

**TOWN OF MONROE, CONNECTICUT**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



**YEAR ENDED JUNE 30, 2017**

# **TOWN OF MONROE, CONNECTICUT**

## **Comprehensive Annual Financial Report Year Ended June 30, 2017**



**Prepared by the Finance Department**

**7 Fan Hill Road  
Monroe, Connecticut 06468**

**Town of Monroe, Connecticut**

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Year Ended June 30, 2017

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## Town of Monroe, Connecticut

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**Town of Monroe, Connecticut**

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<b>STATISTICAL SECTION (Unaudited)</b>
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This part of the Town's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information reveals about the Town's overall financial health.

This section includes the following schedules:

Table

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Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**INTRODUCTORY  
SECTION**



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Monroe  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

**Town of Monroe, Connecticut  
Elected and Appointed Officials as of December 29, 2017**

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**Elected Officials**

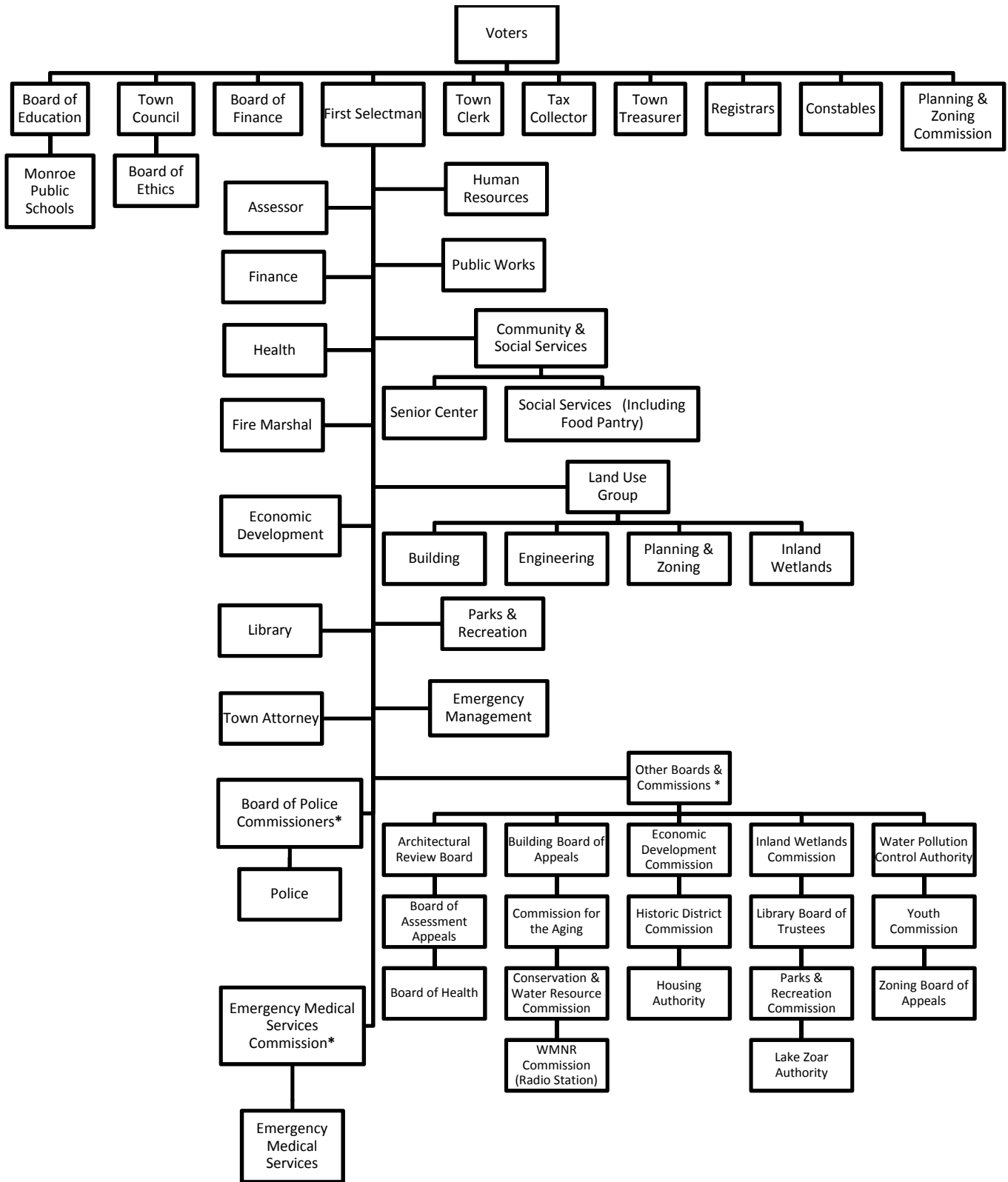
<b>First Selectman</b>	Kenneth M. Kellogg	
<b>Town Council</b>	Frank Lieto, Chairman Sean O'Rourke Terry Rooney Dee Dee Martin Jason Maur	Enid Lipeles, Vice-Chairman Kevin Reid Dennis Condon Jennifer Aguilar
<b>Board of Finance</b>	Michael Manjos, Chairman Craig Hirsch Ted Quinlan	John Ostaszewski, Vice-Chairman Patrick O'Hara Michael Verdisco
<b>Tax Collector</b>	Manny Cambra, CCMC	
<b>Town Clerk</b>	Vida Stone	
<b>Town Treasurer</b>	Deborah Heim	
<b>Registrars of Voters</b>	Margaret Villani (R)	Jamieson Campbell (D)
<b>Board of Education</b>	Donna Lane, Chairman Shannon Reilly-Monaco, Secretary Christine Cascella Jerry Stevens Jeff Fulchino	George King III, Vice-Chairman David Ferris Dr. Alan Vaglivelo Jessica Katuska

**Appointed Officials**

<b>Town Attorney</b>	Jeremy Hayden, Esq.
<b>Director of Finance</b>	Ron Bunovsky Jr., CPA
<b>Deputy Director of Finance</b>	Heidi Meade
<b>Assessor</b>	Justin Feldman, CCMA
<b>Chief of Police</b>	John Salvatore
<b>Director of Public Works</b>	Chris Nowacki
<b>Director of Human Resources</b>	Catherine Lombardi
<b>Director of Parks &amp; Recreation</b>	Frank Cooper
<b>Director of Community &amp; Social Services</b>	Barbara Yeager
<b>Director of Health</b>	Nancy Brault, MPH, RS
<b>Fire Marshal</b>	William Davin
<b>Town Engineer/Wetlands Agent</b>	Scott Schatzlein, P.E.
<b>Chief Building Official</b>	James Sandor
<b>Planning &amp; Zoning Administrator</b>	William Agresta, AICP
<b>Zoning Enforcement Officer</b>	Joe Chapman
<b>Superintendent of Schools</b>	John Battista
<b>Director of Finance &amp; Mgmt Services - BOE</b>	Gabriella DiBlasi



## Town of Monroe, Connecticut Organization Chart



\* Appointed by the First Selectman and subject to the approval of Town Council.

# Town of Monroe



**Ronald J. Bunovsky Jr., CPA**  
Director of Finance

**Heidi Meade**  
Deputy Director of Finance

**FINANCE DEPARTMENT**  
7 Fan Hill Road  
Monroe, Connecticut 06468-1800  
Phone: (203)452-2800  
(Director: ext. 1061, Deputy Director: ext. 1006)

January 8, 2018

To the Members of the Town Council, Members of the Board of Finance and Citizens of the Town of Monroe, Connecticut:

The Connecticut General Statutes require that all municipalities have their financial statements audited at least once annually. This report, which is published to fulfill this requirement for the fiscal year ended June 30, 2017, is prepared in conformity with generally accepted accounting principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

The responsibility for the completeness and accuracy of the information contained in this report lies with the management of the Town, based upon internal controls which have been established to provide reasonable assurance that the financial statements are free of material misstatements.

Our auditors, PKF O'Connor Davies, LLP, have issued an unmodified (clean) opinion on the Town's financial statements for the fiscal year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report. Immediately following the independent auditor's report is the Management's Discussion and Analysis (MD&A) which provides an introduction, overview and analysis of the basic financial statements. The MD&A is designed to compliment this letter of transmittal and should be read in conjunction with it.

## **Profile of the Town**

The Town of Monroe was incorporated in 1823. It covers an area of 26.4 square miles and is located in the southwestern part of Connecticut, approximately 70 miles east of New York City. According to the Connecticut Department of Public Health, the Town's population was 19,784 as of July 1, 2016. The Town has above average household income and education levels that reflect its character as a suburban bedroom community.

The Town is administered by an elected First Selectman, who acts as the Chief Executive Officer, and a 9-member Town Council. This constitutes a First Selectman/Council form of government. The First Selectman is responsible for planning, administering and supervising all municipal activities, except for education. The legislative power of the Town is vested with the Town Council. It has the power to enact, amend or create ordinances. All financial matters of the Town are the responsibility of the First Selectman, a six member elected Board of Finance, the Finance Department and an elected Town Treasurer. The Finance Department, which is managed by the

Director of Finance, maintains all of the Town's financial records. The Town Treasurer is responsible for the Town's investments.

The Charter defines the Town's budgetary policy. Department heads, along with the chairpersons of all boards and commissions, submit their budget requests to the First Selectman no later than January 2<sup>nd</sup> of each year. The First Selectman's Budget is delivered to the Town Council by February 8<sup>th</sup>. The Town Council, which must hold one public hearing, is tasked with reviewing the Town Budget and making any revisions it deems consistent with the welfare and resources of the Town. Their Budget is then forwarded to the Board of Finance by February 28<sup>th</sup>. The Board of Finance, which must also hold one public hearing, is tasked with the same budgetary review and revision duties as the Town Council. Their Budget must be delivered back to the First Selectman no later than March 21<sup>st</sup>. The First Selectman is then tasked with preparing the final proposed Annual Town Budget, which is submitted to the Annual Budget Referendum. The Annual Budget Referendum is held on the 1<sup>st</sup> Tuesday in April each year.

The Town provides a full range of services, including police and fire protection; emergency medical service; recycling collection; snow removal; building inspections; licenses and permits; vital statistics; the construction and maintenance of roads; recreational and cultural activities; library services; and public schools through the Board of Education.

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 Local Economy and the Town's Fiscal Health**

The economy in the State of Connecticut has remained weak over the last several years and continues to have a negative outlook. The Town of Monroe, however, has managed to remain in line economically with the nation as reflected by its 4.5% unemployment rate as of June 30, 2017. This is well below the State's 4.8% unemployment rate and is more in line with the nation's 4.4% unemployment rate as of the same date. The location of the Town within Fairfield County, the wealthiest county in Connecticut, is the most significant reason for its' economic stability.

As a result of the uncertainty created by the delay in passing the State of Connecticut's Budget this past year, on October 16, 2017 Moody's Investors Service, Inc. (Moody's) initiated reviews for downgrade of ratings for 26 Connecticut municipalities and 3 Connecticut regional school districts; and assigned or maintained negative outlooks to an additional 26 municipalities and 3 school districts in Connecticut. The Town of Monroe was **not** on either of these lists of affected credit ratings. The Town's stable local economy and conservative fiscal management have helped it maintain a solid Aa2 credit rating from Moody's since 2010, at which time it was upgraded from Aa3.

Major industries located within Monroe or in close proximity include financial institutions, defense manufacturers, hospitals, universities and retail stores. The Town itself, including the school district, has a significant economic presence in the area, as it employs more than 600 teachers, administrators, police officers, various other professionals and support staff.

The current median household income for Monroe is significantly higher than that for the State as a whole. According to the U.S. Census Bureau's 2012-2016 American Community Survey, Monroe's median household income was \$113,333, as compared to the State's of \$71,755.

## **Long-term Financial Planning**

The Town prepares a five-year Capital Improvement Plan (CIP), which is reviewed and updated annually during its budget process. Capital projects and purchases are first prioritized by each department head, who then submit their request to the First Selectman and Director of Finance with their annual operating budget. After the First Selectman's Budget is forwarded to the Town Council, the Town Council then holds joint budget workshops as needed with the Board of Finance to ensure that the CIP addresses the majority of the capital needs of the Town in a fiscally responsible manner. It is then voted on as part of the Annual Town Budget by the taxpayers at the Annual Budget Referendum. The CIP attempts to cover all future facility, infrastructure and equipment needs of the Town in the interest of public safety, health and welfare, education and recreation.

Pursuant to the Connecticut General Statutes, the Town is required to review its Plan of Conservation and Development (POCD) every 10 years. Monroe's POCD, which was last reviewed and updated in 2010, will need to be reviewed again by 2020. The intent of the plan is to guide the conservation and development actions of the Town over a ten year period and for the Town to implement the plan's recommendations in order to achieve its goals. The recommendations of the plan get implemented through zoning laws and other land use regulation tools, capital expenditures and on-going planning.

