$ -
Long-term debt	\$ 38,965,000	\$ 43,550,000	\$ 41,455,000	\$ 42,195,000	\$ 45,885,000
Total Direct Indebtedness	\$ 38,965,000	\$ 43,550,000	\$ 44,405,000	\$ 42,195,000	\$ 45,885,000
Net Direct Indebtedness	\$ 38,368,027	\$ 42,562,828	\$ 43,022,534	\$ 40,412,146	\$ 43,694,963

¹ Unaudited estimate.

² U.S. Bureau of Census, American Community Survey, 2010-14.

³ Office of Policy and Management, State of Connecticut.

Historical Debt Ratios

Total Direct Indebtedness:	2015-16 ¹	2014-15	2013-14	2012-13	2011-12
Per capita	\$1,973.51	\$2,205.73	\$2,249.04	\$2,149.41	\$2,360.22
To net taxable grand list	1.82%	1.88%	1.92%	1.84%	2.00%
To estimated full value	1.27%	1.32%	1.35%	1.29%	1.40%
To equalized net taxable grand list	1.25%	1.40%	1.38%	1.36%	1.40%
Debt per capita to per capita income	4.06%	4.53%	4.62%	4.47%	4.88%
Net Direct Indebtedness:					
Per capita	\$1,943.28	\$2,155.73	\$2,179.02	\$2,058.59	\$2,247.57
To net taxable grand list	1.79%	1.84%	1.86%	1.76%	1.91%
To estimated full value	1.25%	1.29%	1.30%	1.23%	1.34%
To equalized net taxable grand list	1.23%	1.36%	1.34%	1.30%	1.34%
Debt per capita to per capita income	4.00%	4.43%	4.48%	4.28%	4.65%

¹ Unaudited estimate.

Outstanding Short-Term Indebtedness

The Town currently has no outstanding short-term indebtedness.

Overlapping and Underlying Indebtedness

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

Capital Leases

The Town has entered into multi-year capital lease agreements for the purchase of various capital items including energy conservation improvements, public works equipment, vehicles and computer hardware and software. The present value of future minimum lease payments as of June 30, 2016 was \$2,101,957. 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 \$2,697,019 and a \$1,106,185 in energy rebates and an interest free loan from Eversource, formerly the Connecticut Light & Power Company. Under the terms of the EPC, if energy savings in any year are not sufficient to substantially cover the cost of the debt service on the improvements, Honeywell will cover the differential.

Legal Requirements for Approval of Borrowing

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

Temporary Financing

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

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

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

School Projects

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

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

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Authorized but Unissued Debt

<u>Projects</u>	<u>Total Bond Authorization</u>	<u>Prior Debt/Paydowns</u>	<u>Grants Received</u>	<u>The Bonds This Issue</u>	<u>Authorized But Unissued</u>
Police Department Facility, Phase I	\$ 1,130,000	\$ 1,117,000	\$ -	\$ -	\$ 13,000 ¹
Schools carpet replacement/asbestos abatement and pool filter system	1,527,000	1,100,000	313,080	-	113,920 ¹
Masuk High School Renovation	38,407,000	25,020,000	13,229,454	-	157,546 ¹
Edith Wheeler Memorial Library	6,290,000	4,875,000	1,250,000	-	165,000 ¹
Town Hall/Police Station Renovations	4,105,000	3,605,000	500,000	-	-
Pepper Street Improvements	5,050,000	-	-	-	5,050,000
Masuk High School Track and Field Reconstruction Project	1,700,000	-	-	1,700,000	-
Public Works Vehicles & Equipment	810,000	-	-	810,000	-
Stepney Elementary School Oil Tank Remc	100,000	-	-	100,000	-
	<u>\$70,614,000</u>	<u>\$46,262,000</u>	<u>\$16,242,534</u>	<u>\$2,610,000</u>	<u>\$ 5,499,466</u>

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

Capital Improvement Program

	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>Total</u>
<u>Summary of Programs</u>						
Board of Education	\$ 2,359,560	\$ 1,749,000	\$ 326,910	\$ 11,000	\$ -	\$ 4,446,470
EMS	-	3,700,000	-	-	200,000	3,900,000
Engineering/Land Use/WPCA	1,935,000	5,057,000	1,560,000	1,495,000	1,530,000	11,577,000
Fire	1,051,300	4,880,000	200,000	252,100	3,318,000	9,701,400
Information Technology	37,183	37,182	37,183	37,182	-	148,730
Parks & Recreation	1,099,645	300,000	22,000	-	-	1,421,645
Police	112,800	650,000	148,000	150,000	152,000	1,212,800
Public Works	4,131,000	543,000	4,795,000	5,195,000	1,910,000	16,574,000
Social Services	521,000	365,000	-	-	-	886,000
Total	<u>\$11,247,488</u>	<u>\$17,281,182</u>	<u>\$ 7,089,093</u>	<u>\$ 7,140,282</u>	<u>\$ 7,110,000</u>	<u>\$49,868,045</u>
<u>Source of Funding</u>						
Gift from Lillian Wilton Estate	\$ 424,645	\$ -	\$ -	\$ -	\$ -	\$ 424,645
Capital Financing Fund	37,183	37,182	37,183	37,182	-	148,730
Capital Reserve Funds	125,000	200,000	-	-	200,000	525,000
Fire Department Funds	215,000	100,000	-	-	-	315,000
General Obligation Bonds ¹	5,359,560	6,800,000	4,500,000	4,500,000	4,558,000	25,717,560
LOCIP	242,300	-	-	-	-	242,300
Operating Budget	697,800	776,000	693,000	661,000	652,000	3,479,800
Parks & Rec Special Revenue Fund	125,000	-	-	-	-	125,000
STEAP Grants	500,000	500,000	-	-	-	1,000,000
STP Regional Grant Funding	1,350,000	2,700,000	450,000	-	-	4,500,000
To Be Determined ²	1,901,000	5,888,000	1,408,910	1,942,100	1,700,000	12,840,010
Town Road Grant Funds	270,000	280,000	-	-	-	550,000
Total	<u>\$11,247,488</u>	<u>\$17,281,182</u>	<u>\$ 7,089,093</u>	<u>\$ 7,140,282</u>	<u>\$ 7,110,000</u>	<u>\$49,868,045</u>

¹ Includes proceeds from the Bonds and proceeds from prior bond proceeds.

² The prioritization and sources of funding for certain proposed projects has yet to be determined. This will be determined at joint Town Council and Board of Finance meetings to be held in the summer and fall of calendar year 2016.

Combined Schedule of Long Term Debt through Maturity

As of July 12, 2016 (Pro Forma)

Fiscal Year	Existing Indebtedness			The Bonds Principal	ALL ISSUES Total Principal
	Principal Payments	Interest Payments	Total Debt Service		
2016-17	\$ 5,045,000	\$ 1,206,283	\$ 6,251,283	\$ -	\$ 5,045,000
2017-18	4,440,000	1,040,726	5,480,726	270,000	4,710,000
2018-19	4,305,000	885,951	5,190,951	260,000	4,565,000
2019-20	4,070,000	730,676	4,800,676	260,000	4,330,000
2020-21	4,065,000	595,514	4,660,514	260,000	4,325,000
2021-22	3,925,000	464,645	4,389,645	260,000	4,185,000
2022-23	3,125,000	352,814	3,477,814	260,000	3,385,000
2023-24	3,155,000	267,011	3,422,011	260,000	3,415,000
2024-25	2,415,000	181,870	2,596,870	260,000	2,675,000
2025-26	1,670,000	115,876	1,785,876	260,000	1,930,000
2026-27	995,000	73,920	1,068,920	260,000	1,255,000
2027-28	660,000	47,370	707,370	-	660,000
2028-29	655,000	29,770	684,770	-	655,000
2029-30	440,000	11,880	451,880	-	440,000
2030-31	-	-	-	-	-
Total	\$38,965,000	\$ 6,004,306	\$44,969,306	\$ 2,610,000	\$ 41,575,000

Source: Town annual audit reports.

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SECTION V - FINANCIAL DATA

Accounting Policies

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

Basis of Accounting

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

Audit

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

The most recent annual audit covers the fiscal year ended June 30, 2015, a copy of which is included in this document and made a part hereof as Appendix A. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Budgetary Procedure

Monroe Town Charter defines the Town's budgetary policy. Department heads, chairpersons of boards or commissions or any agency submit departmental requests to the First Selectman as scheduled. The First Selectman's Budget is delivered to the Town Council by February 8th. The Town Council shall hold one public hearing prior to forwarding the Budget to the Board of Finance by February 28th. The Board of Finance must hold one public hearing prior to submitting the budget to the First Selectman no later than March 21st. A Budget summary is published in the newspaper 5 days prior to the referendum and Public Input Session. A Budget referendum is held on April 6th, the 1st Tuesday in April.

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

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

Public Act No. 15-244 created a municipal spending cap beginning in fiscal year 2018 for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities who's spending, with certain exceptions, exceeds the spending limits specified in the Act. Each fiscal year, OPM must determine the municipality's percentage growth in spending 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. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. However, for municipalities that taxed motor vehicles at more than 32 mills for the 2013 assessment year (for taxes levied in fiscal year 2015), the reduction may not exceed the difference between the amount of property taxes the municipality levied on motor vehicles for the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills. (See "Assessment Practices" herein).

The Act requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the spending cap and if so, the amount over the cap.

Under the Act, municipal spending does not include expenditures:

1. for debt service, special education, or costs to implement court orders or arbitration awards;
2. associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or
3. for any municipal revenue sharing grant the municipality disburses to a special taxing district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for fiscal year 2017 disbursements, or 29.63 mills, for fiscal year 2018 disbursements and thereafter.

Employee Pension Systems

The Town has two contributory defined benefit retirement pension plans (the "Plans") which cover substantially all Town and Board of Education employees except police department employees who participate in the Connecticut Municipal Employees' Retirement 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 Town plans are administered by a life insurance company.

The Town has implemented Government Accounting Standards Board's (GASB) Statement No. 67. Net position is based on fair market value as of June 30, 2015 and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date updated to June 30, 2015. In accordance with GASB Statement No. 67, the components of the net pension liability of the Town of June 30, 2015 were as follows:

	Town Employees'	Board of Education Employees'	Total
Total pension liability	\$11,711,997	\$12,500,967	\$24,212,964
Plan fiduciary net position	<u>10,202,608</u>	<u>10,323,455</u>	<u>20,526,063</u>
Net pension liability	<u>\$ 1,509,389</u>	<u>\$ 2,177,512</u>	<u>\$ 3,686,901</u>
Plan fiduciary net position as a % of total pension liability	87.11%	82.58%	84.77%

The following represents the net pension liability of the Town, calculated using the discount rate of 7.5%, 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Town Employees' Net Pension Liability	\$ 2,905,858	\$ 1,509,389	\$ 325,249
Board of Education Employees' Net Pension Liability	\$ 3,691,552	\$ 2,177,512	\$ 898,010

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
<i><u>Town Employee's Plan</u></i>						
07/01/14	\$8,904,632	\$11,047,132	\$(2,142,500)	80.6%	\$3,439,025	-62.3%
07/01/12	7,486,638	9,598,303	(2,111,665)	78.0%	3,044,942	-69.3%
01/01/10	7,124,118	8,784,914	(1,660,796)	81.1%	3,205,710	-51.8%
01/01/08	8,221,381	7,967,922	253,459	103.2%	2,938,871	8.6%
01/01/06	7,590,537	6,963,392	627,145	109.0%	2,855,405	22.0%
<i><u>Board of Education Employee's Plan</u></i>						
07/01/14	\$10,015,497	\$11,741,546	\$(1,726,049)	85.3%	\$4,264,439	-40.5%
07/01/12	8,994,081	10,626,487	(1,632,406)	84.6%	4,268,569	-38.2%
01/01/11	8,502,820	9,675,631	(1,172,811)	87.9%	3,839,606	-30.5%
01/01/09	7,735,096	8,601,200	(866,104)	89.9%	3,828,126	-22.6%
01/01/07	7,241,315	7,743,658	(502,343)	93.5%	3,140,757	-16.0%

Schedule of Employer Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed
<i><u>Town Employee's Plan</u></i>			
2017 ¹	\$389,752	\$389,752	100.0%
2016 ²	382,281	382,281	100.0%
2015	394,666	391,857	99.3%
2014	388,045	341,866	88.1%
2013	381,679	301,267	78.9%
<i><u>Board of Education Employee's Plan</u></i>			
2017 ¹	\$385,429	\$398,000	103.3%
2016 ²	376,663	376,663	100.0%
2015	376,663	367,541	97.6%
2014	349,519	349,519	100.0%
2013	357,276	357,276	100.0%

¹ Recommended budget.

² Adopted budget.

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

Other Post-Employment Benefits

The Town administers two single-employer defined benefit plans for employee postemployment benefits. The first is the Police Post-employment Benefit program which provides post-employment medical coverage for those officers who retire from employment with the Town. Under the program, the retiree is provided medical coverage at a cost equal to twenty-five percent of

the annual premium and is provided coverage from retirement up to the qualification for Medicare benefits. Benefit provisions are established by the Town and the union representing the police officers. The Town is the process of establishing a trust to hold plan assets and the Town began pre-funding the benefits for Police employees and retirees in the fiscal year 2015-16 budget.

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

The Town was required to comply with the reporting requirements of GASB 45 beginning with the 2008-09 fiscal year. The most recent actuarial valuation of the OPEB liability for the Police Postemployment Benefit program was as of July 1, 2014 and for the Board of Education Postemployment Welfare Benefit program was as of June 30, 2012. Results of those valuations are as follow:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
<i>Town</i>						
7/1/2014	\$ -	\$ 766,000	\$ (766,000)	0.0%	\$ 3,129,570	-24.48%
7/1/2012	-	1,702,216	(1,702,216)	0.0%	2,732,999	-62.28%
7/1/2010	-	1,568,829	(1,568,829)	0.0%	2,702,454	-58.05%
7/1/2008	-	884,014	(884,014)	0.0%	2,567,152	-34.44%
<i>Board of Education</i>						
6/30/2014	\$ -	\$ 10,703,353	\$(10,703,353)	0.0%	\$29,387,000	-36.42%
6/30/2012	-	9,652,132	(9,652,132)	0.0%	N/A	N/A
6/30/2010	-	10,403,104	(10,403,104)	0.0%	N/A	N/A
6/30/2009	-	15,112,705	(15,112,705)	0.0%	N/A	N/A

Schedule of Employer Contributions

Fiscal	Actuarial Required Contribution	Actual Contribution	Percentage Contribute
<i>Town</i>			
2016 ¹	\$ 106,000	\$ 30,000	28.3%
2015	179,057	27,390	15.3%
2014	175,750	31,212	17.8%
2013	162,881	46,500	28.5%
2012	159,926	42,515	26.6%
2011	112,070	45,143	40.3%
<i>Board of Education</i>			
2016 ¹	\$ 722,572	\$ 588,000	81.4%
2015	708,282	769,750	108.7%
2014	567,391	387,594	68.3%
2013	545,568	466,832	85.6%
2012	545,568	498,525	91.4%
2011	766,819	550,020	71.7%

¹ Adopted budget.

Per the July 1, 2014 OPEB valuation for the Police Postemployment Benefit program, the Actuarially Required Contributions for FY 2016-17 is \$129,000. In the adopted budget for FY 2016-17, the Board of Finance has increased the Town's contribution to \$109,000 to pre-fund OPEB above the pay-as-you-go amount. For further details on the OPEB plans, see "Appendix A, - Audited Financial Statements".

Investment Policies and Procedures

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

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

Property Tax Assessment

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

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

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

Public Act No. 15-244 allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (1) 32.00 mills for the 2015 assessment year and (2) 29.36 mills for the 2016 assessment year and thereafter. The Act also diverts a portion of state collected sales tax revenue to reimburse municipalities for a portion of the revenue loss attributed to the motor vehicle property tax cap. However, the grant is currently static so there will be a constantly increasing tax shift for the Town to real and personal property from motor vehicle property under the Act.

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

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

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

Property Tax Levy and Collection

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

Historic Property Tax Levies and Collections

Fiscal Year	Net Taxable	Tax Rate	Total	% Collected	Uncollected	Uncollected
Ending	Grand List	(In Mills)	Adjusted	End of	End of	As of
30-Jun			Tax Levy	Each FY	Each FY	6/30/2015
2017 ¹	\$2,153,311,392	35.00	\$74,080,457	In process	In process	In process
2016 ²	2,146,058,206	34.35	73,717,099	In process	In process	In process
2015	2,312,089,496	31.01	71,651,461	98.80 %	\$ 847,627	\$ 847,627
2014	2,308,576,322	30.41	70,203,806	98.90	765,134	272,135
2013	2,296,715,433	29.26	67,210,084	99.01	665,685	537
2012	2,290,492,353	28.79	65,702,612	98.80	779,332	5,140
2011 ²	2,286,815,228	28.26	64,320,324	98.54	936,551	1
2010	2,117,900,075	29.50	62,457,178	98.60	866,701	-
2009	2,116,304,857	28.68	60,656,250	99.00	601,302	-
2008	2,095,924,088	27.42	57,583,055	99.20	588,841	-

¹ Adopted budget.

