

Basic Financial Statements and Report of Independent
Certified Public Accountants

Town of Monroe, Connecticut

June 30, 2012

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Finance
Town of Monroe, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Monroe, Connecticut (the "Town") as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 established by the American Institute of Certified Public Accountants 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position and cash flows, thereof for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2013 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, the schedules of funding progress on page 60, and the budgetary comparison schedules on pages 61 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplemental information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. These limited procedures 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual fund statements and schedules, and other schedule section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic 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 established by the American Institute of Certified Public Accountants. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as listed in the table of contents. The other schedule section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Graut Thornton LLP

Glastonbury, Connecticut
February 28, 2013

Management's
Discussion and
Analysis

The management of the Town of Monroe, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2012.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$38,911,152 (net assets). Of this amount, \$633,908 represents unrestricted net assets.
- The Town's total net assets decreased by \$1,181,217 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,171,920, an increase of \$3,182,712 in comparison with the prior year. This increase is primarily due to the issuance of general obligation bonds.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$3,990,150 or 5.0% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 0.6 months of general fund operating expenditures.
- The Town's total long-term bonded debt increased by \$850,000 or 1.9% during the current fiscal year due the issuance of \$4,065,000 in general obligation bonds less current year scheduled debt payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Notes to the Financial Statements

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

Other Information

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

Combining and individual fund statements and schedules and other supplementary information can be found on pages 68 - 101 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

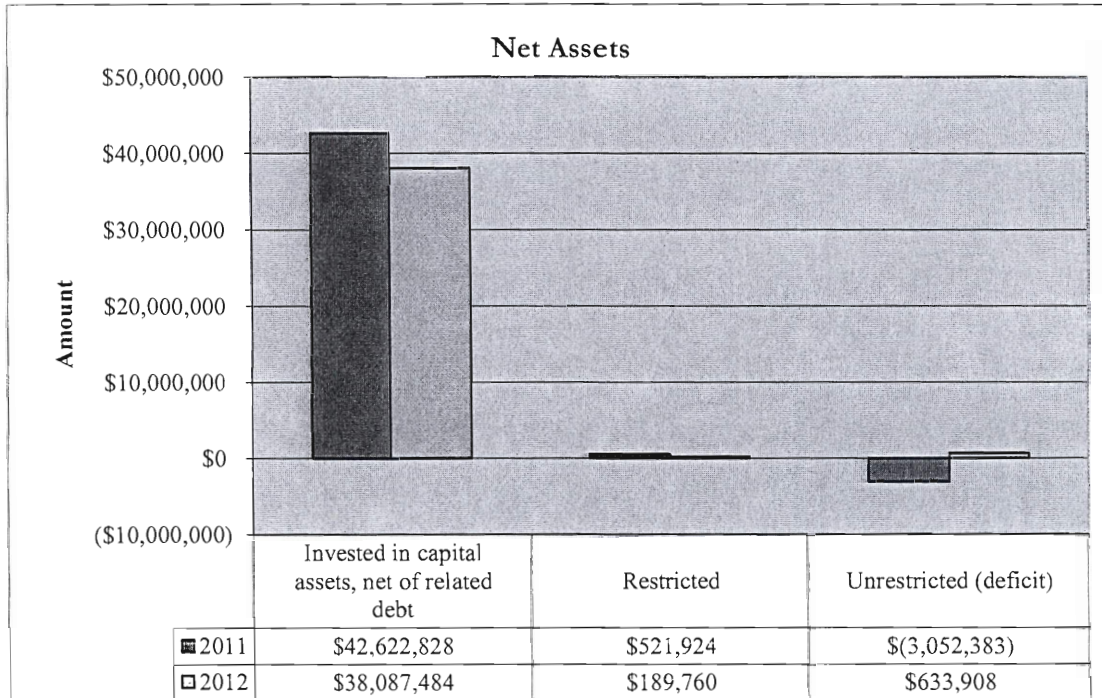
Net Assets

Over time, net assets may serve as one measure of a government's financial position. Total net assets of the Town totaled \$38,911,152 and \$40,092,369 as of June 30, 2012 and 2011, respectively, and are summarized as follows:

	Total	
	2012	2011
Current and other assets	\$ 21,623,345	\$ 20,490,298
Capital assets	85,862,139	89,860,240
Total assets	<u>107,485,484</u>	<u>110,350,538</u>
Other liabilities	4,458,259	6,867,560
Long-term liabilities	64,116,073	63,390,609
Total liabilities	<u>68,574,332</u>	<u>70,258,169</u>
Net assets:		
Invested in capital assets, net of related debt	38,087,484	42,622,828
Restricted	189,760	521,924
Unrestricted (deficit)	633,908	(3,052,383)
Total net assets	<u>\$ 38,911,152</u>	<u>\$ 40,092,369</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Assets (Continued)



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

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

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

Overall, net assets decreased by \$1,181,217 in comparison to the prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets

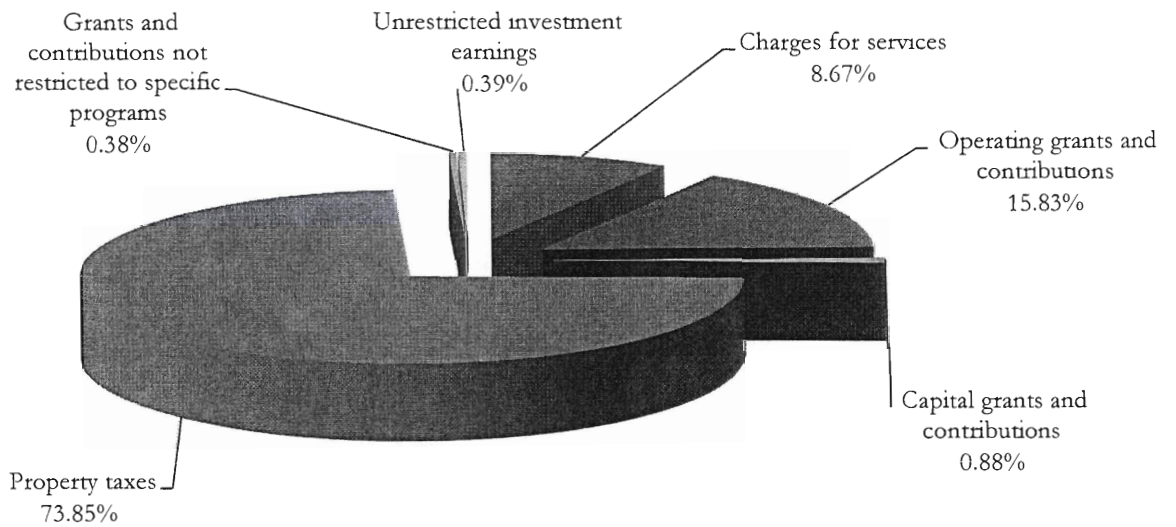
Changes in net assets for the years ended June 30, 2012 and 2011 are as follows:

	Total	
	2012	2011
Revenues		
Program revenues:		
Charges for services	\$ 7,762,519	\$ 8,486,797
Operating grants and contributions	14,172,938	13,449,453
Capital grants and contributions	785,215	1,384,919
General revenues:		
Property taxes	66,103,448	64,727,759
Grants and contributions not restricted to specific programs	336,908	375,640
Unrestricted investment earnings	353,118	410,461
Total revenues	<u>89,514,146</u>	<u>88,835,029</u>
Expenses		
General government	8,229,750	6,972,475
Public safety	8,326,453	7,339,882
Public works	5,631,004	5,260,746
Health and welfare	254,555	246,230
Culture and recreation	3,091,287	2,987,392
Subrecipient expenditures	5,500	251,916
Education	63,718,458	65,757,974
Interest on long-term debt	1,438,356	2,334,757
Total expenses	<u>90,695,363</u>	<u>91,151,372</u>
Change in net assets	<u>\$ (1,181,217)</u>	<u>\$ (2,316,343)</u>

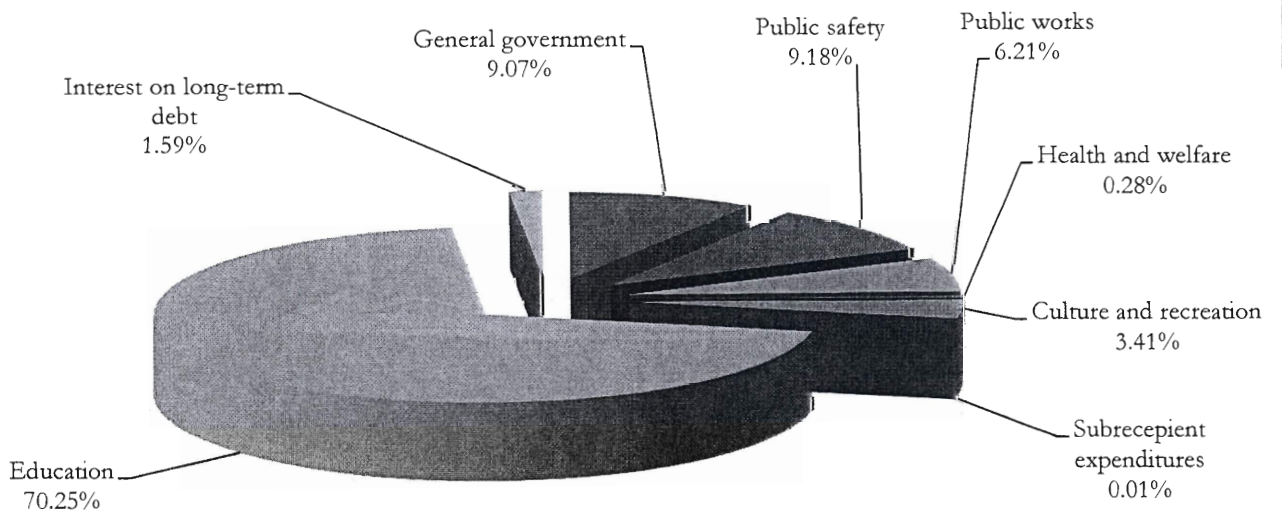
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets (Continued)

2012 Revenues by Function - Governmental Activities



2012 Expenses by Function - Governmental Activities



TOWN OF MONROE, CONNECTICUT

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

June 30, 2012

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,171,920, an increase of \$3,182,712 from the prior year. This increase is primarily due to the issuance of general obligation bonds and refunding bonds.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,990,150. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 5.0% of total General Fund expenditures, while total fund balance represents 5.8% of the same amount. The fund balance of the General Fund increased \$289,352 during the current fiscal year.

Police Renovations

The fund balance of the Police Renovations Fund increased \$2,802,548 during the current fiscal year. This increase was due to primarily the issuance of a general obligation bonds offset by capital outlays.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget for 2012 did not anticipate the utilization of fund balance to cover the excess of budgeted expenses over budgeted revenues. The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$614,862. Expenditures were \$190,564 less than budgeted and total budgetary revenues were \$591,712 higher than expected primarily due to a favorable variance in property taxes. Other financing uses were \$167,414 lower than expected, due to cancellation of prior year encumbrances and transfers in.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2012 and 2011 totaled \$85,862,139 and \$89,860,240, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings, land improvements, vehicles, machinery and equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$3,998,101 or 4.4%, comprised of the following:

- Current year additions of \$815,052, consisting of road improvements and various other additions to machinery and equipment, vehicles, and construction in progress.
- Current year depreciation expense of \$4,813,153.

TOWN OF MONROE, CONNECTICUT

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

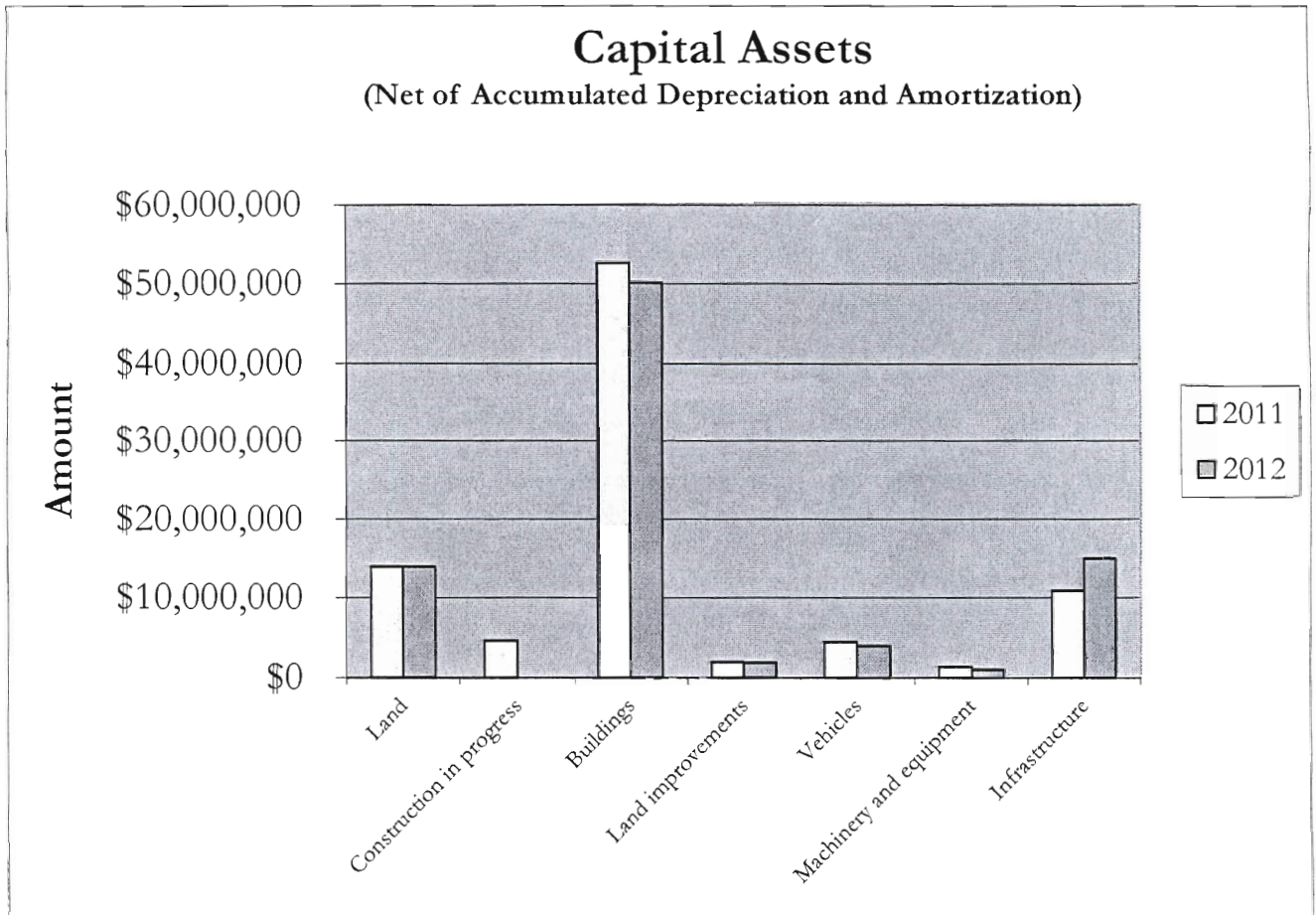
June 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