## **Financial Policies**

The current financial policies of the Town have been applied consistently throughout the fiscal year. However, over the course of the next few months the Town's financial policies (including its purchasing policy) will be reviewed and updated internally by the Finance Department and the First Selectman. Once complete, the revised policies will be submitted to the Board of Finance and the Town Council for approval.

## **Awards & Acknowledgements**

The Town of Monroe received the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2016 from the Government Finance Officers Association (GFOA). This was the first CAFR ever submitted to the GFOA's Certificate of Achievement for Excellence in Financial Reporting Program by the Town.

The preparation of this report would not have been possible without the effort and dedication of the Deputy Director of Finance and the entire staff of the Finance Department. We would also like to thank all departments for their assistance in providing the data necessary in the preparation of this report. The Town Council and Board of Finance also need to be credited with their commitment to maintaining the highest standards of professionalism in the governance of Monroe's finances.

Respectfully submitted,



Ronald J. Bunovsky Jr., CPA  
Director of Finance

**FINANCIAL  
SECTION**

## **Independent Auditors' Report**

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Monroe, Connecticut ("Town") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

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

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*  
December 29, 2017

## Town of Monroe, Connecticut

Management's Discussion and Analysis  
June 30, 2017

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

### **FINANCIAL HIGHLIGHTS**

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

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

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

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

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

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



## Town of Monroe, Connecticut

Management's Discussion and Analysis  
June 30, 2017

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

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

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

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

## Town of Monroe, Connecticut

Management's Discussion and Analysis  
June 30, 2017

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

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

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

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

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

## Town of Monroe, Connecticut

Management's Discussion and Analysis  
June 30, 2017

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

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

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

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

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

## Town of Monroe, Connecticut

Management's Discussion and Analysis  
June 30, 2017

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

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

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

### **General Fund Budgetary Highlights**

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

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

**Table 3  
 General Fund - Budget Summary**

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

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

## **Town of Monroe, Connecticut**

Management's Discussion and Analysis  
June 30, 2017

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

#### **Capital Assets**

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

#### **Debt**

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

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

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

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

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

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

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

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

**BASIC FINANCIAL  
STATEMENTS**

Statement of Net Position  
June 30, 2017

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

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



Statement of Activities  
For the Year Ended June 30, 2017

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

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

Balance Sheet  
 Governmental Funds  
 June 30, 2017

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

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

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

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

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

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

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

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

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

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

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

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

Statement of Net Position  
 Internal Service Funds  
 June 30, 2017

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

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

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

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

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

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

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

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



Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2017

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

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

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

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

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

## Town of Monroe, Connecticut

Notes to Financial Statements  
June 30, 2017

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### 1. Summary of Significant Accounting Policies

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

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

#### A. Financial Reporting Entity

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

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

#### B. Government-Wide Financial Statements

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

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

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

**C. Fund Financial Statements**

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

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

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

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

**Fund Categories**

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

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

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

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

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

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

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

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

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

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

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

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

#### Deposits, Investments and Risk Disclosure

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

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

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

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

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

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

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

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

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

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

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

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

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)

June 30, 2017

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

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

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

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

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

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

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

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



**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2017

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### F. Encumbrances

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

### G. Use of Estimates

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

### H. Subsequent Events Evaluation by Management

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

## 2. Stewardship, Compliance and Accountability

### A. Budget Basis

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

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)

June 30, 2017

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

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

#### B. Budget Calendar

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

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

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

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

#### C. Budget Control

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

#### D. Additional Appropriations in the General Fund

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

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

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

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

**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
 June 30, 2017

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

**E. Fund Deficits**

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

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

**F. Application of Accounting Standards and Restatement of Net Position**

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

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

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

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

**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
 June 30, 2017

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**3. Cash, Cash Equivalents and Investments**

Cash and investments of the Town consist of the following:

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

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

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

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

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

**Investments** – Investments are summarized as follows:

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

### 3. Cash, Cash Equivalents and Investments

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

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

NR = Not rated

NA = Not applicable

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

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

### 4. Receivables, Deferred Inflows and Unearned Revenue

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

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

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



**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2017

**5. Interfund Transactions**

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

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

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

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

**6. Capital Assets**

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

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

**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2017

**6. Capital Assets (Continued)**

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

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

**7. Long-Term Liabilities**

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

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

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

**A. General Obligation Bonds**

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

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

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

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

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

### B. Advance Refunding

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

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

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

### C. Prior Year Defeasance of Debt

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

#### D. Authorized but Unissued Bonds

The Town has debt authorized but unissued as follows:

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

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

#### E. Capital Leases Payable

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

Total payments on capital lease(s) for year ending

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

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

#### F. Operating Leases Payable

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

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

**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2017

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

**G. Compensated Absences**

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

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

**H. Special Termination Benefits**

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

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

**I. Retired Employee Obligations**

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

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

#### J. Legal Debt Limit

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

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

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

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

### 8. Net Position

The components of net position are detailed below:

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

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

**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2017

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**8. Net Position (Continued)**

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

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

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

**9. Fund Balances**

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

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

**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
 June 30, 2017

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

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

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

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

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

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

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

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

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



## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

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

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

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

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

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

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

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

Town	10.93%
Board of Education	10.91%

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

#### Net Pension Liability

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

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

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

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

#### Actuarial Methods and Significant Assumptions

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

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

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

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

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

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

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

For the Board of Education:

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

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

### 11. Connecticut Municipal Employee's Retirement System

**Plan Description** - The Town's Police Department participates in the Municipal Employees' Retirement System ("MERS"). This is a cost sharing multiple employer public employee retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating local government authorities. The plan was established in 1947 and is governed by Connecticut General Statutes Title 7, Chapter 113. A separate stand-alone financial report is not issued.

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

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

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

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)

June 30, 2017

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### 11. Connecticut Municipal Employees' Retirement System

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

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

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

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

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

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

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

<b>Actuarial cost method</b>	Entry Age Normal Cost method
<b>Experience study dates</b>	July 1, 2007 - June 30, 2012
<b>Asset valuation method</b>	Market value
<b>Inflation</b>	3.25%
<b>Salary increases</b>	4.25-11.00%, including inflation
<b>Investment rate of return</b>	8.00%, net of investment related expense, including inflation using a long-normal distribution analysis of best-estimate ranges using a weighted average for each asset class and applied to all periods.
<b>Discount rate</b>	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.
<b>Cost of living adjustment</b>	Annually compounded increases vary based on member age and date of retirement and range from 2.50% to 6% maximum.
<b>Post-retirement mortality</b>	RP2000 Mortality Table for Annuitant and non-Annuitants

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

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

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

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

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

#### Town of Monroe, Connecticut's Proportionate Share

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

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

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

### 12. Connecticut Teachers' Retirement System

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

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

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

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

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

**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2017

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**12. Connecticut Teachers' Retirement System (Continued)**

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

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

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

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

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

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

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

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



**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2017

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**12. Connecticut Teachers' Retirement System (Continued)**

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

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

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

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

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

**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2017

**12. Connecticut Teachers' Retirement System (Continued)**

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

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

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

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

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

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

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

**12. Connecticut Teachers' Retirement System (Continued)**

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

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

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

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

**A. Town Police OPEB Plan**

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

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

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

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

**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2017

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

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

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

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

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

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

**ASSETS**

Cash and equivalents	\$ 427,082
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**NET POSITION**

Restricted for pensions benefits	\$ 427,082
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**Long-Term Expected Rate of Return** – The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation.

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

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

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

#### Net OPEB Liability

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

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

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

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

**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2017

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

**Actuarial Methods and Significant Assumptions**

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

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

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

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

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

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

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

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

**Town of Monroe, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2017

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

**B. Board of Education Plan**

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

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

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

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

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

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

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

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

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

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



## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

Other actuarial methods and significant assumptions are summarized as follows:

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

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

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

Three year trend information is as follows:

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

### Funding Progress

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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

#### Schedule of Funding Progress

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

### 14. Risk Management

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

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

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

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

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

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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### 14. Risk Management (Continued)

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

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

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

### 15. Contingencies

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

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

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

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

## Town of Monroe, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2017

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### 16. State of Connecticut Information and Restrictions

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

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

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

### 17. GASB Pronouncements Issued, But Not Yet Effective

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

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

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

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

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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

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

(Continued)

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

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

(Continued)



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

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

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

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

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

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

**Town of Monroe, Connecticut**

RSI-2a

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

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

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

See Independent Auditors' Report

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

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

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

**Notes to the Schedule**

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

Methods and assumptions used to determine contribution rates:

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

See Independent Auditors' Report

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

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

NA = Not available

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

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

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

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

See Independent Auditors' Report

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

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

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

**Notes to the Schedule**

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

Methods and assumptions used to determine contribution rates:

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

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

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

NA = Not available

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



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

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

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

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

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

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

**Notes to the Schedule**

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

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

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

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

NA = Not available

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

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

**Schedule of Funding Progress  
 Last Three Valuations**

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

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

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

**Notes to Schedule**

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

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

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

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

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

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

**Notes to Schedule**

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

Required Supplementary Information  
 Connecticut Teachers Retirement System  
 June 30, 2017

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

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

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

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

(Continued)

See Independent Auditors' Report

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

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**Notes to Schedule**

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

See Independent Auditors' Report

## NON-MAJOR GOVERNMENTAL FUNDS

- **Library Grants Fund** - Library Grants Fund is used to account for various federal, state and local grants received for the library.
- **Wheeler Library Fund** - The Wheeler Library Fund is used to account for revenue received from the Edith S. Wheeler Trust for the benefit of the library.
- **School Cafeteria Fund** - The School Cafeteria Fund is used for operations of the schools' cafeterias funded by federal grants and faculty and student meal purchases.
- **Education Grants Fund** - The Education Grants Fund is used to account for various federal, state and local grants received for educational purposes.
- **Education Programs Fund** - The Education Programs Fund is used to account for educational programs, athletic 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 Fund** - The WMNR Radio Station Fund is used for private donations received which fund the operations of the WMNR Radio Station.
- **Police Grants Fund** - Police Grants Fund is used to account for various federal, state and local grants received for law enforcement.
- **Police Private Duty Fund** - The Police Private Duty Fund is used to account for 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.
- **Recreation Programs Fund** - The Recreation Programs Fund is used to account for 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.



## NON-MAJOR GOVERNMENTAL FUNDS (Continued)

- **Senior Center Grant and Program Fund** - The Senior Center Grant and Program Fund is used to account for grant and program revenue used to fund various program expenditures at the Senior Center for the benefit of senior citizens.
- **Town Grants and Programs Fund** - The Town Grants and Programs Fund is used to account for grant, donation and program revenue received by the Town for various specified purposes.
- **Local Capital Improvements Fund** - The Local Capital Improvements Fund is used to account for state grant revenue and corresponding expenditures relating to the Local Capital Improvement Program (LOCIP).
- **Town Road Grants Fund** - The Town Road Grants Fund is used to account for State Town Aid Road and municipal projects state grant revenue and related expenditures.
- **Waste Disposal Fund** - The Waste Disposal Fund is used to account for refuse hauler fees and dump truck ticket revenue used to fund the Town's proportionate usage of the Trumbull Transfer Station.
- **Plan of Conservation and Development Fund** - The Plan of Conservation and Development Fund 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).
- **BOE Bonded Projects Fund** - The BOE Bonded Projects Fund is used to account for the bond revenues and expenditures associated with various Board of Education capital projects.

## NON-MAJOR GOVERNMENTAL FUNDS (Continued)

- **Capital Reserve Fund** - The Capital Reserve Fund is used to account for non-major capital projects and acquisition which, by their nature, occur over the course of multiple years. These projects are either funded through transfers appropriated from the General Fund or proceeds from the issuance of General Obligation Bonds.
- **Road Construction and Reconstruction Fund** - The Road Construction and Reconstruction Fund is used 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 Fund** - The Pepper Street Reconstruction Fund is used to account for the grant revenue and related expenditures for the reconstruction of Pepper Street. This project is being funded utilizing federal funds under STP Urban Component of the Surface Transportation Program. 80% will be funded with federal funds, 10% with state funds and the remaining 10% with Town funds.
- **Police Department Renovation Fund** - The Police Department Renovation Fund is used 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 grant.
- **Education Capital Reserve Fund** - The Education Capital Reserve Fund was established pursuant to Section 10-248a of the Connecticut General Statutes, it is funded with the transfer of a Board of Education budget surplus which remains at the end of any fiscal year.
- **Capital Financing Fund** - The Capital Financing Fund is used to internally finance capital project funds. The capital expenditure is paid from the fund and then reimbursed over time from other funds. This fund is expected to carry a deficit fund balance.