² Revaluation.

Source: Town Officials.

Taxable Grand List

Grand List Dated	Real Property	Motor Vehicle Property	Personal Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/1/15	\$ 1,912,908,449	\$167,301,230	\$90,398,935	\$2,170,608,614	\$17,297,222	\$2,153,311,392
10/1/14 ¹	1,912,977,836	163,282,414	86,481,284	2,162,741,534	16,683,328	2,146,058,206
10/1/13	2,086,251,624	162,453,620	84,094,567	2,332,799,811	20,710,315	2,312,089,496
10/1/12	2,084,679,376	156,954,517	83,513,266	2,325,147,159	16,570,837	2,308,576,322
10/1/11	2,079,868,452	156,689,468	80,346,311	2,316,904,231	20,188,798	2,296,715,433
10/1/10	2,078,952,184	150,522,125	80,587,807	2,310,062,116	19,569,763	2,290,492,353
10/1/09 ¹	2,078,951,846	144,510,773	85,468,422	2,308,931,041	22,115,813	2,286,815,228
10/1/08	1,914,130,100	144,037,577	82,022,355	2,140,190,032	22,289,957	2,117,900,075
10/1/07	1,901,467,199	157,545,290	79,680,836	2,138,693,325	22,388,468	2,116,304,857
10/1/06	1,876,527,749	156,136,365	76,424,263	2,109,088,377	13,164,289	2,095,924,088

¹ Revaluation.

Source: Town Officials.

Grand List Dated	Residential Property	Commercial/Industrial Property	Public Utility & Vacant Property	Sub-Total Real Property
10/1/15	\$1,638,902,050	\$209,050,936	\$ 64,955,463	\$ 1,912,908,449
10/1/14 ¹	1,637,414,190	209,092,916	66,470,730	1,912,977,836
10/1/13	1,789,149,043	210,679,153	86,423,428	2,086,251,624
10/1/12	1,786,281,115	211,331,213	87,067,048	2,084,679,376
10/1/11	1,784,313,791	208,533,493	87,021,168	2,079,868,452
10/1/10	1,781,704,626	209,685,430	87,562,128	2,078,952,184
10/1/09 ¹	1,781,417,088	211,395,000	86,139,758	2,078,951,846
10/1/08	1,678,449,336	174,542,600	61,138,164	1,914,130,100
10/1/07	1,672,037,365	170,000,130	59,429,704	1,901,467,199
10/1/06	1,658,832,885	153,453,595	64,241,269	1,876,527,749

¹ Revaluation.

Source: Town Officials.

Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2015:

<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	\$ 34,706,490	1.6%
Sippin Properties	Retail/Office/Industrial/Oil Distribution	24,516,190	1.1%
Northeast Utilities	Electric & Gas Utility	23,095,430	1.1%
Tartaglia Properties	Retail Property Lease & Mgmt	15,677,340	0.7%
Aquarion Water Company	Corporate HQ & Distribution	12,795,250	0.6%
Victorinox Swiss Army Inc.	Corporate HQ & Distribution	11,868,770	0.6%
Steiner Properties	Retail & Residential Property	6,835,600	0.3%
SB Real Estate LLC / Really Good Stuff Inc.	Classroom Supplies	6,740,070	0.3%
Lake Zoar Properties LLC	Banquet Facility	6,065,400	0.3%
Kimball Properties	Commercial & Industrial Property	5,386,200	0.3%
	Total	\$147,686,740	6.9%

Source: Town Officials

Revenues

The Town derives its revenues from a direct tax levy on property, state and federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2011-2015 in "Statements Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

Property Tax Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Taxes as a Percentage of General Fund Revenues</u>
2017 ¹	\$ 82,909,407	\$74,120,218	89.4 %
2016 ²	82,088,004	73,503,132	89.5
2015	85,974,331	71,871,017	83.6
2014	85,898,253	70,058,508	81.6
2013	82,904,323	67,784,322	81.8
2012	80,421,379	66,287,184	82.4
2011	77,582,095	64,441,364	83.1
2010	75,598,496	62,534,910	82.7
2009	75,101,535	60,629,712	80.7
2008 ³	86,152,981	57,756,527	67.0

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

² Unaudited estimate.

³ Includes \$18,002,147 on behalf of payments to Connecticut State Teachers' Retirement System. Amount is significantly higher than prior years due to State of Connecticut issuing Pension Obligation Bonds to fund the plan in fiscal year 2007-08.

Source: Audited financial statements; fiscal year 2015-16 unaudited estimate and 2016-17 adopted budget.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Federal & State Aid</u>	<u>Aid As a Percentage Of General Fund Revenues</u>
2017 ¹	\$ 82,909,407	\$ 7,480,189	9.0 %
2016 ²	81,682,962	7,457,654	9.1
2015	85,974,331	12,698,512	14.8
2014	85,898,253	14,609,179	17.0
2013	82,904,323	13,856,850	16.7
2012	80,421,379	12,747,056	15.9
2011	77,582,095	11,739,302	15.1
2010	75,598,496	11,597,967	15.3
2009	75,101,535	11,609,447	15.5
2008	86,152,981	25,538,538 ³	29.6

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

² Unaudited estimate.

³ Includes \$18,002,147 on behalf of payments to Connecticut State Teachers' Retirement System. Amount is significantly higher than prior years due to State of Connecticut issuing Pension Obligation Bonds to fund the plan in fiscal year 2007-08.

Source: Audited financial statements; fiscal year 2015-16 unaudited estimate and 2016-17 adopted budget.

Expenditures

<u>Fiscal Year</u>	<u>Education</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Debt Service</u>	<u>Public Works</u>
2017 ¹	65.9 %	11.2 %	8.7 %	7.2 %	4.1 %
2016 ²	66.1	11.0	8.5	7.4	4.2
2015	67.9	10.0	4.2	7.0	4.2
2014	65.4	9.4	7.4	6.8	3.9
2013	68.9	9.3	7.6	6.6	3.1
2012	70.6	9.0	7.1	6.6	3.7
2011	71.1	8.0	7.3	6.9	4.1
2010	71.5	7.6	7.2	6.6	3.9
2009	69.0	7.9	7.2	7.7	3.9
2008	74.0 ³	6.7	5.7	6.3	3.0

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

² Unaudited estimate.

³ Includes \$18,002,147 on behalf of payments to Connecticut State Teachers' Retirement System. Amount is significantly higher than prior years due to State of Connecticut issuing Pension Obligation Bonds to fund the plan in fiscal year 2007-08.

Source: Audited financial statements; fiscal year 2015-16 unaudited estimate and 2016-17 adopted budget.

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

	Fiscal Year 2014-15			Fiscal Year	Fiscal Year
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)	2015-16 Unaudited Estimate	2016-17 Adopted Budget
REVENUES					
Property taxes, interest and liens	\$71,258,789	\$71,805,335	\$ 546,546	\$73,907,671	\$74,120,218
Licenses, fees and permits	598,700	619,293	20,593	651,310	715,500
Intergovernmental revenue	7,426,456	7,406,574	(19,882)	7,233,698	7,480,189
Charges for services	362,250	241,739	(120,511)	312,408	361,500
Investment Income	140,583	170,992	30,409	160,000	157,000
Other revenues	60,000	191,884	131,884	227,456	75,000
TOTAL REVENUES	\$79,846,778	80,435,817	589,039	82,492,543	\$82,909,407
EXPENDITURES					
Current:					
General government	\$ 8,540,080	8,319,358	220,722	8,932,536	9,287,857
Public safety	6,740,132	6,569,254	170,878	6,950,189	7,203,123
Public works	3,782,130	3,782,126	4	3,448,767	3,433,600
Health and welfare	260,071	259,121	950	272,032	258,372
Culture and recreation	1,550,781	1,550,706	75	1,644,693	1,724,305
Education	52,932,987	52,814,456	118,531	53,808,755	54,641,767
Capital outlay	188,956	187,101	1,855	203,500	203,500
Debt Service	5,676,641	5,635,013	41,628	6,009,340	5,961,883
TOTAL EXPENDITURES	79,671,778	79,117,135	554,643	81,269,812	82,714,407
Excess (deficiency) of revenues over expenditures	<u>175,000</u>	<u>1,318,682</u>	<u>1,143,682</u>	<u>1,222,731</u>	<u>195,000</u>
Other financing sources (uses):					
Appropriation of fund balance	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	<u>(175,000)</u>	<u>(175,000)</u>	-	<u>(195,000)</u>	<u>(195,000)</u>
Total Other financing sources (uses)	<u>(175,000)</u>	<u>(175,000)</u>	-	<u>(195,000)</u>	<u>(195,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,143,682</u>	<u>\$ 1,143,682</u>	<u>\$ 1,027,731</u>	<u>\$ -</u>

Source: Audited financial statements; fiscal year 2015-16 unaudited estimate and 2016-17 adopted budget.

Comparative Balance Sheet – General Fund

Fiscal Year Ended:	2011	2012	2013	2014	2015
ASSETS					
Cash and cash equivalents	\$ 8,238,049	\$ 9,288,216	\$ 5,379,830	\$13,980,946	\$12,868,086
Investments	3,721,758	3,540,384	3,756,145	3,003,955	3,986,302
Property taxes receivable	1,262,560	1,215,039	824,290	1,095,746	1,198,613
Intergovernmental receivables	2,649,333	2,190,037	2,277,512	1,382,466	987,172
Other receivables	27,901	148,576	127,243	412,773	315,245
Prepaid items	88,057	76,893	328,814	34,269	-
Due from other funds	1,643,209	567,639	2,563,364	1,065,713	1,186,793
Total Assets	\$17,630,867	\$17,026,784	\$15,257,198	\$20,975,868	\$20,542,211
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 2,453,169	\$ 3,089,338	\$ 4,455,860	\$ 5,086,329	\$ 2,239,249
Due to other funds	5,106,472	5,936,895	2,250,213	6,710,247	8,154,316
Unearned revenues			96,440	88,574	96,468
Deferred inflows of resources	5,737,608	3,377,581	2,702,135	-	-
Total Liabilities	13,297,249	12,403,814	9,504,648	11,885,150	10,490,033
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	1,035,980	2,011,100
Unavailable revenue - grants	-	-	-	1,382,466	-
Total Deferred Inflows of Resources	-	-	-	2,418,446	2,011,100
FUND BALANCES					
Reserved for encumbrances	-	-	-	-	-
Reserved for prepaid items	-	-	-	-	-
Unreserved:					
Designated for subsequent budget	-	-	-	-	-
Undesignated	-	-	-	-	-
Nonspendable	88,057	76,893	328,814	34,269	219,005
Restricted	-	-	-	-	801,126
Committed	-	-	-	-	-
Assigned	982,162	555,927	735,552	692,998	810,881
Unassigned	3,263,399	3,990,150	4,688,184	5,945,005	6,210,066
Total Fund Balances	4,333,618	4,622,970	5,752,550	6,672,272	8,041,078
Total Liabilities, deferred inflows of Resources and fund balances	\$17,630,867	\$17,026,784	\$15,257,198	\$20,975,868	\$20,542,211

Source: Annual audited financial statements.

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

Fiscal Year Ended:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
REVENUES					
Property taxes	\$64,441,364	\$66,287,184	\$67,784,322	\$70,058,508	\$71,851,017
Intergovernmental revenue	11,739,302	12,747,056	13,856,850	14,609,179	12,698,512
Licenses, permits and fines	547,600	521,210	643,720	577,616	619,293
Charges for services	334,795	334,991	299,516	259,965	241,739
Investment income	399,705	261,453	64,143	120,855	(57,786)
Miscellaneous revenues	20,958	107,106	220,772	214,265	212,156
TOTAL REVENUES	<u>77,483,724</u>	<u>80,259,000</u>	<u>82,869,323</u>	<u>85,840,388</u>	<u>85,564,931</u>
EXPENDITURES					
Current:					
General government	6,221,711	7,212,104	7,583,687	8,359,920	8,538,034
Public safety	5,709,668	5,722,467	6,244,359	6,592,973	6,426,696
Public Works	3,225,919	2,936,293	2,496,482	3,442,507	3,605,026
Health and welfare	173,658	188,797	199,762	232,826	259,413
Culture and recreation	1,407,510	1,463,535	1,458,186	1,457,543	1,550,706
Education	55,364,249	56,657,002	56,376,507	58,266,029	58,009,142
Capital outlays	252,703	533,774	1,069,737	4,262,062	78,645
Debt service	5,400,842	5,260,045	5,437,360	6,052,772	5,978,541
TOTAL EXPENDITURES	<u>77,756,260</u>	<u>79,974,017</u>	<u>80,866,080</u>	<u>88,666,632</u>	<u>84,446,203</u>
Excess (deficiency) of revenues over expenditures	(272,536)	284,983	2,003,243	(2,826,244)	1,118,728
Other financing sources (uses):					
Unspent Encumbrances prior year					
Operating transfers in	98,371	162,379	35,000	57,865	409,400
Operating transfers out	(120,926)	(285,996)	(908,663)	(426,545)	(926,987)
Proceeds of loan/debt	10,805,000	8,785,000	-	3,097,019	-
Retirement of debt	(11,105,918)	(9,082,302)	-	(3,803,204)	-
Premium on refunded bonds issued	423,261	425,288	-	-	-
Proceeds from energy rebate	-	-	-	706,185	-
Capital Lease Financing	-	-	-	4,114,646	-
Total other financing sources (uses)	<u>99,788</u>	<u>4,369</u>	<u>(873,663)</u>	<u>3,745,966</u>	<u>(517,587)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(172,748)	289,352	1,129,580	919,722	601,141
Fund Balance - July 1	<u>4,506,366</u> ¹	<u>4,333,618</u>	<u>4,622,970</u>	<u>5,752,550</u>	<u>7,439,937</u> ¹
Fund Balance - June 30	<u>\$ 4,333,618</u>	<u>\$ 4,622,970</u>	<u>\$ 5,752,550</u>	<u>\$ 6,672,272</u>	<u>\$ 8,041,078</u>

¹ Restated.

Source: Annual audited financial statements.

SECTION VI - ADDITIONAL INFORMATION

Litigation

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

Availability of Continuing Disclosure Information

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

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

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and notices of certain events pursuant to Rule 15c2-12(b)(5). In accordance with the Securities and Exchange Commission's interpretive letter dated June 23, 1995 to the National Association of Bond Lawyers regarding Rule 15c2-12 and the Town's previous continuing disclosure agreements, as to the filings for the fiscal year ending June 30, 2012, since audited financial statements and financial/operating data were not available by eight months after the close of the fiscal year, the Town filed unaudited financial statements and financial/operating data on February 28, 2013 and subsequently filed audited financial statements on March 6, 2013 when such audited financial statements were available. Aside from the aforementioned, within the last five fiscal years, the Town has not failed to meet in any material respect any of its undertakings under such agreements.

Financial Advisor

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

Documents Accompanying Delivery of the Bonds

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

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

5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached to the Official Statement as Appendix C.

The Town of Monroe has prepared a Preliminary Official Statement for the Bonds which is dated June 20, 2016. The Town deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Town will provide the winning bidder with 50 copies of the Official Statement, as prepared for this issue at the Town's expense and delivered not later than seven business days after the bid opening. Additional copies of the Official Statement may be obtained by a winning bidder at its own expense by arrangement with the printer. If the Issuer's financial advisor is provided with the necessary information from the winning bidder by 12:00 o'clock noon on the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices, the name of the managing underwriter of the Bonds.

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

Concluding Statement

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

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

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

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

TOWN OF MONROE, CONNECTICUT

By: STEPHEN J. VAVREK, JR.
First Selectman

By: DEBORAH HEIM
Treasurer

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

Dated: June 20, 2016

APPENDIX A – AUDITED FINANCIAL STATEMENTS

TOWN OF MONROE, CONNECTICUT

TABLE OF CONTENTS

JUNE 30, 2015

	<u>Page</u>
<i>Independent Auditors' Report</i>	A-1
<i>Management's Discussion and Analysis (Unaudited)</i>	A-3
<i>Basic Financial Statements:</i>	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position	A-11
Statement of Activities	A-12
<u>Governmental Fund Financial Statements:</u>	
Balance Sheet	A-13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	A-14
Statement of Revenues, Expenditures and Changes in Fund Balances	A-15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities	A-16
<u>Internal Service Fund Financial Statements:</u>	
Statement of Net Position	A-17
Statement of Revenues, Expenses and Changes in Fund Net Position	A-18
Statement of Cash Flows	A-19
<u>Fiduciary Fund Financial Statements:</u>	
Statement of Fiduciary Net Position	A-20
Statement of Changes in Plan Net Position	A-21
<u>Notes to Financial Statements</u>	A-22
<u>Required Supplementary Information</u>	A-65

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Monroe, Connecticut ("Town") as of and for the year ended June 30, 2015, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2H to the financial statements the Town's adopted the provisions of GASB Statement Nos. 68 *Accounting and Financial Reporting for Pensions* and 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Correction of Errors

As discussed in Note 2G to the financial statements the Town made corrections to the beginning balances in these financial statements.