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

	Total	
	2012	2011
Land	\$ 13,922,971	\$ 13,922,971
Construction in progress	-	4,611,802
Buildings	50,119,591	52,629,886
Land improvements	1,885,260	1,978,530
Vehicles	3,983,381	4,450,518
Machinery and equipment	1,005,965	1,380,029
Infrastructure	14,944,971	10,886,504
Totals	<u>\$ 85,862,139</u>	<u>\$ 89,860,240</u>



Additional information on the Town's capital assets can be found in Note D on page 36 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

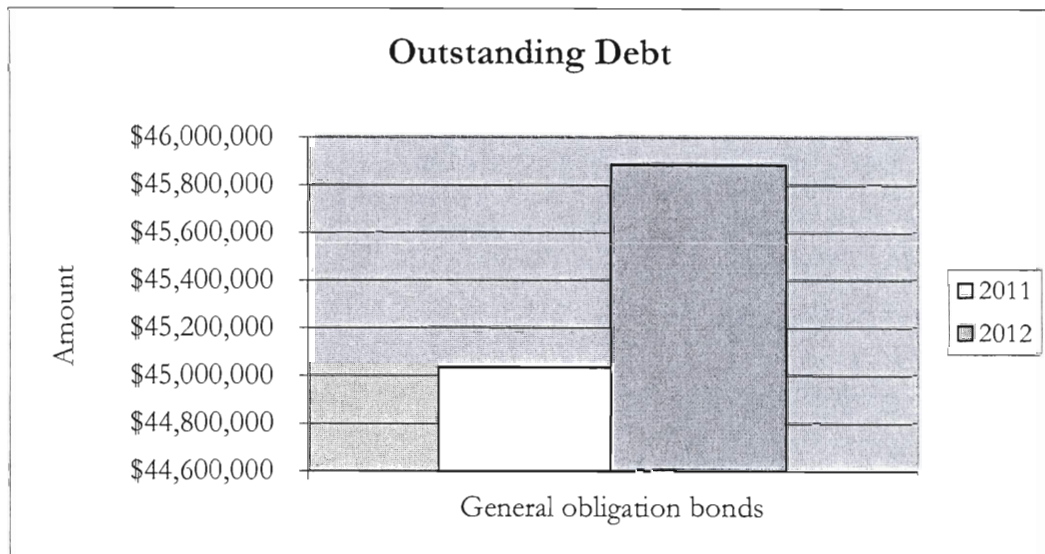
Long-term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$45,885,000. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total bonded debt increased by \$850,000 or 1.9% during the current fiscal year due the issuance of general obligation bonds and refunding bonds offset by scheduled debt repayments.

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

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$463,725,157, which is significantly in excess of the Town's outstanding general obligation debt.

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



Additional information on the Town's long-term debt can be found in Note G on pages 38 - 42 of this report.

TOWN OF MONROE, CONNECTICUT

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

June 30, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The unemployment rate for the Town is currently 6.6%. This compares favorably to the State's average unemployment rate of 8.1% and the national unemployment rate of 8.2%.
- Inflationary trends in the region are comparable to national indices.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2013, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Land Use Department, the Town Clerk and the amount of conveyance taxes and interest income.
- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in fiscal year 2013 and thereafter.

All of these factors were considered in preparing the Town's budget for fiscal year 2013.

REQUESTS FOR INFORMATION

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

Basic
Financial
Statements

TOWN OF MONROE, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 13,066,210
Investments	3,741,482
Receivables:	
Property taxes receivable, net of allowance of \$87,000	1,063,322
Interest receivable, net of allowance of \$45,000	151,717
Grants and contracts receivable	478,236
Accounts receivable	488,116
Prepaid items	79,152
Net pension asset	235,575
Grants and contracts receivable, long-term portion	1,782,855
Deferred charges, net of accumulated amortization of \$70,185	536,680
Capital assets:	
Non-depreciable	13,922,971
Depreciable, net	71,939,168
Total assets	<u>107,485,484</u>
LIABILITIES	
Accounts payable	2,808,827
Accrued liabilities:	
Salaries and benefits payable	342,406
Accrued interest	265,704
Other accrued liabilities	512,926
Unearned revenue	528,396
Noncurrent liabilities:	
Due within one year	7,034,825
Due in more than one year	57,081,248
Total liabilities	<u>68,574,332</u>
NET ASSETS	
Invested in capital assets, net of related debt	38,087,484
Restricted for:	
Trust purposes-expendable	71,457
Grant program purposes	118,303
Unrestricted	633,908
Total net assets	<u>\$ 38,911,152</u>

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

TOWN OF MONROE, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 8,229,750	\$ 2,246,309	\$ 41,332	\$ (5,942,109)
Public safety	8,326,453	1,099,902	38,793	(7,187,758)
Public works	5,631,004	693,659	-	(4,257,624)
Health and welfare	260,055	1,015	22,305	(231,235)
Culture and recreation	3,091,287	1,133,228	302,034	(1,656,025)
Education	63,718,458	2,588,406	13,768,474	(47,261,584)
Interest on long-term debt	1,438,356	-	-	(1,438,356)
Total governmental activities	\$ 90,695,363	\$ 7,762,519	\$ 14,172,938	\$ (67,974,691)
General revenues:				
Property taxes				66,103,448
Grants and contributions not restricted to specific programs				336,908
Unrestricted investment earnings				353,118
Total general revenues				66,793,474
Change in net assets				(1,181,217)
Net assets - beginning				40,092,369
Net assets - ending				\$ 38,911,152

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

TOWN OF MONROE, CONNECTICUT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General Fund</u>	<u>Police Renovations</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 9,288,216	\$ -	\$ 983,026	\$ 10,271,242
Investments	3,540,384	-	201,098	3,741,482
Receivables:				
Property taxes receivable, net of allowance for uncollectibles of \$87,000	1,063,322	-	-	1,063,322
Interest receivable, net of allowance for uncollectibles of \$45,000	151,717	-	-	151,717
Grants and contracts receivable	2,190,037	-	71,054	2,261,091
Accounts receivable	148,576	-	339,540	488,116
Prepaid items	76,893	-	2,259	79,152
Due from other funds	567,639	2,988,569	2,423,845	5,980,053
Total assets	<u>\$ 17,026,784</u>	<u>\$ 2,988,569</u>	<u>\$ 4,020,822</u>	<u>\$ 24,036,175</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,270,126	\$ 193,417	\$ 345,284	\$ 2,808,827
Salaries and benefits payable	342,406	-	-	342,406
Other accrued liabilities	476,806	-	36,120	512,926
Due to other funds	5,936,895	-	567,639	6,504,534
Unearned/deferred revenue	3,377,581	-	317,981	3,695,562
Total liabilities	<u>12,403,814</u>	<u>193,417</u>	<u>1,267,024</u>	<u>13,864,255</u>
Fund Balances:				
Nonspendable:				
Prepaid items	76,893	-	2,259	79,152
Permanent fund principal	-	-	71,457	71,457
Restricted for:				
Public works	-	-	118,303	118,303
Committed to:				
Public safety	-	-	275,030	275,030
Culture and recreation	-	-	830,998	830,998
Education	-	-	1,100,757	1,100,757
Capital projects	-	2,795,152	587,834	3,382,986
Other purposes	-	-	307,752	307,752
Assigned to:				
Use in subsequent year's budget	160,000	-	-	160,000
Plan of conservation and development	39,649	-	-	39,649
Education	333,926	-	-	333,926
General government	20,859	-	-	20,859
Public safety	1,168	-	-	1,168
Culture and recreation	325	-	-	325
Unassigned	3,990,150	-	(540,592)	3,449,558
Total fund balances	<u>4,622,970</u>	<u>2,795,152</u>	<u>2,753,798</u>	<u>10,171,920</u>
Total liabilities and fund balances	<u>\$ 17,026,784</u>	<u>\$ 2,988,569</u>	<u>\$ 4,020,822</u>	<u>\$ 24,036,175</u>

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

TOWN OF MONROE, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total fund balances for governmental funds \$ 10,171,920

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

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

Land and improvements	\$	16,554,179	
Buildings and improvements		91,765,510	
Vehicles		10,060,056	
Machinery and equipment		9,273,070	
Infrastructure		67,564,233	
Less accumulated depreciation and amortization		<u>(109,354,909)</u>	
Total capital assets, net			85,862,139

Bond issuance costs are recorded as expenditures in the governmental funds. However, these costs are deferred and amortized over the life of the related debt in the statement of net assets.

Bond issuance costs		606,865	
Less accumulated amortization		<u>(70,185)</u>	
Total bond issuance costs, net			536,680

Some of the Town's taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 977,129

Long-term school construction grant receivables received from the State of Connecticut are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 2,190,037

The net pension asset resulting from contributions in excess of the annual required contributions are not financial resources and therefore are not reported in the funds. 235,575

TOWN OF MONROE, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2012

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

Long-term debt:		
Bonds payable	\$	(45,885,000)
Unamortized premiums		(2,325,633)
Unamortized deferred amount on refundings		1,020,652
Obligations under capital lease		(584,674)
Accrued interest payable		(265,704)
Other long-term liabilities:		
Net OPEB obligation		(2,612,797)
Net pension obligation		(925,234)
Compensated absences		(2,349,817)
Termination benefits		(7,938,406)
Retired employee obligations		(1,063,201)
Total long-term liabilities		<u>(62,929,814)</u>

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

Net assets of governmental activities		<u>1,867,486</u>
	\$	<u><u>38,911,152</u></u>

TOWN OF MONROE, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Police Renovations</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 66,287,184	\$ -	\$ -	\$ 66,287,184
Intergovernmental revenues	12,747,056	-	2,666,003	15,413,059
Licenses, permits and other charges	521,210	-	-	521,210
Charges for services	334,991	-	5,147,561	5,482,552
Donations	-	-	286,946	286,946
Investment earnings	261,453	-	6,002	267,455
Miscellaneous	107,106	2,400	37,905	147,411
Total revenues	<u>80,259,000</u>	<u>2,400</u>	<u>8,144,417</u>	<u>88,405,817</u>
EXPENDITURES				
Current:				
General government	7,212,104	-	3,500	7,215,604
Public safety	5,722,467	-	976,299	6,698,766
Public works	2,936,293	-	1,171,833	4,108,126
Health and welfare	188,797	-	71,257	260,054
Culture and recreation	1,463,535	-	1,193,801	2,657,336
Education	56,657,002	-	4,674,805	61,331,807
Capital outlays	533,774	771,787	545,848	1,851,409
Debt service:				
Principal payments	3,560,670	-	-	3,560,670
Interest and fiscal charges	1,571,389	-	-	1,571,389
Debt issuance costs	127,986	50,648	8,716	187,350
Total expenditures	<u>79,974,017</u>	<u>822,435</u>	<u>8,646,059</u>	<u>89,442,511</u>
Excess (deficiency) of revenues over expenditures	284,983	(820,035)	(501,642)	(1,036,694)
OTHER FINANCING SOURCES				
Proceeds from refunding bonds issued	8,785,000	-	-	8,785,000
Premium on refunding bonds issued	425,288	-	-	425,288
Payment to refunded bonds escrow agent	(9,082,302)	-	-	(9,082,302)
Proceeds from general obligation bonds issued	-	3,605,000	460,000	4,065,000
Premium on general obligation bonds issued	-	17,583	8,837	26,420
Transfers in	162,379	-	343,571	505,950
Transfers out	(285,996)	-	(219,954)	(505,950)
Total other financing sources	<u>4,369</u>	<u>3,622,583</u>	<u>592,454</u>	<u>4,219,406</u>
Net change in fund balances	289,352	2,802,548	90,812	3,182,712
Fund balances (deficits) - beginning	<u>4,333,618</u>	<u>(7,396)</u>	<u>2,662,986</u>	<u>6,989,208</u>
Fund balances - ending	<u>\$ 4,622,970</u>	<u>\$ 2,795,152</u>	<u>\$ 2,753,798</u>	<u>\$ 10,171,920</u>

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

TOWN OF MONROE, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Net change in fund balances (deficit) - total governmental funds \$ 3,182,712

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

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

Expenditures for capital assets	\$ 815,052	
Depreciation and amortization expense	<u>(4,813,153)</u>	
Net adjustment		(3,998,101)

Intergovernmental revenue on school construction grants is not susceptible to accrual and, therefore, is only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the grant receivable recognized in the government-wide statement of net assets. (405,484)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, 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. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Debt issued or incurred:		
Bonds issued	(4,065,000)	
Refunding bonds issued	(8,785,000)	
Premium on bonds issued	(26,420)	
Premium on refunding bonds issued	(425,288)	
Deferred amount on refunding	367,302	
Principal repayments:		
Payment to refunded bonds escrow agent	8,715,000	
Bonds payable	3,285,000	
Obligations under capital lease	<u>275,670</u>	
Net adjustment		(658,736)
Amortization of bond premiums	152,801	
Amortization of bond issuance costs	(28,032)	
Amortization of deferred charge on refundings	(31,308)	
Amortization of bond issuance costs	<u>187,350</u>	
		280,811

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

TOWN OF MONROE, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATE OF ACTIVITIES (Continued)
YEAR ENDED JUNE 30, 2012**

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

Compensated absences	\$ (498,410)	
Termination benefits	258,329	
Retired employee obligations	919,368	
Accrued interest	39,570	
Net OPEB obligation	(179,972)	
Net pension asset	(1,982)	
Net pension obligation	<u>(397,853)</u>	
		\$ 139,050

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred revenues in governmental funds. This amount represents the change in deferred revenue. (183,736)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds are reported with governmental activities. 462,267

Change in net assets of governmental activities \$ (1,181,217)

TOWN OF MONROE, CONNECTICUT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Governmental Activities
	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,794,968
Due from other funds	524,481
Total assets	<u>3,319,449</u>
LIABILITIES	
Current liabilities:	
Risk management claims	857,336
Other liabilities:	
Risk management claims, less current portion	594,627
Total liabilities	<u>1,451,963</u>
NET ASSETS	
Unrestricted	1,867,486
Total net assets	<u>\$ 1,867,486</u>