Combining Balance Sheet  
 Other Governmental Funds  
 June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cornelia Rogers	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 741,353	\$ -	\$ -	\$ 741,353
Investments	317,432	-	-	317,432
Other receivables		-		
Accounts	389,288	80,332	-	469,620
Intergovernmental	560,429	412,439	-	972,868
Due from other funds	<u>2,846,441</u>	<u>2,412,058</u>	<u>57,596</u>	<u>5,316,095</u>
Total Assets	<u>\$ 4,854,943</u>	<u>\$ 2,904,829</u>	<u>\$ 57,596</u>	<u>\$ 7,817,368</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>				
Liabilities				
Accounts payable	\$ 350,893	\$ 981,792	\$ -	\$ 1,332,685
Accrued payroll and related	-	87,406	-	87,406
Due to other funds	504,328	787,778	-	1,292,106
Unearned revenues	<u>1,577,660</u>	<u>-</u>	<u>-</u>	<u>1,577,660</u>
Total Liabilities	<u>2,432,881</u>	<u>1,856,976</u>	<u>-</u>	<u>4,289,857</u>
Deferred Inflows of Resources				
Deferred revenues	<u>762,171</u>	<u>492,771</u>	<u>-</u>	<u>1,254,942</u>
Fund Balances (Deficits)				
Nonspendable	-	-	2,250	2,250
Restricted	392,822	-	55,346	448,168
Committed	-	1,959,645	-	1,959,645
Assigned	1,517,063	219,743	-	1,736,806
Unassigned	<u>(249,994)</u>	<u>(1,624,306)</u>	<u>-</u>	<u>(1,874,300)</u>
Total Fund Balances	<u>1,659,891</u>	<u>555,082</u>	<u>57,596</u>	<u>2,272,569</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 4,854,943</u>	<u>\$ 2,904,829</u>	<u>\$ 57,596</u>	<u>\$ 7,817,368</u>

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

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cornelia Rogers	Total Other Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ 2,705,081	\$ -	\$ -	\$ 2,705,081
Charges for services	3,782,143	-	-	3,782,143
Contributions	335,896	-	-	335,896
Investment earnings	1,583	-	-	1,583
Miscellaneous	30,665	64,758	-	95,423
Total Revenues	<u>6,855,368</u>	<u>64,758</u>	<u>-</u>	<u>6,920,126</u>
<b>EXPENDITURES</b>				
Current				
General government	20,185	-	-	20,185
Public safety	619,997	-	-	619,997
Public works	859,958	-	-	859,958
Health and welfare	86,758	5,214	-	91,972
Culture and recreation	1,310,815	-	-	1,310,815
Education	3,758,408	-	-	3,758,408
Debt service				
Bond issuance costs	-	64,978	-	64,978
Capital outlay	581,215	4,766,644	-	5,347,859
Total Expenditures	<u>7,237,336</u>	<u>4,836,836</u>	<u>-</u>	<u>12,074,172</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(381,968)</u>	<u>(4,772,078)</u>	<u>-</u>	<u>(5,154,046)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	150,000	714,736	-	864,736
Transfers out	(150,000)	(430,524)	-	(580,524)
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,072,000</u>	<u>-</u>	<u>3,072,000</u>
Net Change in Fund Balance	(381,968)	(1,700,078)	-	(2,082,046)
Fund Balances - Beginning of Year	<u>2,041,859</u>	<u>2,255,160</u>	<u>57,596</u>	<u>4,354,615</u>
Fund Balances - End of Year	<u>\$ 1,659,891</u>	<u>\$ 555,082</u>	<u>\$ 57,596</u>	<u>\$ 2,272,569</u>

See Independent Auditors' Report

Combining Balance Sheet  
 Special Revenue Funds  
 June 30, 2017

	Library Grants	Wheeler Library	School Cafeteria	Education Grants	Education Programs	WMNR Radio Station	Police Grants	Police Private Duty
<b>ASSETS</b>								
Cash and equivalents	\$ 794	\$ -	\$139,447	\$ -	\$ 3,518	\$ 401,293	\$ -	\$ -
Investments	-	317,432	-	-	-	-	-	-
Other receivables								
Accounts	-	-	-	-	162,326	4,155	-	77,195
Intergovernmental	-	-	33,817	6,767	-	-	112,617	-
Due from other funds	12,991	-	1,144	30,993	267,195	-	-	599,054
Total Assets	<u>\$13,785</u>	<u>\$317,432</u>	<u>\$174,408</u>	<u>\$ 37,760</u>	<u>\$433,039</u>	<u>\$ 405,448</u>	<u>\$ 112,617</u>	<u>\$ 676,249</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>								
Liabilities								
Accounts payable	\$10,799	\$ -	\$168,589	\$ 19,207	\$ 914	\$ 10,609	\$ 3,499	\$ -
Accrued payroll and related	-	-	-	-	-	-	-	-
Due to other funds	1,144	173,540	-	-	-	4,970	86,930	-
Unearned revenues	12,355	-	-	8,499	-	-	20,696	-
Total Liabilities	<u>24,298</u>	<u>173,540</u>	<u>168,589</u>	<u>27,706</u>	<u>914</u>	<u>15,579</u>	<u>111,125</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Revenue not available	-	-	-	-	166,282	-	-	77,195
Fund Balances (Deficits)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	143,892	-	10,054	-	-	1,492	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	5,819	-	265,843	389,869	-	599,054
Unassigned	(10,513)	-	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>(10,513)</u>	<u>143,892</u>	<u>5,819</u>	<u>10,054</u>	<u>265,843</u>	<u>389,869</u>	<u>1,492</u>	<u>599,054</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$13,785</u>	<u>\$317,432</u>	<u>\$174,408</u>	<u>\$ 37,760</u>	<u>\$433,039</u>	<u>\$ 405,448</u>	<u>\$ 112,617</u>	<u>\$ 676,249</u>

(continued)

Combining Balance Sheet (Continued)  
 Special Revenue Funds  
 June 30, 2017

	Recreation Programs	Senior Center Grant and Program	Town Grants and Programs	Local Capital Improvements	Town Road Grants	Waste Disposal	Total Special Revenue Funds
<b>ASSETS</b>							
Cash and equivalents	\$ -	\$ -	\$ 196,301	\$ -	\$ -	\$ -	\$ 741,353
Investments	-	-	-	-	-	-	317,432
Other receivables	-	-	-	-	-	-	-
Accounts	-	26,342	7,804	-	-	111,466	389,288
Intergovernmental	-	-	-	407,228	-	-	560,429
Due from other funds	238,306	66,015	292,788	-	1,312,805	25,150	2,846,441
Total Assets	<u>\$ 238,306</u>	<u>\$ 92,357</u>	<u>\$ 496,893</u>	<u>\$ 407,228</u>	<u>\$ 1,312,805</u>	<u>\$ 136,616</u>	<u>\$ 4,854,943</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>							
Liabilities							
Accounts payable	\$ 42,731	\$ 4,046	\$ 42,104	\$ -	\$ -	\$ 48,395	\$ 350,893
Accrued payroll and related	-	-	-	-	-	-	-
Due to other funds	-	-	21,508	216,236	-	-	504,328
Unearned revenues	141,116	82,189	-	-	1,312,805	-	1,577,660
Total Liabilities	<u>183,847</u>	<u>86,235</u>	<u>63,612</u>	<u>216,236</u>	<u>1,312,805</u>	<u>48,395</u>	<u>2,432,881</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Revenue not available	-	-	-	407,228	-	111,466	762,171
Fund Balances (Deficits)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	237,384	-	-	-	392,822
Committed	-	-	-	-	-	-	-
Assigned	54,459	6,122	195,897	-	-	-	1,517,063
Unassigned	-	-	-	(216,236)	-	(23,245)	(249,994)
Total Fund Balances (Deficits)	<u>54,459</u>	<u>6,122</u>	<u>433,281</u>	<u>(216,236)</u>	<u>-</u>	<u>(23,245)</u>	<u>1,659,891</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 238,306</u>	<u>\$ 92,357</u>	<u>\$ 496,893</u>	<u>\$ 407,228</u>	<u>\$ 1,312,805</u>	<u>\$ 136,616</u>	<u>\$ 4,854,943</u>

See Independent Auditors' Report

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

	Library Grants	Wheeler Library	School Cafeteria	Education Grants	Education Programs	WMNR Radio Station	Police Grants	Police Private Duty
<b>REVENUES</b>								
Intergovernmental	\$ 12,858	\$ -	189,697	\$ 1,958,107	\$ -	\$ -	\$164,535	\$ -
Charges for services	-	-	577,447	-	990,144	496,340	32,000	669,375
Contributions	-	25,000	-	-	-	142,214	-	-
Investment earnings	-	23	148	-	-	1,412	-	-
Miscellaneous	-	-	-	-	-	4,000	(3,749)	-
Total Revenues	<u>12,858</u>	<u>25,023</u>	<u>767,292</u>	<u>1,958,107</u>	<u>990,144</u>	<u>643,966</u>	<u>192,786</u>	<u>669,375</u>
<b>EXPENDITURES</b>								
Current expenditures								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	87,508	481,118
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	23,371	64,119	-	-	-	660,023	-	-
Education	-	-	782,385	1,950,202	1,025,821	-	-	-
Capital outlay	-	-	-	-	-	72,426	101,561	-
Total Expenditures	<u>23,371</u>	<u>64,119</u>	<u>782,385</u>	<u>1,950,202</u>	<u>1,025,821</u>	<u>732,449</u>	<u>189,069</u>	<u>481,118</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,513)</u>	<u>(39,096)</u>	<u>(15,093)</u>	<u>7,905</u>	<u>(35,677)</u>	<u>(88,483)</u>	<u>3,717</u>	<u>188,257</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(10,513)	(39,096)	(15,093)	7,905	(35,677)	(88,483)	3,717	188,257
Fund Balances (Deficits) - Beginning of Year	-	182,988	20,912	2,149	301,520	478,352	(2,225)	410,797
Fund Balances (Deficits) - End of Year	<u>\$(10,513)</u>	<u>\$ 143,892</u>	<u>\$ 5,819</u>	<u>\$ 10,054</u>	<u>\$ 265,843</u>	<u>\$ 389,869</u>	<u>\$ 1,492</u>	<u>\$ 599,054</u>

(continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
 Special Revenue Funds  
 For the Year Ended June 30, 2017

	Recreation Programs	Senior Center Grant and Program	Town Grants and Programs	Local Capital Improvements	Town Road Grants	Waste Disposal	Total Special Revenue Funds
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ 35,580	\$ 4,000	\$ -	\$ 340,304	\$ -	\$ 2,705,081
Charges for services	405,426	33,043	128,175	7,164	-	443,029	3,782,143
Contributions	-	-	168,682	-	-	-	335,896
Investment earnings	-	-	-	-	-	-	1,583
Miscellaneous	-	6,704	23,710	-	-	-	30,665
Total Revenues	<u>405,426</u>	<u>75,327</u>	<u>324,567</u>	<u>7,164</u>	<u>340,304</u>	<u>443,029</u>	<u>6,855,368</u>
<b>EXPENDITURES</b>							
Current expenditures							
General government	-	-	20,185	-	-	-	20,185
Public safety	-	-	51,371	-	-	-	619,997
Public works	-	-	6,930	-	340,304	512,724	859,958
Health and welfare	-	-	86,758	-	-	-	86,758
Culture and recreation	356,753	69,165	137,384	-	-	-	1,310,815
Education	-	-	-	-	-	-	3,758,408
Capital outlay	-	-	-	407,228	-	-	581,215
Total Expenditures	<u>356,753</u>	<u>69,165</u>	<u>302,628</u>	<u>407,228</u>	<u>340,304</u>	<u>512,724</u>	<u>7,237,336</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>48,673</u>	<u>6,162</u>	<u>21,939</u>	<u>(400,064)</u>	<u>-</u>	<u>(69,695)</u>	<u>(381,968)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	150,000	-	-	150,000
Transfers out	(150,000)	-	-	-	-	-	(150,000)
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(101,327)	6,162	21,939	(250,064)	-	(69,695)	(381,968)
Fund Balances (Deficits) - Beginning of Year	<u>155,786</u>	<u>(40)</u>	<u>411,342</u>	<u>33,828</u>	<u>-</u>	<u>46,450</u>	<u>2,041,859</u>
Fund Balances (Deficits) - End of Year	<u>\$ 54,459</u>	<u>\$ 6,122</u>	<u>\$ 433,281</u>	<u>\$ (216,236)</u>	<u>\$ -</u>	<u>\$ (23,245)</u>	<u>\$ 1,659,891</u>

