

**TOWN OF MONROE,
CONNECTICUT**



**Financial Statements
and
Supplemental Schedules**

**For the Year Ended
June 30, 2009**

**Together with
Independent Auditors' Report**

**TOWN OF MONROE, CONNECTICUT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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**TOWN OF MONROE, CONNECTICUT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Finance of the
Town of Monroe, Connecticut

We have audited the accompanying financial statements of the governmental activities, the 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, 2009, which collectively comprise the Town's basic financial statements as listed in the accompanying 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 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, the major fund, and the aggregate remaining fund information of the Town of Monroe, Connecticut, as of June 30, 2009, and the respective changes in financial position thereof and cash flows, where applicable, thereof 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 March 15, 2010 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 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.

The management's discussion and analysis presented on pages 3 through 12, the budgetary comparison information presented on pages 60 through 66 and the schedules of funding progress on page 67 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules and other supplemental information are presented for purposes of additional analysis and are not a required part of 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, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other supplemental information on pages 87 through 95 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

CCR LLP

Glastonbury, Connecticut

March 15, 2010

Management's Discussion and Analysis

TOWN OF MONROE, CONNECTICUT 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, 2009.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$43,943,380 (net assets). Of this amount, \$(1,017,505) represents an unrestricted net asset deficit.
- The Town's total net assets decreased by \$2,091,369 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 \$6,611,812, an increase of \$3,648,283 in comparison with the prior year. This increase is primarily due to the issuance of general obligation bonds with a face amount of \$4,855,000 to fund various ongoing capital projects.
- At the close of the current fiscal year, unreserved fund balance for the general fund was \$3,383,247 or 4.6% of GAAP basis general fund expenditures.
- The Town's total long-term bonded debt increased by \$565,000 or 1.3% during the current fiscal year due to the issuance of general obligation bonds, offset by the issuance of refunding bonds and scheduled repayments.
- The Town's net OPEB obligation increased by \$1,374,297 as a result of the Town implementing the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*.

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).

TOWN OF MONROE, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Government-wide Financial Statements (*Continued*)

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.

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 45 individual 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 other 44 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.

**TOWN OF MONROE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

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.

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 supplemental information can be found on pages 68 - 95 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

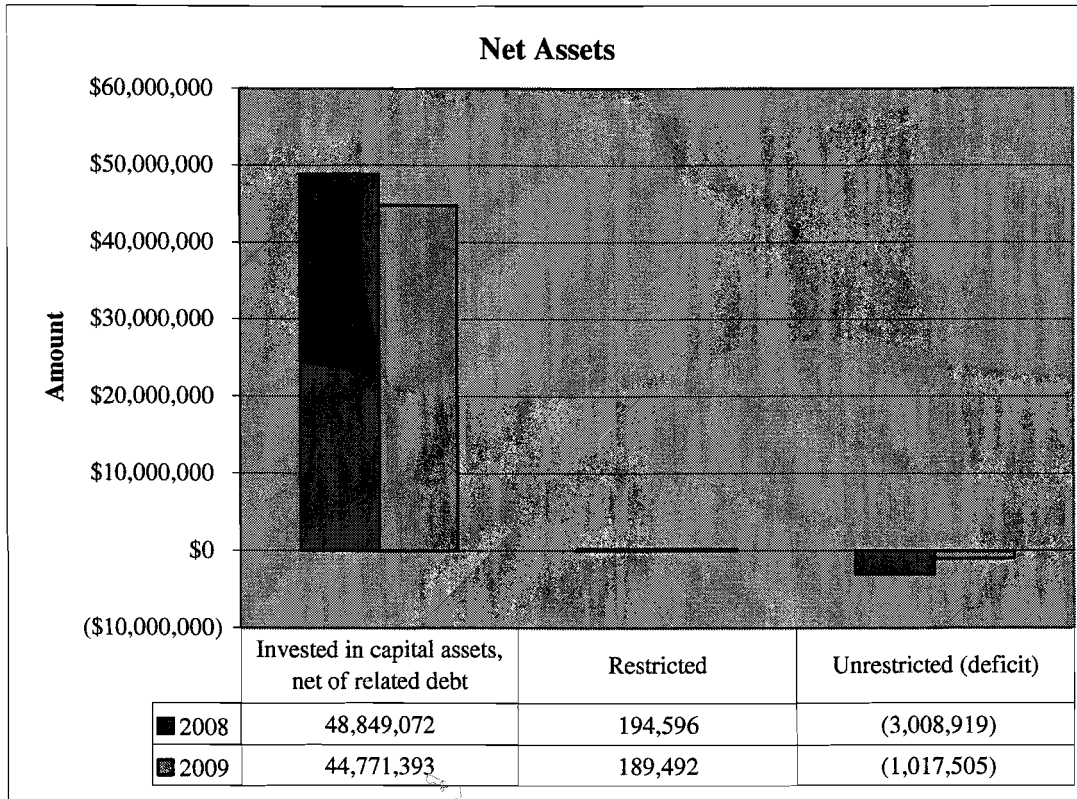
Over time, net assets may serve as one measure of a government's financial position. Total net assets of the Town totaled \$43,943,380 and \$46,034,749 as of June 30, 2009 and 2008, respectively, and are summarized as follows:

	Total	
	2009	2008
Current and other assets	\$ 16,138,096	\$ 14,898,308
Capital assets	92,783,291	95,278,142
Total assets	<u>108,921,387</u>	<u>110,176,450</u>
Other liabilities	3,762,302	5,627,360
Long-term liabilities	61,215,705	58,514,341
Total liabilities	<u>64,978,007</u>	<u>64,141,701</u>
Net assets:		
Invested in capital assets, net of related debt	44,771,393	48,849,072
Restricted	189,492	194,596
Unrestricted (deficit)	(1,017,505)	(3,008,919)
Total net assets	<u>\$ 43,943,380</u>	<u>\$ 46,034,749</u>

**TOWN OF MONROE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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.

The remainder of the Town's net assets are considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. The Town's unrestricted net asset deficit of \$(907,773) includes the use of the Town's unrestricted available cash to temporarily finance capital projects in the prior years.

Overall, net assets decreased by \$2,091,369 in comparison to the prior year.