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

TOWN OF MONROE, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
OPERATING REVENUES	
Employer contributions	\$ 6,722,298
Charges for services	1,611,886
Total operating revenues	<u>8,334,184</u>
OPERATING EXPENSES	
Claims and benefits	7,060,637
Premiums and administrative charges	896,943
Total operating expenses	<u>7,957,580</u>
Operating income	376,604
NON-OPERATING REVENUES	
Interest and investment income	85,663
Total non-operating revenues	<u>85,663</u>
Change in net assets	462,267
Net assets - beginning	<u>1,405,219</u>
Net assets - ending	<u>\$ 1,867,486</u>

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

TOWN OF MONROE, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR END JUNE 30, 2012

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from employer contributions	\$ 6,722,298
Receipts from charges for services	1,611,886
Payments to employees, vendors and others	(7,863,809)
Net cash provided by operating activities	<u>470,375</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	85,663
Net cash provided by investing activities	<u>85,663</u>
Net increase in cash and cash equivalents	556,038
Cash and cash equivalents, beginning of year	<u>2,238,930</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,794,968</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 376,604
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in assets:	
Due from other funds	41,645
Increase in liabilities:	
Risk management claims	52,126
Net cash provided by operating activities	<u><u>\$ 470,375</u></u>

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

TOWN OF MONROE, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Pension Trust Funds	Private- Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 76,340	\$ 859,841
Investments, at fair value:			
Pooled separate accounts	14,588,112	-	-
Guaranteed deposit accounts	945,000	-	-
Total assets	<u>15,533,112</u>	<u>76,340</u>	<u>\$ 859,841</u>
LIABILITIES			
Due to student groups	-	-	\$ 256,399
Deposits	-	-	603,442
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 859,841</u>
NET ASSETS			
Held in trust for pension benefits and other purposes (see schedules of funding progress on page 60)	<u>\$ 15,533,112</u>	<u>\$ 76,340</u>	

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

TOWN OF MONROE, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2012

	Pension Trust Funds	Private- Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 492,155	\$ -
Plan members	280,359	-
Private donations	-	3,432
Total contributions	<u>772,514</u>	<u>3,432</u>
Investment earnings:		
Interest and dividends	193,749	8
Net appreciation in fair value of investments	50,978	-
Total investment earnings	<u>244,727</u>	<u>8</u>
Total additions	<u>1,017,241</u>	<u>3,440</u>
DEDUCTIONS		
Benefit payments	997,521	4,300
Administrative expenses	114,484	150
Total deductions	<u>1,112,005</u>	<u>4,450</u>
Change in net assets	(94,764)	(1,010)
Net assets - beginning	<u>15,627,876</u>	<u>77,350</u>
Net assets - ending	<u>\$ 15,533,112</u>	<u>\$ 76,340</u>

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

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements

June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

FINANCIAL REPORTING ENTITY

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

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

The Town reports the following major governmental funds:

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

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

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

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

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

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise fund financial statements subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance.

ASSETS, LIABILITIES AND FUND EQUITY

Cash Equivalents

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

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

ASSETS, LIABILITIES AND FUND EQUITY *(Continued)*

Investments

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

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

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

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

Prepaid Items

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

Property Taxes

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

Capital Assets

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

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Capital Assets (Continued)

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

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

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

Unearned/Deferred Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

Compensated Absences and Termination Benefits

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

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

Long-term Obligations

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Fund Equity

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

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

Restricted net assets - This category consists of net assets whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This category consists of net assets which do not meet the definition of the two preceding categories.

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

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

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

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

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTERFUND ACTIVITIES

Interfund activities are reported as follows:

Interfund Receivables and Payables

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

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

USE OF ESTIMATES

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

NOTE B - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2012, none of which constitutes a violation of statutory provisions:

Fund	Deficit Fund Balance
Library Grants	\$ 6,060 *
Waste Disposal	181,325 *
Senior Center	3,198 *
Plan of Conservation & Development	39,649 *
Chalk Hill Asbestos Removal	303,667 **
Cross Hill Reclamation	6,693 **

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

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

NOTE C - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS

A reconciliation of the Town's cash and cash equivalents as of June 30, 2012 is as follows:

Government-wide statement of net assets:	
Cash and cash equivalents	\$ 13,066,210
Less: cash equivalents considered investments under GASB Statement No. 40	(917,943)
	<u>12,148,267</u>
Statement of fiduciary net assets:	
Cash deposits - Agency Funds	859,841
Cash equivalents - Private-Purpose Trust Fund	76,340
	<u>936,181</u>
	<u>\$ 13,084,448</u>

CASH DEPOSITS – CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$4,360,265 of the Town's bank balance of \$13,305,106 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,924,239
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	436,026
	<u>\$ 4,360,265</u>

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

CASH DEPOSITS – CONCENTRATIONS OF CREDIT RISK

The Town's formalized investment policy states "At the time of acquisition, no more than ten percent (10%) of the overall portfolio may be invested in deposits with a single bank, unless the deposits are fully collateralized or fully insured". At June 30, 2012, the Town had deposits with two banking institution that exceeded the 10% limitation.

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE C - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

A reconciliation of the Town's investments as of June 30, 2012 is as follows:

Government-wide statement of net assets:	
Investments	\$ 3,741,482
Add: cash equivalents considered investments under GASB Statement No. 40	917,943
	<u>4,659,425</u>
Statement of fiduciary net assets:	
Pension Trust Funds	15,533,112
	<u>\$ 20,192,537</u>

As of June 30, 2012, the Town's investments consisted of the following:

Investment type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:					
U.S. Agencies	\$ 3,540,384	\$ -	\$ -	\$ -	\$ 3,540,384
Certificates of deposit	201,098	-	201,098	-	-
Money market mutual funds	118,208	118,208	-	-	-
State Treasurer's Short Term Investment Fund (STIF)	663,497	663,497	-	-	-
Cooperative Liquid Asset Security Systems Fund (CLASS)	136,238	136,238	-	-	-
	<u>\$ 4,659,425</u>	<u>\$ 917,943</u>	<u>\$ 201,098</u>	<u>\$ -</u>	<u>\$ 3,540,384</u>

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

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

As of June 30, 2012, the Pension Trust Funds investments consisted of the following:

Pension Trust Funds	
Investment type	Fair Value
Other investments:	
Pooled separate accounts	\$ 2,787,310
Guaranteed deposit account	945,000
Equity mutual funds	11,800,802
Total	<u>\$ 15,533,112</u>

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

INVESTMENTS *(Continued)*

Interest Rate Risk

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

Credit Risk

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

The Town's investments in certificates of deposit and money market mutual funds were unrated. The Town's investment in STIF and CLASS were rated AAA by Standard and Poor's at June 30, 2012. No credit risk disclosures are required under GASB Statement No. 40 relating to investments in U.S. Agencies.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counter-party, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2012, as they are held by a trustee in the Town's name.

Concentrations of Credit Risk

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

More than 5 percent of the Pension Trust Fund investments are in a guaranteed deposit account held with Prudential Retirement Insurance and Annuity Company, pooled separate accounts held with Prudential Financial and equity mutual funds held with Prudential Financial and Wilmington Trust Company. These investments represent 6%, 18% and 76% of the Pension Trust Fund investments, respectively.

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 13,922,971	\$ -	\$ -	\$ 13,922,971
Construction in progress	4,611,802	471,534	(5,083,336)	-
Total capital assets, not being depreciated	<u>18,534,773</u>	<u>471,534</u>	<u>(5,083,336)</u>	<u>13,922,971</u>
Capital assets, being depreciated:				
Buildings	91,761,510	4,000	-	91,765,510
Land improvements	2,631,208	-	-	2,631,208
Vehicles	10,126,659	211,849	(278,452)	10,060,056
Machinery and equipment	9,141,401	131,669	-	9,273,070
Infrastructure	62,484,897	5,079,336	-	67,564,233
Total capital assets, being depreciated	<u>176,145,675</u>	<u>5,426,854</u>	<u>(278,452)</u>	<u>181,294,077</u>
Less accumulated depreciation and amortization for:				
Buildings	39,131,624	2,514,295	-	41,645,919
Land improvements	652,678	93,270	-	745,948
Vehicles	5,676,141	678,986	(278,452)	6,076,675
Machinery and equipment	7,761,372	505,733	-	8,267,105
Infrastructure	51,598,393	1,020,869	-	52,619,262
Total accumulated depreciation and amortization	<u>104,820,208</u>	<u>4,813,153</u>	<u>(278,452)</u>	<u>109,354,909</u>
Total capital assets, being depreciated, net	<u>71,325,467</u>	<u>613,701</u>	<u>-</u>	<u>71,939,168</u>
Governmental activities capital assets, net	<u>\$ 89,860,240</u>	<u>\$ 1,085,235</u>	<u>\$ (5,083,336)</u>	<u>\$ 85,862,139</u>

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

Governmental Activities:	
General government	\$ 136,893
Public safety	615,140
Public works	1,278,422
Culture and recreation	430,863
Education	2,351,835
Total depreciation and amortization expense - governmental activities	<u>\$ 4,813,153</u>

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE E - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Funds	\$ 567,639
Police Renovations Fund	General Fund	2,988,569
Other Funds	General Fund	2,423,845
		<u>\$ 5,980,053</u>
Proprietary Fund		
Internal Service Fund	General Fund	<u>\$ 524,481</u>

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

NOTE F - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2012 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Funds	\$ 162,379
Other Funds	General Fund	285,996
Other Funds	Other Funds	57,575
		<u>343,571</u>
		<u>\$ 505,950</u>

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

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE G - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 45,035,000	\$ 12,850,000	\$ (12,000,000)	\$ 45,885,000	\$ 3,690,000
Unamortized amounts:					
Deferred amount on refunding	(684,658)	(367,302)	31,308	(1,020,652)	-
Premium	2,026,726	451,708	(152,801)	2,325,633	-
Total bonds payable	<u>46,377,068</u>	<u>12,934,406</u>	<u>(12,121,493)</u>	<u>47,189,981</u>	<u>3,690,000</u>
Other liabilities:					
Capital leases	860,344	-	(275,670)	584,674	250,045
Net pension obligation	289,824	635,410	-	925,234	-
Net OPEB obligation	2,432,825	179,972	-	2,612,797	-
Compensated absences	1,851,407	500,194	(1,784)	2,349,817	986,295
Termination benefits	8,196,735	123,071	(381,400)	7,938,406	767,200
Retired employee obligations	1,982,569	85,000	(1,004,368)	1,063,201	483,949
Risk management claims	1,399,837	7,112,763	(7,060,637)	1,451,963	857,336
	<u>\$ 63,390,609</u>	<u>\$ 21,570,816</u>	<u>\$ (20,845,352)</u>	<u>\$ 64,116,073</u>	<u>\$ 7,034,825</u>

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

GENERAL OBLIGATION BONDS

A summary of general obligation bonds outstanding at June 30, 2012 is as follows:

<u>Description</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities			
General obligation bonds issued 2008, original amount \$4,855,000	2023	3.25% - 5.0%	\$ 675,000
Refunding bonds issued 2009, original amount \$18,975,000	2024	2.0% - 5.0%	16,950,000
General obligation bonds issued 2010, original amount \$5,325,000	2026	2.0% - 3.0%	5,325,000
Refunding bonds issued 2010, original amount \$10,805,000	2024	2.0% - 4.0%	10,180,000
General obligation bonds issued 2012, original amount \$3,605,000	2027	2.0% - 3.0%	3,605,000
General obligation bonds issued 2012, original amount \$460,000	2022	2.375% - 3.5%	460,000
Refunding bonds issued 2012, original amount \$8,785,000	2024	2.0% - 3.0%	8,690,000
			<u>\$ 45,885,000</u>

NOTE G - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS (Continued)

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2012:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2013	\$ 3,690,000	\$ 1,471,959	\$ 5,161,959
2014	4,025,000	1,368,088	5,393,088
2015	4,115,000	1,251,400	5,366,400
2016	4,345,000	1,119,062	5,464,062
2017	4,350,000	975,037	5,325,037
2018-2022	17,370,000	2,849,590	20,219,590
2023-2027	7,990,000	512,814	8,502,814
	<u>\$ 45,885,000</u>	<u>\$ 9,547,950</u>	<u>\$ 55,432,950</u>

Debt Refunding

During the year ended June 30, 2012, the Town issued \$8,785,000 of general obligation bonds with an average interest rate of 2.4% to advance refund \$8,715,000 of general obligation bonds with an average interest rate of 3.8%. The Town advance refunded of these bonds to reduce its total debt service payments over the next 10 years by \$147,247 and to obtain an economic gain (difference between present values of the debt service payments of the old and new bonds) of \$104,596. The reacquisition price exceeded the carrying amount of the old debt by \$367,302. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

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

Statutory Debt Limitation

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$463,725,157 as of June 30, 2012. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2012.

As of June 30, 2012 the Town has authorized, unissued bonds of approximately \$1,978,000 for general purposes and \$271,466 for schools.

TOWN OF MONROE, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2012

NOTE G - LONG-TERM LIABILITIES *(Continued)***SCHOOL BOND REIMBURSEMENTS**

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2012 was \$505,478. Additional reimbursements of principal and interest aggregating \$2,190,037 and \$272,394, respectively, are expected to be received through the applicable bonds' maturity dates. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net assets. The long term portion of \$1,782,855 will be realized by the Town through fiscal year 2019.

CAPITAL LEASES

The Town has entered into multi-year capital leases for the purpose of acquiring certain equipment. A summary of assets acquired through capital leases is as follows as of June 30, 2012:

	Governmental Activities
Vehicles	\$ 2,227,655
Machinery and equipment	169,624
	<u>2,397,279</u>
Less: accumulated amortization	1,656,381
	<u>\$ 740,898</u>

Amortization expense relative to leased property under capital leases totaled \$206,700 for the year ended June 30, 2012 and is included in depreciation and amortization expense disclosed in Note D.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 are as follows:

	Governmental Activities
Year Ending June 30:	
2013	\$ 275,401
2014	192,693
2015	130,304
2016	18,310
2017	<u>18,308</u>
Total minimum lease payments	635,016
Less: amount representing interest	<u>50,342</u>
Present value of minimum lease payments	<u>\$ 584,674</u>

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE G - LONG-TERM LIABILITIES (Continued)

COMPENSATED ABSENCES

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

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

	<u>Governmental Activities</u>
Town:	
Vested:	
Vacation	\$ 383,614
Board of Education:	
Vested:	
Sick	1,096,795
Vacation	139,010
Non-vested:	
Sick	730,398 *
	<u>\$ 2,349,817</u>

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

TERMINATION BENEFITS

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

	<u>Governmental Activities</u>
Vested:	
Retirement incentives	\$ 2,698,200
Non-vested:	
Retirement incentives	5,240,206 *
	<u>\$ 7,938,406</u>

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

TOWN OF MONROE, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2012

NOTE G - LONG-TERM LIABILITIES *(Continued)***RETIRED EMPLOYEE OBLIGATIONS**

Board of Education retirement obligations in the amount of \$1,063,201 represent payments owed to retired employees for termination benefits and payments for unused compensated absences that have been amortized out over several years.