See Independent Auditors' Report



Combining Balance Sheet  
 Capital Projects Funds  
 June 30, 2017

	Plan of Conservation and Development	BOE Bonded Projects	Capital Reserve	Road Construction and Reconstruction	Reconstruction of Pepper Street	Police Department Renovation	Education Capital Reserve	Capital Financing	Total Capital Projects Funds
<b>ASSETS</b>									
Other receivables									
Accounts	\$ -		\$ 80,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,332
Intergovernmental	-	-	-	-	123,215	-	289,224	-	412,439
Due from other funds	80,331	-	1,369,396	622,609	-	114,021	225,701	-	2,412,058
Total Assets	<u>\$ 80,331</u>	<u>\$ -</u>	<u>\$1,449,728</u>	<u>\$ 622,609</u>	<u>\$ 123,215</u>	<u>\$ 114,021</u>	<u>\$514,925</u>	<u>\$ -</u>	<u>\$ 2,904,829</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>									
Liabilities									
Accounts payable	\$ -	\$786,657	\$ -	\$ 98,656	\$ -	\$ 96,479	\$ -	\$ -	\$ 981,792
Accrued payroll and related	-	87,406	-	-	-	-	-	-	87,406
Due to other funds	-	372	37,535	-	271,838	-	-	478,033	787,778
Total Liabilities	<u>-</u>	<u>874,435</u>	<u>37,535</u>	<u>98,656</u>	<u>271,838</u>	<u>96,479</u>	<u>-</u>	<u>478,033</u>	<u>1,856,976</u>
Deferred Inflows of Resources									
Deferred revenues	<u>-</u>	<u>-</u>	<u>80,332</u>	<u>-</u>	<u>123,215</u>	<u>-</u>	<u>289,224</u>	<u>-</u>	<u>492,771</u>
Fund Balances (Deficits)									
Committed	-	-	1,192,449	523,953	-	17,542	225,701	-	1,959,645
Assigned	80,331	-	139,412	-	-	-	-	-	219,743
Unassigned	-	(874,435)	-	-	(271,838)	-	-	(478,033)	(1,624,306)
Total Fund Balances (Deficits)	<u>80,331</u>	<u>(874,435)</u>	<u>1,331,861</u>	<u>523,953</u>	<u>(271,838)</u>	<u>17,542</u>	<u>225,701</u>	<u>(478,033)</u>	<u>555,082</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 80,331</u>	<u>\$ -</u>	<u>\$1,449,728</u>	<u>\$ 622,609</u>	<u>\$ 123,215</u>	<u>\$ 114,021</u>	<u>\$514,925</u>	<u>\$ -</u>	<u>\$ 2,904,829</u>

See Independent Auditors' Report

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

	Plan of Conservation and Development	BOE Bonded Projects	Capital Reserve	Road Construction and Reconstruction	Reconstruction of Pepper Street	Police Department Renovation	Education Capital Reserve	Capital Financing	Total Capital Projects Funds
<b>REVENUES</b>									
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,758	\$ 64,758
<b>EXPENDITURES</b>									
Current expenditures									
Health and welfare	-	-	5,214	-	-	-	-	-	5,214
Debt service									
Bond issuance costs	-	44,812	20,166	-	-	-	-	-	64,978
Capital outlay	-	<u>2,749,217</u>	<u>779,333</u>	<u>1,166,151</u>	<u>34,810</u>	-	-	<u>37,133</u>	<u>4,766,644</u>
Total Expenditures	-	<u>2,794,029</u>	<u>804,713</u>	<u>1,166,151</u>	<u>34,810</u>	-	-	<u>37,133</u>	<u>4,836,836</u>
Excess (Deficiency) of Revenues Over Expenditures	-	<u>(2,794,029)</u>	<u>(804,713)</u>	<u>(1,166,151)</u>	<u>(34,810)</u>	-	-	<u>27,625</u>	<u>(4,772,078)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	30,000	250,000	172,000	-	-	-	62,736	200,000	714,736
Transfers out	-	(118,537)	(61,987)	-	-	-	(250,000)	-	(430,524)
Proceeds from general obligation bonds	-	1,800,000	810,000	-	-	-	-	-	2,610,000
Premium on financing	-	<u>115,801</u>	<u>61,987</u>	-	-	-	-	-	<u>177,788</u>
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>2,047,264</u>	<u>982,000</u>	-	-	-	<u>(187,264)</u>	<u>200,000</u>	<u>3,072,000</u>
Net Change in Fund Balance (Deficit)	30,000	(746,765)	177,287	(1,166,151)	(34,810)	-	(187,264)	227,625	(1,700,078)
Fund Balances (Deficits) - Beginning of Year	<u>50,331</u>	<u>(127,670)</u>	<u>1,154,574</u>	<u>1,690,104</u>	<u>(237,028)</u>	<u>17,542</u>	<u>412,965</u>	<u>(705,658)</u>	<u>2,255,160</u>
Fund Balances (Deficits) - End of Year	<u>\$ 80,331</u>	<u>\$ (874,435)</u>	<u>\$ 1,331,861</u>	<u>\$ 523,953</u>	<u>\$ (271,838)</u>	<u>\$ 17,542</u>	<u>\$ 225,701</u>	<u>\$ (478,033)</u>	<u>\$ 555,082</u>

**NON-MAJOR  
INTERNAL  
SERVICE FUNDS**

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

**Town Dental Fund** - The Town Dental Fund is used to account for the Town's Dental plan. This was discontinued in 2017.

**BOE Medical and Dental Fund** - The BOE Medical and Dental Fund is used to account for Board of Education's Medical and Dental Plans.

**Heart and Hypertension Fund** - The Heart and Hypertension Fund is used to account for Heart and Hypertension claims of police officers.

Combining Statement of Net Position  
 Internal Service Funds  
 June 30, 2017

	Governmental Activities Internal Service Funds		
	Board of Education Medical and Dental	Heart and Hypertension	Totals
<b>ASSETS</b>			
Current Assets			
Cash and equivalents	\$ 195,747	\$ -	\$ 195,747
Receivables			
Due from other funds	-	325,318	325,318
Total Current Assets	<u>\$ 195,747</u>	<u>\$ 325,318</u>	<u>\$ 521,065</u>
<b>LIABILITIES</b>			
Current Liabilities			
Due to other funds	\$ 192,609	\$ -	\$ 192,609
Risk management claims	419,595	46,281	465,876
Total Current Liabilities	<u>612,204</u>	<u>46,281</u>	<u>658,485</u>
Noncurrent Liabilities			
Risk management claims, less current portion	-	275,683	275,683
Total Liabilities	<u>612,204</u>	<u>321,964</u>	<u>934,168</u>
<b>NET POSITION</b>			
Unrestricted	<u>\$ (416,457)</u>	<u>\$ 3,354</u>	<u>\$ (413,103)</u>

See Independent Auditors' Report

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

	Governmental Activities-Internal Service Funds			
	Town Dental	Board of Education Medical and Dental	Heart and Hypertension	Totals
<b>OPERATING REVENUES</b>				
Employer contributions	\$ -	\$ 6,324,090	\$ 60,739	\$ 6,384,829
Charges for services	5,610	1,779,205	-	1,784,815
Total Operating Revenues	<u>5,610</u>	<u>8,103,295</u>	<u>60,739</u>	<u>8,169,644</u>
<b>OPERATING EXPENSES</b>				
Claim and benefits	24,879	8,040,049	27,403	8,092,331
Premiums and administrative charges	2,279	1,232,154	-	1,234,433
Total Operating Expenses	<u>27,158</u>	<u>9,272,203</u>	<u>27,403</u>	<u>9,326,764</u>
Income (Loss) from Operations	<u>(21,548)</u>	<u>(1,168,908)</u>	<u>33,336</u>	<u>(1,157,120)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	-	1,042	-	1,042
Income (Loss) Before Transfers	(21,548)	(1,167,866)	33,336	(1,156,078)
Transfers in	-	-	20,000	20,000
Change in Net Position	(21,548)	(1,167,866)	53,336	(1,136,078)
Net Position - Beginning of Year	<u>21,548</u>	<u>751,409</u>	<u>(49,982)</u>	<u>722,975</u>
Net Position - End of Year	<u>\$ -</u>	<u>\$ (416,457)</u>	<u>\$ 3,354</u>	<u>\$ (413,103)</u>

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

	Governmental Activities-Internal Service Funds			
	Town Dental	Board of Education Medical and Dental	Heart and Hypertension	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from employer contributions	\$ -	\$ 6,516,699	\$ 60,739	\$ 6,577,438
Cash received from charges for services	5,610	1,779,205	-	1,784,815
Cash payments for benefits and claims	(35,862)	(8,360,720)	(80,739)	(8,477,321)
Cash payments to vendors and others	(2,279)	(1,232,154)	-	(1,234,433)
Net Cash from Operating Activities	<u>(32,531)</u>	<u>(1,296,970)</u>	<u>(20,000)</u>	<u>(1,349,501)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Received from other funds	32,531	-	-	32,531
Transfers in	-	-	20,000	20,000
Net Cash from Non-Capital Financing Activities	<u>32,531</u>	<u>-</u>	<u>20,000</u>	<u>52,531</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	-	1,042	-	1,042
Net Cash from Investing Activities	<u>-</u>	<u>1,042</u>	<u>-</u>	<u>1,042</u>
Net Increase (Decrease) in Cash and Equivalents	-	(1,295,928)	-	(1,295,928)
Cash and Equivalents - Beginning of Year	-	1,491,675	-	1,491,675
Cash and Equivalents - End of Year	<u>\$ -</u>	<u>\$ 195,747</u>	<u>\$ -</u>	<u>\$ 195,747</u>
<b>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>				
Income (loss) from operations	\$ (21,548)	\$ (1,168,908)	\$ 33,336	\$(1,157,120)
Changes in operating assets and liabilities				
Due from other funds	-	-	(20,000)	(20,000)
Due to other funds		192,609		192,609
Risk management claims payable	(10,983)	(320,671)	(33,336)	(364,990)
Net Cash from Operating Activities	<u>\$ (32,531)</u>	<u>\$ (1,296,970)</u>	<u>\$ (20,000)</u>	<u>\$(1,349,501)</u>

## 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 and Agency funds.

**Pension Trust Funds** - are provided to account for the activities of the Town of Monroe Retirement Income Plan. This plan is a defined benefit 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.

**Post-Retirement Benefits Fund** - The Post-Retirement Benefits Fund is used to account for Other Post-Employment Benefits provided to police after retirement. The Town established a Trust Fund for these benefits on July 1, 2016.

**Agency Funds** - primarily utilized to account for monies held as custodian for outside student groups and performance bonds.

Combining Statement of Net Position  
 Pension and OPEB Trust Funds  
 June 30, 2017

	Town Employees' Retirement Plan	Board of Education Pension Plan	Police Other Post- Retirement Benefits	Total
<b>ASSETS</b>				
Cash and equivalents	\$ -	\$ -	\$ 427,082	\$ 427,082
Investments, at fair value				
Mutual fund - money market	449,455	117,580	-	567,035
Mutual fund - equity	7,518,703	7,646,563	-	15,165,266
Mutual fund - bond	3,118,008	3,294,767	-	6,412,775
Mutual fund - commodities	<u>237,048</u>	<u>252,747</u>	<u>-</u>	<u>489,795</u>
 Total Assets	 <u>\$ 11,323,214</u>	 <u>\$ 11,311,657</u>	 <u>\$ 427,082</u>	 <u>\$ 23,061,953</u>
<b>NET POSITION</b>				
Restricted for pensions	<u>\$ 11,323,214</u>	<u>\$ 11,311,657</u>	<u>\$ 427,082</u>	<u>\$ 23,061,953</u>

See Independent Auditors' Report



Combining Statement of Changes in Fiduciary Net Position  
Pension and OPEB Trust Funds  
For the Year Ended June 30, 2017

	Town Employees' Retirement Plan	Board of Education Pension Plan	Police Other Post- Retirement Benefits	Total
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 390,000	\$ 385,429	\$ 189,896	\$ 965,325
Plan members	<u>144,665</u>	<u>209,551</u>	<u>33,807</u>	<u>388,023</u>
Total Contributions	<u>534,665</u>	<u>594,980</u>	<u>223,703</u>	<u>1,353,348</u>
Investment Income				
Net change in fair value	893,109	897,811	-	1,790,920
Interest and dividends	<u>207,048</u>	<u>207,880</u>	<u>297</u>	<u>415,225</u>
Total Investment Income	<u>1,100,157</u>	<u>1,105,691</u>	<u>297</u>	<u>2,206,145</u>
Total Additions	1,634,822	1,700,671	224,000	3,559,493
<b>DEDUCTIONS</b>				
Benefit payments	545,744	660,562	49,256	1,255,562
Administrative expenses	<u>6,402</u>	<u>9,746</u>	<u>-</u>	<u>16,148</u>
Total Deductions	<u>552,146</u>	<u>670,308</u>	<u>49,256</u>	<u>1,271,710</u>
Change in Net Position	<u>1,082,676</u>	<u>1,030,363</u>	<u>174,744</u>	<u>2,287,783</u>
Net Position - Beginning of Year	<u>10,240,538</u>	<u>10,281,294</u>	<u>252,338</u>	<u>20,774,170</u>
Net Position - End of Year	<u>\$11,323,214</u>	<u>\$11,311,657</u>	<u>\$ 427,082</u>	<u>\$23,061,953</u>