**TOWN OF MONROE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets

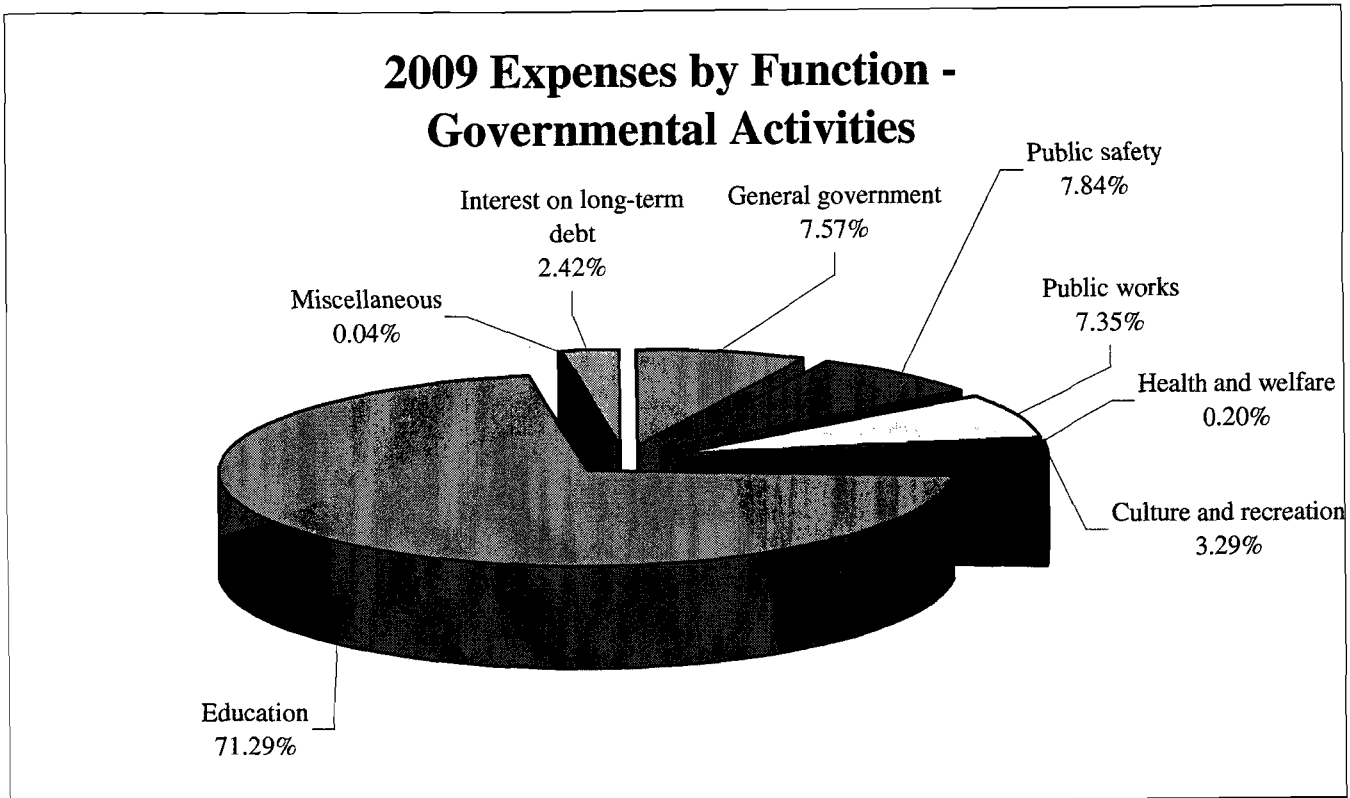
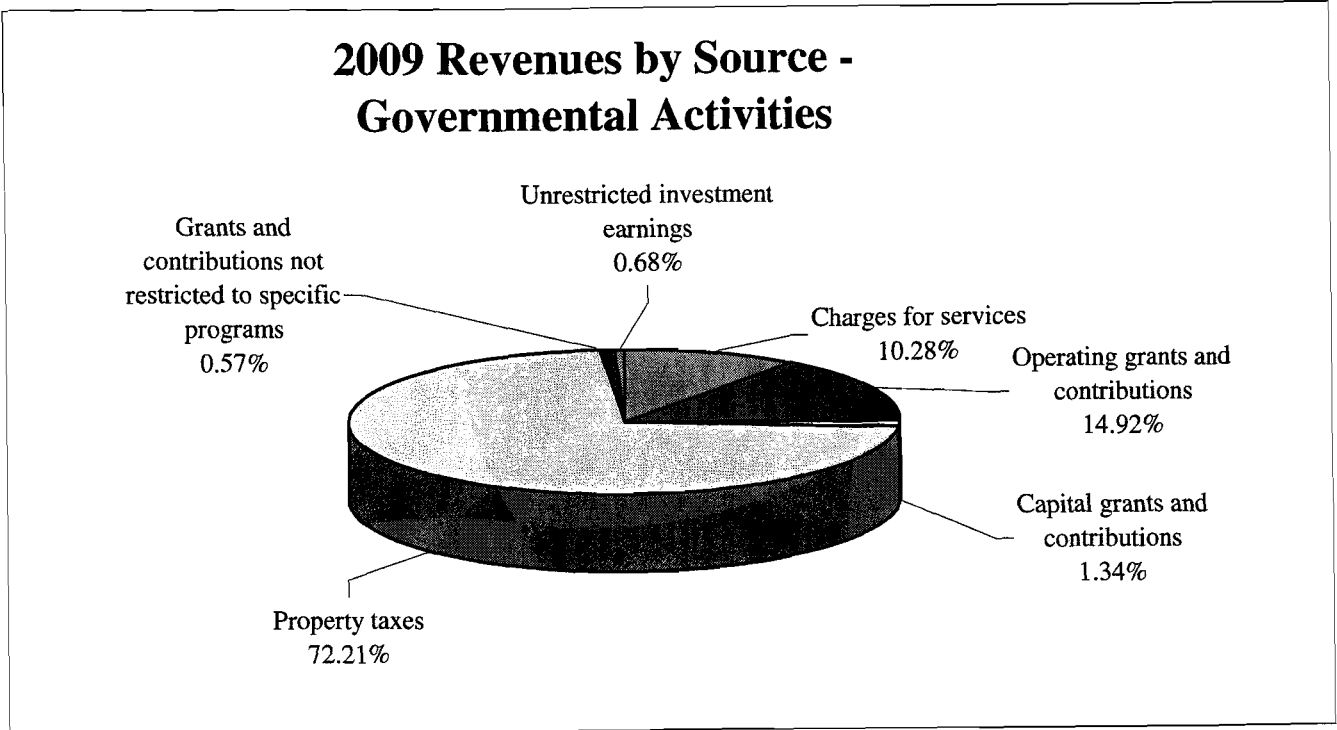
Changes in net assets for the years ended June 30, 2009 and 2008 are as follows:

	Total	
	2009	2008
Revenues		
Program revenues:		
Charges for services	\$ 8,685,260	\$ 6,739,165
Operating grants and contributions	12,601,807	29,269,737
Capital grants and contributions	1,127,074	303,762
General revenues:		
Property taxes	61,007,640	57,850,829
Grants and contributions not restricted to specific programs	483,079	496,329
Unrestricted investment earnings	581,141	653,247
Total revenues	<u>84,486,001</u>	<u>95,313,069</u>
Expenses		
General government	6,553,044	6,559,838
Public safety	6,783,194	6,232,468
Public works	6,366,467	5,813,373
Health and welfare	175,593	193,028
Culture and recreation	2,852,323	2,884,386
Education	61,718,188	71,092,737
Miscellaneous	33,803	62,120
Interest on long-term debt	2,094,758	2,081,654
Total expenses	<u>86,577,370</u>	<u>94,919,604</u>
Change in net assets	<u>\$ (2,091,369)</u>	<u>\$ 393,465</u>

**TOWN OF MONROE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Assets (Continued)



**TOWN OF MONROE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)**

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, unreserved 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 \$6,611,812, an increase of \$3,648,283 from the prior year. This increase is primarily due to the issuance of general obligation bonds with a face amount of \$4,855,000 to fund various ongoing capital projects.

General Fund

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,383,247. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 4.6% of total GAAP basis general fund expenditures, while total fund balance represents 6.0% of the same amount. The fund balance of the general fund increased by \$1,072,905 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget for 2009 planned on the utilization of fund balance of \$370,000 to cover the excess of budgeted expenses over budgeted revenues. However, the actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$715,852. Expenditures were \$149,897 less than budgeted and total budgetary revenues were \$965,441 higher than expected due to favorable variances in property taxes and intergovernmental revenues, offset by unfavorable variances in charges for services and licenses, permits and other charges.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2009 totaled \$92,783,291 (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 \$2,494,851 or 2.6%, comprised of the following:

- Current year additions of \$3,248,141, consisting of various additions to machinery and equipment, buildings and vehicles, as well as construction in progress recorded primarily for the radio infrastructure project.
- Current year depreciation expense of \$5,742,992.

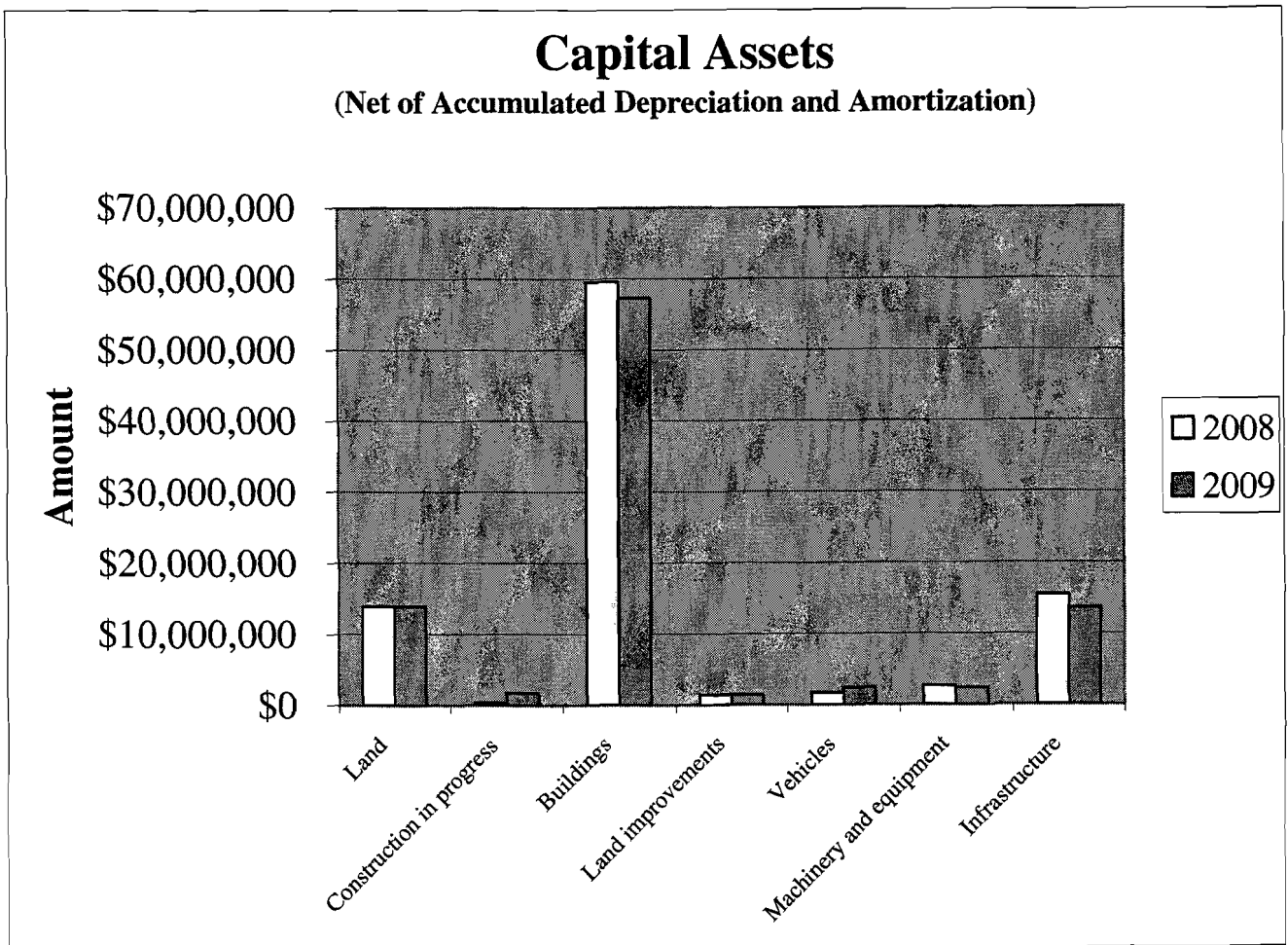
**TOWN OF MONROE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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 and amortization:

	Governmental Activities	
	2009	2008
Land	\$ 13,922,971	\$ 13,922,971
Construction in progress	1,740,099	387,526
Buildings	57,295,978	59,622,682
Land improvements	1,399,403	1,456,315
Vehicles	2,436,362	1,709,807
Machinery and equipment	2,358,975	2,685,186
Infrastructure	13,629,503	15,493,655
Totals	<u>\$ 92,783,291</u>	<u>\$ 95,278,142</u>



Additional information on the Town's capital assets can be found in Note 4 on pages 35 - 36 of this report.