The following is a summary of annual payments owed as of June 30, 2012:

Year Ending June 30:	<u>Governmental Activities</u>
2013	\$ 483,949
2014	324,813
2015	204,813
2016	24,813
2017	24,813
	<u>\$ 1,063,201</u>

NOTE H - UNEARNED/DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Property taxes	\$ 977,129	\$ 80,282	\$ 1,057,411
Forest Road Assessment Improvement	-	130,133	130,133
School building construction grant receivables	2,190,037	-	2,190,037
Nonmajor Governmental Funds:			
Advance summer program fee collections	-	152,500	152,500
Advance EMS fee collections	-	65,512	65,512
Grant drawdowns prior to meeting all eligibility requirements	-	99,969	99,969
	<u>\$ 3,167,166</u>	<u>\$ 528,396</u>	<u>\$ 3,695,562</u>

NOTE I - PENSION PLANS**TOWN EMPLOYEES' RETIREMENT PLAN****Plan Description**

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

NOTE I - PENSION PLANS (Continued)

TOWN EMPLOYEES' RETIREMENT PLAN (Continued)

Summary of Significant Accounting Policies

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

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

Plan Membership

Membership of the Plan consisted of the following as of January 1, 2010 (the date of the latest actuarial valuation):

Retirees and beneficiaries receiving benefits	43
Terminated plan members entitled to but not yet receiving benefits	62
Active plan members with fully vested rights	20
Active plan members without vested rights	4
	129

Contributions

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

Benefit Provisions

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

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

TOWN OF MONROE, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2012

NOTE I - PENSION PLANS *(Continued)***TOWN EMPLOYEES' RETIREMENT PLAN *(Continued)*****Concentrations**

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

<u>Investment Type</u>	<u>Issuer</u>	<u>Fair Value</u>
Guaranteed Deposit Account	Prudential Financial	\$ 945,000
Core Plus Bond/Reams Fund	Prudential Financial	656,743
Corporate Bond/PIM Fund	Prudential Financial	562,264
Dryden S&P 500 Index	Prudential Financial	522,676
Large Cap Value/LSV Asset Mgmt	Prudential Financial	516,424
International Blend/AQR	Prudential Financial	493,519
Private Placement Fund	Prudential Financial	483,421
Large Cap Growth/JP Morgan	Prudential Financial	413,202
High Yield Bond/ Caywood-Scholl	Prudential Financial	384,619

Additional Information and Actuarial Assumptions

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

Valuation date:	January 1, 2010
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Level Dollar, Closed
Remaining amortization period:	6 years
Asset valuation method:	5-year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	5.00%

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 564,832
Interest on net pension asset	39,554
Adjustment to annual required contribution	(104,432)
Annual pension cost	<u>499,954</u>
Contributions made	102,101
Increase in net pension obligation	<u>397,853</u>
Net pension obligation, beginning of year	527,381
Net pension obligation, end of year	<u><u>\$ 925,234</u></u>

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE I - PENSION PLANS (Continued)

TOWN EMPLOYEES' RETIREMENT PLAN (Continued)

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 140,365	76%	\$ 90,132
2011	543,933	20%	527,381
2012	499,954	20%	925,234

Funded Status

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
January 1, 2010	\$ 7,124,118	\$ 8,784,914	\$ 1,660,796	81%	\$ 3,205,710	52%

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

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contributions	Percentage Contributed
2007	\$ 81,560	100%
2008	89,239	13%
2009	138,305	16%
2010	146,417	73%
2011	555,705	19%
2012	564,832	18%

NOTE I - PENSION PLANS (Continued)

TOWN OF MONROE BOARD OF EDUCATION PENSION PLAN

Plan Description

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

Summary of Significant Accounting Policies

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

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

Plan Membership

Membership of the BOE Plan consisted of the following as of January 1, 2011 (the date of the latest actuarial valuation):

Retirees and beneficiaries receiving benefits	49
Terminated plan members entitled to but not yet receiving benefits	20
Active plan members with fully vested rights	81
Active plan members without vested rights	15
	165
	165

Contributions

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

Benefit Provisions

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

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

NOTE I - PENSION PLANS (Continued)

TOWN OF MONROE BOARD OF EDUCATION PENSION PLAN (Continued)

Concentrations

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

<u>Investment Type</u>	<u>Issuer</u>	<u>Fair Value</u>
Fixed Income Index Portfolio	Wilmington Trust Co.	\$ 1,759,621
Intermediate Fixed Income Portfolio	Wilmington Trust Co.	1,757,642
Large Co Value Portfolio	Wilmington Trust Co.	1,238,354
Strategic Growth Portfolio	Wilmington Trust Co.	1,236,806
International Growth Portfolio	Wilmington Trust Co.	634,696
International Value Portfolio	Wilmington Trust Co.	609,768

Additional Information and Actuarial Assumptions

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

Valuation date:	January 1, 2011
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Level Dollar, Closed
Remaining amortization period:	12 years
Asset valuation method:	5-year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	5.00%

Annual Pension Cost and Net Pension Asset

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

Annual required contribution	\$ 348,507
Interest on net pension asset	(17,817)
Adjustment to annual required contribution	28,568
Annual pension cost	<u>359,258</u>
Contributions made	<u>357,276</u>
Increase in net pension asset	1,982
Net pension asset, beginning of year	<u>(237,557)</u>
Net pension asset, end of year	<u><u>\$ (235,575)</u></u>

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE I - PENSION PLANS (Continued)

TOWN OF MONROE BOARD OF EDUCATION PENSION PLAN (Continued)

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset)
2010	\$ 305,651	97%	\$ (248,431)
2011	315,132	97%	(237,557)
2012	359,258	99%	(235,575)

Funded Status

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
January 1, 2011	\$ 8,502,820	\$ 9,675,631	\$ 1,172,811	88%	\$ 3,839,606	31%

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

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contributions	Percentage Contributed
2007	\$ 230,521	100%
2008	227,071	100%
2009	235,677	100%
2010	295,652	100%
2011	304,258	100%
2012	348,507	103%

NOTE I - PENSION PLANS (Continued)

PLAN FINANCIAL STATEMENTS

TOWN OF MONROE, CONNECTICUT
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2012

	Pension Trust Funds		
	Town Employees' Retirement Plan	Board of Education Pension Plan	Total
ASSETS			
Investments, at fair value:			
Pooled separate accounts	\$ 6,641,225	\$ 7,946,887	\$ 14,588,112
Fixed income	945,000	-	945,000
Total assets	7,586,225	7,946,887	15,533,112
NET ASSETS			
Held in trust for pension benefits	7,586,225	7,946,887	15,533,112
Total net assets	\$ 7,586,225	\$ 7,946,887	\$ 15,533,112

TOWN OF MONROE, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
YEAR ENDED JUNE 30, 2012

	Pension Trust Funds		
	Town Employees' Retirement Plan	Board of Education Pension Plan	Total
ADDITIONS			
Contributions:			
Employer	\$ 143,648	\$ 348,507	\$ 492,155
Plan members	83,420	196,939	280,359
Total contributions	227,068	545,446	772,514
Investment earnings:			
Interest and dividends	193,736	13	193,749
Net appreciation in the fair value of investments	50,919	59	50,978
Total investment earnings	244,655	72	244,727
Total additions	471,723	545,518	1,017,241
DEDUCTIONS			
Benefit payments	473,781	523,740	997,521
Administrative expenses	37,677	76,807	114,484
Total deductions	511,458	600,547	1,112,005
Change in net assets	(39,735)	(55,029)	(94,764)
Net assets, beginning	7,625,960	8,001,916	15,627,876
Net assets, ending	\$ 7,586,225	\$ 7,946,887	\$ 15,533,112

NOTE I - PENSION PLANS (Continued)

TEACHERS' RETIREMENT SYSTEM

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

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town basis. For the year ended June 30, 2012, Town teachers contributed \$1,847,769 to the plan and covered payroll for the year was \$25,486,471.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$5,234,921 made by the State of Connecticut into the plan as intergovernmental revenues and education expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - FUND B

Plan Description and Benefit Provisions

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

Contributions

Plan members are required by State Statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 16.37% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to the MERS for the years ended June 30, 2012, 2011 and 2010 were \$707,224, \$633,964, and \$417,474, respectively, equal to the required contributions for each year.

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE I - PENSION PLANS (Continued)

CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - FUND B (Continued)

Funded Status (in millions of dollars)

The funded status of the plan as of July 1, 2011, the date of the most recent actuarial data, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2011	\$ 1,753	\$ 1,985	\$ 232	88%	\$ 439	53%

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

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

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

The actuarial accrued liability was determined as part of an actuarial valuation at July 1, 2011.

Significant actuarial assumptions used include:

- a. Rate of return on the investment of present and future assets of 8.25% per year compounded annually.
- b. Projected salary increases of 3.75% per year compounded annually, attributable to inflation.
- c. Additional projected salary increases ranging from 0.75% to 7.50%, per year, attributable to seniority/merit.
- d. Annual cost of living increases are applied to disabled and non-disabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases of 3.5% are assumed for those who have reached age 65 and (effective January 1, 2002) increases of 2.5% are assumed for those who have not yet reached age 65. For members that retire after December 31, 2001, increases of 2.6% are assumed, regardless of age.

NOTE J - OTHER POST EMPLOYMENT BENEFITS (OPEB)**TOWN POLICE PLAN****Plan Description**

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

Plan Provisions

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 159,926
Interest on net OPEB obligation	10,447
Adjustment to annual required contribution	<u>(13,640)</u>
Annual OPEB cost (expense)	156,733
Contributions made	<u>42,515</u>
Increase in net OPEB obligation	114,218
Net OPEB obligation, beginning of year	<u>232,158</u>
Net OPEB obligation, end of year	<u><u>\$ 346,376</u></u>

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE J - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

TOWN POLICE PLAN (Continued)

Three-Year Trend Information

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 108,434	19%	\$ 167,535
2011	109,766	41%	232,158
2012	156,733	27%	346,376

Funded Status and Funding Progress

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

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 1,568,829	\$ 1,568,829	0%	\$ 2,702,454	58%

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

Actuarial Methods and Assumptions

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

NOTE J - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**TOWN POLICE PLAN (Continued)****Actuarial Methods and Assumptions (Continued)**

Valuation date:	July 1, 2010
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar
Remaining amortization period:	30 years
Asset valuation method:	N/A
Actuarial assumptions:	
Discount rate	4.50%
Healthcare cost trend rate	10.00% initial, decreasing by 1.0% per year 5.00% final (2015 and beyond)

BOARD OF EDUCATION PLAN**Plan Description**

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

Plan Provisions

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

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

Funding Policy

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

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE J - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

BOARD OF EDUCATION PLAN (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 545,568
Interest on net OPEB obligation	99,030
Adjustment to annual required contribution	(80,319)
Annual OPEB cost (expense)	<u>564,279</u>
Contributions made	<u>498,525</u>
Increase in net OPEB obligation	65,754
Net OPEB obligation, beginning of year	<u>2,200,667</u>
Net OPEB obligation, end of year	<u><u>\$ 2,266,421</u></u>

Three-Year Trend Information

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 1,305,571	48%	\$ 1,967,143
2011	783,544	70%	2,200,667
2012	564,279	88%	2,266,421

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012 (the date of the most recent actuarial valuation) was as follows:

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

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2012

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

BOARD OF EDUCATION PLAN *(Continued)*

Funded Status and Funding Progress *(Continued)*

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

Actuarial Methods and Assumptions

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

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

NOTE K - COMMITMENTS AND CONTINGENCIES

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

As of June 30, 2012, the Town has recorded \$356,278 in encumbrances, the most significant of which are for education. Such encumbrances have been included in the General Fund's assigned fund balance as of June 30, 2012.

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2012

NOTE L - RISK MANAGEMENT

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

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2012. Claims liabilities are recorded in accordance with GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

The Town dental self-insurance program was established to provide dental coverage for all Town employees previously covered by dental insurance. The dental claims liability of \$8,764 for this program reported at June 30, 2012 is based on estimated claims incurred but not reported. A summary of claims activity for the years ended June 30, 2012 and 2011 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2011	\$ 6,700	\$ 91,020	\$ 89,745	\$ 7,975
2012	7,975	90,978	90,189	8,764

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

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

The Board of Education self-insurance program is being administered by a professional benefit administrator (the "Administrator"). When a claim is submitted, the Administrator processes and pays the claim from funds accumulated by the Board of Education in an internal service fund. The internal service fund is funded by the Board of Education based upon information provided by the Administrator using an actuarial method to determine such information. The charges by the internal service fund to the Board of Education are adjusted over future contract years so that the internal service fund revenues and expenses are approximately equal over such period. A summary of claims activity for the years ended June 30, 2012 and 2011 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2011	\$ 568,970	\$ 7,570,894	\$ 7,285,141	\$ 854,723
2012	854,723	6,480,123	6,604,358	730,488

TOWN OF MONROE, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2012

NOTE L - RISK MANAGEMENT *(Continued)*

The Town has established an additional self-insurance program under the provisions of Section 7-433(c) of the Connecticut General Statutes for heart and hypertension claims of Town police officers. The death benefits liability is adjusted annually to reflect cost of living increases. The present value of the benefits payable was computed at an assumed rate of return of 3.0% in 2012 and 2011, respectively. A summary of claims activity for the years ended June 30, 2012 and 2011 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2011	\$ 548,418	\$ 125,156	\$ 136,435	\$ 537,139
2012	537,139	541,662	366,090	712,711

NOTE M - RECENTLY ISSUED ACCOUNTING STANDARDS

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

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

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

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

NOTE M - RECENTLY ISSUED ACCOUNTING STANDARDS (Continued)

The GASB has issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The provisions of GASB 65 are effective for periods beginning after December 15, 2012 and early adoption is permitted.

The GASB has issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). GASB 63 requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. GASB 63 also amends certain provisions of GASB Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. The provisions of GASB 63 are effective for financial statements for periods beginning after December 15, 2011 and early adoption is permitted.