See Independent Auditors' Report

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended June 30, 2017

	Balance Beginning	Additions	Deductions	Balance Ending
<b>Performance Bonds</b>				
<b>Assets</b>				
Due from other funds	<u>\$ 1,233,036</u>	<u>\$ 195,844</u>	<u>\$ (115,000)</u>	<u>\$ 1,313,880</u>
<b>Liabilities</b>				
Due to others	<u>\$ 1,233,036</u>	<u>\$ 195,844</u>	<u>\$ (115,000)</u>	<u>\$ 1,313,880</u>
<b>Student Activity</b>				
<b>Assets</b>				
Cash	<u>\$ 225,607</u>	<u>\$ 929,268</u>	<u>\$ (942,528)</u>	<u>\$ 212,347</u>
<b>Liabilities</b>				
Due to others	<u>\$ 225,607</u>	<u>\$ 929,268</u>	<u>\$ (942,528)</u>	<u>\$ 212,347</u>
<b>Combined Total</b>				
<b>Assets</b>				
Cash	\$ 225,607	\$ 929,268	\$ (942,528)	\$ 212,347
Due from other funds	<u>1,233,036</u>	<u>195,844</u>	<u>(115,000)</u>	<u>1,313,880</u>
<b>Total assets</b>	<u>\$ 1,458,643</u>	<u>\$ 1,125,112</u>	<u>\$(1,057,528)</u>	<u>\$ 1,526,227</u>
<b>Liabilities</b>				
Due to others	<u>\$ 1,458,643</u>	<u>\$ 1,125,112</u>	<u>\$(1,057,528)</u>	<u>\$ 1,526,227</u>

See Independent Auditors' Report

**SUPPLEMENTARY SCHEDULES**

Report of the Property Tax Collector  
For the Year Ended June 30, 2017

Grand List Year	Beginning Receivable Balance	Current Year Levy	Lawful Corrections		Net Taxes Collectible	Collections During the Year				Transfer to Suspense	Ending Receivable Balance, Net
			Additions	Deductions		Taxes	Interest	Liens	Total		
2015	\$ -	\$ 75,065,388	\$ 128,086	\$ 180,423	75,013,051	\$ 74,237,134	\$ 174,868	\$ 26,920	\$ 74,438,922	\$ -	775,917
2014	693,058	-	18,157	22,616	688,599	375,652	108,587	18,162	502,401	-	312,947
2013	348,071	-	13,543	993	360,621	208,011	82,210	4,807	295,028	98,864	53,746
2012	49,741	-	3,643	-	53,384	44,565	18,130	561	63,256	-	8,819
2011	8,185	-	84	-	8,269	84	-	-	84	-	8,185
2010	4,006	-	-	-	4,006.00	-	-	-	-	-	4,006
	<u>\$ 1,103,061</u>	<u>\$ 75,065,388</u>	<u>\$ 163,513</u>	<u>\$ 204,032</u>	<u>\$ 76,127,930</u>	<u>\$ 74,865,446</u>	<u>\$ 383,795</u>	<u>\$ 50,450</u>	<u>\$ 75,299,691</u>	<u>\$ 98,864</u>	\$ 1,163,620
										Allowance for uncollectible amounts	(140,000)
										Interest receivable	304,705
										Taxes receivable, net	<u>\$ 1,328,325</u>

Statement of Changes in Fund Balance - By Project  
 Capital Reserve  
 For the Year Ended June 30, 2017

	Beginning Fund Balance	Transfers In	Other Revenues	Current Year Expenditures	Transfers Out	Internal Transfers	Ending Fund Balance
<b>Committed Fund Balance</b>							
EMS vehicle	\$ 61,100	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 136,100
EMS chest compression system	-	-	-	(39,273)	-	45,000	5,727
EMS facility study	-	-	-	(15,600)	-	20,600	5,000
Fire Apparatus	-	-	-	(651)	-	-	(651)
Public works - fire cistern STEAP grant	(80,332)	-	-	-	-	-	(80,332)
Public works - UST removal	42,663	-	-	-	-	-	42,663
Public works - vehicle and equipment	-	-	810,000	(730,425)	-	-	79,575
Health department - reserve for start up costs	35,262	-	-	(5,214)	-	-	30,048
Parks and recreation - new athletic field - Wolfe Park	477,113	-	-	-	-	-	477,113
Parks and recreation - new dock at Lake Zoar boat ramp	13,348	-	-	(13,437)	-	-	(89)
Parks and recreation - splash pad at Wolfe Park pool	178,000	-	-	-	-	-	178,000
Town Hall Computers	-	27,000	-	-	-	-	27,000
MVFD Facility Study	-	-	-	-	-	30,000	30,000
Senior Center Wheelchair Van- Town pays 20%	-	-	-	-	-	13,000	13,000
EMS Study	-	-	-	-	-	12,000	12,000
Fire Study	-	-	-	-	-	50,000	50,000
Assessors office - revaluation reserve	97,242	70,000	-	(113)	-	-	167,129
	<u>824,396</u>	<u>172,000</u>	<u>810,000</u>	<u>(804,713)</u>	<u>-</u>	<u>170,600</u>	<u>1,172,283</u>
<b>Assigned Fund Balance</b>							
Assigned for unspecified projects	330,178	-	61,987	-	(61,987)	(170,600)	159,578
	<u>\$ 1,154,574</u>	<u>\$ 172,000</u>	<u>\$ 871,987</u>	<u>\$ (804,713)</u>	<u>\$ (61,987)</u>	<u>\$ -</u>	<u>\$ 1,331,861</u>

Summary of Pension and OPEB Balances  
For the Year Ended June 30, 2017

	Town Pension	Education Pension	MERS Police Pension	Police OPEB Trust	Education OPEB	Total
<b>Deferred Outflow of Resources</b>						
Difference between expected and actual experience in pension/OPEB plans	\$ 19,429	\$ 8,083	\$ 325,698	\$ -	\$ -	\$ 353,210
Net difference between projected and actual earnings in pension/OPEB plans	300,571	369,659	1,028,044	-	-	1,698,274
Changes in pension/OPEB assumptions	260,995	347,389	-	-	-	608,384
Contributions to the pension plan after measurement date	N/A	N/A	569,853	N/A	N/A	569,853
	<u>\$ 580,995</u>	<u>\$ 725,131</u>	<u>\$ 1,923,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,229,721</u>
<b>Deferred Inflow of Resources</b>						
Difference between expected and actual experience in pension/OPEB plans	\$ 149,982	\$ 553,830	\$ -	\$ -	\$ -	\$ 703,812
Changes in pension/OPEB assumptions	557,641	620,641	-	-	-	1,178,282
Change in proportionate share of pension plan	N/A	N/A	94,961	N/A	N/A	94,961
	<u>\$ 707,623</u>	<u>\$ 1,174,471</u>	<u>\$ 94,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,977,055</u>
<b>Net Pension Liability</b>	\$ 982,809	\$ 1,790,002	\$ 3,895,673	\$ -	\$ -	\$ 6,668,484
<b>Net OPEB Liability</b>	-	-	-	1,730,622	2,430,607	4,161,229
	<u>\$ 982,809</u>	<u>\$ 1,790,002</u>	<u>\$ 3,895,673</u>	<u>\$ 1,730,622</u>	<u>\$ 2,430,607</u>	<u>\$ 10,829,713</u>
<b>Pension Expense</b>	\$ 432,434	\$ 459,081	\$ 819,480	\$ -	\$ -	\$ 1,710,995
<b>OPEB Expense</b>	-	-	-	105,029	703,406	808,435
	<u>\$ 432,434</u>	<u>\$ 459,081</u>	<u>\$ 819,480</u>	<u>\$ 105,029</u>	<u>\$ 703,406</u>	<u>\$ 2,519,430</u>

See Independent Auditors' Report

## STATISTICAL SECTION (UNAUDITED)

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statement, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

**Financial trends information** is intended to assist users in understanding and assessing how financial position has changed over time.

**Revenue capacity information** is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.)

**Debt capacity information** is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.

**Demographic and economic information** is intended 1) to assist users in understanding the socioeconomic environment, and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.

**Operation information** is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

TOWN OF MONROE, CONNECTICUT

Table 1

Net Position by Component  
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>GOVERNMENTAL ACTIVITIES</b>										
Net Investment in Capital Assets	\$ 51,511,189	\$ 47,644,061	\$ 43,135,174	\$ 42,870,105	\$ 43,366,732	\$ 38,087,484	\$ 42,622,828	\$ 43,728,675	\$ 44,771,393	\$ 48,849,072
Restricted	1,030,376	891,323	1,365,940	190,831	190,026	189,760	521,924	71,347	189,492	194,596
Unrestricted	(2,505,269)	170,081	73,315	122,549	(3,702,895)	633,908	(3,052,383)	(1,403,609)	(1,017,505)	(3,008,919)
Total Governmental										
Activities Net Position	<u>\$ 50,036,296</u>	<u>\$ 48,705,465</u>	<u>\$ 44,574,429</u>	<u>\$ 43,183,485</u>	<u>\$ 39,853,863</u>	<u>\$ 38,911,152</u>	<u>40,092,369</u>	<u>42,396,413</u>	<u>43,943,380</u>	<u>46,034,749</u>



TOWN OF MONROE, CONNECTICUT

Table 2

Changes In Net Position  
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>EXPENSES</b>										
Governmental Activities										
General government	\$ 8,196,290	\$ 8,196,272	\$ 8,686,745	\$ 8,572,236	\$ 7,823,123	\$ 8,229,750	\$ 6,972,475	\$ 6,619,837	\$ 6,553,044	\$ 6,559,838
Public safety	8,727,631	8,472,241	8,368,234	8,209,708	8,278,987	8,326,453	7,339,882	6,937,172	6,783,194	6,232,468
Public works	4,894,353	4,800,989	5,091,569	5,494,186	4,683,225	5,631,004	5,260,746	6,086,321	6,366,467	5,813,373
Health and welfare	338,798	357,310	267,102	325,502	270,271	260,055	246,230	189,603	175,593	193,028
Culture and recreation	3,796,280	3,432,231	3,148,479	3,185,250	3,037,069	3,091,287	2,987,392	3,183,429	2,852,323	2,884,386
Education	75,525,651	68,982,600	66,998,073	65,177,110	65,191,283	63,718,458	65,757,974	63,345,854	61,718,188	71,092,737
Sub-recipient	-	-	-	-	-	-	251,916	301,854	-	-
Miscellaneous	-	-	-	-	-	-	-	-	33,803	62,120
Interest on long-term debt	1,465,752	1,407,195	1,459,435	1,414,240	1,367,013	1,438,356	2,334,757	1,942,141	2,094,758	2,081,654
<b>Total Governmental Activities Expenses</b>	<b>\$ 102,944,755</b>	<b>\$ 95,648,838</b>	<b>\$ 94,019,637</b>	<b>\$ 92,378,232</b>	<b>\$ 90,650,971</b>	<b>\$ 90,695,363</b>	<b>\$ 91,151,372</b>	<b>\$ 88,606,211</b>	<b>\$ 86,577,370</b>	<b>\$ 94,919,604</b>
<b>PROGRAM REVENUES</b>										
Governmental Activities										
Charges for Services										
General government	\$ 563,500	\$ 815,083	\$ 581,190	\$ 2,935,327	\$ 2,928,731	\$ 2,246,309	\$ 2,388,653	\$ 2,709,335	\$ 2,841,484	\$ 1,064,476
Public safety	1,638,735	1,589,696	1,326,736	893,263	1,024,540	1,099,902	1,006,970	763,407	1,010,880	817,861
Public works	623,166	640,562	607,745	587,700	711,957	693,659	846,172	878,765	968,394	875,261
Health and welfare	90,905	79,429	6,955	1,505	1,292	1,015	895	29,977	56,666	57,571
Culture and recreation	1,802,181	1,320,089	1,288,639	1,196,565	1,090,762	1,133,228	1,205,517	1,328,896	1,101,519	480,826
Education	3,536,570	3,584,177	3,565,079	1,963,319	2,647,635	2,588,406	3,038,590	2,769,593	2,706,317	3,443,170
Operating Grants and Contributions										
General government	515,909	70,984	217,551	65,026	47,962	41,332	42,729	30,165	2,265	1,178,504
Public safety	301,087	286,757	346,340	456,541	757,257	38,793	99,203	250,679	20,300	169,900
Public works	340,304	436,374	57,793	-	48,994	-	-	23,271	-	101,865
Health and welfare	70,300	68,789	43,647	85,899	66,216	22,305	21,877	-	-	8,977
Culture and recreation	202,573	219,867	184,112	301,076	241,004	302,034	219,207	154,019	30,210	1,361,021
Education	19,417,419	15,300,895	14,206,782	15,181,107	13,521,094	13,768,474	13,066,437	12,996,679	12,549,032	26,449,470
Capital Grants and Contributions										
General government	407,228	-	69,394	-	-	-	81,180	23,320	17,994	-
Public safety	96,225	-	500,000	306,353	-	-	-	-	-	-
Public works	-	700,882	304,055	-	219,608	679,721	938,011	212,423	328,941	137,403
Health and welfare	-	-	-	-	-	5,500	-	-	-	-
Culture and recreation	-	-	25,000	-	-	-	-	450,000	500,000	-
Education	38,295	38,189	52,996	356,534	488,676	99,994	113,812	301,686	280,139	166,359
Sub-recipient revenues	-	-	-	-	-	-	251,916	301,854	-	-
Interest on long-term debt	-	-	62,602	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 29,644,397</b>	<b>\$ 25,151,773</b>	<b>\$ 23,446,616</b>	<b>\$ 24,330,215</b>	<b>\$ 23,795,728</b>	<b>\$ 22,720,672</b>	<b>\$ 23,321,169</b>	<b>\$ 23,224,069</b>	<b>\$ 22,414,141</b>	<b>\$ 36,312,664</b>