**TOWN OF MONROE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

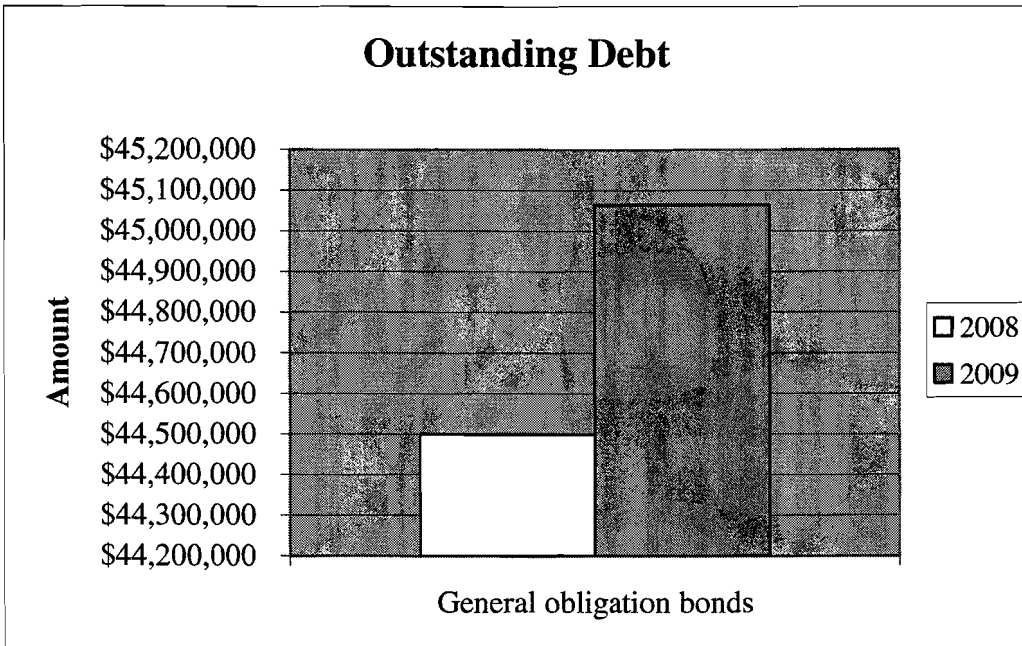
Long-term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$45,065,000. 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 \$565,000 or 1.3% during the current fiscal year due to the issuance of general obligation bonds, offset by the issuance of refunding bonds and scheduled repayments. The Town maintains an Aa3 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 \$425,922,777, 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:

	Governmental Activities	
	2009	2008
General obligation bonds	\$45,065,000	\$44,500,000
Totals	\$45,065,000	\$44,500,000



Additional information on the Town's long-term debt can be found in Note 8 on pages 37 - 41 of this report.

TOWN OF MONROE, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)

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 6.5%. This compares favorably to the State's average unemployment rate of 8.0% and the national unemployment rate of 9.5%.
- 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 2010, 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 2010 and thereafter.

All of these factors were considered in preparing the Town's budget for fiscal year 2010.

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, 2009

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,653,684
Investments	2,086,904
Receivables:	
Property taxes receivable, net of allowance of \$83,000	808,766
Interest receivable, net of allowance of \$51,000	186,369
Grants and contracts receivable	797,966
Accounts receivable	930,211
Prepaid items	134,780
Grants and contracts receivable, long-term portion	3,007,796
Net pension asset	168,077
Deferred charges, net of accumulated amortization of \$31,833	363,543
Capital assets:	
Non-depreciable	15,663,070
Depreciable, net	77,120,221
Total assets	108,921,387
 LIABILITIES	
Accounts payable	2,061,423
Accrued liabilities:	
Accrued interest	407,320
Other accrued liabilities	188,316
Unearned revenue	880,243
Bond anticipation note payable	225,000
Noncurrent liabilities:	
Due within one year	5,581,844
Due in more than one year	55,633,861
Total liabilities	64,978,007
 NET ASSETS	
Invested in capital assets, net of related debt	44,771,393
Restricted for:	
Trust purposes-expendable	189,492
Unrestricted (deficit)	(1,017,505)
Total net assets	\$ 43,943,380

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

**TOWN OF MONROE, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets - Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 6,553,044	\$ 2,841,484	\$ 2,265	\$ 17,994	\$ (3,691,301)
Public safety	6,783,194	1,010,880	20,300	-	(5,752,014)
Public works	6,366,467	968,394	-	328,941	(5,069,132)
Health and welfare	175,593	56,666	-	-	(118,927)
Culture and recreation	2,852,323	1,101,519	30,210	500,000	(1,220,594)
Education	61,718,188	2,706,317	12,549,032	280,139	(46,182,700)
Miscellaneous	33,803	-	-	-	(33,803)
Interest on long-term debt	2,094,758	-	-	-	(2,094,758)
Total governmental activities	<u>\$ 86,577,370</u>	<u>\$ 8,685,260</u>	<u>\$ 12,601,807</u>	<u>\$ 1,127,074</u>	<u>(64,163,229)</u>
General revenues:					
Property taxes					61,007,640
Grants and contributions not restricted to specific programs					483,079
Unrestricted investment earnings					581,141
Total general revenues					<u>62,071,860</u>
Change in net assets					(2,091,369)
Net assets - beginning					46,034,749
Net assets - ending					<u>\$ 43,943,380</u>

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

**TOWN OF MONROE, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,594,155	\$ 688,021	\$ 7,282,176
Investments	2,022,887	64,017	2,086,904
Receivables:			
Property taxes receivable, net of allowance for uncollectibles of \$83,000	808,766	-	808,766
Interest receivable, net of allowance for uncollectibles of \$51,000	186,369	-	186,369
Grants and contracts receivable	3,421,774	383,988	3,805,762
Accounts receivable	275,964	654,247	930,211
Prepaid items	126,851	7,929	134,780
Due from other funds	1,696,321	2,982,420	4,678,741
Total assets	\$ 15,133,087	\$ 4,780,622	\$ 19,913,709
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,616,738	\$ 354,587	\$ 1,971,325
Other accrued liabilities	188,316	-	188,316
Due to other funds	4,072,060	1,691,023	5,763,083
Unearned/deferred revenue	4,818,156	336,017	5,154,173
Bond anticipation note payable	-	225,000	225,000
Total liabilities	10,695,270	2,606,627	13,301,897
 Fund Balances:			
Unreserved	3,383,247	-	3,383,247
Reserved for:			
Encumbrances	927,719	-	927,719
Prepaid items	126,851	7,929	134,780
Trust purposes	-	189,492	189,492
Unreserved, reported in nonmajor:			
Special revenue funds	-	1,914,555	1,914,555
Capital project funds	-	62,019	62,019
Total fund balances	4,437,817	2,173,995	6,611,812
Total liabilities and fund balances	\$ 15,133,087	\$ 4,780,622	\$ 19,913,709

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, 2009

Total fund balances for governmental funds \$ 6,611,812

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	\$ 15,807,657	
Construction in progress	1,740,099	
Buildings and improvements	91,393,235	
Vehicles	7,839,864	
Machinery and equipment	8,853,246	
Infrastructure	62,484,897	
Less accumulated depreciation and amortization	<u>(95,335,707)</u>	
Total capital assets, net		92,783,291

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	395,376	
Less accumulated amortization	<u>(31,833)</u>	
Total bond issuance costs, net		363,543

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. 665,787

Accrued interest receivable on property taxes are not susceptible to accrual, and therefore are reported as deferred revenue in the funds. 186,369

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. 3,421,774

The pension asset resulting from contributions in excess of the annual required contributions are not financial resources and therefore are not reported in the funds. 168,077

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 (Continued)
JUNE 30, 2009

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		\$ (45,065,000)	
Unamortized premiums		(1,843,654)	
Unamortized deferred amount on refundings		988,212	
Obligations under capital lease		(1,866,456)	
Accrued interest payable		(407,320)	
Other long-term liabilities:			
Net OPEB obligation		(1,374,297)	
Compensated absences		(1,959,696)	
Termination benefits		(7,850,076)	
Retired employee obligations		(1,166,257)	
Total long-term liabilities		\$ (60,544,544)	

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.