In December 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 62 incorporates into the GASB authoritative literature certain accounting and financial reporting guidance that is included in FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The adoption of this standard has no retroactive or current impact on the Town's financial statements. The provisions of GASB 62 are effective for financial statements for periods beginning after December 15, 2011 and early adoption is permitted.

Required
Supplementary
Information

TOWN OF MONROE, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS
JUNE 30, 2012

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

Town of Monroe Board of Education Pension Plan

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

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

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

The above schedule contains data for the MERS plan as a whole, of which the Town of Monroe is one participating employer. In order to understand the scale of the MERS compared to the Town, the Town contributed \$707,224 to the MERS for the year ended June 30, 2012 while total contributions to the MERS totaled \$74,663,477 (employee and employer), for the same period.

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

Town of Monroe Police OPEB Plan

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

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

TOWN OF MONROE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
REVENUES				
Property taxes	\$ 65,553,065	\$ 65,553,065	\$ 66,235,402	\$ 682,337
Licenses, permits and other charges	576,200	576,200	521,210	(54,990)
Intergovernmental	7,586,721	7,586,721	7,536,793	(49,928)
Charges for services	374,210	374,210	374,991	781
Investment earnings	325,000	325,000	261,453	(63,547)
Miscellaneous	45,000	45,000	122,059	77,059
Total revenues	<u>74,460,196</u>	<u>74,460,196</u>	<u>75,051,908</u>	<u>591,712</u>
EXPENDITURES				
Current:				
General government	6,912,742	6,912,742	7,090,394	177,652
Public safety	5,927,122	5,927,122	5,843,775	(83,347)
Public works	3,160,216	3,160,216	2,936,293	(223,923)
Health and welfare	194,738	194,738	188,797	(5,941)
Culture and recreation	1,436,864	1,436,864	1,463,956	27,092
Education	51,434,739	51,434,739	51,400,923	(33,816)
Capital outlays - special projects	5,500	5,500	29,327	23,827
Debt service	5,213,275	5,213,275	5,141,167	(72,108)
Total expenditures	<u>74,285,196</u>	<u>74,285,196</u>	<u>74,094,632</u>	<u>(190,564)</u>
Excess of revenues over expenditures	175,000	175,000	957,276	782,276
OTHER FINANCING SOURCES (USES)				
Cancellation of prior year encumbrances	-	-	111,633	111,633
Transfers in	-	-	109,689	109,689
Transfers out	(175,000)	(175,000)	(563,736)	(388,736)
Total other financing sources (uses)	<u>(175,000)</u>	<u>(175,000)</u>	<u>(342,414)</u>	<u>(167,414)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	614,862	<u>\$ 614,862</u>
Fund balance - beginning			<u>3,656,255</u>	
Fund balances - ending			<u>\$ 4,271,117</u>	

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

TOWN OF MONROE, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
PROPERTY TAXES				
Tax levies	\$ 65,353,065	\$ 65,353,065	\$ 65,836,238	\$ 483,173
Interest and lien fees	200,000	200,000	399,164	199,164
Total property taxes	<u>65,553,065</u>	<u>65,553,065</u>	<u>66,235,402</u>	<u>682,337</u>
LICENSES AND PERMITS				
Police department permits	8,000	8,000	11,768	3,768
Building permits	175,000	175,000	148,819	(26,181)
Burning permits	2,000	2,000	2,880	880
Planning and zoning	15,000	15,000	21,022	6,022
Library	20,000	20,000	17,739	(2,261)
Refuse permits	4,000	4,000	2,850	(1,150)
Canine licenses	2,000	2,000	1,647	(353)
Town clerk's fees	350,000	350,000	314,425	(35,575)
Driveway permits	200	200	60	(140)
Total licenses and permits	<u>576,200</u>	<u>576,200</u>	<u>521,210</u>	<u>(54,990)</u>
INTERGOVERNMENTAL				
State and Federal Education Grants:				
Education cost sharing	6,572,118	6,572,118	6,570,660	(1,458)
School transportation	91,000	91,000	68,795	(22,205)
Other:				
Telecommunications fund	-	-	2,735	2,735
Tax grant - disabled persons	2,400	2,400	2,620	220
PILOT - state property	10,469	10,469	11,533	1,064
Tax grant - circuit breaker	160,000	160,000	168,127	8,127
Bond subsidy payments	500,534	500,534	505,478	4,944
PILOT - capital equipment	150,000	150,000	104,227	(45,773)
Boat tax reimbursement	3,000	3,000	-	(3,000)
Veteran exemption	10,000	10,000	11,583	1,583
Municipal video competition trust fund	-	-	5,563	5,563
Mashantucket pequot grant	27,200	27,200	33,255	6,055
Telephone access	60,000	60,000	51,782	(8,218)
Miscellaneous grants	-	-	435	435
Total intergovernmental	<u>7,586,721</u>	<u>7,586,721</u>	<u>7,536,793</u>	<u>(49,928)</u>

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

TOWN OF MONROE, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
CHARGES FOR SERVICES				
Bus barn	\$ 15,960	\$ 15,960	\$ 14,640	\$ (1,320)
Recreation department fees	230,000	230,000	239,918	9,918
Landfill lease	42,000	42,000	38,001	(3,999)
Nutrition	2,750	2,750	1,015	(1,735)
Tuition	10,000	10,000	11,860	1,860
Senior citizens transportation	5,000	5,000	4,789	(211)
Senior citizens registration	3,500	3,500	3,827	327
Special police assignments	50,000	50,000	50,000	-
Inland wetlands commission	15,000	15,000	10,941	(4,059)
Total charges for services	<u>374,210</u>	<u>374,210</u>	<u>374,991</u>	<u>781</u>
INTEREST AND DIVIDENDS	<u>325,000</u>	<u>325,000</u>	<u>261,453</u>	<u>(63,547)</u>
OTHER REVENUES	<u>45,000</u>	<u>45,000</u>	<u>122,059</u>	<u>77,059</u>
Total revenue	<u>74,460,196</u>	<u>74,460,196</u>	<u>75,051,908</u>	<u>591,712</u>
OTHER FINANCING SOURCES				
Cancellation of prior year encumbrances	-	-	111,633	111,633
Operating transfers in	-	-	109,689	109,689
Total other financing sources	<u>-</u>	<u>-</u>	<u>221,322</u>	<u>221,322</u>
Total revenues and other financing sources	<u>\$ 74,460,196</u>	<u>\$ 74,460,196</u>	<u>\$ 75,273,230</u>	<u>\$ 813,034</u>

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

TOWN OF MONROE, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
GENERAL GOVERNMENT				
Selectmen	\$ 240,490	\$ 240,490	\$ 834,191	\$ 593,701
Town council	4,845	4,845	5,408	563
Board of finance	41,000	41,000	28,914	(12,086)
Registrar of voters	95,250	95,250	86,016	(9,234)
Town clerk	183,846	183,846	181,531	(2,315)
Tax collector	155,258	155,258	165,598	10,340
Town treasurer	10,299	10,299	10,299	-
Boards and commissions	36,350	36,350	8,716	(27,634)
Senior citizen	213,814	213,814	210,356	(3,458)
Economic development	6,325	6,325	6,019	(306)
Inland wetlands commission	96,102	96,102	89,086	(7,016)
Human resource - fringe benefits	3,966,020	3,966,020	3,674,439	(291,581)
Finance department	245,403	245,403	249,875	4,472
Technology	504,108	504,108	474,382	(29,726)
Assessor	222,067	222,067	221,820	(247)
Building inspection department	136,237	136,237	138,771	2,534
Planning and zoning department	176,522	176,522	164,252	(12,270)
Town hall maintenance	336,287	336,287	312,075	(24,212)
Special programs	187,537	187,537	177,269	(10,268)
Regional programs	54,982	54,982	51,377	(3,605)
Total general government	<u>6,912,742</u>	<u>6,912,742</u>	<u>7,090,394</u>	<u>177,652</u>
PUBLIC SAFETY				
Police department	4,589,605	4,589,605	4,518,925	(70,680)
Animal control	117,115	117,115	114,165	(2,950)
Park ranger	52,879	52,879	53,428	549
Monroe fire department	195,636	195,636	195,636	-
Stevenson fire department	169,474	169,474	169,474	-
Stepney fire service	193,131	193,131	193,131	-
Fire service	509,922	509,922	497,740	(12,182)
Fire marshal	90,935	90,935	92,739	1,804
Emergency management	8,425	8,425	8,537	112
Total public safety	<u>5,927,122</u>	<u>5,927,122</u>	<u>5,843,775</u>	<u>(83,347)</u>

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

TOWN OF MONROE, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
PUBLIC WORKS				
Highway administration	\$ 210,300	\$ 210,300	\$ 207,489	\$ (2,811)
General maintenance	1,255,240	1,255,240	1,267,837	12,597
Snow removal	391,183	391,183	225,927	(165,256)
Operations	857,012	857,012	821,966	(35,046)
Tree warden	37,800	37,800	38,535	735
Traffic control	70,698	70,698	62,964	(7,734)
Sanitation:				
Solid waste	14,021	14,021	13,534	(487)
Recycling	323,962	323,962	298,041	(25,921)
Total public works	<u>3,160,216</u>	<u>3,160,216</u>	<u>2,936,293</u>	<u>(223,923)</u>
HEALTH AND WELFARE				
Health Department	138,586	138,586	134,490	(4,096)
Department of Social Services	56,152	56,152	54,307	(1,845)
Total health and welfare	<u>194,738</u>	<u>194,738</u>	<u>188,797</u>	<u>(5,941)</u>
CULTURE AND RECREATION				
Library	709,336	709,336	697,109	(12,227)
Recreation Department	727,528	727,528	766,847	39,319
Total culture and recreation	<u>1,436,864</u>	<u>1,436,864</u>	<u>1,463,956</u>	<u>27,092</u>
EDUCATION	<u>51,434,739</u>	<u>51,434,739</u>	<u>51,400,923</u>	<u>(33,816)</u>
DEBT SERVICE	<u>5,213,275</u>	<u>5,213,275</u>	<u>5,141,167</u>	<u>(72,108)</u>
CAPITAL OUTLAY - SPECIAL PROJECTS	5,500	5,500	29,327	23,827
Total budgetary expenditures	<u>74,285,196</u>	<u>74,285,196</u>	<u>74,094,632</u>	<u>(190,564)</u>
OTHER FINANCING USES				
Operating transfers out	175,000	175,000	563,736	388,736
Total other financing uses	<u>175,000</u>	<u>175,000</u>	<u>563,736</u>	<u>388,736</u>
Total expenditures and other financing uses	<u>\$ 74,460,196</u>	<u>\$ 74,460,196</u>	<u>\$ 74,658,368</u>	<u>\$ 198,172</u>

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

TOWN OF MONROE, CONNECTICUT

Notes to Required Supplementary Information

June 30, 2012

BUDGETARY INFORMATION

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

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

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

TOWN OF MONROE, CONNECTICUT
Notes to Required Supplementary Information (Continued)
June 30, 2012

BUDGETARY INFORMATION (Continued)

A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2012:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources (Uses), net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 75,051,908	\$ 74,094,632	\$ (342,414)	\$ 614,862
"On-behalf" payments - State Teachers Retirement Fund (see Note I)	5,234,921	5,234,921	-	-
Adjustment for encumbrances	-	391,235	-	(391,235)
Cancellation of prior year encumbrances	-	(111,633)	(111,633)	-
Bond issuance costs not recorded for budgetary purposes	-	-	-	-
Certain grant and local revenues netted in expense for budgetary purposes	22,171	22,171	-	-
Certain transfers recorded as expenditures for budgetary purposes	(50,000)	210,430	260,430	-
Assessor's revaluation	-	4,275	70,000	65,725
Noncash financing refunding activity	-	127,986	127,986	-
GAAP basis	<u>\$ 80,259,000</u>	<u>\$ 79,974,017</u>	<u>\$ 4,369</u>	<u>\$ 289,352</u>

For the year ended June 30, 2012, expenditures exceeded appropriations in the following departments of the General Fund:

<u>Department</u>	<u>Amount</u>
General government	\$ 177,652
Culture and recreation	27,092
Capital outlay - special projects	23,827

These over expenditures were covered from surpluses in other departments.

Combining and Individual Fund Statements and Schedules

Governmental Funds

TOWN OF MONROE, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
YEAR ENDED JUNE 30, 2012

Grand List Year	Uncollected Taxes July 1, 2011	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections		Uncollected Taxes June 30, 2012
			Additions	Deletions			Taxes	Interest	
2010	\$ -	\$ 65,831,270	\$ 142,386	\$ 271,044	\$ -	\$ 65,702,612	\$ 64,923,280	\$ 185,769	\$ 1,080
2009	936,551	-	87,361	119,305	-	904,607	575,910	149,887	1,998
2008	270,375	-	19,505	25,262	75,822	188,796	162,888	41,383	984
2007	83,999	-	12,492	20,094	44,393	32,004	7,309	5,408	288
2006	61,712	-	-	5,742	52,384	3,586	7,142	4,851	240
2005	1,126	-	-	4,966	483	(4,323)	431	427	144
2004	778	-	-	212	169	397	397	465	120
2003	580	-	-	1,011	-	(431)	(431)	511	144
2002	833	-	190	330	333	360	360	552	144
2001	1,207	-	188	279	818	298	298	506	120
2000	550	-	123	266	123	284	284	536	120
1999	498	-	-	253	-	245	245	504	96
1998	1,358	-	-	1,040	-	318	318	713	96
1997	1,211	-	48	997	-	262	262	635	72
1996 and prior	3,294	-	-	2,827	-	467	467	1,251	120
	\$ 1,364,072	\$ 65,831,270	\$ 262,293	\$ 453,628	\$ 174,525	\$ 66,829,482	\$ 65,679,160	\$ 393,398	\$ 5,766
									\$ 1,150,322

TOWN OF MONROE, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
YEAR ENDED JUNE 30, 2012

Total cash collections for the year ended						
June 30, 2012:						
Taxes	\$ 65,679,160					
Interest and lien fees	399,164					
Total	66,078,324					
Reimbursement for revenue loss:						
Tax relief for elderly (CGS 12-129d)	168,127					
Base	66,246,451					
		General				
		Purposes			Urban	Pension
			Schools	Sewers	Renewal	Deficit
Debt limitation:						
2-1/4 times base	\$ 149,054,515		-	-	-	\$ -
4-1/2 times base	-		298,109,030	-	-	-
3-3/4 times base	-		-	248,424,191	-	-
3-1/4 times base	-		-	-	215,300,966	-
3 times base	-		-	-	-	198,739,353
Total debt limitation	149,054,515		298,109,030	248,424,191	215,300,966	198,739,353
Indebtedness:						
Bonds payable	21,905,000		23,919,000	61,000	-	-
Debt authorized - unissued	1,978,000		271,466	-	-	-
Total indebtedness	23,883,000		24,190,466	61,000	-	-
Debt limitation in excess of outstanding and authorized debt	\$ 125,171,515		\$ 273,918,564	\$ 248,363,191	\$ 215,300,966	\$ 198,739,353
Total capacity of borrowing (7 times base)	\$ 463,725,157					
Total present indebtedness	48,134,466					
Margin for additional borrowing	\$ 415,590,691					

See accompanying report of Independent Certified Public Accountants.