Other Matters

Required Supplementary Information

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

PKF O'Connor Davies, LLP

January 25, 2016

Town of Monroe, Connecticut

Management's Discussion and Analysis
June 30, 2015

**Town of Monroe, Connecticut
Management's Discussion and Analysis
June 30, 2015**

Our discussion and analysis of Town of Monroe, Connecticut's (the Government) financial performance provides an overview of the Government's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

- GASB Statement No. 68 (Accounting and Financial Reporting for Pensions-An Amendment to GASB Statement No. 27) and GASB Statement No. 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68) have been implemented by the Town for the current fiscal year. The implementation of these statements have resulted in a net cumulative effect for the change in accounting principle of \$4,288,545 to record the net pension liability of the Town as of July 1, 2014. The pension expense for the current fiscal year was \$1,222,339 and the net pension liability as of June 30, 2015 was \$5,803,711.
- The Town's assets exceed its liabilities as of June 30, 2015 by \$44,574,429 (Net Position). The majority of this (96.77%) was attributed to the Town's net investment in capital assets of \$43,135,174.
- The Town's net position increased by \$1,294,244. This increase was substantially due to a \$500,000 STEAP grant received for the police station renovation which was mainly expended in the prior year and higher than expected tax revenues.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$12,808,790, an increase of \$4,218,203 over the prior year. This increase was primarily the result of the general fund operating surplus of \$1,118,728, plus \$6,220,000 in proceeds received from the issuance of general obligation bonds less capital outlays outside of the general fund of \$3,407,618.
- As of June 30, 2015 the unassigned fund balance for the general fund was \$6,210,066, or 7.84% of the total general fund expenditures and other financing uses on a budgetary basis. This represents a .20% increase over the prior fiscal year's percentage of 7.64%.
- The Town of Monroe's total general obligation bond and bond anticipation note debt decreased by \$845,000 (1.9%) over the course of the current fiscal year. This is summarized in the following table.

Summary of Total General Obligation Bond and Bond Anticipation Note Debt			
Description	2015	Change	2014
General Obligation Bonds	\$ 43,550,000	\$ 2,105,000	\$ 41,445,000
Bond Anticipation Notes	-	(2,950,000)	2,950,000
Totals	\$ 43,550,000	(845,000)	\$ 44,395,000

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the Government as a whole and present a longer-term view of the Government's finances. Fund financial statements start with Exhibit 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Government's operations in more detail than the

government-wide statements by providing information about the Government's most significant funds. The remaining statements provide financial information about activities for which the Government acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Government as a Whole

Our analysis of the Government as a whole begins with Exhibit 1. One of the most important questions asked about the Government's finances is, "Is the Government as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Government as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the Government shows the following activity:

- **Governmental activities**—The Government's basic services are reported here, including the education, public works, and general administration. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.

Reporting the Government's Most Significant Funds

Our analysis of the Government's major funds begins in the section titled "The Government's Funds". The fund financial statements begin with Exhibit 3 and provide detailed information about the most significant funds—not the Government as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance has established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- **Governmental funds**—The Government's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Government's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Government's programs. We describe the relationship (or differences) between governmental *activities*

Town of Monroe, Connecticut
Management's Discussion and Analysis
June 30, 2015

(reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The Government as Trustee

The Government is the trustee, or *fiduciary*, for student activity funds at the schools, school scholarships, the Town pension plan and performance bonds collected by the land use group. These funds do not belong to the Government. The Government's fiduciary activities are reported in separate Statements of Fiduciary Net Position in Exhibits 8. We exclude these activities from the Government's other financial statements because the Government cannot use these assets to finance its operations. The Government is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE GOVERNMENT AS A WHOLE

The Government's *combined* net position increased by \$1,294,244 from a year ago—*increasing* from \$43,280,185 to \$44,574,429. Last year net position *increased* by \$3,329,622. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Government.

Table 1
Change in Net Position (on Exhibit 1)

	2015	Change During Year		2014
		Dollars	Percent	
Current and other assets	\$ 23,793,333	\$ (287,410)	-1.19%	\$ 24,080,743
Capital assets	90,408,025	(796,479)	-0.87%	91,204,504
Total assets	114,201,358	(1,083,889)	-0.94%	115,285,247
Deferred outflows of resources	3,065,183	1,603,840	109.75%	1,461,343
Long-term debt outstanding	64,653,767	2,205,375	3.53%	62,448,392
Other liabilities	6,599,676	(4,418,337)	-40.10%	11,018,013
Total liabilities	71,253,443	(2,212,962)	-3.01%	73,466,405
Deferred inflows of resources	1,438,669	1,438,669	0.00%	-
Net position				
Net investment in capital assets	43,135,174	455,037	1.07%	42,680,137
Restricted	1,365,940	367,819	36.85%	998,121
Unrestricted	73,315	471,388	-118.42%	(398,073)
Total net position	\$ 44,574,429	\$ 1,294,244	2.99%	\$ 43,280,185

The significant changes in deferred outflows of resources and deferred inflows of resources relate to the Town's various pension plans. The increase in deferred outflows of resources resulted from a difference in projected vs. actual earnings, changes in assumptions and contributions after the measurement date for the Town's pension plans. The increase in these amounts totaled \$1,723,339. There was also a decrease in deferred outflows of \$119,499 related to deferred amounts on the refunding of long-term debt. The increase in deferred inflows of resources of \$1,438,669 resulted from a difference in projected vs. actual experience and projected vs. actual earnings for the Town's pension plans.

**Town of Monroe, Connecticut
Management's Discussion and Analysis
June 30, 2015**

The increase in long-term debt resulted from the issuance of \$6,220,000 of general obligation bonds, which was \$2,105,000 greater than the principal payments made on existing bonds during the course of the fiscal year.

The reduction in other liabilities was attributed to a decrease in accounts payable of \$2,240,668 and bond anticipation notes of \$2,950,000. \$2,021,492 of the reduction in payables and the entire reduction in bond anticipation notes were related to the Masuk and Fawn Hollow School roof projects. These projects were both in progress as of June 30, 2014 and completed during the fiscal year. The bond anticipation notes were paid off with the previously mentioned bond issue.

The overall increase in the Town's net position of \$1,294,244 is discussed below.

**Table 2
Change in Net Position (on Exhibit 2)**

	2015	Change During Year		2014
		Dollars	Percent	
Revenues				
Program revenues:				
Charges for services	\$ 7,376,344	\$ (201,335)	-2.66%	\$ 7,577,679
Operating grants and contributions	15,056,225	(1,033,424)	-6.42%	16,089,649
Capital grants and contributions	1,014,047	351,160	52.97%	662,887
General revenues:				
Property taxes	71,725,240	1,550,032	2.21%	70,175,208
Grants and contributions	2,307	(368,067)	-99.38%	370,374
Interest and investment earnings	(54,166)	(180,038)	-143.03%	125,872
Gain (loss) on disposal of equipment	2,000	2,000	0.00%	-
Other general revenues	191,884	(514,301)	-72.83%	706,185
Total revenues	<u>95,313,881</u>	<u>(393,973)</u>	-0.41%	<u>95,707,854</u>
Program expenses				
General government	8,686,745	114,509	1.34%	8,572,236
Public safety	8,368,234	158,526	1.93%	8,209,708
Public works	5,091,569	(402,617)	-7.33%	5,494,186
Health and welfare	267,102	(58,400)	-17.94%	325,502
Culture and recreation	3,148,479	(36,771)	-1.15%	3,185,250
Education	66,998,073	1,820,963	2.79%	65,177,110
Interest on long-term debt	1,459,435	45,195	3.20%	1,414,240
Total expenses	<u>94,019,637</u>	<u>1,641,405</u>	1.78%	<u>92,378,232</u>
Increase (decrease) in net position	<u>\$ 1,294,244</u>	<u>\$ (2,035,378)</u>	-61.13%	<u>\$ 3,329,622</u>

The revenue decline in operating grants and contributions was due to a decrease in support of \$1,333,639 the Town recognized from the State of Connecticut related to the defined benefit pension plan administered by the Connecticut State Teachers Retirement Board. This decline was the result of the implementation of GASB Statement No. 68, which requires the Town to recognize its proportionate share of the collective pension expense as both revenue and expense. In prior fiscal years the revenue (and expense) was recognized pursuant to GASB Statement No. 24 as on-behalf payments and was valued based upon actual contributions made by the state. If the valuation of this state support was consistent from 2014 to 2015, the state support recognized by the Town would have remained relatively flat year over year.

Town of Monroe, Connecticut
Management's Discussion and Analysis
June 30, 2015

Property tax revenue increased by \$1,550,032 as a result of the increase in tax collections as adopted in the 2015 budget.

The decline in interest and investment earnings was the result of an unrealized loss of \$208,506 the Town sustained in 2015 on an investment in U.S. Agency Bonds. This unrealized loss was recorded by the Town in order to mark the investments to fair market value.

Other general revenues declined year over year because of two energy rebate incentives received in 2014 from a local utility provider totaling \$706,185. These rebates were not received in 2015.

The increase in educational expenses of \$1,820,963 resulted from an increase in program expenses funded through the operating budget of \$1,076,752, an increase in expenses funded with grant revenues of \$360,789 and an increase in depreciation expense of \$506,626.

Governmental Activities

Table 3 presents the cost of each of the Government's governmental programs as well as each governmental program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Government's taxpayers by each of these functions.

Table 3
Governmental Type Activities

	Total Cost of Services			Incr. Decr.	Net Cost of Services		
	2015	2014			2015	2014	Incr. Decr.
Governmental Activities							
General government	\$ 8,686,745	\$ 8,572,236	1.34%	\$ 7,818,610	\$ 7,431,188	5.21%	
Public safety	8,368,234	8,209,708	1.93%	6,195,158	6,859,904	-9.69%	
Public works	5,091,569	5,494,186	-7.33%	4,121,976	4,600,133	-10.39%	
Health and welfare	267,102	325,502	-17.94%	216,500	238,098	-9.07%	
Culture and recreation	3,148,479	3,185,250	-1.15%	1,650,728	1,687,609	-2.19%	
Education	66,998,073	65,177,110	2.79%	49,173,216	45,816,845	7.33%	
Interest on long-term debt	1,459,435	1,414,240	3.20%	1,396,833	1,414,240	-1.23%	
Totals	\$ 94,019,637	\$ 92,378,232	1.78%	\$ 70,573,021	\$ 68,048,017	3.71%	

The decline in net public safety cost of services of \$664,746 was largely due to a \$500,000 STEAP Grant received from the State of Connecticut. This grant revenue was used to build the new police department, which had been completed in the prior fiscal year.

The increase in net educational cost of services resulted from the increase in expenses discussed in the previous section of \$1,820,963, plus a net reduction in various educational grant and contribution revenues of \$1,535,408.

**Town of Monroe, Connecticut
Management's Discussion and Analysis
June 30, 2015**

THE GOVERNMENT'S FUNDS

The overall fund balance increase of \$4,218,203 was previously discussed in the Financial Highlights section. This increase in overall fund balance differs from the increase in net position of \$1,294,244 as reflected on the Statement of Activities for various reasons. The complete reconciliation of the overall net change in fund balance to the overall change in net position can be found on Exhibit 4a of the Basic Financial Statements which follow. This exhibit is titled the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.

General Fund Budgetary Highlights

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

**Table 4
General Fund - Budget Summary**

	Final Budget	Actual	Variance
Revenues			
Property taxes	\$ 71,258,789	\$ 71,805,335	\$ 546,546
Licenses and permits	598,700	619,293	20,593
Intergovernmental	7,426,456	7,406,574	(19,882)
Charges for services	362,250	241,739	(120,511)
Interest and dividends	140,583	170,992	30,409
Miscellaneous	60,000	191,884	131,884
Total Revenues	79,846,778	80,435,817	589,039
Expenditures			
General government	8,540,080	8,319,358	220,722
Public safety	6,740,132	6,569,254	170,878
Public works	3,782,130	3,782,126	4
Health and welfare	260,071	259,121	950
Culture and recreation	1,550,781	1,550,706	75
Capital outlay	188,956	187,101	1,855
Debt service	5,676,641	5,635,013	41,628
Operating transfers out	175,000	175,000	-
Education	52,932,987	52,814,456	118,531
Total Expenditures	79,846,778	79,292,135	554,643
Increase (Decrease) in Fund Balance	\$ -	\$ 1,143,682	\$ 1,143,682

**Town of Monroe, Connecticut
Management's Discussion and Analysis
June 30, 2015**

Tax revenues came in higher than budgeted. In preparing the budget, a collection rate of 98.5% was used. The actual collection rate for the fiscal year was 99.00%.

All other revenues remained relatively flat when netted. Charges for services were down by \$120,511 largely due to the fact that \$100,000 had been budgeted to be transferred from the Police Special Duty Fund to the General Fund to cover operations for the fiscal year. This transfer of funds was not required due to the higher than expected collection rate on tax revenues. Accordingly, the funds were not transferred into the General Fund and remained in the Police Private Duty Fund and are available to the Town for future needs. Miscellaneous revenues are budgeted conservatively every year because they are unpredictable in nature. Accordingly, these came in over budget by \$131,884.

General Government Expenditures came in under-budget by \$220,722 (2.58%). After budgetary transfers, every department came in at or below budget. The departments which drove this number were the Town Clerk (\$25,725 under budget), Human Resources (\$56,135), Technology (\$20,789), Assessor (\$28,586) and Planning & Zoning (\$23,397). The reasons varied from department to department as to why they came in under-budget. The most significant reason, however, was that Human Resources came in \$294,156 under-budget before budgetary transfers. This was largely the result of savings which were realized in insurance and fringe benefits. This allowed \$238,021 of these available funds to be re-appropriated to other departments with budgetary needs.

The surplus in Public Safety of \$170,878 was largely due to the Police department, which came in \$154,046 under-budget. This was largely driven by salary (both regular and overtime) and benefits coming in \$123,963 under-budget because a few budgeted positions were left unfilled for a portion of the year. Vehicle expense also came in \$19,881 under-budget because of the decline in gas prices and unneeded repairs & maintenance to the police vehicles.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Government had \$90,408,025 invested in government activity capital assets. This amount represents a net decrease (including additions and deductions) of \$796,479 from last year. This is due to depreciation expense of \$4,678,882, which was \$796,479 greater than the amount of capital expenditures incurred by the Town for the fiscal year of \$3,882,403. More detailed information about the Government's capital assets is presented in Note 3D to the financial statements.

Debt

At year end, the Government had \$43,550,000 in bonds and notes outstanding. As previously discussed, this is a decrease of \$845,000 from last year. The Government's general obligation bond rating continues to carry an Aa2 rating. More detailed information about the Government's long-term liabilities is presented in Note 3E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Government's elected and appointed officials considered the following factors when setting the budget and mill rate for fiscal year 2016:

- The Town went through a revaluation of its real estate as of October 1, 2014.
- The unemployment rate for the Town was 5.8% in January of 2015, which compared favorably to the State's unemployment rate at that time of 6.8%. (Note: The Town's unemployment rate as of November 2015 was 4.2%.)
- The student population in the Monroe Public Schools was substantially unchanged from fiscal year 2015.
- Inflationary trends in the region are comparable to national indices.
- The Town receives intergovernmental revenues from the State of Connecticut. Due to the State's ongoing economic and budget challenges, these revenues were budgeted conservatively by the Town.

The State of Connecticut's Office of Policy and Management ("OPM") has adopted new laws that will affect the Government's budgets in subsequent years. The motor vehicle mill rate will be capped at 32 mills in fiscal year 2017 and 29.36 mills in fiscal year 2018 and thereafter. Beginning in fiscal year 2018, a cap will be imposed on municipal spending to limit general budget expenditures to 2.5 percent above the previous year or the rate of inflation, whichever is greater. Exemptions from the cap include debt service, special education expenditures, and expenditures related to major disaster or emergency declaration. The Minimum Budget Requirement ("MBR") for education expenditures has been relaxed effective July 1, 2015. The change allows the Government more flexibility in lowering its MRB.