287,271

Net assets of governmental activities

\$ 43,943,380

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

**TOWN OF MONROE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 60,629,712	\$ -	\$ 60,629,712
Intergovernmental revenues	11,609,447	3,000,430	14,609,877
Licenses, permits and other charges	675,322	-	675,322
Charges for services	470,081	5,425,009	5,895,090
Investment earnings	569,166	2,442	571,608
Miscellaneous	165,476	287,058	452,534
Total revenues	<u>74,119,204</u>	<u>8,714,939</u>	<u>82,834,143</u>
EXPENDITURES			
Current:			
General government	5,906,917	-	5,906,917
Public safety	5,351,178	972,588	6,323,766
Public works	2,899,407	1,265,133	4,164,540
Health and welfare	158,866	16,727	175,593
Culture and recreation	1,393,171	1,019,632	2,412,803
Education	51,546,173	4,536,143	56,082,316
Miscellaneous	-	33,803	33,803
Capital outlays	532,391	2,621,846	3,154,237
Debt service:			
Principal payments	3,725,209	-	3,725,209
Interest and fiscal charges	2,053,546	11,053	2,064,599
Debt issuance costs	180,241	56,082	236,323
Total expenditures	<u>73,747,099</u>	<u>10,533,007</u>	<u>84,280,106</u>
Excess (deficiency) of revenues over expenditures	372,105	(1,818,068)	(1,445,963)
OTHER FINANCING SOURCES (USES)			
Proceeds from refunding bonds issued	18,975,000	-	18,975,000
Premium on refunding bonds issued	1,826,241	-	1,826,241
Payment to refunded bonds escrow agent	(20,621,000)	-	(20,621,000)
Proceeds from general obligations bonds	-	4,855,000	4,855,000
Proceeds from capital lease financing	486,639	-	486,639
Transfers in	982,331	520,777	1,503,108
Transfers out	(948,411)	(982,331)	(1,930,742)
Total other financing sources (uses)	<u>700,800</u>	<u>4,393,446</u>	<u>5,094,246</u>
Net change in fund balances (deficits)	1,072,905	2,575,378	3,648,283
Fund balances (deficits) - beginning	<u>3,364,912</u>	<u>(401,383)</u>	<u>2,963,529</u>
Fund balances - ending	<u>\$ 4,437,817</u>	<u>\$ 2,173,995</u>	<u>\$ 6,611,812</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 (DEFICITS) OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Net change in fund balances (deficits) - total governmental funds \$ 3,648,283

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	\$ 3,248,141	
Depreciation and amortization expense	(5,742,992)	
Net adjustment		(2,494,851)

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. (415,674)

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:		
Capital lease financing	(486,639)	
Bonds issued	(4,855,000)	
Refunding bonds issued	(18,975,000)	
Premium on refunding bonds issued	(1,826,241)	
Deferred amount on refunding	366,000	
Principal repayments:		
Payment to refunded bonds escrow agent	20,255,000	
Bonds payable	3,010,000	
Obligations under capital lease	715,209	
Net adjustment		(1,796,671)

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 (DEFICITS) OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2009

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	\$ (130,638)	
Termination benefits	(579,967)	
Retired employee obligations	348,818	
Accrued interest	(19,002)	
Net pension asset	(153,929)	
Net OPEB obligation	(1,374,297)	
Bond issuance costs	236,323	
Amortization of bond premiums	43,573	
Amortization of bond issuance costs	(13,939)	
Amortization of deferred charge on refundings	(54,730)	
	\$ (1,697,788)	\$ (1,697,788)

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.		377,928
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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.		287,404
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Change in net assets of governmental activities		\$ (2,091,369)
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The accompanying notes are an integral part of these financial statements .

TOWN OF MONROE, CONNECTICUT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Governmental Activities
	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 371,508
Due from other funds	1,084,342
Total assets	1,455,850
 LIABILITIES	
Current liabilities:	
Accounts payable	90,098
Risk management claims	549,648
Other liabilities:	
Risk management claims, less current portion	528,833
Total liabilities	1,078,481
 NET ASSETS	
Unrestricted	287,271
Total net assets	\$ 287,271

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
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Governmental Activities Internal Service Funds</u>
OPERATING REVENUES	
Employer contributions	\$ 5,302,412
Charges for services	1,812,663
Total operating revenues	<u>7,115,075</u>
OPERATING EXPENSES	
Claims and benefits	6,440,598
Premiums and administrative charges	824,339
Total operating expenses	<u>7,264,937</u>
Operating loss	(149,862)
NON-OPERATING REVENUES	
Interest and investment income	9,632
Total non-operating revenues	<u>9,632</u>
Loss before transfers in	(140,230)
Transfers in	<u>427,634</u>
Change in net assets	287,404
Net assets (deficit) - beginning	<u>(133)</u>
Net assets - ending	<u><u>\$ 287,271</u></u>

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

**TOWN OF MONROE, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from employer contributions	\$ 5,285,259
Receipts from charges for services	1,838,615
Payments to employees, vendors and others	<u>(8,017,387)</u>
Net cash used in operating activities	<u>(893,513)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Increase in due from other funds	(427,634)
Transfers in	<u>427,634</u>
Net cash used in capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>9,632</u>
Net cash provided by investing activities	<u>9,632</u>
Net decrease in cash and cash equivalents	(883,881)
Cash and cash equivalents, beginning of year	<u>1,255,389</u>
Cash and cash equivalents, end of year	<u>\$ 371,508</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (149,862)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in assets:	
Due from other funds	8,799
Increase (decrease) in liabilities:	
Accounts payable	90,098
Risk management claims	<u>(842,548)</u>
Net cash used in operating activities	<u>\$ (893,513)</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, 2009**

	Pension Trust Funds	Agency Funds
ASSETS	<hr/>	<hr/>
Cash	\$ 7,701	\$ 912,507
Investments:		
Mutual funds	11,194,401	-
Guaranteed deposit account	898,510	-
Contributions receivable	11,754	-
Due from other funds	-	-
Total assets	<hr/> 12,112,366 <hr/>	<hr/> \$ 912,507 <hr/>
 LIABILITIES		
Due to student groups	-	\$ 387,509
Deposits	-	524,998
Total liabilities	<hr/> - <hr/>	<hr/> \$ 912,507 <hr/>
 NET ASSETS		
Held in trust for pension benefits	<hr/> \$ 12,112,366 <hr/>	

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

TOWN OF MONROE, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 235,677
Plan members	321,602
Total contributions	557,279
Investment earnings (losses):	
Interest and dividends	253,703
Net depreciation in fair value of investments	(2,046,204)
Total investment losses	(1,792,501)
Total additions	(1,235,222)
 DEDUCTIONS	
Benefit payments	829,689
Administrative expenses	102,366
Total deductions	932,055
Change in net assets	(2,167,277)
Net assets - beginning	14,279,643
Net assets - ending	\$ 12,112,366

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

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - 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. Financial matters are the responsibility of the Selectman, the Town Council and a six member Board of Finance, in conjunction with a full-time Finance Director/Controller and a part-time treasurer. 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 social, 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 nonexchange 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 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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

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.

The Town reports the following major governmental fund:

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

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, as permitted by GASB Statement No. 10.

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 11.

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.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide, Proprietary and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements (except for Agency Funds) are prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds have no measurement focus. 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.

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

Governmental Fund Financial Statements

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and financing of acquisitions under capital leases are reported as other financing sources.

ASSETS, LIABILITIES AND FUND EQUITY

Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents as of June 30, 2009 consist of Cooperative Liquid Asset Security Systems Funds (CLASS), State Treasurer's Short-Term Investment Fund (STIF), money market mutual funds and money market accounts which totaled \$170,601, \$340,898, \$150,000, and \$5,570,456, respectively. CLASS is an investment pool managed by MBIA Municipal Investors Service Corp and STIF is an investment pool managed by the State Treasurer's Office. The fair value of the Town's positions in these pools is the same as the value of the pool shares.

Investments

In accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Town presents all investments at fair value.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Investments (*Continued*)

The Scholarships, Flexible Spending Plan, Wheeler Library Trust and Cornelia Rogers Trust Funds are considered to be permanent endowments or permanent fund 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.

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:

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

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

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.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Designations of fund equity are discussed more fully in Note 10.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2009

NOTE 1 - 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".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reservation in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 2 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2009, none of which constitutes a violation of statutory provisions:

Fund	Deficit Fund Balance	
DEP Water Supply	\$ 1,358	*
Rails-to-Trails	66,074	*
Library Grants	6,060	*
Waste Disposal	281,883	*
Senior Citizens Program	1,175	*
EMS Intercept	27,239	*
Master Plan of Development	1,443	*
Senior Center	2,594	*
Police Renovations	3,396	**
Chalk Hill Asbestos Removal	228,264	***
Board of Education Technology Improvements	206,312	*
Open Space Acquisitions	30,889	***
Masuk Renovations	774,626	**
Town Hall Air Conditioning	23,320	*

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

** Deficit has arisen because bonds authorized for this project have not yet been issued. The Town plans to fund the deficits through the issuance of general obligation bonds.