TOWN OF MONROE, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	Special Revenue Funds					Seized Assets
	Library Grants	School Cafeteria	Educational Grants	WMNR Radio Station		
ASSETS						
Cash and cash equivalents	\$ -	\$ 215,478	\$ -	\$ 477,435	\$ -	8,155
Investments	-	-	-	-	-	-
Grants and contracts receivable	-	31,060	196	-	-	-
Accounts receivable	-	725	-	4,193	-	-
Prepaid items	-	-	-	2,259	-	-
Due from other funds	8,494	-	66,516	588	-	2,881
Total assets	\$ 8,494	\$ 247,263	\$ 66,712	\$ 484,475	\$ -	\$ 11,036
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	\$ 62	\$ 81,251	\$ 1,554	\$ 8,564	\$ -	-
Other accrued liabilities	-	-	36,120	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned/deferred revenue	14,492	-	27,505	-	-	-
Total liabilities	14,554	81,251	65,179	8,564	-	-
Fund Balances (Deficit):						
Nonspendable:						
Prepaid items	-	-	-	2,259	-	-
Permanent fund principal	-	-	-	-	-	-
Restricted for:						
Public works	-	-	-	-	-	-
Committed to:						
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	473,652	-	-
Education	-	166,012	1,533	-	-	-
Capital projects	-	-	-	-	-	-
Other purposes	-	-	-	-	-	11,036
Unassigned	(6,060)	-	-	-	-	-
Total fund balances (deficit)	(6,060)	166,012	1,533	475,911	-	11,036
Total liabilities and fund balances (deficit)	\$ 8,494	\$ 247,263	\$ 66,712	\$ 484,475	\$ -	\$ 11,036

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2012

	Special Revenue Funds				
	BOE Miscellaneous Program	School Operations	Police Grants	Miscellaneous Donations	Miscellaneous Grants and Programs
ASSETS					
Cash and cash equivalents	\$ -	43,647	\$ -	\$ -	\$ 120,103
Investments	-	-	-	-	-
Grants and contracts receivable	-	-	15,950	-	-
Accounts receivable	13,836	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	905,132	-	5,026	24,846	72,573
Total assets	<u>\$ 918,968</u>	<u>\$ 43,647</u>	<u>\$ 20,976</u>	<u>\$ 24,846</u>	<u>\$ 192,676</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Accounts payable	\$ -	-	\$ 1,772	\$ -	\$ 2,616
Other accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned/deferred revenue	29,403	-	2,953	-	-
Total liabilities	<u>29,403</u>	<u>-</u>	<u>4,725</u>	<u>-</u>	<u>2,616</u>
Fund Balances (Deficit):					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Public works	-	-	-	-	-
Committed to:					
Public safety	-	-	16,251	-	-
Culture and recreation	-	-	-	24,846	-
Education	-	43,647	-	-	-
Capital projects	889,565	-	-	-	-
Other purposes	-	-	-	-	190,060
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>889,565</u>	<u>43,647</u>	<u>16,251</u>	<u>24,846</u>	<u>190,060</u>
Total liabilities and fund balances (deficit)	<u>\$ 918,968</u>	<u>\$ 43,647</u>	<u>\$ 20,976</u>	<u>\$ 24,846</u>	<u>\$ 192,676</u>

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2012

	Special Revenue Funds					Senior Citizen Programs
	Exchange Programs	Waste Disposal	Police Private Duty	Recreation Programs		
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	-
Investments	-	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	-	-
Accounts receivable	-	94,893	88,959	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	72,911	-	74,746	149,790	-	6,583
Total assets	<u>\$ 72,911</u>	<u>\$ 94,893</u>	<u>\$ 163,705</u>	<u>\$ 149,790</u>	<u>\$ 6,583</u>	<u>\$ 6,583</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	\$ 1,491	\$ 66,033	\$ 2,851	\$ 18,161	\$ -	-
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	210,185	-	-	-	-
Unearned/deferred revenue	-	-	-	123,097	-	-
Total liabilities	<u>1,491</u>	<u>276,218</u>	<u>2,851</u>	<u>141,258</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):						
Nonspendable:						
Prepaid items	-	-	-	-	-	-
Permanent fund principal	-	-	-	-	-	-
Restricted for:						
Public works	-	-	-	-	-	-
Committed to:						
Public safety	-	-	160,854	-	-	-
Culture and recreation	-	-	-	8,532	-	6,583
Education	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Other purposes	71,420	-	-	-	-	-
Unassigned	-	(181,325)	-	-	-	-
Total fund balances (deficit)	<u>71,420</u>	<u>(181,325)</u>	<u>160,854</u>	<u>8,532</u>	<u>6,583</u>	<u>6,583</u>
Total liabilities and fund balances (deficit)	<u>\$ 72,911</u>	<u>\$ 94,893</u>	<u>\$ 163,705</u>	<u>\$ 149,790</u>	<u>\$ 6,583</u>	<u>\$ 6,583</u>

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2012

	Special Revenue Funds				
	EMS Intercept	Canine	Local Capital Improvements Program	Town Aid Road	Senior Center
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	-
Accounts receivable	136,934	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	34,813	24,784	35,236	134,834	51,821
Total assets	<u>\$ 171,747</u>	<u>\$ 24,784</u>	<u>\$ 35,236</u>	<u>\$ 134,834</u>	<u>\$ 51,821</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Accounts payable	\$ 33,094	\$ -	\$ -	\$ 16,531	\$ -
Other accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned/deferred revenue	65,512	-	-	-	55,019
Total liabilities	<u>98,606</u>	<u>-</u>	<u>-</u>	<u>16,531</u>	<u>55,019</u>
Fund Balances (Deficit):					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Public works	-	-	-	118,303	-
Committed to:					
Public safety	73,141	24,784	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	35,236	-	-
Unassigned	-	-	-	-	(3,198)
Total fund balances (deficit)	<u>73,141</u>	<u>24,784</u>	<u>35,236</u>	<u>118,303</u>	<u>(3,198)</u>
Total liabilities and fund balances (deficit)	<u>\$ 171,747</u>	<u>\$ 24,784</u>	<u>\$ 35,236</u>	<u>\$ 134,834</u>	<u>\$ 51,821</u>

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2012

	Special Revenue Funds		Total Nonmajor Special Revenue Funds	Capital Projects Funds		
	Wheeler Library Trust			Rails to Trails	Plan of Conservation & Development	Capital Reserve
ASSETS						
Cash and cash equivalents	\$ 118,208	\$ 983,026	\$ -	\$ -	\$ -	-
Investments	201,098	201,098	-	-	-	-
Grants and contracts receivable	-	47,206	-	-	-	-
Accounts receivable	-	339,540	-	-	-	-
Prepaid items	-	2,259	-	-	-	-
Due from other funds	-	1,671,574	-	-	-	322,711
Total assets	\$ 319,306	\$ 3,244,703	\$ -	\$ -	\$ -	\$ 322,711
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	\$ -	\$ 233,980	\$ -	\$ -	\$ -	463
Other accrued liabilities	-	36,120	-	-	-	-
Due to other funds	1,921	212,106	-	39,649	-	-
Unearned/deferred revenue	-	317,981	-	-	-	-
Total liabilities	1,921	800,187	-	39,649	-	463
Fund Balances (Deficit):						
Nonspendable:						
Prepaid items	-	2,259	-	-	-	-
Permanent fund principal	-	-	-	-	-	-
Restricted for:						
Public works	-	118,303	-	-	-	-
Committed to:						
Public safety	-	275,030	-	-	-	-
Culture and recreation	317,385	830,998	-	-	-	-
Education	-	1,100,757	-	-	-	-
Capital projects	-	-	-	-	-	322,248
Other purposes	-	307,752	-	-	-	-
Unassigned	-	(190,583)	-	(39,649)	-	-
Total fund balances (deficit)	317,385	2,444,516	-	(39,649)	-	322,248
Total liabilities and fund balances (deficit)	\$ 319,306	\$ 3,244,703	\$ -	\$ -	\$ -	\$ 322,711

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2012

	Capital Projects Funds					Monroe Public Library
	Wolfe Park Improvements	Chalk Hill Asbestos Removal	Open Space Acquisitions	Mausk Renovations	-	
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	-
Investments	-	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	-	-	-	2,266	-	441
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,266</u>	<u>\$ -</u>	<u>441</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 2,266	\$ -	441
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	303,667	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>303,667</u>	<u>-</u>	<u>2,266</u>	<u>-</u>	<u>441</u>
Fund Balances (Deficit):						
Nonspendable:						
Prepaid items	-	-	-	-	-	-
Permanent fund principal	-	-	-	-	-	-
Restricted for:						
Public works	-	-	-	-	-	-
Committed to:						
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unassigned	-	(303,667)	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>(303,667)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,266</u>	<u>\$ -</u>	<u>441</u>

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2012

	Capital Projects Funds				
	Radio Project	Fire Trucks	Fire Hoses	Town Hall Window Replacement	Cross Hill Reclamation
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	23,848
Accounts receivable	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	-	48,784	50,000	-	-
Total assets	\$ -	\$ 48,784	\$ 50,000	\$ -	\$ 23,848
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 18,324
Other accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	12,217
Unearned/deferred revenue	-	-	-	-	-
Total liabilities	-	-	-	-	30,541
Fund Balances (Deficit):					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Public works	-	-	-	-	-
Committed to:					
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Capital projects	-	48,784	50,000	-	-
Other purposes	-	-	-	-	-
Unassigned	-	-	-	-	(6,693)
Total fund balances (deficit)	-	48,784	50,000	-	(6,693)
Total liabilities and fund balances (deficit)	\$ -	\$ 48,784	\$ 50,000	\$ -	\$ 23,848

(Continued)

TOWN OF MONROE, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 JUNE 30, 2012

	Capital Projects Funds		Total Nonmajor Capital Projects Funds	Permanent Fund Cornelia Rogers Trust	Total Nonmajor Governmental Funds
	Elm Street Grant	Town Paving Program			
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 983,026
Investments	-	-	-	-	201,098
Grants and contracts receivable	-	-	23,848	-	71,054
Accounts receivable	-	-	-	-	339,540
Prepaid items	-	-	-	-	2,259
Due from other funds	-	256,612	680,814	71,457	2,423,845
Total assets	\$ -	\$ 256,612	\$ 704,662	\$ 71,457	\$ 4,020,822
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Accounts payable	\$ -	\$ 89,810	\$ 111,304	\$ -	\$ 345,284
Other accrued liabilities	-	-	-	-	36,120
Due to other funds	-	-	355,533	-	567,639
Unearned/deferred revenue	-	-	-	-	317,981
Total liabilities	-	89,810	466,837	-	1,267,024
Fund Balances (Deficit):					
Nonspendable:					
Prepaid items	-	-	-	-	2,259
Permanent fund principal	-	-	-	71,457	71,457
Restricted for:					
Public works	-	-	-	-	118,303
Committed to:					
Public safety	-	-	-	-	275,030
Culture and recreation	-	-	-	-	830,998
Education	-	-	-	-	1,100,757
Capital projects	-	166,802	587,834	-	587,834
Other purposes	-	-	-	-	307,752
Unassigned	-	-	(350,009)	-	(540,592)
Total fund balances (deficit)	-	166,802	237,825	71,457	2,753,798
Total liabilities and fund balances (deficit)	\$ -	\$ 256,612	\$ 704,662	\$ 71,457	\$ 4,020,822

See accompanying report of Independent Certified Public Accountants.

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	Special Revenue Funds					Seized Assets
	Library Grants	School Cafeteria	Educational Grants	WMNR Radio Station		
REVENUES						
Intergovernmental	\$ 6,799	\$ 269,773	\$ 1,616,874	\$ -	\$ -	-
Charges for services	-	1,042,316	-	493,686	-	-
Donations	-	-	-	175,087	-	-
Investment earnings	-	190	-	2,500	-	-
Miscellaneous	-	-	-	590	-	8,380
Total revenues	6,799	1,312,279	1,616,874	671,863	-	8,380
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	12,859	-	-	656,733	-	-
Education	-	1,272,437	1,616,874	-	-	-
Capital outlays	-	-	-	-	-	-
Debt service:						
Debt issuance costs	-	-	-	-	-	-
Total expenditures	12,859	1,272,437	1,616,874	656,733	-	-
Excess (deficiency) of revenues over expenditures	(6,060)	39,842	-	15,130	-	8,380
OTHER FINANCING SOURCES (USES)						
Proceeds from general obligations bonds	-	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-	-
Transfers in	6,060	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	6,060	-	-	-	-	-
Net change in fund balances (deficit)	-	39,842	-	15,130	-	8,380
Fund balances (deficit) - beginning	(6,060)	126,170	1,533	460,781	-	2,656
Fund balances (deficit) - ending	(6,060)	166,012	1,533	475,911	\$ -	11,036

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2012

	Special Revenue Funds				
	BOE Miscellaneous Program	School Operations	Police Grants	Miscellaneous Donations	Miscellaneous Grants and Programs
REVENUES					
Intergovernmental	-	-	-	-	9,290
Charges for services	1,284,046	225,544	15,950	-	88,470
Donations	-	-	20,700	-	-
Investment earnings	-	-	-	15,828	22,305
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,284,046</u>	<u>225,544</u>	<u>36,650</u>	<u>15,828</u>	<u>120,065</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	3,500
Public safety	-	-	38,246	-	1,795
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	47,228
Culture and recreation	-	-	-	712	36,028
Education	1,553,398	232,096	-	-	-
Capital outlays	-	-	-	-	-
Debt service:					
Debt issuance costs	-	-	-	-	-
Total expenditures	<u>1,553,398</u>	<u>232,096</u>	<u>38,246</u>	<u>712</u>	<u>88,551</u>
Excess (deficiency) of revenues over expenditures	<u>(269,352)</u>	<u>(6,552)</u>	<u>(1,596)</u>	<u>15,116</u>	<u>31,514</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from general obligations bonds	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(14,993)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,993)</u>
Net change in fund balances (deficit)	<u>(269,352)</u>	<u>(6,552)</u>	<u>(1,596)</u>	<u>15,116</u>	<u>16,521</u>
Fund balances (deficit) - beginning	<u>1,158,917</u>	<u>50,199</u>	<u>17,847</u>	<u>9,730</u>	<u>173,539</u>
Fund balances (deficit) - ending	<u>\$ 889,565</u>	<u>\$ 43,647</u>	<u>\$ 16,251</u>	<u>\$ 24,846</u>	<u>\$ 190,060</u>

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
NON-MAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2012

	Special Revenue Funds					
	Exchange Programs	Waste Disposal	Police Private Duty	Recreation Programs	Senior Citizen Programs	
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	630,698	567,907	242,448	47,388	-
Donations	41,332	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Miscellaneous	19,579	-	-	-	-	-
Total revenues	<u>60,911</u>	<u>630,698</u>	<u>567,907</u>	<u>242,448</u>	<u>47,388</u>	<u>47,388</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	10,434	-	440,961	-	-	-
Public works	700	627,407	-	-	-	-
Health and welfare	24,029	-	-	-	-	-
Culture and recreation	21,065	-	-	359,785	40,805	-
Education	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
Debt service:						
Debt issuance costs	-	-	-	-	-	-
Total expenditures	<u>56,228</u>	<u>627,407</u>	<u>440,961</u>	<u>359,785</u>	<u>40,805</u>	<u>40,805</u>
Excess (deficiency) of revenues over expenditures	4,683	3,291	126,946	(117,337)	6,583	-
OTHER FINANCING SOURCES (USES)						
Proceeds from general obligations bonds	-	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(57,575)	-	(50,000)	-	-	-
Total other financing sources (uses)	<u>(57,575)</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	(52,892)	3,291	76,946	(117,337)	6,583	-
Fund balances (deficit) - beginning	124,312	(184,616)	83,908	125,869	-	-
Fund balances (deficit) - ending	<u>\$ 71,420</u>	<u>\$ (181,325)</u>	<u>\$ 160,854</u>	<u>\$ 8,532</u>	<u>\$ 6,583</u>	<u>\$ 6,583</u>

(Continued)

See accompanying report of Independent Certified Public Accountants.