CONTACTING THE GOVERNMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, businesses and investors with a general overview of the Town's finances and to show the Government's accountability for the money it receives. 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.**

Town of Monroe, Connecticut

Basic Financial Statements
June 30, 2015

Town of Monroe, Connecticut

Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 15,545,175
Investments	4,253,687
Receivables	
Taxes, net	1,198,613
Accounts	729,206
Intergovernmental	2,065,334
Prepaid expenses	1,318
Capital assets	
Nondepreciable	14,354,309
Depreciable, net of accumulated depreciation	<u>76,053,716</u>
Total Assets	<u>114,201,358</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding long-term debt	746,507
Difference between projected and actual earnings on pension plan	667,322
Change in assumptions on pension plan	1,043,000
Contributions to the pension plan after the measurement date	<u>608,354</u>
Total deferred outflows of resources	<u>3,065,183</u>
LIABILITIES	
Accounts payable	1,919,279
Accrued payroll and related	819,523
Retainage payable	53,850
Risk management claims payable	919,050
Accrued interest payable	239,946
Due to fiduciary funds	1,239,536
Unearned revenues	1,408,492
Non-current liabilities	
Due within one year	6,511,527
Due in more than one year	<u>58,142,240</u>
Total Liabilities	<u>71,253,443</u>
DEFERRED INFLOWS OF RESOURCES	
Net difference between projected and actual experience	833,195
Difference between projected and actual earnings on pension plan	<u>605,474</u>
Total deferred inflows of resources	<u>1,438,669</u>
NET POSITION	
Net investment in capital assets	43,135,174
Restricted net position	
Expendable	1,363,690
Nonexpendable - trust fund principal	2,250
Unrestricted net position	<u>73,315</u>
Total Net Position	<u>\$ 44,574,429</u>

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

Town of Monroe, Connecticut

Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities					
General government	\$ 8,686,745	\$ 581,190	\$ 217,551	\$ 69,394	\$ (7,818,610)
Public safety	8,368,234	1,326,736	346,340	500,000	(6,195,158)
Public works	5,091,569	607,745	57,793	304,055	(4,121,976)
Health and welfare	267,102	6,955	43,647	-	(216,500)
Culture and recreation	3,148,479	1,288,639	184,112	25,000	(1,650,728)
Education	66,998,073	3,565,079	14,206,782	52,996	(49,173,216)
Interest on long-term debt	1,459,435	-	-	62,602	(1,396,833)
Total Governmental Activities	<u>94,019,637</u>	<u>7,376,344</u>	<u>15,056,225</u>	<u>1,014,047</u>	<u>(70,573,021)</u>
General Revenues					
Property taxes, payments in lieu of taxes, interest and liens					71,725,240
Grants and contributions not restricted to specific programs					2,307
Unrestricted interest and investment earnings					(54,166)
Gain (loss) on disposal of equipment					2,000
Other general revenues					<u>191,884</u>
Total General Revenues					<u>71,867,265</u>
Change in Net Position					1,294,244
Net Position - Beginning of Year, as restated					<u>43,280,185</u>
Net Position - End of Year					<u>\$ 44,574,429</u>

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

Town of Monroe, Connecticut

Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and equivalents	\$12,868,086	\$ 784,592	\$ 13,652,678
Investments	3,986,302	267,385	4,253,687
Taxes receivable, net of allowance for uncollectible amounts	1,198,613	-	1,198,613
Other receivables			
Accounts	315,245	413,961	729,206
Intergovernmental	987,172	1,078,162	2,065,334
Due from other funds	1,186,793	6,370,658	7,557,451
Prepaid expenditures	-	1,318	1,318
Total Assets	<u>\$20,542,211</u>	<u>\$ 8,916,076</u>	<u>\$ 29,458,287</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,369,501	\$ 549,300	\$ 1,918,801
Accrued payroll and related	815,898	3,625	819,523
Other accrued liabilities	53,850	-	53,850
Due to other funds	8,154,316	1,186,793	9,341,109
Unearned revenues	96,468	1,312,024	1,408,492
Total Liabilities	<u>\$10,490,033</u>	<u>\$ 3,051,742</u>	<u>\$ 13,541,775</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues - not available	<u>2,011,100</u>	<u>1,096,622</u>	<u>3,107,722</u>
Fund Balances			
Nonspendable	\$ 219,005	\$ 3,568	\$ 222,573
Restricted	801,126	562,564	1,363,690
Committed	-	3,827,955	3,827,955
Assigned	810,881	1,627,794	2,438,675
Unassigned	6,210,066	(1,254,169)	4,955,897
Total Fund Balances	<u>8,041,078</u>	<u>4,767,712</u>	<u>12,808,790</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$20,542,211</u>	<u>\$ 8,916,076</u>	<u>\$ 29,458,287</u>

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

Town of Monroe, Connecticut

Reconciliation of Governmental Funds Balance Sheet
to the Government Wide Statement of Net Position - Governmental Activities
June 30, 2015

Fund Balances - Total Governmental Funds	\$ 12,808,790
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	90,408,025
Internal service funds are used by management to charge the costs of insurance and general services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	1,517,091
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(1,247,554)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	3,107,722
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(239,946)
Bonds payable	(43,550,000)
Capital leases payable	(2,475,297)
Compensated absences	(2,026,676)
Termination benefits payable	(4,639,192)
Retired employee obligations	(1,058,510)
Pension obligations payable	(5,803,711)
Other post-employment benefits obligations payable	(3,106,320)
Deferred outflows on pensions	2,318,676
Deferred inflows on pensions	(1,438,669)
	<u>(62,019,645)</u>
Net Position of Governmental Activities	<u>\$ 44,574,429</u>

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, 2015

	General	Masuk and Fawn Hollow Roof Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$71,851,017	\$ -	\$ -	\$71,851,017
Intergovernmental	12,698,512	-	2,904,258	15,602,770
Licenses, permits and other charges	619,293	-	-	619,293
Charges for services	241,739	-	4,277,912	4,519,651
Contributions	-	-	312,305	312,305
Investment earnings (loss)	(57,786)	-	2,662	(55,124)
Miscellaneous	212,156	-	52,439	264,595
Total Revenues	<u>85,564,931</u>	<u>-</u>	<u>7,549,576</u>	<u>93,114,507</u>
EXPENDITURES				
Current expenditures				
General government	8,538,034	-	1,199	8,539,233
Public safety	6,426,696	-	1,469,074	7,895,770
Public works	3,605,026	-	550,944	4,155,970
Health and welfare	259,413	-	87,479	346,892
Culture and recreation	1,550,706	-	1,200,564	2,751,270
Education	58,009,142	-	3,940,175	61,949,317
Debt service				
Principal	4,589,519	-	-	4,589,519
Interest	1,301,544	29,418	-	1,330,962
Bond issuance costs	87,478	45,424	50,202	183,104
Capital outlay	<u>78,645</u>	<u>2,175,810</u>	<u>1,231,808</u>	<u>3,486,263</u>
Total Expenditures	<u>84,446,203</u>	<u>2,250,652</u>	<u>8,531,445</u>	<u>95,228,300</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,118,728</u>	<u>(2,250,652)</u>	<u>(981,869)</u>	<u>(2,113,793)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	409,400	-	1,204,213	1,613,613
Transfers out	(926,987)	(486,865)	(219,761)	(1,633,613)
Issuance of long-term debt	-	2,950,000	3,270,000	6,220,000
Premium on financing	-	62,602	69,394	131,996
Total Other Financing Sources (Uses)	<u>(517,587)</u>	<u>2,525,737</u>	<u>4,323,846</u>	<u>6,331,996</u>
Net Change in Fund Balance	601,141	275,085	3,341,977	4,218,203
Fund Balances - Beginning of Year	<u>7,439,937</u>	<u>(275,085)</u>	<u>1,425,735</u>	<u>8,590,587</u>
Fund Balances - End of Year	<u>\$ 8,041,078</u>	<u>\$ -</u>	<u>\$ 4,767,712</u>	<u>\$12,808,790</u>

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

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 4,218,203</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.</p>	
Capital outlay expenditures	3,882,403
Depreciation expense	<u>(4,678,882)</u>
	<u>(796,479)</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Real property taxes and other revenues in the General Fund	(475,389)
Revenues in the Waste Disposal Fund	21,775
Revenues in the Police Private Duty Fund	72,303
Revenues in the EMS Fund	37,458
Grant revenues in the Pepper Street Grant Fund	(32,360)
Grant revenues in the Police Renovation Fund	<u>500,000</u>
	<u>123,787</u>
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Proceeds from long-term debt - general obligation bonds	(6,220,000)
Premium on issuance of long-term debt	(131,997)
Principal payments on long-term debt	4,589,519
Amortization of loss on refunding bonds, issuance premium and issuance costs	<u>183,493</u>
	<u>(1,578,985)</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the change in</p>	
Accrued interest	(128,473)
Change in compensated absences	(72,125)
Change in termination benefits	(347,289)
Change in retired employee obligations	(24,071)
Change in pension liability	(17,599)
Change in other post employment benefits liability	(48,135)
Change in MERS pension liability and related deferred inflows and outflows	<u>166,499</u>
	<u>(471,193)</u>
<p>Internal service funds are used by management to charge the costs of medical, risk management and other claims to individuals funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>	
	<u>(201,089)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,294,244</u>

Town of Monroe, Connecticut

Statement of Net Position
Internal Service Funds
June 30, 2015

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
ASSETS	
Current Assets	
Cash and equivalents	\$ 1,892,497
Receivables	
Due from other funds	<u>544,122</u>
Total Assets	<u>2,436,619</u>
LIABILITIES	
Current Liabilities	
Accounts payable	478
Claims payable	<u>554,003</u>
Total Current Liabilities	<u>554,481</u>
Noncurrent Liabilities	
Claims payable	<u>365,047</u>
Total Liabilities	<u>919,528</u>
NET POSITION	
Unrestricted	<u>\$ 1,517,091</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
Internal Service Funds
For the Year Ended June 30, 2015

	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES	
Employer contributions	\$ 5,668,500
Charges for services	<u>2,013,700</u>
Total Operating Revenues	<u>7,682,200</u>
OPERATING EXPENSES	
Claims and benefits	6,835,670
Premiums and administrative charges	<u>1,068,577</u>
Total Operating Expenses	<u>7,904,247</u>
Income (Loss) from Operations	<u>(222,047)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	<u>958</u>
Income (Loss) Before Transfers	(221,089)
Transfers in	<u>20,000</u>
Change in Net Position	(201,089)
Net Position - Beginning of Year	<u>1,718,180</u>
Net Position - End of Year	<u>\$ 1,517,091</u>

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

Town of Monroe, Connecticut

Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	Governmental Activities
	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from employer contributions	\$ 5,668,500
Cash received from charges for services	2,013,700
Cash payments for benefits and claims	(6,898,106)
Cash payments to vendors and others	<u>(1,074,273)</u>
Net Cash from Operating Activities	<u>(290,179)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	<u>20,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>958</u>
Net Increase (Decrease) in Cash and Equivalents	(269,221)
Cash and Equivalents - Beginning of Year	<u>2,161,718</u>
Cash and Equivalents - End of Year	<u>\$ 1,892,497</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Income (loss) from operations	\$ (222,047)
Changes in operating assets and liabilities	
Due from other funds	(25,696)
Accounts payable	(2,362)
Risk management claims payable	<u>(40,074)</u>
Net Cash from Operating Activities	<u>\$ (290,179)</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, 2015

	Pension Trust Funds	Private Purpose Trust Fund - School Scholarships	Agency Funds
ASSETS			
Cash	\$ -	\$ 63,402	\$ 209,619
Investments, at fair value	20,517,334	-	-
Due from other funds	-	-	1,239,536
Accrued interest and dividends	<u>4</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>20,517,338</u>	 <u>63,402</u>	 <u>1,449,155</u>
LIABILITIES			
Accounts payable and due to others	<u>-</u>	<u>-</u>	<u>1,449,155</u>
NET POSITION			
Restricted for pensions and other purposes	<u>\$ 20,517,338</u>	<u>\$ 63,402</u>	<u>\$ -</u>

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

Town of Monroe, Connecticut

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Fund - School Scholarships</u>
ADDITIONS		
Contributions		
Employer	\$ 759,221	\$ -
Plan members	<u>345,068</u>	<u>-</u>
Total Contributions	<u>1,104,289</u>	<u>-</u>
Investment Income		
Net change in fair value of investments	471,826	-
Interest and dividends	<u>264,942</u>	<u>5</u>
Total Investment Income	<u>736,768</u>	<u>5</u>
Total Additions	<u>1,841,057</u>	<u>5</u>
DEDUCTIONS		
Benefit payments	991,172	4,300
Administrative expenses	<u>124,911</u>	<u>340</u>
Total Deductions	<u>1,116,083</u>	<u>4,640</u>
Change in Net Position	<u>724,974</u>	<u>(4,635)</u>
Net Position - Beginning of Year	<u>19,792,364</u>	<u>68,037</u>
Net Position - End of Year	<u>\$20,517,338</u>	<u>\$ 63,402</u>

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

1. Summary of Significant Accounting Policies

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

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

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

A. Financial Reporting Entity

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

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

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

1. Summary of Significant Accounting Policies (Continued)

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

C. Fund Financial Statements

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

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

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

The Town's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

1. Summary of Significant Accounting Policies (Continued)

Fund Categories

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

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

Masuk and Fawn Hollow Roof Fund – This capital project fund is used to account for the revenues and expenditures associated with the roof renovations at Masuk High School and Fawn Hollow Elementary School. This fund closed during the year.

The Town also reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specific purpose other than debt service or capital projects. The non-major Special Revenue Funds of the Town are:

- Library Grants – Various federal, state and local grants received for the library.
- Wheeler Library – Revenue received from the Edith S. Wheeler Trust for the benefit of the library.
- School Cafeteria – Operations of the schools' cafeterias funded by federal grants and faculty and student meal purchases.
- Education Grants – Various federal, state and local grants received for educational purposes.
- Education Programs – Educational programs, athletic team surcharges, facility usage fees and other miscellaneous Board of Education program revenues to be used for the various educational and extracurricular activities for which the fees were collected.
- WMNR Radio Station – Private donations received which fund the operations of the WMNR Radio Station.
- Police Grants – Various federal, state and local grants received for law enforcement.
- Police Private Duty – Private duty police assignment revenue (i.e. traffic control) used to cover the associated private duty labor and vehicle costs. From time to time, the surplus in this fund is transferred to the Town's General Fund.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)

June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

- Recreation Programs – Parks and Recreation program revenue used to cover the associated expenditures required to run various programs by Parks and Recreation. From time to time, the surplus in this fund is either transferred to the Town's General Fund or appropriated for a capital expenditure at one of the Town's parks.
- Senior Center Grant and Program – Grant and program revenue used to fund various program expenditures at the Senior Center for the benefit of senior citizens.
- Emergency Medical Service – Agent billing revenue from patient transportation used to fund EMS operations.
- Town Grants and Programs – Grant, donation and program revenue received by the Town for various specified purposes.
- Local Capital Improvements – State grant revenue and corresponding expenditures relating to the Local Capital Improvement Program (LOCIP).
- Town Road Grants – Town Aid Road and Municipal Projects grant revenue received from the State, and all related expenditures.
- Waste Disposal – Refuse hauler fees and dump truck ticket revenue used to fund the Town's proportionate usage of the Trumbull Transfer Station.

Capital Projects Funds - Capital project funds are used to account for the acquisition of major capital facilities or improvements other than those financed by proprietary funds. The following are the Town's non-major capital projects funds:

- Plan of Conservation and Development – This is funded on an annual basis with an appropriation from the General Fund and is used to account for expenditures related to the updating and implementation of the Plan of Conservation and Development (PCOD).
- Capital Reserve – To account for non-major 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 proceeds received from the issuance of General Obligation Bonds.
- Road Construction and Reconstruction – To account for all road construction and reconstruction projects (paving, drainage, etc.) which are funded with the issuance of General Obligation Bonds.
- Reconstruction of Pepper Street – To account for the grant revenue and related expenditures for the reconstruction of Pepper Street. This project is being funded utilizing federal funds under the STP Urban Component of the Surface Transportation Program. Eighty percent (80%) will be funded with federal funds, ten percent (10%) with state funds and the remaining ten percent (10%) with Town funds.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

- Police Department Renovation – To account for the revenue and expenditures related to the renovation of the police station. This project was funded with the issuance of General Obligation Bonds and a \$500,000 state grant.
- Education Capital Reserve – Established pursuant to Section 10-248a of the Connecticut General Statutes, it has historically been funded with the transfer of any Board of Education budget surplus which remains at the end of a fiscal year.
- Capital Financing – This fund is used to internally finance certain capital vehicle and equipment purchases. An appropriation is budgeted in the general fund on an annual basis and is transferred into this fund. The vehicle and equipment purchases made through this fund are amortized over a period not to exceed 5 years. The amortization expense within the fund for any given year must not be greater than the budget appropriation to be transferred into the fund for that fiscal year. This fund is expected to carry a deficit fund balance.