TOWN OF MONROE, CONNECTICUT

Table 2

Changes In Net Position (Continued)  
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net Expense/Revenue										
Governmental Activities	<u>\$ (73,300,358)</u>	<u>\$ (70,497,065)</u>	<u>\$ (70,573,021)</u>	<u>\$ (68,048,017)</u>	<u>\$ (66,855,243)</u>	<u>\$ (67,974,691)</u>	<u>\$ (67,830,203)</u>	<u>\$ (65,382,142)</u>	<u>\$ (64,163,229)</u>	<u>\$ (58,606,940)</u>
<b>GENERAL REVENUES</b>										
Governmental Activities										
Property taxes	\$ 75,241,086	\$ 74,032,714	\$ 71,725,240	\$ 70,175,208	\$ 67,726,473	\$ 66,103,448	\$ 64,727,759	\$ 62,496,456	\$ 61,007,640	\$ 57,850,829
Grants and contributions not restricted to specific programs	2,486	11,734	2,307	370,374	527,634	336,908	375,640	476,260	483,079	496,329
Unrestricted investment earnings	126,258	291,025	(54,166)	125,872	80,527	353,118	410,461	524,401	581,141	653,247
Gain on disposal of equipment	-	-	2,000	-	-	-	-	-	-	-
Transfers in (transfers out)	-	-	-	-	-	-	-	-	-	-
Other general revenues	<u>463,027</u>	<u>292,627</u>	<u>191,884</u>	<u>706,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>\$ 75,832,857</u>	<u>\$ 74,628,100</u>	<u>\$ 71,867,265</u>	<u>\$ 71,377,639</u>	<u>\$ 68,334,634</u>	<u>\$ 66,793,474</u>	<u>\$ 65,513,860</u>	<u>\$ 63,497,117</u>	<u>\$ 62,071,860</u>	<u>\$ 59,000,405</u>
Change in Net Position										
Governmental Activities	<u>\$ 2,532,499</u>	<u>\$ 4,131,035</u>	<u>\$ 1,294,244</u>	<u>\$ 3,329,622</u>	<u>\$ 1,479,391</u>	<u>\$ (1,181,217)</u>	<u>\$ (2,316,343)</u>	<u>\$ (1,885,025)</u>	<u>\$ (2,091,369)</u>	<u>\$ 393,465</u>

TOWN OF MONROE, CONNECTICUT

Table 3

Fund Balances of Governmental Funds  
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>GENERAL FUND</b>										
Nonspendable	\$ 95,242	\$ 166,433	\$ 219,005	\$ 34,269	\$ 328,814	\$ 76,893	\$ 88,057	\$ 103,844	\$ 126,851	\$ 108,434
Restricted	388,966	389,539	801,126	-	-	-	-	-	-	-
Assigned	2,008,743	1,112,641	810,881	692,998	735,552	555,927	982,162	1,642,722	927,719	570,664
Unassigned	9,963,934	8,083,746	6,210,066	5,945,005	4,688,184	3,990,150	3,263,399	2,854,250	3,383,247	2,685,814
Total General Fund	<u>\$ 12,456,885</u>	<u>\$ 9,752,359</u>	<u>\$ 8,041,078</u>	<u>\$ 6,672,272</u>	<u>\$ 5,752,550</u>	<u>\$ 4,622,970</u>	<u>\$ 4,333,618</u>	<u>\$ 4,600,816</u>	<u>\$ 4,437,817</u>	<u>\$ 3,364,912</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Nonspendable	\$ 2,250	\$ 2,250	\$ 3,568	\$ 72,792	\$ 72,787	\$ 73,716	\$ 74,172	\$ 72,665	\$ 197,421	\$ 194,596
Restricted	448,168	499,534	562,564	119,357	118,557	118,303	450,478	-	-	-
Committed	1,959,645	2,945,006	3,827,955	2,551,484	2,139,309	5,897,523	3,402,912	-	-	-
Assigned	1,736,806	1,980,446	1,627,794	-	-	-	-	1,847,933	1,976,574	(595,979)
Unassigned	(1,874,300)	(1,072,621)	(1,254,169)	(1,042,015)	(1,447,435)	(540,592)	(1,271,972)	(2,958,225)	-	-
Total All Other Governmental Funds	<u>\$ 2,272,569</u>	<u>\$ 4,354,615</u>	<u>\$ 4,767,712</u>	<u>\$ 1,701,618</u>	<u>\$ 883,218</u>	<u>\$ 5,548,950</u>	<u>\$ 2,655,590</u>	<u>\$ (1,037,627)</u>	<u>\$ 2,173,995</u>	<u>\$ (401,383)</u>
Total Governmental Funds	<u>\$ 14,729,454</u>	<u>\$ 14,106,974</u>	<u>\$ 12,808,790</u>	<u>\$ 8,373,890</u>	<u>\$ 6,635,768</u>	<u>\$ 10,171,920</u>	<u>\$ 6,989,208</u>	<u>\$ 3,563,189</u>	<u>\$ 6,611,812</u>	<u>\$ 2,963,529</u>

Note: Information for years prior to implementation of GASB Statement No. 54 has been restated.

TOWN OF MONROE, CONNECTICUT

Table 4

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>REVENUES</b>										
Taxes and assessments	\$ 75,225,166	\$ 73,956,951	\$ 71,851,017	\$ 70,058,508	\$ 67,784,322	\$ 66,287,184	\$ 64,441,364	\$ 62,534,910	\$ 60,629,712	\$ 57,756,527
Intergovernmental	21,034,700	17,664,197	15,602,770	17,116,247	15,999,077	15,413,059	15,311,579	14,975,639	14,609,877	28,990,532
Licenses and permits	828,316	803,155	619,293	577,616	643,720	521,210	547,600	522,924	675,322	864,800
Charges for services	4,717,666	4,824,221	4,519,651	4,692,975	5,497,439	5,482,552	6,094,403	5,761,957	5,895,090	5,816,384
Contributions	335,896	339,509	312,305	407,052	326,550	286,946	263,790	163,950	-	-
Investment earnings (loss)	125,216	289,665	(55,124)	124,867	68,510	267,455	405,815	495,517	571,608	629,177
Miscellaneous	606,971	393,093	264,595	303,635	260,264	147,411	95,639	322,743	452,534	1,552,951
<b>Total Revenues</b>	<b>\$ 102,873,931</b>	<b>\$ 98,270,791</b>	<b>\$ 93,114,507</b>	<b>\$ 93,280,900</b>	<b>\$ 90,579,882</b>	<b>\$ 88,405,817</b>	<b>\$ 87,160,190</b>	<b>\$ 84,777,640</b>	<b>\$ 82,834,143</b>	<b>\$ 95,610,371</b>
<b>EXPENDITURES</b>										
Current										
General government	\$ 8,451,070	\$ 8,108,538	\$ 8,539,233	\$ 8,362,032	\$ 7,596,367	\$ 7,215,604	\$ 6,264,127	\$ 6,053,554	\$ 5,906,917	\$ 5,818,983
Public safety	7,877,095	7,799,005	7,895,770	7,755,072	7,435,179	6,698,766	6,639,468	6,264,598	6,323,766	5,778,814
Public works	3,922,005	3,859,645	4,155,970	4,214,507	3,236,889	4,108,126	4,115,290	3,834,665	4,164,540	3,700,770
Health and welfare	418,303	445,898	346,892	325,747	270,149	260,054	246,109	189,603	175,593	195,810
Culture and recreation	2,850,797	3,005,709	2,751,270	2,838,529	2,675,306	2,657,336	2,514,753	2,715,281	2,412,803	2,408,442
Education	69,210,966	63,546,523	61,949,317	61,825,546	61,636,828	61,331,807	60,535,413	59,113,605	56,082,316	69,022,824
Sub-recipient expenditures	-	-	-	-	-	-	251,916	301,854	33,803	62,120
Debt Service										
Principal	5,085,000	4,640,837	4,589,519	4,620,083	3,940,046	3,560,670	3,527,348	2,913,764	3,725,209	3,476,567
Interest	1,311,328	1,352,220	1,330,962	1,432,689	1,497,314	1,571,389	1,754,416	2,102,617	2,064,599	2,066,569
Bond issuance costs	64,978	1,072	183,104	129,379	-	187,350	183,192	-	236,323	-
Capital outlay	5,949,231	4,193,161	3,486,263	7,546,807	5,827,956	1,851,409	3,229,951	4,860,780	3,154,237	2,579,163
<b>Total Expenditures</b>	<b>105,140,773</b>	<b>96,952,608</b>	<b>95,228,300</b>	<b>99,050,391</b>	<b>94,116,034</b>	<b>89,442,511</b>	<b>89,261,983</b>	<b>88,350,321</b>	<b>84,280,106</b>	<b>95,110,062</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,266,842)	1,318,183	(2,113,793)	(5,769,491)	(3,536,152)	(1,036,694)	(2,101,793)	(3,572,681)	(1,445,963)	500,309
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	\$ 1,042,524	\$ 1,381,811	\$ 1,613,613	\$ 647,276	\$ 1,042,447	\$ 505,950	\$ 271,164	\$ 804,776	\$ 1,503,108	\$ 553,408
Transfers out	(1,062,524)	(1,401,811)	(1,633,613)	(647,276)	(1,042,447)	(505,950)	(271,164)	(804,776)	(1,930,742)	(553,408)
Sale of capital assets	-	-	-	-	-	-	-	186,000	-	-
Lease financing	-	-	-	4,114,646	-	-	-	-	486,639	717,800
Issuance of refunding bonds	7,220,000	-	-	-	-	8,785,000	10,805,000	-	18,975,000	-
Premium on refunding bonds	996,900	-	-	-	-	425,288	423,261	-	1,826,241	-
Payment to refunded bonds escrow agent	(7,917,578)	-	-	-	-	(9,082,302)	(11,105,918)	-	(20,621,000)	-
Premium on bond anticipation notes	-	-	-	23,631	-	-	-	-	-	-
Issuance of general obligation bonds	2,610,000	-	6,220,000	3,275,000	-	4,065,000	5,325,000	-	4,855,000	-
Premium on general obligation bonds	-	-	131,996	94,336	-	26,420	68,170	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,889,322</b>	<b>(20,000)</b>	<b>6,331,996</b>	<b>7,507,613</b>	<b>-</b>	<b>4,219,406</b>	<b>5,515,513</b>	<b>186,000</b>	<b>5,094,246</b>	<b>717,800</b>
<b>Net Change in Fund Balances</b>	<b>\$ 622,480</b>	<b>\$ 1,298,183</b>	<b>\$ 4,218,203</b>	<b>\$ 1,738,122</b>	<b>\$ (3,536,152)</b>	<b>\$ 3,182,712</b>	<b>\$ 3,413,720</b>	<b>\$ (3,386,681)</b>	<b>\$ 3,648,283</b>	<b>\$ 1,218,109</b>
Debt Service as a Percentage of Non-Capital Expenditures	6.4%	6.5%	6.5%	6.6%	6.2%	5.9%	6.1%	6.0%	7.1%	6.0%

TOWN OF MONROE, CONNECTICUT

Table 5

Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Grand List Dated	Real Estate			Motor Vehicles	Personal Property	Exemptions	Total Assessed Value of Taxable Property	Total Estimated Actual Value of Taxable Property	Total Direct Tax Rate
		Residential	Commercial/ Industrial/ Public Utility	Land						
2017	10/1/2015	\$ 1,637,841,440	\$ 242,904,936	\$ 32,162,073	\$ 167,301,230	\$ 90,398,935	\$ 17,297,222	\$ 2,153,311,392	\$ 3,100,869,449	35.00
2016	10/1/2014 *	\$ 1,636,392,900	\$ 243,819,216	\$ 32,825,420	\$ 163,276,216	\$ 86,481,284	\$ 16,683,328	\$ 2,146,111,708	\$ 3,089,707,194	34.35
2015	10/1/2013	1,788,623,260	240,281,903	57,092,438	162,084,062	83,973,333	20,635,956	2,311,419,040	3,331,507,137	31.01
2014	10/1/2012	1,785,703,412	240,872,126	58,103,838	156,954,517	83,513,266	17,162,517	2,307,984,642	3,321,638,799	30.41
2013	10/1/2011	1,784,313,791	237,512,033	58,042,628	156,689,468	80,346,311	20,188,798	2,296,715,433	3,309,863,187	29.26
2012	10/1/2010	1,781,550,580	238,448,260	58,617,908	150,399,886	80,587,807	19,825,455	2,289,778,986	3,299,434,916	28.79
2011	10/1/2009 *	1,781,803,568	238,305,618	57,100,238	143,313,912	85,254,852	22,425,741	2,283,352,447	3,293,968,840	28.26
2010	10/1/2008	1,678,449,336	187,059,210	48,621,554	144,037,577	82,022,355	22,289,957	2,117,900,075	3,057,414,331	29.50
2009	10/1/2007	1,671,924,035	182,394,840	46,913,094	157,031,282	79,313,888	22,039,675	2,115,537,464	3,053,681,627	28.68
2008	10/1/2006	1,658,799,495	165,970,205	51,532,159	155,883,009	76,047,223	13,304,186	2,094,927,905	3,011,760,130	27.42

\* Revaluation Yea

Source: Town Records - Assessor's Office

Note: The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year. There are no overlapping governments that collect property taxes from Town residents.