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

NOTE- 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS

A reconciliation of the Town's cash and cash equivalents as of June 30, 2009 is as follows:

Government-wide statement of net assets:	
Cash equivalents	\$ 6,231,955
Cash deposits	1,421,729
	<u>7,653,684</u>
Less: cash equivalents considered investments under GASB Statement No. 40	<u>(661,499)</u>
	<u>6,992,185</u>
Statement of fiduciary net assets:	
Cash deposits - Pension Trust Funds	7,701
Cash deposits - Agency Funds	912,507
	<u>920,208</u>
	<u>\$ 7,912,393</u>

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE- 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

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, 2009, \$1,847,524 of the Town's bank balance of \$18,017,860 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,662,772
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	184,752
	\$ 1,847,524

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, 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, 2009, the Town had deposits with one banking institution that exceeded the 10% limitation.

INVESTMENTS

A reconciliation of the Town's investments as of June 30, 2009 is as follows:

Government-wide statement of net assets:	
Investments	\$ 2,086,904
Add: cash equivalents considered investments under GASB Statement No. 40	661,499
	2,748,403
Statement of fiduciary net assets:	
Pension trust funds	12,092,911
	\$ 14,841,314

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More Than 10</u>
Debt Securities:					
Certificates of Deposit	\$ 2,022,887	\$ 2,022,887	\$ -	\$ -	\$ -
State Treasurer's Short Term Investment Fund (STIF)	340,898	340,898	-	-	-
Cooperative Liquid Asset Security Systems Fund (CLASS)	170,601	170,601	-	-	-
Reich and Tang mutual funds	150,000	150,000	-	-	-
Guaranteed Deposit Account	898,510	-	898,510	-	-
	<u>3,582,896</u>	<u>\$ 2,684,386</u>	<u>\$ 898,510</u>	<u>\$ -</u>	<u>\$ -</u>
Other investments:					
Equity mutual funds	11,258,418				
Total	<u>\$ 14,841,314</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.

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 state statutes. Connecticut state 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 Reich and Tang Mutual Funds were unrated. The Town's investment in STIF was rated AAA and in its Guaranteed Deposit Account was rated A by Standard and Poor's and the Town's investment in CLASS was rated AAA by Fitch Ratings at June 30, 2009.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, 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 in investment pools and mutual funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Concentrations of Credit Risk

The Town's formalized investment policy does not restrict investments in any one issuer that is in excess of five percent of the Town's total investments. More than 5 percent of the Town's investments are in certificates of deposit held with Hudson City Bank, guaranteed deposit account held with Prudential Retirement Insurance and Annuity Company and equity mutual funds held with Prudential Financial and Wilmington Trust Company. These investments represent 14%, 6% and 76% of the Town's total investments.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 13,922,971	\$ -	\$ -	\$ 13,922,971
Construction in progress	387,526	1,479,098	(126,525)	1,740,099
Total capital assets, not being depreciated	<u>14,310,497</u>	<u>1,479,098</u>	<u>(126,525)</u>	<u>15,663,070</u>
Capital assets, being depreciated:				
Buildings	91,211,963	181,272	-	91,393,235
Land improvements	1,884,686	-	-	1,884,686
Vehicles	7,015,330	1,351,707	(527,173)	7,839,864
Machinery and equipment	8,632,649	362,589	(141,992)	8,853,246
Infrastructure	62,484,897	-	-	62,484,897
Total capital assets, being depreciated	<u>171,229,525</u>	<u>1,895,568</u>	<u>(669,165)</u>	<u>172,455,928</u>
Less accumulated depreciation and amortization for:				
Buildings	31,589,281	2,507,976	-	34,097,257
Land improvements	428,371	56,912	-	485,283
Vehicles	5,305,523	625,152	(527,173)	5,403,502
Machinery and equipment	5,947,463	688,800	(141,992)	6,494,271
Infrastructure	46,991,242	1,864,152	-	48,855,394
Total accumulated depreciation and amortization	<u>90,261,880</u>	<u>5,742,992</u>	<u>(669,165)</u>	<u>95,335,707</u>
Total capital assets, being depreciated, net	<u>80,967,645</u>	<u>(3,847,424)</u>	<u>-</u>	<u>77,120,221</u>
Governmental activities capital assets, net	<u>\$ 95,278,142</u>	<u>\$ (2,368,326)</u>	<u>\$ (126,525)</u>	<u>\$ 92,783,291</u>

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 4 - CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General government	\$ 327,566
Public safety	453,607
Public works	2,186,655
Culture and recreation	448,974
Education	<u>2,326,190</u>
Total depreciation and amortization expense - governmental activities	<u><u>\$ 5,742,992</u></u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2009 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Funds	\$ 1,696,321
Other Funds	General Fund	<u>2,982,420</u>
		<u><u>\$ 4,678,741</u></u>
Proprietary Fund		
Internal Service Fund	General Fund	<u><u>\$ 1,084,342</u></u>

Except for the balances due to the General Fund from the Masuk Renovations Fund and the Open Space Acquisitions Fund (included in Other Funds above), 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.

The General Fund advanced funds to the Masuk Renovations Fund and Open Space Acquisitions Fund (included in Other Funds above) to fund unfunded construction costs and land acquisitions. The Town intends to liquidate the amount due to the General Fund with proceeds of general obligation bonds to be issued.

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2009 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Funds	\$ 982,331
Other Funds	General Fund	<u>520,777</u>
		<u><u>\$ 1,503,108</u></u>
Proprietary Fund		
Internal Service Fund	General Fund	<u><u>\$ 427,634</u></u>

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 6 - INTERFUND TRANSFERS (Continued)

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.

NOTE 7 - SHORT-TERM DEBT

The following is a summary of changes in short-term debt for the year ended June 30, 2009:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Bond anticipation note payable issued in March 2009, original amount \$225,000	\$ 450,000	\$ 225,000	\$ (450,000)	\$ 225,000

The proceeds from the bond anticipation note were used to fund the Board of Education five-year technology improvement plan.

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

	<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	\$ 44,500,000	\$ 23,830,000	\$ (23,265,000)	\$ 45,065,000	\$ 2,455,000
Unamortized amounts:					
Deferred amount on refunding	(676,942)	(366,000)	54,730	(988,212)	-
Premium	60,986	1,826,241	(43,573)	1,843,654	-
Total bonds payable	43,884,044	25,290,241	(23,253,843)	45,920,442	2,455,000
Other liabilities:					
Capital leases	2,095,026	486,639	(715,209)	1,866,456	490,672
Net OPEB obligation	-	1,374,297	-	1,374,297	-
Compensated absences	1,829,058	227,120	(96,482)	1,959,696	757,984
Termination benefits	7,270,109	667,400	(87,433)	7,850,076	846,100
Retired employee obligations	1,515,075	275,000	(623,818)	1,166,257	482,440
Risk management claims	1,921,029	6,440,598	(7,283,146)	1,078,481	549,648
	<u>\$ 58,514,341</u>	<u>\$ 34,761,295</u>	<u>\$ (32,059,931)</u>	<u>\$ 61,215,705</u>	<u>\$ 5,581,844</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.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 8 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS

A summary of general obligation bonds outstanding at June 30, 2009 is as follows:

<u>Description</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities			
School and municipal improvement bonds issued 2002, original amount \$665,000	2012	3.25% - 4.0%	\$ 225,000
Refunding bonds issued 2002, original amount \$14,905,000	2022	2.0% - 4.75%	8,105,000
School project bonds issued 2002, original amount \$7,000,000	2022	2.5% - 4.4%	4,875,000
School and library improvement bonds issued 2005, original amount \$11,280,000	2025	4.0% - 5.5%	2,635,000
General obligation bonds issued 2006, original amount \$8,385,000	2026	3.625% - 5.5%	5,395,000
General obligation bonds issued 2008, original amount \$4,855,000	2023	3.25% - 5.0%	4,855,000
Refunding bonds issued 2009, original amount \$18,975,000	2024	2.0% - 5.0%	18,975,000
			<u>\$ 45,065,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2009:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,455,000	\$ 1,934,320	\$ 4,389,320
2011	2,895,000	1,682,873	4,577,873
2012	3,200,000	1,587,842	4,787,842
2013	3,450,000	1,473,204	4,923,204
2014	3,480,000	1,354,222	4,834,222
2015-2019	16,510,000	4,720,109	21,230,109
2020-2024	11,400,000	1,680,456	13,080,456
2025-2026	1,675,000	91,407	1,766,407
	<u>\$ 45,065,000</u>	<u>\$ 14,524,433</u>	<u>\$ 59,589,433</u>

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 8 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS (Continued)

Debt Refunding

On February 11, 2009, the Town issued general obligation refunding bonds. 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.

During the year ended June 30, 2009, the Town issued \$18,975,000 of general obligation bonds with an average interest rate of 3.93% to advance refund \$20,255,000 of general obligation bonds with an average interest rate of 4.13%. The Town advance refunded these bonds to reduce its total debt service payments by \$2,867,770 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$2,447,984. The reacquisition price exceeded the carrying amount of the old debt by \$366,000. 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.

As of June 30, 2009, \$9,490,000 of previously outstanding general obligation bonds are considered defeased.

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 \$425,922,777 as of June 30, 2009. 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, 2009.

As of June 30, 2009 the Town has authorized, unissued bonds of approximately \$3,378,000 for general purposes and \$825,000 for schools.