Permanent Funds – 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 Town has the following permanent fund:

- Cornelia Rogers – This fund was established in 1911 with a contribution of \$2,250. The principal of the fund is to remain intact, and the annual income is to be used from time to time as the Town may authorize.

b. Proprietary Funds - Proprietary funds include internal service funds. Internal Service funds are used to account for those operations that provide services to the Town. The following are the Town's non-major internal service funds:

- Town Dental – is used to account for the Town's Dental plan.
- Board of Education Medical and Dental – is used to account for the Board of Education's Medical and Dental plans.
- Heart and Hypertension – is used to account for Heart and Hypertension claims of police officers.
- Post-Retirement Benefits – is used to account for Other Post-Employment Benefits provided to police after retirement. Subsequent to yearend the Town established a Trust Fund for these benefits.

c. Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. These include Pension Trust, Private Purpose Trust and Agency funds. The Pension Trust Fund is provided to account for the activities of the Town of Monroe Retirement Income Plan. This Plan is a defined pension plan, which accumulates resources in two separate asset pools for pension benefit payments to qualified employees upon retirement. One asset pool is for the benefit of qualified Board of Education employees and the other is for qualified Town of Monroe employees. The Private Purpose Trust Fund was established to fund scholarships for students in the schools. Agency Funds are primarily utilized to account for monies held as custodian for outside student groups and performance bonds.

1. Summary of Significant Accounting Policies (Continued)

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and pension trust funds. The Agency Fund has no measurement focus, but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months.

1. Summary of Significant Accounting Policies (Continued)

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

Investments - The investment policies of the Town conform to the policies as set forth by the State of Connecticut and Chapter VIII, Section 7(e) of the Town Charter. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax Exempt Proceeds Fund.

Investments are stated at fair value, based on quoted market prices.

The pension and self-insurance funds allow for investments in certain alternative investments. Alternative investments may include private equity partnerships, infrastructure limited partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

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

1. Summary of Significant Accounting Policies (Continued)

These funds are each considered a “2a7-like” pool and, as such, report its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pooled investment funds’ risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

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

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

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

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

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

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

1. Summary of Significant Accounting Policies (Continued)

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

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

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

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

Land is considered inexhaustible and, therefore, not depreciated. Property, plant, and equipment of the Town is depreciated or amortized using the straight line method over the following estimated useful lives:

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Land improvements	20-30	\$ 5,000
Buildings and improvements	20-40	\$ 5,000
Machinery and equipment	5-12	\$ 5,000
Vehicles	3-15	\$ 5,000
Infrastructure	30-50	\$ 5,000

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

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

As of June 30, 2015, \$1,438,669 was reported as deferred inflows of resources in the government-wide Statement of Net Position (Exhibit 1). This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. This balance is attributable to the net difference between projected and actual investment earnings on the pensions. This will be amortized over time in accordance with the pension assumptions.

As of June 30, 2015, \$3,065,183 was reported as deferred outflows of resources in the government-wide Statement of Net Position (Exhibit 1). Deferred amount on refunding, totaling \$746,507 resulted from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, \$2,318,676 was reported as deferred outflows of resources for pension for the various pension plans.

Also, deferred revenues in the fund financial statements (Exhibit 3) are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

1. Summary of Significant Accounting Policies (Continued)

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

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

Net Pension Liability in the Municipal Employee Retirement System

The net pension liability includes the Town's proportionate share of the net pension liability of the Connecticut Municipal Employees Retirement System ("MERS") as well as its own pension funds. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement Nos. 68 *Accounting and Financial Reporting for Pensions* and 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

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

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

- Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).
- Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.

1. Summary of Significant Accounting Policies (Continued)

- Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision making authority. A motion by the Town Council or Board of Finance is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.
- Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Finance for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.
- Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows.

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

F. Encumbrances

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

1. Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 25, 2016.

2. Stewardship, Compliance and Accountability

A. Budget Basis

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

- **Teachers' Retirement** - The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- **General Government Accrued Payroll** – The general government records its payroll on a cash basis of accounting for budgetary purposes.
- **Encumbrances** - Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year-end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.
- **Gains and/or Losses on Investments** – The Town does not budget for gains and/or losses on investments in its budgetary basis statements.
- **Payments out of Reserve Accounts** – Certain payments out of reserve accounts have been traditionally excluded from the budget.
- **Health district operations** – The Town's local health district operations are excluded from the budget. These operations were terminated during the year.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

2. Stewardship, Compliance and Accountability (Continued)

B. Budget Calendar

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

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

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

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

C. Budget Control

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

Upon request of the First Selectman, the Board of Finance may transfer any unencumbered appropriation, balance, or portion thereof from one office, agency, board or commission to another within the fiscal year. No transfer may be made from any appropriations for debt service or other statutory charges. Additional appropriations shall not be made except from the contingency fund. Appropriations from the contingency fund shall be approved by the First Selectman, the Town Council, and the Board of Finance. The contingency fund is not to exceed one half of one mill of the grand list within the annual budget. Transfers within a department must be approved by Town Council.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2015

2. Stewardship, Compliance and Accountability (Continued)

D. Application of Accounting Standards

For the year ended June 30, 2015, the Town implemented:

- GASB Statement 68 - *Accounting and Financial Reporting for Pensions* – This statement, and GASB Statement 67 applicable to pension plans, improves information provided by state and local government employers for better decision making, accountability, interperiod equity, and creating additional transparency.
- GASB Statement 69 – *Government Combinations and Disposals of Government Operations* - This statement establishes accounting and financial reporting standards related to a variety of transactions such as mergers, acquisitions, and transfers of operations.
- GASB Statement 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date* – This statement is an amendment of GASB Statement 68 and should be applied simultaneously with the provisions of Statement 68.

E. Fund Deficit

The following funds had deficit unassigned fund balances at June 30, 2015. These are expected to be covered by receivables which were not available so that no revenue was recorded as of June 30th; future revenues into the fund; or, a transfer from the General Fund or other existing fund:

	Deficit	Expected Coverage		
		Collection of Receivables	Future Revenues	Internal Transfers
Special Revenue Funds				
Police Grants	\$ 1,112	\$ -	\$ 1,112	\$ -
Emergency Medical Services	103,904	63,223	40,681	-
Waste Disposal	6,658	6,658	-	-
Capital Projects Funds				
Capital Reserve	417,899	-	417,899	-
Reconstruction of Pepper Street	94,925	49,765	45,160	-
Police Department Renovation	482,458	482,458	-	-
Capital Financing	147,213	-	-	147,213

F. Prior Period Adjustment

A number of funds were combined on the financial statements. Town Grants and Programs now contains the Canine, Miscellaneous Town Donations, and Exchange Programs Funds. Senior Center Grant and Program now contains the Senior Center and the Senior Citizen Programs Funds. Capital Reserve now contains the Chalk Hill Asbestos, Fire Cistern Grant, Food Pantry Paving and Land Use Grants Funds.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

2. Stewardship, Compliance and Accountability (Continued)

A number of corrections to beginning balances were made. These were treated as prior period adjustments in that the beginning balances of equity were corrected to reflect the changes summarized as follows:

	Fund Financial Statements		Government Wide Statements	
	Increase	Decrease	Increase	Decrease
Governmental Activities				
General Fund				
Reclassify reserves from liability to equity				
Enernoc	34,396	-	34,396	-
Wheeler Library project	1,815	-	1,815	-
Tax collector fees	27,904	-	27,904	-
Copying	30,000	-	30,000	-
Actuarial report	29,425	-	29,425	-
Annual report	3,000	-	3,000	-
Donation for Senior Center	403,645	-	403,645	-
Donation for Parks and Recreation	403,645	-	403,645	-
Correction for				
Deferred revenue - watermain	-	-	68,043	-
Record BOE accrued payroll on gross pay	-	(210,892)	-	(210,892)
MUNIS implementation balances	102,247	-	102,247	-
Move revaluation reserve to Capital Reserve	-	(97,858)	-	-
Remove Capital Financing	32,024	-	-	-
Driveway bond balance	8,315	-	8,315	-
Total General Fund	1,076,416	(308,750)		
Correction for deferred/unearned revenue				
Emergency Medical Service	-	(25,765)	-	-
Fire Cistern STEAP Grant	-	(100,332)	-	-
Reconstruction of Pepper Street	-	(82,125)	-	-
Board of Education Capital Reserve	-	(289,224)	-	-
Town Road Grants	-	(119,357)	-	(119,357)
Remove from the General Fund				
Move revaluation reserve to Capital Reserve	97,858	-	-	-
Record Capital Financing	-	(32,024)	-	-
Capital Assets				
To record 2013-14 capital additions			273,808	-
To record depreciation on 2013-14 additions			-	(217,895)
To correct depreciation			13,566	-
Reclassify Munis as an operating lease			-	(457,637)
Long Term Debt				
Reclassify Munis as an operating lease			198,190	-
Correction for compensated absences			3,793,027	-
Total Adjustments to Governmental Activities	1,174,274	(957,577)	5,391,026	(1,005,781)

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

2. Stewardship, Compliance and Accountability (Continued)

G. Cumulative Effect of Change in Accounting Principle

For the year ended June 30, 2015, the Town implemented GASB Statement Nos. 68 *Accounting and Financial Reporting for Pensions* and 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures.

These statements also require the identification of the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value and attribute that present value to periods of employee service.

As a result of adopting these standards, the government-wide financial statements reflect a cumulative effect for the change in accounting principle to record the Net Pension liability for the following:

Town pension (net pension asset)	\$ (103,315)
Board of Education pension	2,111,431
Municipal Employees Retirement System	<u>2,280,429</u>
	<u>\$ 4,288,545</u>

3. Detailed Notes on All Funds

A. Cash, Cash Equivalents and Investments

Cash and investments of the Town consist of the following at June 30, 2015:

Statement of Net Position	
Cash and equivalents	\$ 15,545,175
Investments	<u>4,253,687</u>
	<u>19,798,862</u>
Fiduciary Funds	
Cash and equivalents	273,021
Investments	<u>20,517,334</u>
	<u>20,790,355</u>
Total Cash and Investments	<u>\$ 40,589,217</u>

Cash and Cash Equivalents - As of June 30, 2015 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 15,611,453
Plus external investment pools	<u>206,743</u>
	<u>\$ 15,818,196</u>

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds (Continued)

The bank balance of the deposits was \$15,908,629 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 1,230,904
Uninsured and uncollateralized	14,677,725
	<u>\$ 15,908,629</u>

Investments – Investments reported in Governmental Funds are summarized as follows:

	General Fund	Other Governmental Funds	Total Investments
Mutual funds - money market	\$ -	\$ 267,385	\$ 267,385
U.S. Agency Bonds	3,986,302	-	3,986,302
	<u>\$ 3,986,302</u>	<u>\$ 267,385</u>	<u>\$ 4,253,687</u>

Investments reported in Fiduciary Funds are summarized as follows:

	Town Employees' Retirement Plan	Board of Education Pension Plan	Total Investments
Mutual funds			
Equity	\$ 6,501,449	\$ 6,869,702	\$ 13,371,151
Money market	551,782	113,020	664,802
Bonds	2,899,247	3,081,849	5,981,096
Other	241,394	258,891	500,285
	<u>\$ 10,193,872</u>	<u>\$ 10,323,462</u>	<u>\$ 20,517,334</u>

Below is a summary of the interest rate risk and credit risk as of June 30, 2015:

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1 Year	1-5 Years	Over 5 Years
Mutual funds					
Equity	NA	\$ 13,371,151	\$ 13,371,151	\$ -	\$ -
Money market	NA	932,187	-	932,187	-
Bonds	BBB	5,981,096	5,981,096	-	-
Other	NA	500,285	500,285	-	-
U.S Agency Bonds	NA	3,986,302	-	-	3,986,302
Total		<u>\$ 24,771,021</u>	<u>\$ 19,852,532</u>	<u>\$ 932,187</u>	<u>\$ 3,986,302</u>

B. Receivables, Deferred Revenue and Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The following were reported as *deferred revenue* because they were not received within 60 days of the year end:

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds (Continued)

	General Fund	Other Governmental Funds
Property taxes	\$ 955,885	\$ -
Usage fees	-	157,301
Intergovernmental revenue	987,172	939,321
Other	68,043	-
	<u>\$ 2,011,100</u>	<u>\$ 1,096,622</u>

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the liability *unearned revenue* at June 30, 2015:

	General Fund	Other Governmental Funds
Taxes collected in advance	\$ 96,468	\$ -
Advances on grants	-	1,139,414
Fees collected in advance	-	172,610
	<u>\$ 96,468</u>	<u>\$ 1,312,024</u>

C. Interfund Transactions

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2015 these were summarized as follows:

Receivable fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 1,186,793
Other Governmental Funds	General Fund	6,370,658
Proprietary Funds	General Fund	544,122
Fiduciary Funds	General Fund	1,239,536
		<u>\$ 9,341,109</u>

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2015 were as follows:

	Transfers into			Total
	General Fund	Other Governmental Funds	Proprietary Funds	
Transfers out of				
General Fund	\$ -	\$ 906,987	\$ 20,000	\$ 926,987
Masuk and Fawn Hollow	360,195	126,670	-	486,865
Other governmental funds	49,205	170,556	-	219,761
	<u>\$ 409,400</u>	<u>\$ 1,204,213</u>	<u>\$ 20,000</u>	<u>\$ 1,633,613</u>

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds (Continued)

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 13,922,971	\$ -	\$ -	\$ 13,922,971
Construction in progress	7,232,111	2,709,363	(9,510,136)	431,338
	<u>21,155,082</u>	<u>2,709,363</u>	<u>(9,510,136)</u>	<u>14,354,309</u>
Capital assets being depreciated				
Land improvements	2,631,207	-	-	2,631,207
Buildings and systems	96,138,518	9,012,710	-	105,151,228
Machinery and equipment	9,876,018	394,962	-	10,270,980
Vehicles	10,467,893	571,617	(270,587)	10,768,923
Infrastructure	68,756,863	703,887	-	69,460,750
	<u>187,870,499</u>	<u>10,683,176</u>	<u>(270,587)</u>	<u>198,283,088</u>
Less accumulated depreciation	<u>(117,821,077)</u>	<u>(4,678,882)</u>	<u>270,587</u>	<u>(122,229,372)</u>
	<u>\$ 91,204,504</u>	<u>\$ 8,713,657</u>	<u>\$ (9,510,136)</u>	<u>\$ 90,408,025</u>

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

General government	\$ 85,217
Public safety	675,053
Public works	1,127,175
Culture and recreation	349,356
Education	2,442,081
	<u>\$ 4,678,882</u>

E. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 41,445,000	\$ 6,220,000	\$ (4,115,000)	\$ 43,550,000	\$ 4,585,000
Capital leases	2,949,814	-	(474,517)	2,475,297	214,433
Compensated absences	1,954,551	72,125	-	2,026,676	744,126
Special termination benefits	4,291,903	347,289	-	4,639,192	504,400
Retired employee obligations	1,034,439	24,071	-	1,058,510	463,568
Pension obligations	5,667,941	1,628,437	(1,492,667)	5,803,711	-
OPEB obligations	3,058,185	845,275	(797,140)	3,106,320	-
Unamortized premium	2,045,559	131,996	(183,494)	1,994,061	-
	<u>\$ 62,447,392</u>	<u>\$ 9,269,193</u>	<u>\$ (7,062,818)</u>	<u>\$ 64,653,767</u>	<u>\$ 6,511,527</u>

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

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2015

3. Detailed Notes on All Funds (Continued)

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2015 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Various School and General Projects	2009	\$ 18,975,000	5/1/2024	2-5%	\$ 11,500,000
Various School and General Projects	2010	\$ 10,805,000	4/1/2026	2-4%	9,030,000
Purchase of Vehicles/Road Repairs	2010	\$ 5,325,000	9/15/2025	2-3%	4,250,000
Various School and General Projects	2012	\$ 8,785,000	12/15/2023	2-3%	5,760,000
General and School Renovations	2012	\$ 3,605,000	5/15/2027	2-3%	3,155,000
General and School Renovations	2012	\$ 460,000	5/15/2022	2.375-3.5%	360,000
Paving/Roof Improvements	2014	\$ 3,275,000	2029	2-4%	3,275,000
Paving/Roof Improvements	2015	\$ 6,220,000	4/15/2030	2-3%	6,220,000
					\$ 43,550,000

Payments to maturity on the general obligation bonds are as follows

Year End	General Obligation Bonds		Year End	General Obligation Bonds	
	Principal	Interest		Principal	Interest
2016	\$ 4,585,000	\$ 1,352,211	2024	\$ 3,155,000	\$ 267,010
2017	5,045,000	1,206,284	2025	2,415,000	181,870
2018	4,440,000	1,040,727	2026	1,670,000	115,876
2019	4,305,000	885,952	2027	995,000	73,920
2020	4,070,000	730,677	2028	660,000	47,370
2021	4,065,000	595,515	2029	655,000	29,770
2022	3,925,000	464,646	2030	440,000	11,880
2023	3,125,000	352,814		\$ 43,550,000	\$ 7,356,522

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2015 totaled \$1,417,259.