Tax Revenues by Source - Current Year Levy, Governmental Fund  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Motor Vehicle	Total
2017	\$ 65,802,077	\$ 2,582,122	\$ 5,852,934	\$ 74,237,133
2016	64,411,148	2,420,539	6,097,583	72,929,270
2015	63,437,694	2,115,323	5,250,817	70,803,834
2014	62,138,425	2,090,714	5,075,595	69,304,734
2013	59,763,283	1,893,913	4,887,203	66,544,399
2012	58,425,817	1,922,870	4,574,593	64,923,280
2011	57,209,783	1,990,898	4,269,000	63,469,681
2010	55,156,304	2,032,617	4,468,470	61,657,391
2009	53,404,214	1,938,454	4,752,588	60,095,256
2008	50,718,581	1,864,112	4,512,661	57,095,354
% change 2016-2007	30%	39%	30%	30%

Source: Town records - Tax Collector's Rate Book

TOWN OF MONROE, CONNECTICUT

Table 7

Principal Taxpayers  
Current Year and Nine Years Ago

2017 (2015 Grand List)				
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	FirstLight Hydro Generating Company	Hydro Electric Generation	\$32,470,000	1.51 %
2	Conn Light + Power Co Inc	Electric Utility Supplier	19,497,060	0.91 %
3	Aquarion Water Co of Connecticut	Water Utility	13,334,450	0.62 %
4	One Eleven Century Plaza LLC	Retail Lease & Mgmt	9,242,200	0.43 %
5	Swiss Army Land Inc (Victorinox)	Corporate Headquarters	9,187,500	0.43 %
6	Clocktower Square #1 LLC	Retail Lease & Mgmt	6,594,100	0.31 %
7	Maril LLC	Retail Lease & Mgmt	6,212,900	0.29 %
8	Lake Zoar Properties LLC	Commercial Waterfront	6,006,870	0.28 %
9	SB Real Estate LLC	Corporate Headquarters	4,936,200	0.23 %
10	Nissan Infiniti	Leased Motor Vehicles	4,914,023	0.23 %
	Total		<u>\$112,395,303</u>	<u>5.22 %</u>

2008 (2006 Grand List)				
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	FirstLight Hydro Generating Company	Hydro Electric Generation	\$ 11,937,630	0.57 %
2	Swiss Army Land Inc (Victorinox)	Corporate Headquarters	7,807,002	0.37
3	Lake Zoar Properties LLC	Banquet Facility	7,697,731	0.37
4	One Eleven Century Plaza LLC	Retail Lease & Mgmt	7,127,330	0.34
5	CBL Inc.	Golf Course	6,240,112	0.30
6	Tartaglia/Salce LLC #1	Retail Lease & Mgmt	5,140,860	0.25
7	Fifteen Eighty Five Monroe Turnpike	Lumber Yard	3,804,820	0.18
8	Monroe Land Holdings	Retail Lease & Mgmt	3,761,650	0.18
9	Stepney, LLC	Retail Lease & Mgmt	3,513,060	0.17
10	Village Square Inc.	Retail Lease & Mgmt	3,445,860	0.16
	Total		<u>\$ 60,476,055</u>	<u>2.89 %</u>

Source: 2015 and 2006 grand lists, respectively.

Property Tax Levies and Collections  
Last Ten Fiscal Years

Year	Town Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 75,013,051	\$ 74,237,133	98.97 %	\$ -	\$ 74,237,133	98.97 %
2016	73,622,328	72,929,270	99.06 %	375,652	73,304,922	99.57
2015	71,651,461	70,803,834	98.82	696,761	71,500,595	99.79
2014	69,989,113	69,304,734	99.02	581,939	69,886,673	99.85
2013	67,158,611	66,544,399	99.09	506,128	67,050,527	99.84
2012	65,702,953	64,923,280	98.81	685,610	65,608,890	99.86
2011	64,320,324	63,469,681	98.68	737,995	64,207,676	99.82
2010	62,457,178	61,657,391	98.72	739,080	62,396,471	99.90
2009	60,656,250	60,095,256	99.08	521,867	60,617,123	99.94
2008	57,583,055	57,095,354	99.15	429,703	57,525,057	99.90

Source: Town tax records. Amounts in Collections in Subsequent Years column are updated each year in determining the Totals Collections to Date column Amount and Percentage of Levy



Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Per Capita (2)	Other Governmental Activities Debt		Total Primary Government	Per Capita (2)	Percentage of Personal Income (2)
	General Obligation Bonds Outstanding (1)	Percentage of Actual Taxable Value of Property (2)		Notes Payable	Capital Leases			
2017	\$ 38,449,077	0.0179 %	N/A	\$ -	\$ 1,753,338	\$ 40,202,415	N/A	N/A %
2016	40,751,295	0.0190	2,060	-	2,101,958	42,853,253	2,166	0.0432
2015	45,544,061	0.0197	2,296	-	2,475,296	48,019,357	2,421	0.0494
2014	43,490,557	0.0188	2,189	2,950,000	3,148,006	49,588,563	2,496	0.0513
2013	44,333,428	0.0193	2,235	-	334,628	44,668,056	2,252	0.0468
2012	48,210,633	0.0211	2,436	-	584,674	48,795,307	2,465	0.0510
2011	47,061,726	0.0206	2,392	-	860,344	47,922,070	2,436	0.0531
2010	44,329,807	0.0209	2,277	3,000,000	1,407,692	48,737,499	2,504	0.0571
2009	46,908,654	0.0222	2,414	225,000	1,866,456	49,000,110	2,521	0.0585
2008	44,560,986	0.0213	2,302	450,000	2,095,026	47,106,012	2,433	N/A

(1) Presented net of original issuance discounts and premiums for 2007 through 2014, and net of premiums for 2015 through 2017.

(2) Actual Taxable Value data can be found in the Schedule of Assessed Value and Population and Personal Income data can be found in the Schedule of Demographic and Economic statistics.

Note: Details regarding the Town's outstanding debt can be found in the notes to financial statements

Computation of Legal Debt Limit  
June 30, 2017

Total fiscal year 2017 tax collections (including interest and fees)	\$ 75,205,787
State Reimbursement for Revenue Loss on Tax Relief for the Elderly	156,055
Base for Establishing Debt Limit	<u>\$ 75,361,842</u>
Legal Debt Limit - Seven times Base	<u>\$ 527,532,894</u>

Statutory Debt Limitation Multiples by Classification

Debt Limitation Multiples	General Purpose	Schools	Sewer	Urban Renewal	Pension Deficit
2-1/4 times base	\$ 169,564,145	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	339,128,289	-	-	-
3-3/4 times base	-	-	282,606,908	-	-
3-1/4 times base	-	-	-	244,925,987	-
3 times base	-	-	-	-	226,085,526
Total debt limitation	<u>169,564,145</u>	<u>339,128,289</u>	<u>282,606,908</u>	<u>244,925,987</u>	<u>226,085,526</u>
Indebtedness					
Bonds payable	18,414,000	17,546,000	-	-	-
Bonds authorized but not issued	9,108,000	2,921,466	-	-	-
Amount to be provided by CONN	-	(211,870)	-	-	-
Total Indebtedness	<u>27,522,000</u>	<u>20,255,596</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 142,042,145</u>	<u>\$ 318,872,693</u>	<u>\$ 282,606,908</u>	<u>\$ 244,925,987</u>	<u>\$ 226,085,526</u>

TOWN OF MONROE, CONNECTICUT

Table 11

Legal Debt Margin  
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Legal Debt Limit	\$527,532,894	\$518,609,931	\$503,896,071	\$491,311,450	\$475,559,903	\$463,725,157	\$451,562,881	\$436,807,133	\$425,922,777	\$403,001,648
Total Indebtedness (as defined) Applicable to Limit	47,777,596	43,867,493	42,562,828	49,012,000	42,661,612	45,944,429	43,348,945	43,511,668	46,071,226	44,106,552
Legal Debt Margin	<u>\$479,755,298</u>	<u>\$474,742,438</u>	<u>\$461,333,243</u>	<u>\$442,299,450</u>	<u>\$432,898,291</u>	<u>\$417,780,728</u>	<u>\$408,213,936</u>	<u>\$393,295,465</u>	<u>\$379,851,551</u>	<u>\$358,895,096</u>
Total Indebtedness (as defined) Applicable to the Limit as a % of Legal Debt Limit	9.06%	8.46%	8.45%	9.98%	8.97%	9.91%	9.60%	9.96%	10.82%	10.94%

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.

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population	Median Age	Personal Income	Per Capita Personal Income	Median Household Income	School Enrollment	Unemployment Rate*
2017	N/A	N/A	N/A	N/A	N/A	3,189	4.50 %
2016	19,784	44.1	993,057,880	50,195	113,333	3,180	4.50
2015	19,833	43.5	971,777,334	48,998	110,558	3,299	5.10
2014	19,867	43.0	966,311,013	48,639	108,688	3,379	5.70
2013	19,834	42.6	954,372,412	48,118	103,589	3,488	6.40
2012	19,794	42.4	957,633,720	48,380	112,605	3,589	7.20
2011	19,675	41.9	903,239,900	45,908	108,478	3,761	7.80
2010	19,466	41.8	853,428,372	43,842	109,727	3,899	7.90
2009	19,435	41.0	838,192,680	43,128	116,058	4,050	7.00
2008	19,359	N/A	N/A	N/A	N/A	4,226	4.70

Sources: State of Connecticut, Office of Policy & Management  
United States Census Bureau (2012-2016 American Community Survey)  
Connecticut Department of Labor  
Connecticut Department of Education

\* Average for the Calendar Year

N/A - Information not available.