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2012

	Special Revenue Funds				
	EMS Intercept	Canine	Local Capital Improvements Program	Town Aid Road	Senior Center
REVENUES					
Intergovernmental	-	-	-	279,721	67,596
Charges for services	493,189	-	11,169	-	-
Donations	-	-	-	-	12,394
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	493,189	-	11,169	279,721	79,990
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	484,863	-	-	-	-
Public works	-	-	-	543,726	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	25,708
Education	-	-	-	-	-
Capital outlays	-	-	11,341	-	54,282
Debt service:					
Debt issuance costs	-	-	-	-	-
Total expenditures	484,863	-	11,341	543,726	79,990
Excess (deficiency) of revenues over expenditures	8,326	-	(172)	(264,005)	-
OTHER FINANCING SOURCES (USES)					
Proceeds from general obligations bonds	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-
Transfers in	15,000	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	15,000	-	-	-	-
Net change in fund balances (deficit)	23,326	-	(172)	(264,005)	-
Fund balances (deficit) - beginning	49,815	24,784	35,408	382,308	(3,198)
Fund balances (deficit) - ending	\$ 73,141	\$ 24,784	\$ 35,236	\$ 118,303	\$ (3,198)

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2012

	Special Revenue Funds		Total Nonmajor Special Revenue Funds	Capital Projects Funds		
	Wheeler Library Trust			Rails to Trails	Plan of Conservation & Development	Capital Reserve
REVENUES						
Intergovernmental	\$ -	\$ 2,266,003	\$ -	\$ -	\$ -	
Charges for services	-	5,147,561	-	-	-	
Donations	20,000	286,946	-	-	-	
Investment earnings	3,301	5,991	-	-	-	
Miscellaneous	5,418	33,967	-	-	-	
Total revenues	28,719	7,740,468	-	-	-	
EXPENDITURES						
Current:						
General government	-	3,500	-	-	-	
Public safety	-	976,299	-	-	-	
Public works	-	1,171,833	-	-	-	
Health and welfare	-	71,257	-	-	-	
Culture and recreation	40,106	1,193,801	-	-	-	
Education	-	4,674,805	-	-	-	
Capital outlays	-	65,623	-	5,000	-	
Debt service:						
Debt issuance costs	-	-	-	-	-	
Total expenditures	40,106	8,157,118	-	5,000	-	
Excess (deficiency) of revenues over expenditures	(11,387)	(416,650)	-	(5,000)	-	
OTHER FINANCING SOURCES (USES)						
Proceeds from general obligations bonds	-	-	-	-	-	
Premium on general obligation bonds issued	-	-	-	-	-	
Transfers in	-	21,060	66,074	40,000	87,575	
Transfers out	-	(122,568)	-	-	-	
Total other financing sources (uses)	-	(101,508)	66,074	40,000	87,575	
Net change in fund balances (deficit)	(11,387)	(518,158)	66,074	35,000	87,575	
Fund balances (deficit) - beginning	328,772	2,962,674	(66,074)	(74,649)	234,673	
Fund balances (deficit) - ending	\$ 317,385	\$ 2,444,516	\$ -	\$ (39,649)	\$ 322,248	

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2012

	Capital Projects Funds				
	Wolfe Park Improvements	Chalk Hill Asbestos Removal	Open Space Acquisitions	Mausk Renovations	Monroe Public Library
REVENUES					
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Donations	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	-	-	-	-
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Capital outlays	-	-	-	-	-
Debt service:					
Debt issuance costs	-	-	-	7,295	1,421
Total expenditures	-	-	-	7,295	1,421
Excess (deficiency) of revenues over expenditures	-	-	-	(7,295)	(1,421)
OTHER FINANCING SOURCES (USES)					
Proceeds from general obligations bonds	-	-	-	385,000	75,000
Premium on general obligation bonds issued	-	-	-	7,396	1,441
Transfers in	91,528	-	14,685	-	2,786
Transfers out	-	-	-	(2,690)	-
Total other financing sources (uses)	91,528	-	14,685	389,706	79,227
Net change in fund balances (deficit)	91,528	-	14,685	382,411	77,806
Fund balances (deficit) - beginning	(91,528)	(303,667)	(14,685)	(382,411)	(77,806)
Fund balances (deficit) - ending	-	\$ (303,667)	-	-	-

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2012

	Capital Projects Funds				
	Radio Project	Fire Trucks	Fire Hoses	Town Hall Window Replacement	Cross Hill Reclamation
REVENUES					
Intergovernmental	\$ -	-	-	-	-
Charges for services	-	-	-	-	-
Donations	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	3,938
Total revenues	-	-	-	-	3,938
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Capital outlays	2,441	-	-	3,691	10,631
Debt service:					
Debt issuance costs	-	-	-	-	-
Total expenditures	2,441	-	-	3,691	10,631
Excess (deficiency) of revenues over expenditures	(2,441)	-	-	(3,691)	(6,693)
OTHER FINANCING SOURCES (USES)					
Proceeds from general obligations bonds	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-
Transfers in	-	-	-	19,863	-
Transfers out	(26,526)	(68,170)	-	-	-
Total other financing sources (uses)	(26,526)	(68,170)	-	19,863	-
Net change in fund balances (deficit)	(28,967)	(68,170)	-	16,172	(6,693)
Fund balances (deficit) - beginning	28,967	116,954	50,000	(16,172)	-
Fund balances (deficit) - ending	\$ -	\$ 48,784	\$ 50,000	\$ -	\$ (6,693)

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2012

	Capital Projects Funds		Total Nonmajor Capital Projects Funds	Permanent Fund Cornelia Rogers Trust	Total Nonmajor Governmental Funds
	Elm Street Grant	Town Paving Program			
REVENUES					
Intergovernmental	\$ 400,000	\$ -	\$ 400,000	\$ -	\$ 2,666,003
Charges for services	-	-	-	-	5,147,561
Donations	-	-	-	-	286,946
Investment earnings	-	-	-	11	6,002
Miscellaneous	-	-	3,938	-	37,905
Total revenues	400,000	-	403,938	11	8,144,417
EXPENDITURES					
Current:					
General government	-	-	-	-	3,500
Public safety	-	-	-	-	976,299
Public works	-	-	-	-	1,171,833
Health and welfare	-	-	-	-	71,257
Culture and recreation	-	-	-	-	1,193,801
Education	-	-	-	-	4,674,805
Capital outlays	320,882	137,580	480,225	-	545,848
Debt service:					
Debt issuance costs	-	-	8,716	-	8,716
Total expenditures	320,882	137,580	488,941	-	8,646,059
Excess (deficiency) of revenues over expenditures	79,118	(137,580)	(85,003)	11	(501,642)
OTHER FINANCING SOURCES (USES)					
Proceeds from general obligations bonds	-	-	460,000	-	460,000
Premium on general obligation bonds issued	-	-	8,837	-	8,837
Transfers in	-	-	322,511	-	343,571
Transfers out	-	-	(97,386)	-	(219,954)
Total other financing sources (uses)	-	-	693,962	-	592,454
Net change in fund balances (deficit)	79,118	(137,580)	608,959	11	90,812
Fund balances (deficit) - beginning	(79,118)	304,382	(371,134)	71,446	2,662,986
Fund balances (deficit) - ending	\$ -	\$ 166,802	\$ 237,825	\$ 71,457	\$ 2,753,798

See accompanying report of Independent Certified Public Accountants.

TOWN OF MONROE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2012

	Fund Balance (Deficit) July 1, 2011	Expenditures	Other Financing (Sources) Uses	Fund Balance (Deficit) June 30, 2012
Board of Education Maintenance Reserve	\$ 162,865	-	-	\$ 162,865
Douglas Farm	30,000	-	-	30,000
EMS	78,305	-	30,000	108,305
Open Space	16,000	-	-	16,000
PW Equipment and Vehicles	(16,954)	-	16,954	-
PW Salt Shed	(40,621)	-	40,621	-
Tree Planting	5,078	-	-	5,078
Total	<u>\$ 234,673</u>	<u>-</u>	<u>\$ 87,575</u>	<u>\$ 322,248</u>

Proprietary Funds

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Governmental Activities - Internal Service Funds				
	Town Dental	Board of Education Medical and Dental	Heart and Hypertension	Post Retirement Medical Benefits	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ -	\$ 2,794,968	\$ -	\$ -	\$ 2,794,968
Due from other funds	32,531	-	308,055	183,895	524,481
Total assets	32,531	2,794,968	308,055	183,895	3,319,449
LIABILITIES					
Current liabilities:					
Risk management claims	8,764	730,488	118,084	-	857,336
Other liabilities:					
Risk management claims, less current portion	-	-	594,627	-	594,627
Total liabilities	8,764	730,488	712,711	-	1,451,963
NET ASSETS (DEFICIT)					
Unassigned (deficit)	23,767	2,064,480	(404,656)	183,895	1,867,486
Total net assets (deficit)	\$ 23,767	\$ 2,064,480	\$ (404,656)	\$ 183,895	\$ 1,867,486

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Governmental Activities - Internal Service Funds				
	Town Dental	Board of Education Medical and Dental	Heart and Hypertension	Post Retirement Medical Benefits	Total
OPERATING REVENUES					
Employer contributions	\$ -	\$ 6,583,057	\$ 139,241	\$ -	\$ 6,722,298
Charges for services	95,493	1,499,311	-	17,082	1,611,886
Total operating revenues	95,493	8,082,368	139,241	17,082	8,334,184
OPERATING EXPENSES					
Claims and benefits	90,189	6,604,358	366,090	-	7,060,637
Premiums and administrative charges	6,093	883,400	-	7,450	896,943
Total operating expenses	96,282	7,487,758	366,090	7,450	7,957,580
Operating income (loss)	(789)	594,610	(226,849)	9,632	376,604
NON-OPERATING REVENUES					
Investment income	-	85,663	-	-	85,663
Total non-operating revenues	-	85,663	-	-	85,663
Change in net assets (deficit)	(789)	680,273	(226,849)	9,632	462,267
Net assets (deficit) - beginning	24,556	1,384,207	(177,807)	174,263	1,405,219
Net assets (deficit) - ending	\$ 23,767	\$ 2,064,480	\$ (404,656)	\$ 183,895	\$ 1,867,486

See accompanying report of Independent Certified Public Accountants.

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Governmental Activities - Internal Service Funds					Total
	Town Dental	Board of Education Medical and Dental	Heart and Hypertension	Post Retirement Medical Benefits		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from employer contributions	\$ -	\$ 6,583,057	\$ 139,241	\$ -	\$ -	\$ 6,722,298
Receipts from charges for services	95,493	1,499,311	-	17,082	-	1,611,886
Payments to employees, vendors and others	(95,493)	(7,611,993)	(139,241)	(17,082)	-	(7,863,809)
Net cash provided by operating activities	-	470,375	-	-	-	470,375
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	-	85,663	-	-	-	85,663
Net cash provided by investing activities	-	85,663	-	-	-	85,663
Net increase in cash and cash equivalents	-	556,038	-	-	-	556,038
Cash and cash equivalents, beginning of year	-	2,238,930	-	-	-	2,238,930
Cash and cash equivalents, end of year	\$ -	\$ 2,794,968	\$ -	\$ -	\$ -	\$ 2,794,968
RECONCILIATION OF OPERATING INCOME (LOSS) TO						
NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ (789)	\$ 594,610	\$ (226,849)	\$ 9,632	\$ -	\$ 376,604
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Decrease (increase) in assets:						
Due from other funds	-	-	51,277	(9,632)	-	41,645
(Decrease) increase in liabilities:						
Risk management claims	789	(124,235)	175,572	-	-	52,126
Net cash provided by operating activities	\$ -	\$ 470,375	\$ -	\$ -	\$ -	\$ 470,375

Fiduciary Funds

TOWN OF MONROE, CONNECTICUT
 STATEMENT OF PLAN NET ASSETS
 JUNE 30, 2012

	Pension Trust Funds		
	Town Employees' Retirement Plan	Board of Education Pension Plan	Total
ASSETS			
Investments, at fair value:			
Pooled separate accounts	\$ 6,641,225	\$ 7,946,887	\$ 14,588,112
Guarenteed deposit accounts	945,000	-	945,000
Total assets	<u>7,586,225</u>	<u>7,946,887</u>	<u>15,533,112</u>
NET ASSETS			
Held in trust for pension benefits	7,586,225	7,946,887	15,533,112
Total net assets	<u>\$ 7,586,225</u>	<u>\$ 7,946,887</u>	<u>\$ 15,533,112</u>

See accompanying report of Independent Certified Public Accountants.