Capital Leases Payable

The Town has entered into multi-year lease agreements to finance the acquisition of vehicles and building improvements. The cost of the vehicles and improvements is included in the capital assets with a cost of \$5,483,550 and accumulated depreciation of \$1,921,934. These leases qualify as capital leases for accounting purposes. The Town's capital lease obligation at June 30, 2015 is as follows:

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds (Continued)

Total payments on capital lease(s) for year ending		
	2016	\$ 412,917
	2017	413,877
	2018	338,230
	2019	296,874
	2020	297,196
	2021	297,525
	2022	297,865
	2023	298,218
		<u>2,652,702</u>
Less the amount representing interest		(177,405)
Present value of future minimum lease payments		<u>\$ 2,475,297</u>

Interest incurred and expensed on capital leases payable for the year ended June 30, 2015 totaled \$51,467.

Operating Leases Payable

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

Lease of		<u>Munis software</u>
Total payments on operating lease(s) for year ending		
	2016	\$ 113,010
	2017	112,930
	2018	112,930
	2019	28,233
		<u>\$ 367,103</u>

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. Certain Board of Education employees are granted retirement incentive payments payable over four years upon retirement. Management estimate's the net present value of all compensated absences has been reflected in the government-wide financial statements as of June 30, 2015 is as follows:

Town		
Vested - Vacation	\$	396,571
Board of Education		
Vested		
Sick		892,711
Vacation		81,597
Non-vested		
Sick		655,797
		<u>\$ 2,026,676</u>

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds (Continued)

Special Termination Benefits

Termination benefits represent the present value of future benefits to be paid to former employees. Certain Board of Education employees were granted retirement awards based on years of service and other provisions in their contracts. The net present value of all special termination benefits has been reflected in the government-wide financial statements. Management's estimate of the vested and non-vested potential liability for payments to employees as of June 30, 2015 is as follows:

Vested	\$ 2,015,339
Non-vested	<u>2,623,853</u>
	<u>\$ 4,639,192</u>

Retired Employee Obligations

Board of Education retirement obligations represent payments owed to retired employees for termination benefits and payments for unused compensated absences that are payable over several years. The net present value of all retired employee obligations has been reflected in the government-wide financial statements. The Town's retired employee obligation as of June 30, 2015 is payable as follows:

<u>Year End</u>	
2016	\$ 441,493
2017	404,373
2018	95,022
2019	41,135
2020	39,176
2021	<u>37,311</u>
	<u>\$ 1,058,510</u>

Prior Year Defeasance of Debt

In prior years, the Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2015, \$25,454,500 of bonds outstanding are considered defeased.

Legal Debt Limit

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

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds (Continued)

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 161,966,594	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	323,933,189	-	-	-
3 3/4 times base	-	-	269,944,324	-	-
3 1/4 times base	-	-	-	233,951,747	-
3 times base	-	-	-	-	215,955,459
Total debt limitation	<u>\$ 161,966,594</u>	<u>\$ 323,933,189</u>	<u>\$ 269,944,324</u>	<u>\$ 233,951,747</u>	<u>\$ 215,955,459</u>
Indebtedness					
Bonds payable	\$ 21,321,000	\$ 22,229,000	\$ -	\$ -	\$ -
Amount to be provided by CT	-	(987,172)	-	-	-
Total indebtedness	<u>\$ 21,321,000</u>	<u>\$ 21,241,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 140,645,594</u>	<u>\$ 302,691,361</u>	<u>\$ 269,944,324</u>	<u>\$ 233,951,747</u>	<u>\$ 215,955,459</u>
In no case shall total indebtedness exceed seven times the annual receipts from taxation					<u>\$ 503,896,071</u>

F. Net Position

The components of net position are detailed below:

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

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

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

This is made up of:

General Government	\$ 642,809
Education	1,532
Culture and Recreation	636,620
Capital Projects	26,846
Other Purposes	55,883
	<u>\$ 1,363,690</u>

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2015

3. Detailed Notes on All Funds (Continued)

G. Fund Balances

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

	General Fund	Other Governmental Funds
Nonspendable		
Not in spendable form		
Prepaid expenditures	\$ -	\$ 1,318
Long-term receivables	219,005	-
Required to be maintained		
Trust principal	-	2,250
	<u>\$ 219,005</u>	<u>\$ 3,568</u>
Restricted		
General Government	\$ 397,481	\$ 245,328
Education	-	1,532
Culture and Recreation	403,645	232,975
Capital Projects	-	26,846
Other Purposes	-	55,883
	<u>\$ 801,126</u>	<u>\$ 562,564</u>
Committed		
Capital Projects	<u>\$ -</u>	<u>\$ 3,827,955</u>
Assigned		
General Government	\$ 379,083	\$ 163,825
Education	14,891	371,605
Public Safety	-	138,439
Culture and Recreation	-	645,077
Debt	409,400	-
Capital Projects	-	304,645
Other Purposes	7,507	4,203
	<u>\$ 810,881</u>	<u>\$ 1,627,794</u>

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans

A. The Retirement Plan of the Town of Monroe, Connecticut

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

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

Plan Membership – As of the date of the latest actuarial valuation (July 1, 2014), membership consisted of the following:

	Town	BOE	Total
Retirees and beneficiaries receiving benefits	43	48	91
Terminated employees entitled to benefits, but not yet receiving them	28	25	53
Active members	67	89	156
	<u>138</u>	<u>162</u>	<u>300</u>

Funding Policy

Employees are required to contribute at the following percentage of salary:

Town	
Highway employees	3.00%
Clerical unit employees	4.85%
Non-union employees	3.85%
Supervisors	3.85%
Board of Education	4.75%

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

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

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

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

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

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

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

Net money-weighted rate of return for the year ended June 30, 2015

Town	4.15%
Board of Education	2.62%

Net Pension Liability

The components of the net pension liability of the Town as of June 30, 2015 were as follows:

	Town	BOE	Total
Total pension liability	\$ 11,711,997	\$ 12,500,967	\$ 24,212,964
Plan fiduciary net position	10,202,608	10,323,455	20,526,063
Net pension liability (asset)	\$ 1,509,389	\$ 2,177,512	\$ 3,686,901
Plan fiduciary net position as a percentage of total pension liability	87.11%	82.58%	84.77%

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the July 1, 2014 valuation and projected forward to June 30, 2015:

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Valuation timing	Actuarially determined contribution rates are calculated as of July 1, twelve months prior to the beginning of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry Age Actuarial Cost Method (level percentage of salary).
Amortization method	
Level percent or level dollar	Level percent
Closed, open or layered	Open periods
Amortization period at 1/1/14	20 years
Amortization growth rate	0.00%
Asset valuation method	The expected asset value plus or minus 20% of the difference between the expected value and the market value of assets. The actuarial value will fall within the range of 70% to 130% of the market value of assets
Inflation	3.00%
Salary increases	4.00%
Investment rate of return	7.50%
Cost of living adjustment	None
Retirement age	65
Turnover	None
Pre-retirement mortality	None
Post-retirement mortality	RP-2014 Mortality Table

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

	1% Decrease	Current Discount Rate	1% Increase
Town	6.50%	7.50%	8.50%
Net Pension Liability (Asset)	\$ 2,905,858	\$ 1,509,389	\$ 325,249
Board of Education	6.50%	7.50%	8.50%
Net Pension Liability (Asset)	\$ 3,691,552	\$ 2,177,512	\$ 898,010

Pension Expense – The total pension expense recognized for the year ended June 30, 2015 was \$2,216,775. Pension expense for the next 5 years will be affected by the following deferred outflows and inflows of resources for the Town:

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

	Recognized in		To Be Recognized in				Total
	2015	2016	2017	2018	2019	2020	
Differences between Expected and Actual Experience							
2015	\$ (25,975)	\$ (25,975)	\$ (25,975)	\$ (25,975)	\$ (25,975)	\$ (10,392)	\$ (114,292)
Recognition of the Effects of Changes in Assumptions							
2015	\$ 108,749	\$ 108,749	\$ 108,749	\$ 108,749	\$ 108,749	\$ 43,497	\$ 478,493
Differences between Projected and Actual Earnings on Pension Plan Investments							
2015	\$ 66,893	\$ 66,893	\$ 66,893	\$ 66,893	\$ 66,891	\$ -	\$ 267,570

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

For the Board of Education:

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

	Recognized in		To Be Recognized in					Total
	2015	2016	2017	2018	2019	2020	2021	
Differences between Expected and Actual Experience								
2015	\$(138,250)	\$(138,250)	\$(138,250)	\$(138,250)	\$(138,250)	\$(138,250)	\$(27,653)	\$(718,903)
Recognition of the Effects of Changes in Assumptions								
2015	\$ 108,559	\$ 108,559	\$ 108,559	\$ 108,559	\$ 108,559	\$ 108,559	\$ 21,712	\$ 564,507
Differences between Projected and Actual Earnings on Pension Plan Investments								
2015	\$ 99,938	\$ 99,938	\$ 99,938	\$ 99,938	\$ 99,938	\$ -	\$ -	\$ 399,752

B. Connecticut Municipal Employee's Retirement System

Plan Description

The Town's Police Department participates in the Municipal Employees' Retirement System ("MERS"). This is a cost sharing multiple employer public employee retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating local government authorities. The plan was established in 1947 and is governed by Connecticut General Statutes Title 7, Chapter 113.

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

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

For members that retired after December 31, 2001, increases between 2.5% and 6.0% are paid, regardless of age. Benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of the three highest paid years of service times years of service.
- If covered by Social Security: 1.5% of the average of the three highest paid years of service not in excess of the year's breakpoint, plus 2% of the average of the three highest paid years of service in excess of the year's breakpoint. The year's breakpoint for 2014 is \$69,200.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Funding Policy – Covered employees are required by State Statute to contribute 2.25% of earnings upon which social security tax is paid plus 5% of earnings on which no social security tax is paid. Employees not covered by Social Security are required to contribute 5% of all earnings. Each participating municipality is required by State Statute to contribute the amounts necessary to finance the remaining costs of the plan. The annual contribution consists of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the MERS not met by member contributions.

Each covered municipality is required by State Statute to pay an actuarially determined percentage of covered payroll to provide for benefits based on current service. This percentage varies by police and fire versus general employees, and within those two groups, for populations covered by Social Security versus those not covered by Social Security. The statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit's date of participation. This amount is a level dollar amortization (including interest and principal) over varying time periods depending upon the unit's date of participation and other factors. The required employer contribution rates for the year ended June 30, 2015 were:

General employees	
With social security	11.98%
Without social security	13.00%
Police and fire	
With social security	16.96%
Without social security	16.01%

The total amount contributed for the fiscal year ended June 30, 2015 was \$608,356.

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

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

Actuarial Methods and Significant Assumptions – The following assumptions were used in the pension valuations, prepared as of June 30, 2014 (the Valuation Date and Measurement Date) for use in the June 30, 2015 financial statements (Reporting Date):

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Actuarial cost method	Entry Age Normal Cost method
Experience study dates	July 1, 2005 - June 30, 2010
Asset valuation method	Market value
Inflation	3.25%
Salary increases	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of investment related expense, including inflation using
Discount rate	8.00%, the projection of cash flows assumed that plan member contributions will be made at the current contribution rate and employer contributions will be made at the actuarially determined rates in future years.
Cost of living adjustment	Annually compounded increases vary based on member age and date of retirement and range from 2.50% to 6% maximum.
Post-retirement mortality	the RP2000 Mortality Table for Annuitant and non-Annuitants

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

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

Asset Class	Index	Target Allocation	Long-term Expected Real Rate of Return
Mutual Equity Fund	Russell 3000 Index	16%	5.80%
Developed Internat'l Stock Fund	Morgan Stanley MSCI EAFE IMI	14%	6.60%
Emerging Internat'l Stock Fund	Morgan Stanley MSCI EM IMI	7%	8.30%
Core Fixed Income Fund	Barclay US Aggregate Bond Indx	8%	1.30%
Inflation Linked Bond Fund	Barclay World Inflatn Linked Indx	5%	1.00%
Emerging Market Debt Fund	JP Morgan Index-bond/govt bond	8%	3.70%
High Yield Bond Fund	Citigroup US High Yield Capped	14%	3.90%
Real Estate Fund	NCREIF Property	7%	5.10%
Private Equity	Standards & Poors 500	10%	7.60%
Alternative Investments	90 Day Treasury Bill	8%	4.10%
Liquidity Fund	1 mo. LIBOR Rate	3%	0.40%

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

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net Pension Liability (Asset)	<u>\$ 4,344,018</u>	<u>\$ 2,116,810</u>	<u>\$ 261,764</u>

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Town of Monroe, Connecticut's Proportionate Share

Net Pension Liability	\$	2,116,810
Net Pension Liability percentage of the total		0.888983%
Deferred outflows of resources		
Contributions subsequent to the Measurement Date	\$	608,354
Deferred inflows of resources		
Net difference projected and actual earnings on investments	\$	605,474
Pension expense	\$	445,342
Proportion Basis		Reported Payroll
Change in proportion since prior measurement date		None for 2015

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

2015	\$	151,369
2016		151,369
2017		151,369
2018		151,367
	\$	<u>605,474</u>

C. Teachers' Retirement System

Plan Description

Teachers and certain other certified personnel in the Town are eligible to participate in the Connecticut State Teachers' Retirement System, a cost-sharing multiple employer public employee retirement system described in the Connecticut General Statutes, Chapter 167a. The TRS has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. The Teachers' Retirement System is administered by the Teachers' Retirement Board.

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

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

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

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)

June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

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

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

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

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

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

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

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

Actuarial Methods and Significant Assumptions – The following assumptions were used in the pension valuations, prepared as of June 30, 2014 (the Valuation Date and Measurement Date) for use in the June 30, 2015 financial statements (Reporting Date):

Experience study dates	July 1, 2005 - June 30, 2010
Inflation	3.00%
Salary increases	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of investment related expense, including inflation
Discount rate	8.50%, the projection of cash flows assumed that plan member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between the actuarially determined rate and the member rate.
Cost of living adjustment	Annually compounded increases vary based on member age and date of retirement and range from 2.00% to 6.00%
Post-retirement mortality	RP-2000 Combined Mortality Table projected 19 years

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Changes in Assumptions – In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.00%	7.30%
Developed Non-U.S. Equities	18.00%	7.50%
Emerging Markets (Non-U.S.)	9.00%	8.60%
Core Fixed Income	7.00%	1.70%
Inflation Linked Bond Fund	3.00%	1.30%
Emerging Market Bond	5.00%	4.80%
High Yield Bonds	5.00%	3.70%
Real Estate	7.00%	5.90%
Private Equity	11.00%	10.90%
Alternative Investments	8.00%	0.70%
Liquidity Fund	6.00%	0.40%

Town's Proportionate Share of the Collective Net Pension Liability

Town's Net Pension Liability	\$ -
State's share of the Net Pension Liability associated with the Town	71,141,153
Net Pension Liability	<u>\$ 71,141,153</u>
Net Pension Liability percentage of the total	0.701489%
Deferred outflows of resources	
Contributions subsequent to the Measurement Date	\$ -
Deferred inflows of resources	
Net difference projected and actual earnings on investments	\$ 5,845,859
Pension expense	\$ 5,337,620
Proportion Basis	Employee contributions
Change in proportion since prior measurement date	None for 2015

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

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

2015	\$ 1,461,465
2016	1,461,465
2017	1,461,465
2018	1,461,464
	<u>\$ 5,845,859</u>

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

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
Net Pension Liability (Asset)	<u>\$ 90,786,194</u>	<u>\$ 71,141,153</u>	<u>\$ 54,442,344</u>

Support Provided by Nonemployer Contributing Entities – The Town has recognized \$5,337,620 as revenue in support provided by the State of Connecticut’s contributions to the plan on behalf of the Town’s employees.

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

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

From an accrual accounting perspective, the cost of post-employment health care benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town’s future cash flows. The liability accumulated from the years prior to adopting this accounting procedure will be phased in over 30 years.

1) Town Police Plan

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

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Eligibility	Police with 25 years of service are eligible for pre-65 medical coverage at retirement.
Cost Sharing	The retiree pays 25% of the cost of single coverage and 25% of the HRS single deductible. The Town pays the remaining. The retiree pays 100% of the cost of coverage for the spouse (if applicable)
Duration	The earlier of age 65 or 15 years of coverage at retirement. No coverage thereafter.
Retirees – Post 65	No coverage for retiree or spouse after age 65.