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, 2009 was \$563,970. Additional reimbursements of principal and interest aggregating \$3,421,774 and \$616,396, 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 \$3,007,796 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, 2009:

	Governmental Activities
Vehicles	\$ 2,227,655
Machinery and equipment	809,984
	3,037,639
Less: accumulated amortization	1,127,075
	\$ 1,910,564

Amortization expense relative to leased property under capital leases totaled \$505,268 for the year ended June 30, 2009 and is included in depreciation and amortization expense disclosed in Note 4.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 8 - LONG-TERM LIABILITIES (Continued)

CAPITAL LEASES (Continued)

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009 are as follows:

	<u>Governmental Activities</u>
Year Ending June 30:	
2010	\$ 542,355
2011	564,339
2012	354,916
2013	293,711
2014	192,692
2015-2019	166,920
Total minimum lease payments	<u>2,114,933</u>
Less: amount representing interest	<u>248,477</u>
Present value of minimum lease payments	<u><u>\$ 1,866,456</u></u>

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	\$ 353,488
Board of Education:	
Vested:	
Sick	1,067,186
Vacation	128,472
Non-vested:	
Sick	410,550 *
	<u><u>\$ 1,959,696</u></u>

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

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 8 - LONG-TERM LIABILITIES (Continued)

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.

	Governmental Activities
Vested:	
Retirement incentives	\$ 3,108,600
Non-vested:	
Retirement incentives	4,741,476 *
	\$ 7,850,076

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

RETIRED EMPLOYEE OBLIGATIONS

Board of Education retirement obligations in the amount of \$657,391 represent payments owed to retired employees for termination benefits and payments for unused compensated absences that have been amortized out over several years. In addition, \$508,866 is owed to the Connecticut State Teacher's Retirement Plan for pension service years purchased on behalf of retired employees in accordance with the State's early retirement incentive program.

The following is a summary of annual payments owed as of June 30, 2009:

	Governmental Activities
Year Ending June 30:	
2010	\$ 482,441
2011	409,408
2012	274,408
	\$ 1,166,257

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 9 - 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	\$ 852,156	\$ 544,226	\$ 1,396,382
School building construction grant receivables	3,421,774	-	3,421,774
Nonmajor Governmental Funds:			
Advance summer program fee collections	-	80,255	80,255
Advance EMS fee collections	-	25,934	25,934
Grant drawdowns prior to meeting all eligibility requirements	-	229,828	229,828
	<u>\$ 4,273,930</u>	<u>\$ 880,243</u>	<u>\$ 5,154,173</u>

NOTE 10 - DESIGNATION OF FUND BALANCE

Designations of unreserved fund balance reported in the governmental funds balance sheet represent the Town's self-imposed limitations on the use of otherwise available expendable financial resources of governmental funds. The Town designated unreserved fund balance of the General Fund of \$370,000 for use in the subsequent year's budget.

NOTE 11 - 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.

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.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 11 - PENSION PLANS (Continued)

TOWN EMPLOYEES' RETIREMENT PLAN (Continued)

Plan Membership

Membership of the Plan consisted of the following as of January 1, 2008 (the date of the latest actuarial valuation):

Retirees and beneficiaries receiving benefits	37
Terminated plan members entitled to but not yet receiving benefits	20
Active plan members with fully vested rights	44
Active plan members without vested rights	20
	<u>121</u>

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 3.9% 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, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 11 - PENSION PLANS (Continued)

TOWN EMPLOYEES' RETIREMENT PLAN (Continued)

Concentrations

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

<u>Investment Type</u>	<u>Issuer</u>	<u>Fair Value</u>
Core Plus Bond/Reams Fund	Prudential Financial	\$ 746,490
Guaranteed Deposit Account	Prudential Financial	739,783
Corporate Bond/PIM Fund	Prudential Financial	717,583
Dryden S&P 500 Index	Prudential Financial	709,855
Private Placement Fund	Prudential Financial	675,590
High Yield Bond/ Caywood-Scholl	Prudential Financial	383,450
Large Cap Growth/ Turner Inv	Prudential Financial	313,258

Additional Information and Actuarial Assumptions

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

Valuation date:	January 1, 2008
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Level Dollar, Closed
Remaining amortization period:	8 years
Asset valuation method:	Calculate the expected asset value plus or minus 20% of the difference between expected and market values
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	\$ 138,305
Interest on net pension asset	(5,376)
Adjustment to annual required contribution	11,811
Annual pension cost	<u>144,740</u>
Contributions made	-
Decrease in net pension asset	<u>(144,740)</u>
Net pension asset, beginning of year	54,387
Net pension obligation, end of year	<u><u>\$ (90,353)</u></u>

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 11 - 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) Asset
2007	\$ 70,793	115%	\$ 155,489
2008	101,102	0%	54,387
2009	144,740	0%	(90,353)

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, 2008	\$ 8,221,381	\$ 7,967,922	\$ 253,459	103%	\$ 2,938,871	9%

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
2004	\$ 66,054	145%
2005	81,640	118%
2006	88,422	121%
2007	81,560	100%
2008	89,239	0%
2009	138,305	0%

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.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2009

NOTE 11 - PENSION PLANS (*Continued*)

TOWN OF MONROE BOARD OF EDUCATION PENSION 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 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, 2007 (the date of the latest actuarial valuation):

Retirees and beneficiaries receiving benefits	42
Terminated plan members entitled to but not yet receiving benefits	12
Active plan members with fully vested rights	65
Active plan members without vested rights	21
	<hr/>
	140
	<hr/> <hr/>

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 7.2% 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.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 11 - 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.	\$ 2,377,324
S&P 500 Index Portfolio	Wilmington Trust Co.	1,216,226
Strategic Bond Portfolio	Wilmington Trust Co.	907,435
International Value Portfolio	Wilmington Trust Co.	641,506
Small Company Value Portfolio	Wilmington Trust Co.	328,817

Additional Information and Actuarial Assumptions

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

Valuation date:	January 1, 2007
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Level Dollar, Closed
Remaining amortization period:	16 years
Asset valuation method:	Asset Smoothing
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	\$ 235,677
Interest on net pension asset	(20,071)
Adjustment to annual required contribution	29,260
Annual pension cost	<u>244,866</u>
Contributions made	<u>235,677</u>
Decrease in net pension asset	(9,189)
Net pension asset, beginning of year	267,619
Net pension asset, end of year	<u><u>\$ 258,430</u></u>

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 11 - 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
2007	\$ 238,272	97%	\$ 276,133
2008	235,514	96%	267,619
2009	244,866	96%	258,430

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, 2007	\$ 7,241,315	\$ 7,743,658	\$ (502,343)	94%	\$ 3,140,757	-16%

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
2004	\$ 180,637	80%
2005	189,652	118%
2006	221,664	100%
2007	230,521	100%
2008	227,071	100%
2009	235,677	100%

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 11 - PENSION PLANS (Continued)

PLAN FINANCIAL STATEMENTS

TOWN OF MONROE, CONNECTICUT
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2009

	Pension Trust Funds		
	Town Employees' Retirement Plan	Board of Education Pension Plan	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 7,701	\$ 7,701
Investments, at fair value	6,098,263	5,994,648	12,092,911
Contributions receivable	11,754	-	11,754
Total assets	<u>6,110,017</u>	<u>6,002,349</u>	<u>12,112,366</u>
NET ASSETS			
Held in trust for pension benefits (See schedules of funding progress on page 67)	<u>6,110,017</u>	<u>6,002,349</u>	<u>12,112,366</u>
Total net assets	<u>\$ 6,110,017</u>	<u>\$ 6,002,349</u>	<u>\$ 12,112,366</u>

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 11 - PENSION PLANS (Continued)

PLAN FINANCIAL STATEMENTS (Continued)

TOWN OF MONROE, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	Pension Trust Funds		
	Town Employees' Retirement Plan	Board of Education Pension Plan	Total
ADDITIONS			
Contributions:			
Employer	\$ -	\$ 235,677	\$ 235,677
Plan members	141,976	179,626	321,602
Total contributions	<u>141,976</u>	<u>415,303</u>	<u>557,279</u>
Investment earnings (loss):			
Interest and dividends	253,671	32	253,703
Net depreciation in the fair value of investments	(1,158,647)	(887,557)	(2,046,204)
Total investment losses	<u>(904,976)</u>	<u>(887,525)</u>	<u>(1,792,501)</u>
Total additions	<u>(763,000)</u>	<u>(472,222)</u>	<u>(1,235,222)</u>
DEDUCTIONS			
Benefit payments	378,505	451,184	829,689
Administrative expenses	45,218	57,148	102,366
Total deductions	<u>423,723</u>	<u>508,332</u>	<u>932,055</u>
NET DECREASE	(1,186,723)	(980,554)	(2,167,277)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
Beginning of year	<u>7,296,740</u>	<u>6,982,903</u>	<u>14,279,643</u>
End of year	<u>\$ 6,110,017</u>	<u>\$ 6,002,349</u>	<u>\$ 12,112,366</u>

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 11 - 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, 2009, Town teachers contributed \$1,848,299 to the plan and covered payroll for the year was \$25,493,785.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$3,936,240 made by the State of Connecticut into the plan as intergovernmental revenues and educations 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. 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 2-1/4% 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 8.7% 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, 2009, 2008 and 2007 were \$374,951, \$340,781 and \$324,277, respectively, equal to the required contributions for each year.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 11 - 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, 2008, 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, 2008	\$ 1,779	\$ 1,722	\$ 57	103%	\$ 412	14%

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, 2008.