**TOWN OF MONROE, CONNECTICUT**

Table 13

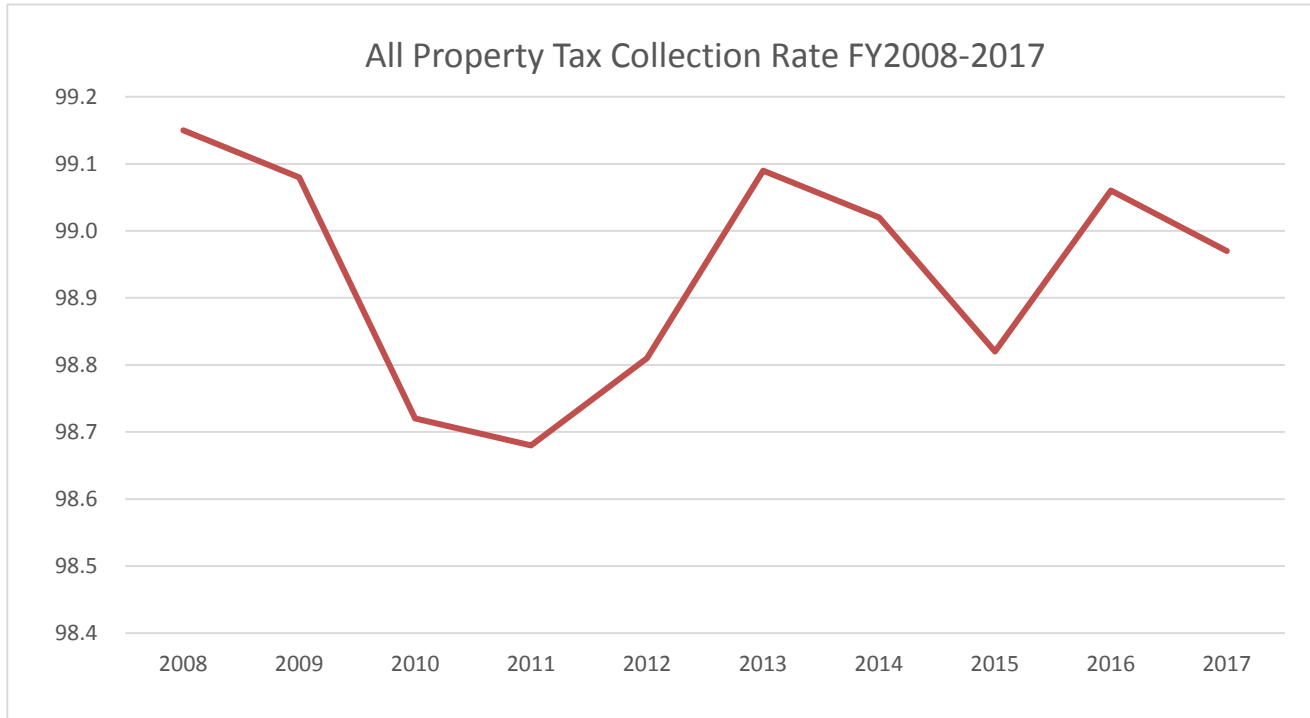
Principal Employers  
Current Year And Nine Years Ago

EMPLOYER	2017			EMPLOYER	2008		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT		EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Town of Monroe	660	1	11.77 %	Town of Monroe	711	1	10.97 %
Big Y Supermarket	189	2	3.37	Vitramon, Inc.	350	2	5.40
Victorinox (Swiss Army)	154	3	2.75	Really Good Stuff	200	3	3.08
Northeast Laser Engraving	134	4	2.39	Big Y Supermarket	165	4	2.55
Really Good Stuff	126	5	2.25	Victorinox (Swiss Army)	150	5	2.31
Stop & Shop	126	6	2.25	U.S. Post Office	125	6	1.93
M Cubed Technologies	94	7	1.68	United Beauty Supply Co.	100	7	1.54
Waterview LLC	75	8	1.34	Lake Zoar Properties	100	8	1.54
Aquarion Water Co.	70	9	1.25	Robohand	90	9	1.39
Practioner Support Services	65	10	1.16	Edgerton, Inc.	62	10	0.96
	<u>1,693</u>		<u>30.18</u>		<u>2,053</u>		<u>31.67</u>

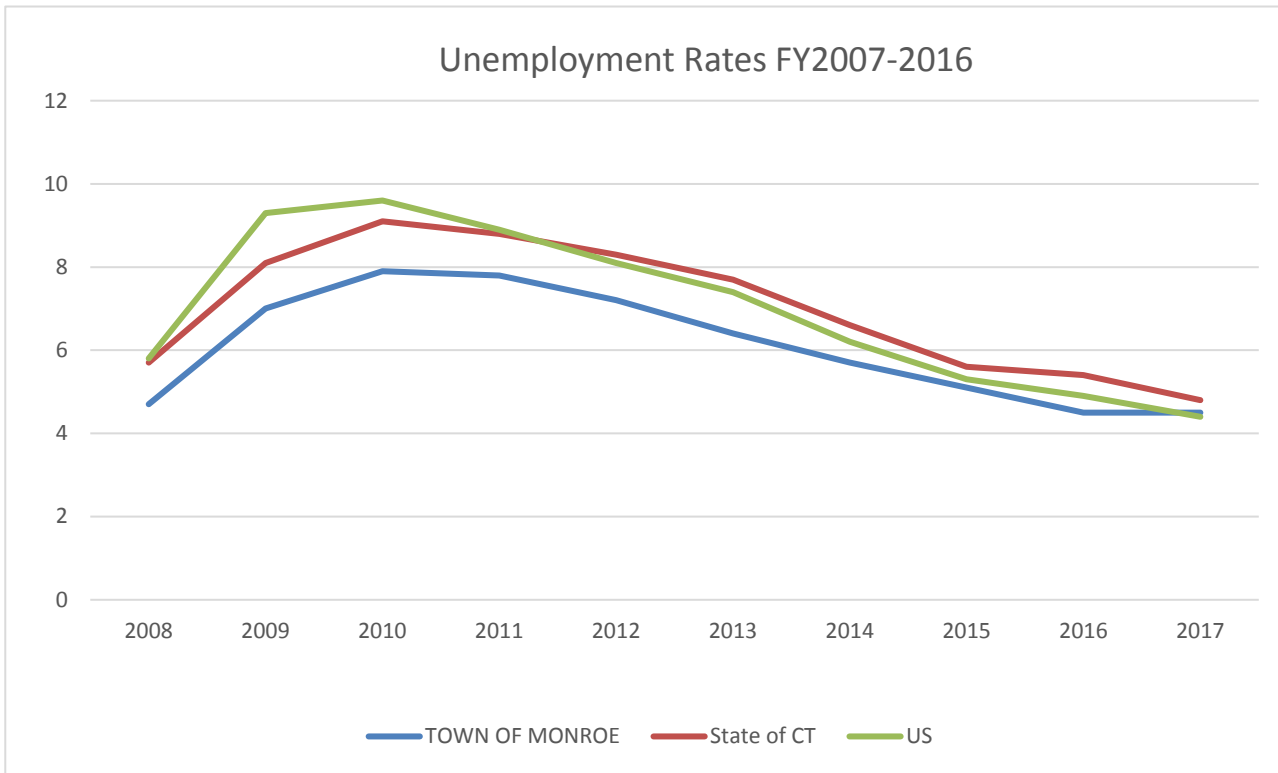
Source: Town of Monroe Assessor's Office

All Property Tax Collection Rates  
Last Ten Fiscal Years

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Unemployment Rates  
Last Ten Fiscal Years



Source: United States Department of Labor - Bureau of Labor Statistics  
Connecticut Department of Labor - Office of Research

**TOWN OF MONROE, CONNECTICUT**

**Table 16**

Full-Time Equivalent Town Government Employees By Function  
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Government:</b>										
First Selectman	2.5	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Registrars of Voters	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Town Clerk	3.0	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Tax Collector	2.7	2.7	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Town Treasurer	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Senior Center	4.7	4.5	4.5	4.5	4.5	5.5	5.5	5.5	5.5	5.5
Economic Development	-	-	-	-	-	-	-	1.0	1.0	0.5
Land Use	8.5	9.0	9.0	9.0	8.5	8.5	6.5	6.5	7.0	7.0
Finance Department	5.2	5.0	5.0	5.0	5.0	5.0	5.0	5.5	5.5	6.0
Human Resources	1.7	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Information Technology	3.7	3.7	3.7	3.7	3.7	3.7	3.0	3.0	3.0	3.0
Assessor	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Town Hall Maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General Government Total	40.5	40.6	39.9	39.9	39.4	40.4	37.7	39.2	39.7	39.7
<b>Public Safety:</b>										
Police Department	51.0	55.0	55.0	53.0	51.0	49.0	48.0	48.0	47.0	47.0
Animal Control	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Park Ranger	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Fire Marshal	2.3	2.3	2.3	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Emergency Management	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Emergency Medical Services (EMS)	0.5	1.0	0.5	0.5	0.5	-	-	-	-	-
Public Safety Total	57.7	62.2	61.7	59.2	57.2	54.7	53.7	53.7	52.7	52.7
<b>Public Works:</b>										
Administration	4.5	4.5	4.5	4.5	4.5	4.0	5.5	5.5	5.5	5.5
Highway	20.4	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1
Tree Warden	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Solid Waste	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Public Works Total	25.3	29.0	28.9	28.9	28.9	28.4	29.9	29.9	29.9	29.9
<b>Health &amp; Welfare:</b>										
Health Department	3.3	3.0	-	-	-	-	-	-	-	-
Social Services	1.7	1.7	1.7	1.2	1.0	1.0	1.0	1.0	1.0	1.0
Health & Welfare Total	5.0	4.7	1.7	1.2	1.0	1.0	1.0	1.0	1.0	1.0
<b>Culture &amp; Recreation:</b>										
Library	13.5	14.0	13.5	13.5	13.5	13.5	12.5	12.0	11.0	11.0
Parks & Recreation	23.1	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Radio Station (WMNR)	6.5	7.0	7.0	7.0	7.0	7.0	7.0	-	-	-
Culture & Recreation Total	43.1	37.0	36.5	36.5	36.5	36.5	35.5	28.0	27.0	27.0
<b>Education:</b>										
Administration	24.0	24.0	24.0	24.0	20.4	20.9	22.2	22.8	22.8	23.0
Teachers & Other Certified Staff	267.9	271.5	277.1	280.1	285.0	285.5	279.8	296.5	315.4	318.7
Paraprofessionals	81.0	84.0	84.0	84.0	87.3	89.0	85.1	83.8	85.6	86.0
Other Non-Certified Staff	90.6	90.6	92.6	92.6	91.6	90.0	94.0	99.6	101.8	100.0
Education Total	463.5	470.1	477.7	480.7	484.3	485.4	481.1	502.7	525.6	527.7
<b>Total Town Employees by Function</b>	<b>635.1</b>	<b>643.6</b>	<b>646.4</b>	<b>646.4</b>	<b>647.3</b>	<b>646.4</b>	<b>638.9</b>	<b>654.5</b>	<b>675.9</b>	<b>678.0</b>

Source: Town records



TOWN OF MONROE, CONNECTICUT

Table 17

Operating Indicators By Function/Program  
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Building Permits:										
Total permits issued	509	413	416	355	418	412	331	279	359	436
Total estimated value of permits	\$21,347,271	\$14,952,059	\$ 9,664,084	\$ 8,941,578	\$10,280,932	\$ 8,740,546	\$ 9,700,117	\$ 6,247,294	\$14,824,226	\$ 24,464,456
Public Safety:										
Police:										
Calls for service	27,680	28,125	31,492	27,134	29,018	26,021	24,735	25,282	29,011	27,198
Arrests	247	162	159	128	130	141	173	152	218	177
Traffic citations	3,236	3,723	5,297	4,036	4,127	3,202	3,619	4,133	5,683	5,507
EMS:										
Total service calls	1,328	1,435	1,374	1,337	1,356	1,421	1,309	1,342	1,243	1,187
Billable calls	823	829	832	787	835	861	832	902	892	N/A
Fire*:										
Townwide calls	605	592	581	482	523	657	825	657	636	708
Mutual aid calls (all departments)	751	663	692	446	365	442	462	446	495	440
Total responses	1,356	1,255	1,273	928	888	1,099	1,287	1,103	1,131	1,148
Culture & Recreation:										
Wolfe Park Facility Reservations	120	117	126	103	107	104	108	110	120	130
Wolfe Park Pool attendance	15,326	20,594	18,504	18,076	19,625	24,084	19,796	N/A	N/A	N/A
Great Hollow Lake attendance	17,994	20,060	18,504	18,748	17,844	17,089	N/A	N/A	N/A	N/A

Source: Town Records

\* The Town has 3 separate volunteer fire departments. Townwide calls are the total incidents which required fire responses within the Town for the fiscal year. Mutual aid calls are when one department responds to the aid of another department in town or to an out of town incident. Total responses represent the sum of the townwide and mutual aid calls. (Example: One fire incident may require the response of all three departments - one townwide call and 2 mutual aid calls.)

N/A - Data not available

**TOWN OF MONROE, CONNECTICUT**

Table 18

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Town Hall	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police Station	1	1	1	1	1	1	1	1	1	1
Fire Stations - Town owned										
Monroe Station #2	1	1	1	1	1	1	1	1	1	1
Stevenson Station #2	1	1	1	1	1	1	1	1	1	1
Stepney Station #2	1	1	1	1	1	1	1	1	1	1
Public Works:										
Garage	1	1	1	1	1	1	1	1	1	1
Dump/Plow Truck Fleet	20	20	20	20	20	20	20	20	20	20
Streets (Miles)	143	143	143	143	143	143	143	143	143	143
Health & Welfare:										
Food Pantry	1	1	1	1	1	1	1	1	1	1
Culture & Recreation:										
Edith Wheeler Memorial Library	1	1	1	1	1	1	1	1	1	1
Parks	4	4	4	4	4	4	4	4	4	4
Education - Schools:										
High	1	1	1	1	1	1	1	1	1	1
Middle	1	1	1	1	1	2	2	2	2	2
Elementary	3	3	3	3	3	3	3	3	3	3

Source: Town records