TOWN OF MONROE, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
YEAR ENDED JUNE 30, 2012

	Pension Trust Funds		
	Town Employees' Retirement Plan	Board of Education Pension Plan	Total
ADDITIONS			
Contributions:			
Employer	\$ 143,648	\$ 348,507	\$ 492,155
Plan members	83,420	196,939	280,359
Total contributions	<u>227,068</u>	<u>545,446</u>	<u>772,514</u>
Investment earnings:			
Interest and dividends	193,736	13	193,749
Net appreciation in the fair value of investments	50,919	59	50,978
Total investment earnings	<u>244,655</u>	<u>72</u>	<u>244,727</u>
Total additions	<u>471,723</u>	<u>545,518</u>	<u>1,017,241</u>
DEDUCTIONS			
Benefit payments	473,781	523,740	997,521
Administrative expenses	37,677	76,807	114,484
Total deductions	<u>511,458</u>	<u>600,547</u>	<u>1,112,005</u>
Change in net assets	(39,735)	(55,029)	(94,764)
Net assets, beginning	<u>7,625,960</u>	<u>8,001,916</u>	<u>15,627,876</u>
Net assets, ending	<u>\$ 7,586,225</u>	<u>\$ 7,946,887</u>	<u>\$ 15,533,112</u>

See accompanying report of Independent Certified Public Accountants.

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2012

	<u>Performance and Driveway Bonds</u>	<u>Student Activity Fund</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 603,442	\$ 256,399	\$ 859,841
Total assets	<u>\$ 603,442</u>	<u>\$ 256,399</u>	<u>\$ 859,841</u>
LIABILITIES			
Due to student groups	\$ -	\$ 256,399	\$ 256,399
Due to others	603,442	-	603,442
Total liabilities	<u>\$ 603,442</u>	<u>\$ 256,399</u>	<u>\$ 859,841</u>

See accompanying report of Independent Certified Public Accountants.

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Balance,</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2012</u>
Student Activity Fund				
Assets				
Cash	\$ 237,240	\$ 923,085	\$ 903,926	\$ 256,399
Total assets	<u>\$ 237,240</u>	<u>\$ 923,085</u>	<u>\$ 903,926</u>	<u>\$ 256,399</u>
Liabilities				
Due to student groups	\$ 237,240	\$ 923,085	\$ 903,926	\$ 256,399
Total liabilities	<u>\$ 237,240</u>	<u>\$ 923,085</u>	<u>\$ 903,926</u>	<u>\$ 256,399</u>
Performance and Driveway Fund				
Assets				
Cash	\$ 505,542	\$ 198,335	\$ 100,435	\$ 603,442
Total assets	<u>\$ 505,542</u>	<u>\$ 198,335</u>	<u>\$ 100,435</u>	<u>\$ 603,442</u>
Liabilities				
Due to others	\$ 505,542	\$ 198,335	\$ 100,435	\$ 603,442
Total liabilities	<u>\$ 505,542</u>	<u>\$ 198,335</u>	<u>\$ 100,435</u>	<u>\$ 603,442</u>
Total All Agency Funds				
Assets				
Cash	\$ 742,782	\$ 1,121,420	\$ 1,004,361	\$ 859,841
Total assets	<u>\$ 742,782</u>	<u>\$ 1,121,420</u>	<u>\$ 1,004,361</u>	<u>\$ 859,841</u>
Liabilities				
Due to student groups	\$ 237,240	\$ 923,085	\$ 903,926	\$ 256,399
Due to others	505,542	198,335	100,435	603,442
Total liabilities	<u>\$ 742,782</u>	<u>\$ 1,121,420</u>	<u>\$ 1,004,361</u>	<u>\$ 859,841</u>

See accompanying report of Independent Certified Public Accountants.

Other
Supplementary
Information

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

FISCAL YEAR ENDED JUNE 30	GENERAL GOVERNMENT		PUBLIC SAFETY		PUBLIC WORKS		HEALTH AND WELFARE		CULTURE AND RECREATION		SUBRECIPIENT EXPENDITURES		EDUCATION		MISCELLANEOUS		INTEREST ON LONG-TERM DEBT		TOTAL	
2012	\$	8,229,750	\$	8,326,453	\$	5,631,004	\$	254,555	\$	3,091,287	\$	5,500	\$	63,718,458	\$	-	\$	1,438,356	\$	90,695,363
2011		6,972,475		7,339,882		5,260,746		246,230		2,987,392		251,916		65,757,974		-		2,334,757		91,151,372
2010		6,619,837		6,937,172		6,086,321		189,603		3,183,429		301,854		63,345,854		-		1,942,141		88,606,211
2009		6,553,044		6,783,194		6,366,467		175,593		2,852,323		-		61,718,188		33,803		2,094,758		86,577,370
2008		6,559,838		6,232,468		5,813,373		193,028		2,884,386		-		71,092,737		62,120		2,081,654		94,919,604

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

FISCAL YEAR ENDED JUNE 30	PROGRAM REVENUES				GENERAL REVENUES				TOTAL
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTION	PROPERTY TAXES	GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PURPOSES	UNRESTRICTED INVESTMENT EARNINGS	OTHER GENERAL REVENUES		
2012	\$ 7,762,519	\$ 14,172,938	\$ 785,215	\$ 66,103,448	\$ 336,908	\$ 353,118	\$ -	\$ 89,514,146	
2011	8,486,797	13,449,453	1,384,919	64,727,759	375,640	410,461	-	88,835,029	
2010	8,479,973	13,454,813	1,289,283	62,496,456	476,260	524,401	-	86,721,186	
2009	8,685,260	12,601,807	1,127,074	61,007,640	483,079	581,141	-	84,486,001	
2008	6,739,165	29,269,737	303,762	57,850,829	496,329	653,247	-	95,313,069	

Table 3

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

FISCAL YEAR ENDED JUNE 30	(1)		TAX RATE (IN MILLS)	TOTAL ADJUSTED TAX LEVY	(2)		UNCOLLECTED AS OF JUNE 30, 2012
	GRAND LIST OF OCTOBER 1	NET TAXABLE GRAND LIST			% COLLECTED END OF EACH FISCAL YEAR	UNCOLLECTED END OF EACH FISCAL YEAR	
2012	2010	\$ 2,290,492,353	28.79	\$ 65,702,612	98.8%	\$ 779,332	\$ 779,332
2011	2009	2,286,815,228	28.26	64,320,324	98.5%	936,551	328,697
2010	2008	2,117,900,075	29.50	62,225,568	98.6%	866,701	25,908
2009	2007	2,116,304,857	28.68	60,656,250	99.0%	601,302	24,695
2008	2006	2,095,924,088	27.42	57,583,055	99.0%	588,841	(3,556)
2007	2005	2,068,914,417	26.08	53,915,213	99.3%	371,688	(4,754)
2006	2004	2,036,119,470	24.05	49,057,616	99.3%	355,202	-
2005	2003	2,008,684,515	22.88	45,912,450	99.4%	294,991	-
2004	2002	1,433,022,598	30.58	44,005,037	99.0%	425,159	-
2003	2001	1,417,383,475	29.34	41,844,528	98.8%	512,292	-

(1) All real estate assessments are based on 70% of fair market value as of October 1, 2003. Personal Property and Motor Vehicles are based upon 100% of current market value and are revalued annually. Supplemental Motor Vehicle assessments are not included. The last revaluation was October 1, 2009.

(2) Taxes for each fiscal year are levied on the Grand List of October 1, payable in semi-annual installments: July 1 and January 1. If the first installment is not paid by August 1, the tax becomes delinquent and a penalty of 1.5% per month (18% annually) is charged from the due date on the tax. Real Estate is lien for delinquent taxes within one year after the due date. The amount collected to the end of each fiscal year represents collections of twelve months.

Source: Town Officials

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

GRAND LIST DATED	RESIDENTIAL PROPERTY		COMMERCIAL/ INDUSTRIAL PROPERTY		ALL LAND	MOTOR VEHICLES	PERSONAL PROPERTY	GROSS TAXABLE GRAND LIST		NET TAXABLE (1) GRAND LIST		
10/1/2010	\$ 1,781,704,626	\$	209,685,430	\$	87,562,128	\$ 150,522,125	\$ 80,587,807	\$	2,310,062,116	\$	19,569,763	\$ 2,290,492,353
10/1/2009	1,781,417,088		211,395,000		86,139,758	144,510,773	85,468,422		2,308,931,041		22,115,813	2,286,815,228
10/1/2008	1,678,449,336		174,542,600		61,138,164	144,037,577	82,022,355		2,140,190,032		22,289,957	2,117,900,075
10/1/2007	1,672,037,365		170,000,130		59,429,704	157,545,290	79,680,836		2,138,693,325		22,388,468	2,116,304,857
10/1/2006	1,658,832,885		153,453,595		64,241,269	156,136,365	76,424,263		2,109,088,377		13,164,289	2,095,924,088
10/1/2005	1,645,701,218		150,728,010		58,645,950	156,699,426	73,748,290		2,085,522,894		16,608,477	2,068,914,417
10/1/2004	1,629,691,796		143,739,128		57,148,770	148,487,868	73,227,443		2,052,295,005		14,731,031	2,037,563,974
10/1/2003	1,618,620,220		132,820,410		63,786,520	138,995,628	69,171,410		2,023,394,188		11,437,819	2,011,956,369
10/1/2002	1,097,857,556		95,988,730		46,898,023	140,293,819	65,350,630		1,446,388,758		13,366,160	1,433,022,598
10/1/2001	1,088,432,630		94,494,840		46,245,390	136,873,525	61,342,950		1,427,389,335		10,005,860	1,417,383,475

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

Source: Town Officials

Table 5

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

FISCAL YEAR ENDED JUNE 30	POPULATION	ASSESSED VALUE	DIRECT NET BONDED DEBT	RATIO OF NET BONDED DEBT		NET BONDED DEBT PER CAPITA
				TO ASSESSED VALUE	TO ASSESSED VALUE	
2012	19,441 (2)	\$ 3,271,578,057 (1)	\$ 43,694,963	1.34	\$	2,248
2011	19,402 (2)	3,277,578,057 (3)	42,439,479	1.29		2,187
2010	19,435 (2)	3,562,432,689 (3)	42,602,202	1.20		2,192
2009	19,359 (2)	3,562,432,689 (3)	41,868,226	1.18		2,163
2008	19,359 (2)	3,845,023,945 (3)	41,112,552	1.07		2,124
2007	19,402 (2)	3,849,660,841 (3)	43,981,878	1.14		2,267
2006	19,599 (2)	3,624,726,036 (3)	46,212,714	1.27		2,358
2005	19,650 (2)	2,882,295,437 (3)	45,603,077	1.58		2,325
2004	19,656 (2)	2,883,050,135 (3)	37,466,355	1.30		1,913
2003	19,450 (2)	2,126,663,700 (3)	30,632,086	1.44		1,575

(1) Unaudited estimate.

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

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

Table 6

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

FISCAL YEAR ENDED JUNE 30	POPULATION	ASSESSED VALUE	DIRECT GROSS INDEBTEDNESS	RATIO OF GROSS INDEBTEDNESS		GROSS INDEBTEDNESS PER CAPITA
				TO ASSESSED VALUE	TO ASSESSED VALUE	
2012	19,441 (2)	\$ 3,271,578,057 (1)	\$ 45,885,000	1.40	\$	2,360
2011	19,402 (2)	3,277,578,057 (3)	45,035,000	1.37		2,321
2010	19,435 (2)	3,562,432,689 (3)	45,610,000	1.28		2,347
2009	19,359 (2)	3,562,432,689 (3)	45,290,000	1.27		2,339
2008	19,359 (2)	3,845,023,945 (3)	44,950,000	1.17		2,322
2007	19,402 (2)	3,849,660,841 (3)	48,235,000	1.25		2,486
2006	19,599 (2)	3,624,726,036 (3)	50,881,510	1.40		2,596
2005	19,650 (2)	2,882,295,437 (3)	50,665,000	1.76		2,578
2004	19,656 (2)	2,883,050,135 (3)	43,005,000	1.49		2,188
2003	19,450 (2)	2,126,663,700 (3)	36,571,070	1.72		1,880

(1) Unaudited estimate.

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

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

Table 7

TOWN OF MONROE, CONNECTICUT
 COMPUTATION OF NET DIRECT DEBT
 JUNE 30, 2012
 (Unaudited)

DESCRIPTION	DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO TOWN	TOWN SHARE OF DEBT
Current Bonded Debt:			
General purpose	\$ 21,905,000	100%	\$ 21,905,000
Schools	23,919,000	100%	23,919,000
Sewers	61,000	100%	61,000
Total Current Bonded Indebtedness			<u>45,885,000</u>
Direct Bonded Indebtedness			45,885,000
Short-term direct indebtedness			-
Gross direct indebtedness			<u>45,885,000</u>
Exclusion: State School Bond Reimbursement Receivable (1)			<u>(2,190,037)</u>
Total net direct indebtedness			<u><u>\$ 43,694,963</u></u>

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

Table 8

TOWN OF MONROE, CONNECTICUT
TEN LARGEST PRINCIPAL TAXPAYERS
2010 GRAND LIST
(Unaudited)

NAME OF TAXPAYER	NATURE OF BUSINESS	LIST AMOUNT (1)	ESTIMATED TAXES (2)
First Light Hydro Generating Company	Electrical Generator	\$ 29,029,690	\$ 835,765
TPK LLC & Sippin LLC	Retail Shopping & Oil Distribution	20,050,920	577,266
MARIL LLC	Stop & Shop Plaza	16,010,380	460,939
Connecticut Light and Power Company Inc.	Electrical Supplier	14,146,410	407,275
Swiss Army Land Inc.	Headquarters & Distribution	11,115,964	320,029
Aquation Water Company of Connecticut Corp.	Headquarters & Water Supplier	11,075,170	318,854
Investments LLC	Retail & Rental Properties	7,790,610	224,292
Lake Zoar Properties & The Waterview LLC	The Waterview Banquet Facility	7,344,940	211,461
Really Good Stuff & SB Realty	Teaching Tools	6,554,315	188,699
CBL Inc.	Whitney Farms Golf Course	6,079,660	175,033
Totals		<u>\$ 129,198,059</u>	<u>\$ 3,719,613</u>

(1) Represents 5.6% of the net taxable grand list of \$2,290,492,353 dated October 1, 2009.

(2) Represents 5.7% of the adopted tax levy of \$65,831,270 for fiscal year 2011-12.

Source: Town Officials

See accompanying report of Independent Certified Public Accountants.