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.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 12 - 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 it's 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, however, the activities of this program are reported in the Town's Post Retirement Medical Benefits Fund. 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	\$ 107,102
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>107,102</u>
Contributions made	<u>27,370</u>
Increase in net OPEB obligation	79,732
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 79,732</u></u>

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

TOWN POLICE PLAN (Continued)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 (the only year with available data) is as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 107,102	25.6%	\$ 79,732

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2008 (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)
\$ -	\$ 884,014	\$ (884,014)	0.0%	\$ 2,567,152	-34%

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.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

TOWN POLICE PLAN (Continued)

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:	July 1, 2008
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 (2013 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.

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

BOARD OF EDUCATION PLAN (Continued)

Plan Provisions (Continued)

Non-Certified Staff: Non-certified staff are 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 contribute 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.

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	\$ 1,294,565
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>1,294,565</u>
Contributions made	-
Increase in net OPEB obligation	<u>1,294,565</u>
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 1,294,565</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 (the only year with available data) is as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 1,294,565	0.0%	\$ 1,294,565

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

BOARD OF EDUCATION PLAN (Continued)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009 (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)
\$ -	\$ 15,112,705	\$ (15,112,705)	0.0%	N/A	N/A

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, 2009
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	9.00% initial 5.00% final
Dental cost trend rate	5.00%

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 13 - LITIGATION

The Monroe Education Association has filed a class action grievance alleging that the Monroe Board of Education overcharged teachers when calculating insurance premium costs and co-pay amounts and were in violation of the collective bargaining agreements. As a remedy, the teachers seek to be reimbursed for overcharged amounts and have filed a grievance for arbitration. The outcome and eventual liability to the Board of Education, if any, is not known at this time. The Board of Education intends to vigorously defend this claim.

There are several other 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.

NOTE 14 - 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, 2009. 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 \$9,104 for this program reported at June 30, 2009 is based on estimated claims incurred but not reported. A summary of claims activity for the years ended June 30, 2009 and 2008 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2008	\$ 11,578	\$ 53,627	\$ 58,961	\$ 6,244
2009	6,244	64,596	61,736	9,104

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).

TOWN OF MONROE, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

NOTE 14 - RISK MANAGEMENT (Continued)

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, 2009 and 2008 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2008	\$ 1,184,172	\$ 6,562,588	\$ 6,395,966	\$ 1,350,794
2009	1,350,794	6,267,662	7,109,699	508,757

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 2009 and 2008, respectively. A summary of claims activity for the years ended June 30, 2009 and 2008 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2008	\$ 628,434	\$ 68,466	\$ 132,909	\$ 563,991
2009	563,991	108,340	111,711	560,620

**Required
Supplementary
Information**

TOWN OF MONROE, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
REVENUES				
Property taxes	\$ 59,948,859	\$ 59,948,859	\$ 60,535,939	\$ 587,080
Licenses, permits and other charges	1,077,000	1,077,000	675,332	(401,668)
Intergovernmental	7,762,418	7,762,418	8,508,030	745,612
Charges for services	608,348	608,348	515,081	(93,267)
Investment earnings	675,000	675,000	569,166	(105,834)
Miscellaneous	85,000	85,000	318,518	233,518
Total revenues	<u>70,156,625</u>	<u>70,156,625</u>	<u>71,122,066</u>	<u>965,441</u>
EXPENDITURES				
Current:				
General government	6,082,628	5,951,018	5,922,746	(28,272)
Public safety	5,363,790	5,437,242	5,437,223	(19)
Public works	2,895,187	2,903,016	2,903,006	(10)
Health and welfare	170,015	164,736	164,734	(2)
Culture and recreation	1,378,212	1,393,222	1,393,171	(51)
Education	49,250,000	49,250,000	49,250,000	-
Capital outlay - special projects	5,500	46,098	45,752	(346)
Debt service	5,418,151	5,418,151	5,296,954	(121,197)
Total expenditures	<u>70,563,483</u>	<u>70,563,483</u>	<u>70,413,586</u>	<u>(149,897)</u>
Excess (deficiency) of revenues over expenditures	(406,858)	(406,858)	708,480	1,115,338
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	370,000	370,000	-	(370,000)
Transfers in	186,858	186,858	-	(186,858)
Transfers out	(150,000)	(150,000)	(150,000)	-
Cancellation of prior year encumbrances	-	-	157,372	157,372
Total other financing sources (uses)	<u>406,858</u>	<u>406,858</u>	<u>7,372</u>	<u>(399,486)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	715,852	<u>\$ 715,852</u>
Fund balance - beginning			<u>3,060,203</u>	
Fund balances - ending			<u>\$ 3,776,055</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
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
PROPERTY TAXES				
Tax levies	\$ 59,798,859	\$ 59,798,859	\$ 60,259,440	\$ 460,581
Interest and lien fees	150,000	150,000	276,499	126,499
Total property taxes	<u>59,948,859</u>	<u>59,948,859</u>	<u>60,535,939</u>	<u>587,080</u>
LICENSES AND PERMITS				
Police Department permits	8,000	8,000	8,346	346
Building permits	380,000	380,000	255,211	(124,789)
Burning permits	2,000	2,000	2,160	160
Planning and Zoning	45,000	45,000	20,893	(24,107)
Library	20,000	20,000	22,935	2,935
Hauler fees	60,000	60,000	-	(60,000)
Refuse permits	4,000	4,000	4,150	150
Canine licenses	2,000	2,000	1,918	(82)
Town Clerk's fees	555,000	555,000	359,449	(195,551)
Driveway permits	1,000	1,000	270	(730)
Total licenses and permits	<u>1,077,000</u>	<u>1,077,000</u>	<u>675,332</u>	<u>(401,668)</u>
INTERGOVERNMENTAL				
State and Federal Education Grants:				
Education Cost Sharing	6,572,186	6,572,186	7,264,122	691,936
School Transportation	121,996	121,996	118,492	(3,504)
Other:				
Elderly property tax rebates	2,000	2,000	2,000	-
Tax grant - disabled persons	2,000	2,000	2,180	180
PILOT - State property	10,549	10,549	11,454	905
Tax grant - circuit breaker	135,000	135,000	145,799	10,799
Bond subsidy payments	553,970	553,970	566,321	12,351
PILOT - capital equipment	180,000	180,000	227,393	47,393
Boat tax reimbursement	3,918	3,918	3,918	-
Veteran exemption	6,000	6,000	10,267	4,267
Mashantucket Pequot Grant	62,799	62,799	62,311	(488)
Telephone Access	112,000	112,000	93,773	(18,227)
Total intergovernmental	<u>7,762,418</u>	<u>7,762,418</u>	<u>8,508,030</u>	<u>745,612</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)
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
CHARGES FOR SERVICES				
Individual tuition	\$ 15,000	\$ 15,000	\$ 10,118	\$ (4,882)
Oxford tuition	161,888	161,888	183,137	21,249
Bus barn	15,960	15,960	15,960	-
Recreation Department fees	285,000	285,000	197,803	(87,197)
Landfill lease	40,000	40,000	42,081	2,081
Nutrition	5,000	5,000	2,312	(2,688)
Senior citizens transportation	5,000	5,000	7,679	2,679
Senior citizens registration	3,500	3,500	3,986	486
Special police assignments	45,000	45,000	45,000	-
Inland Wetlands Commission	32,000	32,000	7,005	(24,995)
Total charges for services	<u>608,348</u>	<u>608,348</u>	<u>515,081</u>	<u>(93,267)</u>
INTEREST AND DIVIDENDS	<u>675,000</u>	<u>675,000</u>	<u>569,166</u>	<u>(105,834)</u>
OTHER REVENUES	<u>85,000</u>	<u>85,000</u>	<u>318,518</u>	<u>233,518</u>
Total revenue	<u>70,156,625</u>	<u>70,156,625</u>	<u>71,122,066</u>	<u>965,441</u>
OTHER FINANCING SOURCES				
Appropriation of fund balance	370,000	370,000	-	(370,000)
Operating transfers in	186,858	186,858	-	(186,858)
Cancellation of prior year encumbrances	-	-	157,372	157,372
Total other financing sources	<u>556,858</u>	<u>556,858</u>	<u>157,372</u>	<u>(399,486)</u>
Total revenues and other financing sources	<u>\$ 70,713,483</u>	<u>\$ 70,713,483</u>	<u>\$ 71,279,438</u>	<u>\$ 565,955</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
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
GENERAL GOVERNMENT				
Selectmen	\$ 235,101	\$ 246,268	\$ 246,237	\$ (31)
Town Council	4,745	4,745	4,745	-
Board of Finance	40,000	40,000	39,999	(1)
Registrar of Voters	74,300	90,605	90,602	(3)
Town Clerk	186,594	176,744	176,743	(1)
Tax Collector	147,975	146,501	146,499	(2)
Town Treasurer	10,180	10,180	10,180	-
Boards and commissions	7,950	12,950	12,950	-
Senior citizen	213,795	204,122	204,120	(2)
Economic Development	49,400	50,039	49,967	(72)
Inland Wetlands Commission	56,826	58,343	58,342	(1)
Human resource - fringe benefits	3,287,423	3,050,617	3,022,465	(28,152)
Finance Department	258,651	312,865	312,864	(1)
Technology	335,938	358,592	358,589	(3)
Assessor	202,978	213,307	213,306	(1)
Building Inspection Department	170,194	168,492	168,492	-
Planning and Zoning Department	191,403	189,489	189,486	(3)
Town hall maintenance	310,085	341,241	341,242	1
Special programs	239,575	216,403	216,403	-
Regional programs	59,515	59,515	59,515	-
Total general government	<u>6,082,628</u>	<u>5,951,018</u>	<u>5,922,746</u>	<u>(28,272)</u>
PUBLIC SAFETY				
Police Department	4,086,405	4,153,416	4,153,404	(12)
Animal Control	113,410	113,410	113,408	(2)
Park Ranger	50,790	50,790	50,788	(2)
Monroe Fire Department	190,909	190,909	190,909	-
Stevenson Fire Department	165,509	165,509	165,509	-
Stepney Fire Service	188,477	188,477	188,477	-
Fire Service	475,240	475,240	475,240	-
Fire Marshal	84,625	91,066	91,063	(3)
Emergency Management	8,425	8,425	8,425	-
Total public safety	<u>5,363,790</u>	<u>5,437,242</u>	<u>5,437,223</u>	<u>(19)</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)
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
PUBLIC WORKS				
Highway administration	\$ 287,588	\$ 290,233	\$ 290,231	\$ (2)
General maintenance	1,139,266	1,164,406	1,178,191	13,785
Snow removal	351,250	391,933	489,934	98,001
Operations	692,875	664,712	558,645	(106,067)
Tree Warden	34,800	34,962	34,962	-
Traffic control	59,000	54,745	49,020	(5,725)
Sanitation:				
Solid waste	15,021	15,021	15,021	-
Recycling	315,387	287,004	287,002	(2)
Total public works	<u>2,895,187</u>	<u>2,903,016</u>	<u>2,903,006</u>	<u>(10)</u>
HEALTH AND WELFARE				
Health Department	123,315	123,315	123,315	-
Department of Social Services	46,700	41,421	41,419	(2)
Total health and welfare	<u>170,015</u>	<u>164,736</u>	<u>164,734</u>	<u>(2)</u>
CULTURE AND RECREATION				
Library	714,097	687,943	687,892	(51)
Recreation Department	664,115	705,279	705,279	-
Total culture and recreation	<u>1,378,212</u>	<u>1,393,222</u>	<u>1,393,171</u>	<u>(51)</u>
EDUCATION				
	<u>49,250,000</u>	<u>49,250,000</u>	<u>49,250,000</u>	<u>-</u>
DEBT SERVICE				
	<u>5,418,151</u>	<u>5,418,151</u>	<u>5,296,954</u>	<u>(121,197)</u>
CAPITAL OUTLAY - SPECIAL PROJECTS				
	<u>5,500</u>	<u>46,098</u>	<u>45,752</u>	<u>(346)</u>
Total budgetary expenditures	<u>70,563,483</u>	<u>70,563,483</u>	<u>70,413,586</u>	<u>(149,897)</u>
OTHER FINANCING USES				
Operating transfers out	150,000	150,000	150,000	-
Total other financing uses	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 70,713,483</u>	<u>\$ 70,713,483</u>	<u>\$ 70,563,586</u>	<u>\$ (149,897)</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, 2009