Annual OPEB Cost (“AOC”) and Net OPEB Obligation (“NOO”)

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2014	\$ 766,000
Assets at Market Value	-
Unfunded Actuarial Accrued Liability (“UAAL”)	<u>\$ 766,000</u>
Funded Ratio	0.00%
Covered Payroll (Active plan members)	\$ 3,129,570
UAAL as a Percentage of Covered Payroll	24.48%
Annual Required Contribution	\$ 179,057
Interest on Net OPEB Obligation	26,830
Adjustment to Annual Required Contribution	<u>(35,031)</u>
Annual OPEB Cost	170,856
Contributions made	<u>(27,390)</u>
Increase in net OPEB Obligation (Asset)	143,466
Net OPEB Obligation (Asset) - Beginning of the year	596,232
Net OPEB Obligation (Asset) - End of the year	<u>\$ 739,698</u>

Actuarial Methods and Significant Assumptions - The Town’s annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (“ARC”), an amount actuarially determined in accordance with the parameters of GASB. GASB establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees’ medical insurance. As a result, reporting of expenses and liabilities is using a per capita claims cost will be determined, which will be used to determine a “normal cost”, an “actuarial accrued liability”, and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

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

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

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

Other actuarial methods and significant assumptions are summarized as follows:

Latest Actuarial Date	July 1, 2014
Actuarial Cost Method	Projected Unit Credit
Discount Rate	7.00%
Medical Inflation	9% for 2014, reducing .5% per year to a final 5% for 2022 and later
Amortization Method	Level dollar amortization
Amortization	30 years, open
Mortality	RP-2000 Mortality Table, projected to the valuation date with Scale BB
Participation	90%
Retirement	Based on percentages at differing ages

Three year trend information is as follows:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contributions Made	Percentage of AOC Contributed	Net OPEB Obligation (NOO)
6/30/2013	\$ 158,117	\$ 46,500	29.4%	\$ 457,993
6/30/2014	169,451	31,212	18.4%	596,232
6/30/2015	170,856	27,390	16.0%	739,698

Funding Progress

As of the last valuation date, July 1, 2014, the actuarial valuation of the plan assets was \$0. The actuarial accrued liability was \$766,000. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no requirement for funding and the plan has not been funded.

2) Board of Education Plan

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

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

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

Annual OPEB Cost (“AOC”) and Net OPEB Obligation (“NOO”)

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2014	\$ 10,703,353
Assets at Market Value	-
Unfunded Actuarial Accrued Liability (“UAAL”)	<u>\$ 10,703,353</u>
Funded Ratio	0.00%
Covered Payroll (Active plan members)	\$ 29,387,000
UAAL as a Percentage of Covered Payroll	36.42%
Annual Required Contribution	\$ 708,282
Interest on Net OPEB Obligation	110,788
Adjustment to Annual Required Contribution	<u>(144,651)</u>
Annual OPEB Cost	674,419
Contributions made	<u>(769,750)</u>
Increase in net OPEB Obligation (Asset)	(95,331)
Net OPEB Obligation (Asset) - Beginning of the year	<u>2,461,953</u>
Net OPEB Obligation (Asset) - End of the year	<u>\$ 2,366,622</u>

Actuarial Methods and Significant Assumptions - The Town’s annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (“ARC”), an amount actuarially determined in accordance with the parameters of GASB. GASB establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees’ medical insurance. As a result, reporting of expenses and liabilities is using a per capita claims cost will be determined, which will be used to determine a “normal cost”, an “actuarial accrued liability”, and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

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

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

Other actuarial methods and significant assumptions are summarized as follows:

Latest Actuarial Date	July 1, 2014
Actuarial Cost Method	Projected Unit Credit
Discount Rate	4.5%
Medical Inflation	8% for 2014, reducing .5% per year to a final 4.5% for 2021 and later
Amortization Method	Level dollar amortization
Amortization	30 years, open
Mortality	Certified – RP-2000 Mortality Table projected forward 19 years using scale AA Non-certified – RP-2014 Mortality Table, projected to valuation date with Scale MP-2014
Participation	Based on percentages depending on cost to employee
Retirement	Certified – Based on percentages from CT State TRS 2014 OPEB Valuation Non-certified – Age 55 with 15 years of service or age 65 with 5 years of service

Three year trend information is as follows:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contributions Made	Percentage of AOC Contributed	Net OPEB Obligation (NOO)
6/30/2013	\$ 514,395	\$ 466,832	90.8%	\$ 2,313,984
6/30/2014	535,563	387,594	72.4%	2,461,953
6/30/2015	674,419	769,750	114.1%	2,366,622

4. Pension and Other Post Retirement Plans (Continued)

Funding Progress

As of the last valuation date, July 1, 2014, the actuarial valuation of the plan assets was \$0. The actuarial accrued liability was \$10,703,353. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no requirement for funding and the plan has not been funded.

5. Other Information

A. Litigation

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

B. Contingencies

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

School Building Grants - Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the State funding back to the State.

For projects with a cost of over two million dollars or over, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

C. Risk Management

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

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

Town of Monroe, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

5. Other Information (Continued)

The Town self-insures its employees for dental claims through the use of an internal service fund. A third party administers the plan for which the Town pays an administrative fee. The plan is funded monthly by budget appropriations and employee contributions, as required.

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

Year Ended	Beginning Claims Payable	Current Year Claims	Claim Payments	Ending Claims Payable
2013	\$ 8,764	\$ 101,178	\$ (100,592)	\$ 9,350
2014	9,350	103,777	(103,993)	9,134
2015	9,134	113,552	(112,717)	9,969

The Board of Education self-insures its employees for medical and dental claims through the use of an internal service fund. Maximum liability to the Board of Education per covered participant is \$150,000. The Board of Education retains an insurance policy for employee claims in excess of \$150,000 (\$5,000,000 lifetime maximum payout per member). The Board of Education also retains an insurance policy to cover claims for all covered members combined in excess of a \$1,000,000 annual maximum for medical claims only. A third party administers the plan for which the Town pays an administrative fee. The plan is funded monthly by budget appropriations and employee contributions, as required.

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

Year Ended	Beginning Claims Payable	Current Year Claims	Claim Payments	Ending Claims Payable
2013	\$ 730,488	\$ 6,079,652	\$ (6,199,813)	\$ 610,327
2014	610,327	6,706,594	(6,807,762)	509,159
2015	509,159	6,850,587	(6,856,163)	503,583

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

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

Year Ended	Beginning Claims Payable	Claims and Changes in Estimates	Claim Payments	Ending Claims Payable
2013	\$ 712,711	\$ (60,824)	\$ (142,211)	\$ 509,676
2014	509,676	(60,290)	(8,555)	440,831
2015	440,831	(29,378)	(5,955)	405,498

5. Other Information (Continued)

The internal service funds are substantially funded by the Town's General Fund based on estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liabilities, reported in the internal service funds at June 30, 2015, are based on the amount of the possible loss that can be reasonably estimated. The amount of claim accrual estimated is based on the ultimate cost of settling the claim which includes past experience data, inflation, other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual estimate does not include other allocated or unallocated claims adjustment expenses.

D. Risks and Uncertainties

The Town invests in various securities, including commercial paper, government-sponsored enterprises, and alternative investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. The ongoing credit and liquidity crisis in the United States and throughout the global financial systems has resulted in substantial volatility in financial markets and the banking system. This and other economic events have had a significant adverse impact on investment portfolios. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position and activities.

F. Motor Vehicle Tax Cap

Beginning in fiscal year 2017, the State of Connecticut Office of Policy and Management ("OPM") capped the mill rate for motor vehicle taxes. The motor vehicle mill rate cap for fiscal year 2017 will be 32 mills. The rate cap in fiscal year 2018 and thereafter will be 29.36 mills.

G. Municipal Spending Cap

Beginning in fiscal year 2018, OPM will impose a cap on municipal spending to limit general budget expenditures to 2.5 percent above the previous year or the rate of inflation, whichever is greater. Exemptions to the cap include debt service, special education expenditures, expenditures for implementing court orders, arbitration awards, expenditures related to major disaster or emergency declaration, and MRSA grant distributed to a special taxing district under certain circumstances.

Effective July 1, 2015, the Minimum Budget Requirement ("MBR") for education expenditures imposed by OPM will become more flexible. The new law gives the Town a greater ability to lower their MBR by allowing for larger reductions for declining enrollment, raising the cap on how much a town can reduce its MBR, and removing the limit on how many ways a town can qualify for MBR flexibility.

5. Other Information (Continued)

H. GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following are statements which have been approved by GASB, but are not yet effective:

- GASB Statement 72 – *Fair Value Measurement and Application* – This Statement, addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement is effective for fiscal years beginning after June 15, 2015.
- GASB Statement 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68* – This Statement establishes requirements for defined benefit and contribution pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. This is effective for fiscal years beginning after June 15, 2016.
- GASB Statement 74 – *Financial Reporting for Postemployment Benefit Plans Other than Pensions* – This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with Other Post-Employment Benefits (OPEB), as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This is effective for fiscal years beginning after June 15, 2016.
- GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits (OPEB) Other than Pensions* – This Statement establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) and applies to all governments whose employees are provided with OPEB. The requirements of this Statement are effective for fiscal years beginning after June 15, 2017.
- GASB Statement 76 – *The Hierarchy of Generally Accepted Accounting Principles (GAAP) for State and Local Governments* – This statement identifies the current hierarchy of GAAP. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.
- GASB Statement 77 – *Tax Abatement Disclosures* – This Statement requires governments to disclose information about their tax abatements and agreements and is effective for periods beginning after December 15, 2015.

Town of Monroe, Connecticut

Required Supplementary Information
June 30, 2015

Town of Monroe, Connecticut

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund
 For the Year Ended June 30, 2015

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
REVENUES					
Property Taxes					
Tax levies	\$ 71,058,789	\$ -	\$ 71,058,789	\$ 71,422,479	\$ 363,690
Interest and lien fees	200,000	-	200,000	382,856	182,856
	<u>71,258,789</u>	<u>-</u>	<u>71,258,789</u>	<u>71,805,335</u>	<u>546,546</u>
Licenses and Permits					
Police department permits	8,000	-	8,000	14,308	6,308
Building permits	185,000	-	185,000	177,374	(7,626)
Burning permits	2,000	-	2,000	1,600	(400)
Planning and zoning	30,000	-	30,000	50,242	20,242
Library	17,500	-	17,500	15,269	(2,231)
Refuse permits	4,000	-	4,000	1,891	(2,109)
Canine licenses	2,000	-	2,000	1,060	(940)
Town clerk's fees	350,000	-	350,000	357,549	7,549
Driveway permits	200	-	200	-	(200)
	<u>598,700</u>	<u>-</u>	<u>598,700</u>	<u>619,293</u>	<u>20,593</u>
Intergovernmental					
State and Federal Education Grants					
Education cost sharing	6,604,247	-	6,604,247	6,613,738	9,491
School transportation	-	-	-	58,811	58,811
Other:					
Revenue sharing grant	168,128	-	168,128	-	(168,128)
Tax grant - disabled persons	2,400	-	2,400	2,307	(93)
PILOT - state property	-	-	-	11,951	11,951
Tax grant - circuit breaker	160,000	-	160,000	179,818	19,818
Bond subsidy payments	440,681	-	440,681	448,290	7,609
Veteran exemption	11,000	-	11,000	10,480	(520)
Mashantucket Pequot grant	-	-	-	35,497	35,497
Telephone access	40,000	-	40,000	45,682	5,682
	<u>7,426,456</u>	<u>-</u>	<u>7,426,456</u>	<u>7,406,574</u>	<u>(19,882)</u>
Charges for Services					
Recreation department fees	185,000	-	185,000	170,459	(14,541)
Landfill lease	41,000	-	41,000	46,294	5,294
Nutrition	2,750	-	2,750	1,755	(995)
Tuition	10,000	-	10,000	7,275	(2,725)
Senior citizens transportation	5,000	-	5,000	5,200	200
Senior citizens registration	3,500	-	3,500	826	(2,674)
Special police assignments	100,000	-	100,000	-	(100,000)
Inland wetland commission	15,000	-	15,000	9,930	(5,070)
	<u>362,250</u>	<u>-</u>	<u>362,250</u>	<u>241,739</u>	<u>(120,511)</u>
Interest and Dividends	<u>140,583</u>	<u>-</u>	<u>140,583</u>	<u>170,992</u>	<u>30,409</u>
Miscellaneous Income	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>191,884</u>	<u>131,884</u>
Total Revenues	<u>79,846,778</u>	<u>-</u>	<u>79,846,778</u>	<u>80,435,817</u>	<u>589,039</u>

(Continued)

Town of Monroe, Connecticut

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund
 For the Year Ended June 30, 2015

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
EXPENDITURES					
General Government					
Selectman	\$ 402,196	\$ 29,101	\$ 431,297	\$ 431,297	\$ -
Town council	5,800	-	5,800	3,328	2,472
Board of finance	111,080	(70,000)	41,080	32,321	8,759
Registrar of voters	110,100	-	110,100	105,256	4,844
Town clerk	188,541	1,815	190,356	164,631	25,725
Tax collector	176,413	965	177,378	170,056	7,322
Town treasurer	10,592	-	10,592	407	10,185
Boards and commissions	10,450	-	10,450	8,308	2,142
Senior citizen	235,563	2,953	238,516	229,273	9,243
Economic development	10,825	-	10,825	9,505	1,320
Engineering	153,983	2,941	156,924	152,867	4,057
Inland wetlands commission	100,553	1,518	102,071	94,811	7,260
Human resources - fringe benefits	4,970,942	(238,021)	4,732,921	4,676,786	56,135
Finance department	285,115	73,472	358,587	358,587	-
Technology	673,067	-	673,067	652,278	20,789
Assessor	230,339	2,695	233,034	204,448	28,586
Building inspection department	158,217	3,019	161,236	157,025	4,211
Planning and zoning department	202,672	3,713	206,385	182,988	23,397
Town hall maintenance	432,062	1,793	433,855	431,875	1,980
Special programs	190,037	10,272	200,309	200,309	-
Regional programs	55,297	-	55,297	53,002	2,295
	<u>8,713,844</u>	<u>(173,764)</u>	<u>8,540,080</u>	<u>8,319,358</u>	<u>220,722</u>
Public Safety					
Police department	4,916,567	147,028	5,063,595	4,909,549	154,046
Animal control	129,273	1,493	130,766	123,728	7,038
Park ranger	57,120	2,851	59,971	59,971	-
Monroe fire department	230,000	-	230,000	229,400	600
Stevenson fire department	185,000	-	185,000	185,000	-
Stepney fire service	250,000	-	250,000	250,000	-
Fire service	558,266	-	558,266	557,785	481
Fire marshal	99,212	1,422	100,634	92,681	7,953
Emergency management	11,900	-	11,900	11,140	760
Emergency medical services	150,000	-	150,000	150,000	-
	<u>6,587,338</u>	<u>152,794</u>	<u>6,740,132</u>	<u>6,569,254</u>	<u>170,878</u>
Public Works					
Highway administration	286,244	5,251	291,495	288,678	2,817
General maintenance	1,270,650	1,707	1,272,357	1,249,254	23,103
Snow removal	399,650	25,238	424,888	560,889	(136,001)
Operations	1,308,350	-	1,308,350	1,283,096	25,254
Tree warden	44,800	-	44,800	39,840	4,960
Traffic control	84,995	2,372	87,367	80,617	6,750
Sanitation - solid waste	15,021	-	15,021	12,567	2,454
Sanitation - recycling	337,852	-	337,852	267,185	70,667
	<u>3,747,562</u>	<u>34,568</u>	<u>3,782,130</u>	<u>3,782,126</u>	<u>4</u>
Health and Welfare					
Health department	170,582	-	170,582	170,582	-
Department of social services	100,732	(11,243)	89,489	88,539	950
	<u>271,314</u>	<u>(11,243)</u>	<u>260,071</u>	<u>259,121</u>	<u>950</u>

(Continued)

Town of Monroe, Connecticut

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund
 For the Year Ended June 30, 2015

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Culture and Recreation					
Library	\$ 744,128	\$ 7,004	\$ 751,132	\$ 751,057	\$ 75
Recreation department	809,008	(9,359)	799,649	799,649	-
	<u>1,553,136</u>	<u>(2,355)</u>	<u>1,550,781</u>	<u>1,550,706</u>	<u>75</u>
Capital Outlay					
Special projects	5,500	-	5,500	3,645	1,855
Appropriation for equipment replacement	183,456	-	183,456	183,456	-
	<u>188,956</u>	<u>-</u>	<u>188,956</u>	<u>187,101</u>	<u>1,855</u>
Debt Service	<u>5,676,641</u>	<u>-</u>	<u>5,676,641</u>	<u>5,635,013</u>	<u>41,628</u>
Other Financing Uses					
Operating transfers out	175,000	-	175,000	175,000	-
Total General Government	<u>26,913,791</u>	<u>-</u>	<u>26,913,791</u>	<u>26,477,679</u>	<u>436,112</u>
Board of Education Expenditures	<u>52,932,987</u>	<u>-</u>	<u>52,932,987</u>	<u>52,814,456</u>	<u>118,531</u>
Total Expenditures	<u>79,846,778</u>	<u>-</u>	<u>79,846,778</u>	<u>79,292,135</u>	<u>554,643</u>
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	1,143,682	<u>\$ 1,143,682</u>
Adjustments to Generally Accepted Accounting Principles (GAAP):					
Payments on Behalf of the Town Not Recorded on a Budgetary Basis:					
Revenues from Teachers' Retirement				5,337,620	
Expenditures for Teachers' Retirement				(5,337,620)	
Change in the General Government's Accrued Payroll not recorded in the Budget				(107,857)	
Encumbrances recorded on Budget Basis, but not on the Modified Accrual Basis				191,991	
Previous Year Encumbrance recorded on Modified Accrual Basis				(320,140)	
Unrealized Gain (Loss) on Investments Not Recorded on a Budgetary Basis				(208,506)	
Transfer of surplus to Town Capital Reserve as approved by Board of Finance				(250,000)	
Transfer of BOE Surplus to BOE Capital Reserve as approved by Board of Finance				(118,531)	
Close out of funds to the General Fund				409,400	
Health district operations				(292)	
Payments out of reserve accounts:					
Capital study				(75,000)	
Health Department start up				(50,000)	
Sandy Hook expenses				(7,442)	
Wilton Estate - Senior Center				(6,164)	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis (Exhibit 4)				<u>\$ 601,141</u>	

Notes to Required Supplementary Information: This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf; 2. Encumbrances are treated as expenditures against the budget in the year committed; 3. Gains and/or Losses on Investments are not included in the budgeted revenues and/or expenditures; 4. Certain payments out of reserve accounts are excluded from the budget; 5. Health district operations are not included in the budget.

Town of Monroe, Connecticut

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

	<u>2015</u>	<u>2014</u>
Town of Monroe Employee Retirement Plan		
Total Pension Liability		
Service cost	\$ 268,462	\$ 258,136
Interest on total pension liability	802,505	760,256
Effect of economic/demographic gains (losses)	(140,267)	-
Effect of assumption changes or inputs	587,242	-
Benefit payments	<u>(466,648)</u>	<u>(464,206)</u>
Net change in total pension liability	1,051,294	554,186
Total pension liability, beginning	<u>10,660,703</u>	<u>10,106,517</u>
Total pension liability, ending	<u>11,711,997</u>	<u>10,660,703</u>
Fiduciary Net Position		
Employer contributions	391,857	341,866
Member contributions	137,917	137,271
Investment income net of investment expenses	399,506	1,265,162
Benefit payments	(466,648)	(464,206)
Administrative expenses	<u>(30,021)</u>	<u>(58,327)</u>
Net change in plan fiduciary net position	432,611	1,221,766
Fiduciary net position, beginning	<u>9,769,997</u>	<u>8,548,231</u>
Fiduciary net position, ending	<u>10,202,608</u>	<u>9,769,997</u>
Net pension liability, ending	<u>\$ 1,509,389</u>	<u>\$ 890,706</u>
Fiduciary net position as a % of total pension liability	87.11%	91.64%
Covered payroll	\$ 3,439,025	\$ 3,166,740
Net pension liability as a % of covered payroll	43.89%	28.13%

See Independent Auditors' Report

Town of Monroe, Connecticut

Required Supplementary Information
 Town of Monroe Employee Retirement Plan - Town
 Schedule of Employer Contributions
 Since Inception of GASB 67/68

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 394,666	\$ 388,045
Contributions in relation to the actuarially determined contribution	<u>\$ 391,857</u>	<u>\$ 341,866</u>
Contribution deficiency (excess)	<u>\$ 2,809</u>	<u>\$ 46,179</u>
Covered employee payroll	\$3,439,025	\$3,166,740
Contributions as a percentage of covered employee payroll	11.39%	10.80%

Notes to the Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent
Remaining amortization period	20 years
Asset valuation method	Expected Asset value plus or minus 20% of the difference between the Expected Value and the Market Value of Assets.
Inflation	3.00%
Salary increases	4.00%
Investment rate of return	7.50%
Retirement age	65
Mortality	RP-2000 Mortality with no collar adjustment projected to valuation date with Scale MP-2014.

See Independent Auditors' Report

Town of Monroe, Connecticut

Required Supplementary Information
Town of Monroe Employee Retirement Plan - Town
Annual Money-Weighted Rate of Return
Since Inception of GASB 67/68

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2015	4.15%
2014	15.10%
2013	NA
2012	NA
2011	NA
2010	NA
2009	NA
2008	NA
2007	NA
2006	NA

Town of Monroe, Connecticut

Required Supplementary Information

Town of Monroe Employee Retirement Plan - Board of Education

Schedule of Changes in Net Pension Liability and Related Ratios

Since Inception of GASB 67/68

	<u>2015</u>	<u>2014</u>
Town of Monroe Employee Retirement Plan		
Total Pension Liability		
Service cost	\$ 382,260	\$ 367,558
Interest on total pension liability	903,638	849,759
Effect of economic/demographic gains (losses)	(857,153)	-
Effect of assumption changes or inputs	673,066	-
Benefit payments	<u>(524,668)</u>	<u>(503,012)</u>
Net change in total pension liability	577,143	714,305
Total pension liability, beginning	<u>11,923,824</u>	<u>11,209,519</u>
Total pension liability, ending	<u>12,500,967</u>	<u>11,923,824</u>
Fiduciary Net Position		
Employer contributions	367,541	349,519
Member contributions	210,767	198,033
Investment income net of investment expenses	253,090	1,213,572
Benefit payments	(524,668)	(503,012)
Administrative expenses	(14,664)	-
Other	<u>9,034</u>	<u>-</u>
Net change in plan fiduciary net position	301,100	1,258,112
Fiduciary net position, beginning	<u>10,022,355</u>	<u>8,764,243</u>
Fiduciary net position, ending	<u>10,323,455</u>	<u>10,022,355</u>
Net pension liability, ending	<u>\$ 2,177,512</u>	<u>\$ 1,901,469</u>
Fiduciary net position as a % of total pension liability	82.58%	84.05%
Covered payroll	\$ 4,264,439	\$ 4,439,312
Net pension liability as a % of covered payroll	51.06%	42.83%

See Independent Auditors' Report

Town of Monroe, Connecticut

Required Supplementary Information
 Town of Monroe Employee Retirement Plan - Board of Education
 Schedule of Employer Contributions
 Since Inception of GASB 67/68

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 376,663	\$ 349,519
Contributions in relation to the actuarially determined contribution	<u>\$ 367,541</u>	<u>\$ 349,519</u>
Contribution deficiency (excess)	<u>\$ 9,122</u>	<u>\$ -</u>
Covered employee payroll	\$4,264,439	\$4,439,312
Contributions as a percentage of covered employee payroll	8.62%	7.87%

Notes to the Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent
Remaining amortization period	20 years
Asset valuation method	Expected Asset value plus or minus 20% of the difference between the Expected Value and the Market Value of Assets.
Inflation	3.00%
Salary increases	4.00%
Investment rate of return	7.50%
Retirement age	65
Mortality	RP-2000 Mortality with no collar adjustment projected to valuation date with Scale MP-2014.

See Independent Auditors' Report

Town of Monroe, Connecticut

Required Supplementary Information
Town of Monroe Employee Retirement Plan - Board of Education
Annual Money-Weighted Rate of Return
Since Inception of GASB 67/68

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2015	2.62%
2014	13.80%
2013	NA
2012	NA
2011	NA
2010	NA
2009	NA
2008	NA
2007	NA
2006	NA

Town of Monroe, Connecticut

Required Supplementary Information
Other Post Employment Benefits Plan
June 30, 2015

**Schedule of Funding Progress
Last Three Valuations**

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
Town of Monroe Board of Education OPEB Plan						
7/1/2014	\$ -	\$ 10,703,353	\$ 10,703,353	0.00%	\$ 29,387,000	36.42%
7/1/2012	\$ -	\$ 9,652,132	\$ 9,652,132	0.00%	N/A	N/A
7/1/2010	\$ -	\$ 10,403,104	\$ 10,403,104	0.00%	N/A	N/A
Town of Monroe Police OPEB Plan						
7/1/2014	\$ -	\$ 766,000	\$ 766,000	0.00%	\$ 3,129,570	24.48%
7/1/2012	\$ -	\$ 1,702,216	\$ 1,702,216	0.00%	\$ 2,732,999	62.28%
7/1/2010	\$ -	\$ 1,568,829	\$ 1,568,829	0.00%	\$ 2,702,454	58.05%

**Schedule of Employer Contributions
Since Inception**

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
Town of Monroe Board of Education OPEB Plan			
6/30/2015	\$ 708,282	\$ 769,750	108.68%
6/30/2014	\$ 567,391	\$ 387,594	68.31%
6/30/2013	\$ 545,568	\$ 466,832	85.57%
6/30/2012	\$ 545,568	\$ 498,525	91.38%
6/30/2011	\$ 766,819	\$ 550,020	71.73%
Town of Monroe Police OPEB Plan			
6/30/2015	\$ 179,057	\$ 27,390	15.30%
6/30/2014	\$ 175,750	\$ 31,212	17.76%
6/30/2013	\$ 162,881	\$ 46,500	28.55%
6/30/2012	\$ 159,926	\$ 42,515	26.58%
6/30/2011	\$ 112,070	\$ 45,143	40.28%

Notes to Schedule

Status of plan:	The OPEB plans are not in a trust. Subsequent to year end a trust was established.
Changes in benefit term	None
Changes in assumptions	None
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining Amortization Period	30 years
Discount rates	Board of Education - 4.5%; Police - 7.0%

Town of Monroe, Connecticut

Required Supplementary Information
Connecticut Municipal Employees' Retirement System
June 30, 2015

**Schedule of Changes in Net Pension Liability and Related Ratios
Since Inception of GASB 68**

	<u>2015</u>
Town's percentage of collective net pension liability (police and fire with social security)	<u>8.754860%</u>
Town's portion net pension liability	<u>\$ 2,116,810</u>
Town's covered payroll	<u>\$ 3,507,399</u>
Town's portion net pension liability as a % of covered payroll	<u>60.35%</u>
Plan Fiduciary net position as a % of total pension liability	<u>90.48%</u>

**Schedule of Employer Contributions
Since Inception of GASB 68**

Town's contractually required contribution	\$ 608,356
Town's contributions in relation to the contractually required contribution	<u>608,356</u>
Town's contribution deficiency (excess)	<u>\$ -</u>
Town's covered employee payroll	<u>\$ 3,507,399</u>
Town's contributions as a percentage of covered employee payroll	<u>17.34%</u>

Notes to Schedule

Changes in benefit term	None
Changes in assumptions	None
Actuarial cost method	Entry age, normal cost method
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	5 year smoothed market
Investment rate of return	8.0% net of investment expense, including inflation

See Independent Auditors' Report

Town of Monroe, Connecticut

Required Supplementary Information
 Connecticut Teachers Retirement System
 June 30, 2015

**Schedule of Changes in Net Pension Liability and Related Ratios
 Since Inception of GASB 68**

	<u>2015</u>
Town's percentage of collective net pension liability	0.00%
Town's proportionate share of the collective net pension liability	\$ -
State's proportionate share of the collective net pension liability associated with the Town	<u>\$71,141,153</u>
Total proportionate share of the collective net pension liability	<u>\$71,141,153</u>
Town's covered employee payroll	<u>\$26,840,361</u>
Town's proportionate share of the collective net pension liability as a % of covered payroll	0.00%
Plan fiduciary net position as a % of total pension liability	61.51%

**Schedule of Employer Contributions
 Since Inception of GASB 68**

Contractually required Town contribution	<u>\$ -</u>
--	-------------

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

Notes to Schedule

Changes in benefit term	None
Changes in assumptions	In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted as recommended by the Experience Study for the System.
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4 year smoothed market
Investment rate of return	8.5% net of investment expense, including inflation

See Independent Auditors' Report

APPENDIX B - FORM OF OPINION OF BOND COUNSEL

July __, 2016

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

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Monroe, Connecticut (the "Town") in connection with the issuance by the Town of its \$2,610,000 General Obligation Bonds, Issue of 2016, dated July 12, 2016 (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 July __, 2016 (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 obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

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

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

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

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing the federal alternative minimum tax. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

The Town has designated the Bonds as “qualified tax exempt obligations” within the meaning of Code Section 265(b)(3) for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

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

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated June __, 2016 and other offering material relating to the Bonds.

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

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

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

**In Connection With The Issuance and Sale of
\$2,610,000 General Obligation Bonds, Issue of 2016**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of July 12, 2016, by the Town of Monroe, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$2,610,000 General Obligation Bonds, Issue of 2016, dated July 12, 2016 (the “Bonds”).

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

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

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

“Final Official Statement” means the official statement of the Issuer dated June 28, 2016, prepared in connection with the issuance of the Bonds.

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

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

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

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

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

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2016):

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

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

(A) the amounts of the gross and net taxable grand list;

- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;
- (E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins;
- (I) the funding status of the Issuer's pension benefit obligations; and
- (J) the funding status of the Issuer's OPEB obligation.

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

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

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

Section 4. Event Notices.

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

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

(vi) tender offers;

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

(viii) Bond defeasances; and

(ix) rating changes.

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

(i) non-payment related defaults;

(ii) modifications to rights of Bond holders;

(iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and

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

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.

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

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

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

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

Section 10. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Town of Monroe, 7 Fan Hill Road, Monroe, CT 06468, Attn: First Selectman. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

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

Section 12. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF MONROE, CONNECTICUT

By: _____
Stephen J. Vavrek Jr.
First Selectman

APPENDIX D – NOTICE OF SALE

**Notice Of Sale
Town Of Monroe, Connecticut
\$2,610,000 General Obligation Bonds, Issue of 2016
dated Date of Delivery
(the “Bonds”)**

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

June 28, 2016

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

\$2,610,000 General Obligation Bonds, Issue of 2016
dated Date of Delivery

The Bonds are payable annually on July 1, in the principal amounts and years as set forth below:

<u>Amount</u>	<u>Due</u>
\$270,000	2017
\$260,000	2018 - 2026

Interest on the Bonds will be payable on January 1, 2017 and semiannually thereafter on the 1st day of July and January in each year until maturity. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be delivered to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium (if any) and interest on the Bonds will be payable by the Town to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the beneficial owners of the Bonds or their nominees. (The record dates for the Bonds will be the fifteenth day of June and December, or the preceding business day if such day is not a business day.) The Bonds will be certified by the Registrar, Transfer Agent and Paying Agent which shall be U.S. Bank National Association, Hartford, Connecticut.

The Bonds maturing on or before July 1, 2022 are not subject to redemption prior to maturity. The Bonds maturing on July 1, 2023 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after July 1, 2022, either in whole or in part at any time, in such order of maturity and amount as the Town may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth as follows, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
July 1, 2022 and thereafter	100%

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

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the Town. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 12, 2016, the dated date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the Town will determine by lot which of such bidders will be awarded the Bonds. The purchase price must be paid in federal funds.

Electronic bids for the purchase of the Bonds may be submitted through the facilities of **PARITY**[®] until 11:00 A.M. (E.D.T.) on Tuesday, June 28, 2016. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 404-8102 - email notice: PARITY@i-Deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**[®] is communicated to the Town, it shall constitute an irrevocable offer in response to this Notice of Sale, and shall be binding upon the bidder. By submitting a bid for the Bonds via **PARITY**[®], 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[®], or the inaccuracies of any information, including bid information or worksheets supplied by PARITY[®], the use of PARITY[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

Disclaimer. Each **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] 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**[®] 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**[®] 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**[®]. The Town is using **PARITY**[®] 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**[®] 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**[®] 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**[®] at (212) 404-8102. If any provision of this Notice of Sale shall conflict with information provided by **PARITY**[®], this Notice of Sale shall control.

The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes. Under existing statutes the State of Connecticut is obligated to pay to the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses.

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

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

The Town has prepared a Preliminary Official Statement dated June 20, 2016 for the Bonds, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. Bidders must acknowledge in their respective bids that they have received and reviewed such Preliminary Official Statement. The Town will make available to the winning purchaser 50 copies of the Official Statement, dated June 28, 2016, as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Independent Bond and Investment Consultants, LLC, by the fifth business day after the day bids on the Bonds are received. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriting, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix 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, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

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

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

The Bonds will be delivered to U.S. Bank National Association as agent for DTC in New York, New York on or about July 12, 2016 against payment in immediately available federal funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning purchaser to obtain CUSIP numbers for the Bonds prior to delivery and the Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning purchaser to obtain such numbers and to supply them to the Town in a timely manner.

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

For more information regarding this issue and the Town, reference is made to the Preliminary Official Statement dated June 20, 2016. Copies of the Preliminary Official Statement may be obtained from Mr. Ronald J. Bunovsky, Jr., Director of Finance and Comptroller, Town of Monroe, Monroe Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468 (203) 452-2802 or from Mr. William Lindsay, Independent Bond and Investment Consultants LLC, (203) 245-9603.

Stephen J. Vavrek Jr.
First Selectman

Deborah Heim
Treasurer

June 20, 2016