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 undesignated fund balance. A Special Town Meeting must be called to authorize the transfer of undesignated 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 11*) 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.

TOWN OF MONROE, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)
JUNE 30, 2009

BUDGETARY INFORMATION (Continued)

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"). 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, 2009:

	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other</u> <u>Financing Sources</u> <u>(Uses), net</u>	<u>Net Change</u> <u>in</u> <u>Fund Balance</u>
Budgetary basis	\$ 71,122,066	\$ 70,413,586	\$ 7,372	\$ 715,852
"On-behalf" payments - State Teachers Retirement Fund (see Note 11)	3,936,240	3,936,240	-	-
Adjustment for encumbrances	-	(514,425)	-	514,425
Cancellation of prior year encumbrances	-	-	(157,372)	(157,372)
Bond issuance costs not recorded for budgetary purposes	-	180,241	180,241	-
Capital lease payable not recorded for budgetary purposes	-	486,639	486,639	-
Certain grant revenues netted in expense for budgetary purposes	19,082	19,082	-	-
Certain expenditures recorded as transfers for budgetary purposes	-	(774,264)	(774,264)	-
Certain transfers recorded as revenue for budgetary purposes	(958,184)	-	958,184	-
GAAP basis	<u>\$ 74,119,204</u>	<u>\$ 73,747,099</u>	<u>\$ 700,800</u>	<u>\$ 1,072,905</u>

**TOWN OF MONROE, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS
JUNE 30, 2009**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Overfunded (Unfunded) AAL (UAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
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Town Employees' Retirement Plan

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%
January 1, 2004	7,166,828	6,609,256	557,572	108%	2,707,577	21%

Town of Monroe Board of Education Pension Plan

July 1, 2007	\$ 7,241,315	\$ 7,743,658	\$ (502,343)	94%	\$ 3,140,757	-16%
July 1, 2005	6,192,809	6,625,058	(432,249)	93%	3,221,036	-13%
July 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, 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%
July 1, 2005	1,512	1,465	47	103%	352	13%
July 1, 2004	1,434	1,393	41	103%	313	13%
July 1, 2003	1,418	1,379	39	103%	326	12%

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 \$374,951 to the MERS for the year ended June 30, 2009 while total contributions to the MERS totaled \$50,730,967 (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) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
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Town of Monroe Board of Education OPEB Plan

June 30, 2009	\$ -	\$ 15,112,705	\$ (15,112,705)	0.0%	N/A	N/A
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Town of Monroe Police OPEB Plan

July 1, 2008	\$ -	\$ 884,014	\$ (884,014)	0.0%	\$ 2,567,152	-34%
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Combining and Individual Fund Statements and Schedules

Governmental Funds

TOWN OF MONROE, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2009

Grand List Year	Uncollected Taxes July 1, 2008	Current Year Levy	Lawful Corrections		Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2009
			Additions	Deletions		Taxes	Interest	Liens	
2007	\$ -	\$ 60,774,010	\$ 67,892	\$185,652	\$ 60,656,250	\$ 60,054,948	\$ 158,038	\$ 7,698	\$ 601,302
2006	568,842	-	22,567	31,148	560,261	410,764	85,357	2,952	149,497
2005	101,501	-	114	17,140	84,475	32,269	18,773	432	52,206
2004	59,270	-	27,145	604	85,811	35,195	4,282	168	50,616
2003	31,568	-	-	110	31,458	28,256	1,985	72	3,202
2002	3,304	-	-	-	3,304	116	106	48	3,188
2001	3,641	-	-	-	3,641	111	124	48	3,530
2000	2,817	-	-	-	2,817	105	139	72	2,712
1999	2,650	-	-	-	2,650	100	149	48	2,550
1998	2,703	-	-	-	2,703	50	108	48	2,653
1997	2,408	-	-	-	2,408	62	116	72	2,346
1996	2,476	-	-	-	2,476	13	26	24	2,463
1995	1,553	-	-	-	1,553	13	28	24	1,540
1994	1,525	-	-	-	1,525	13	29	24	1,512
1993 and prior	13,291	-	-	-	13,291	842	216	48	12,449
	<u>\$ 797,549</u>	<u>\$ 60,774,010</u>	<u>\$ 117,718</u>	<u>\$234,654</u>	<u>\$ 61,454,623</u>	<u>\$ 60,562,857</u>	<u>\$ 269,476</u>	<u>\$11,778</u>	<u>\$ 891,766</u>

**TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

Special Revenue Funds

	DEP Water Supply	Rails To Trails	Library Grants	School Cafeteria	Educational Grants	WMNR Radio Station	Seized Assets
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 189,971	\$ -	\$ 366,141	\$ -
Investments	-	-	-	-	-	-	-
Grants and contracts receivable	18,598	-	-	25,646	143,810	-	-
Accounts receivable	-	-	-	2,333	8,469	13,860	-
Prepaid items	-	-	-	-	-	7,929	-
Due from other funds	-	-	15,344	-	-	-	2,656
Total assets	<u>\$ 18,598</u>	<u>\$ -</u>	<u>\$ 15,344</u>	<u>\$ 217,950</u>	<u>\$ 152,279</u>	<u>\$ 387,930</u>	<u>\$ 2,656</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 98,346	\$ 13,000	\$ 7,990	\$ -
Due to other funds	19,956	66,074	-	-	133,936	-	-
Unearned/deferred revenue	-	-	21,404	-	107	-	-
Bond anticipation note payable	-	-	-	-	-	-	-
Total liabilities	<u>19,956</u>	<u>66,074</u>	<u>21,404</u>	<u>98,346</u>	<u>147,043</u>	<u>7,990</u>	<u>-</u>
Fund Balances (Deficit):							
Reserved for:							
Prepaid items	-	-	-	-	-	7,929	-
Trust purposes	-	-	-	-	-	-	-
Unreserved:							
Undesignated	(1,358)	(66,074)	(6,060)	119,604	5,236	372,011	2,656
Total fund balances (deficit)	<u>(1,358)</u>	<u>(66,074)</u>	<u>(6,060)</u>	<u>119,604</u>	<u>5,236</u>	<u>379,940</u>	<u>2,656</u>
Total liabilities and fund balances (deficit)	<u>\$ 18,598</u>	<u>\$ -</u>	<u>\$ 15,344</u>	<u>\$ 217,950</u>	<u>\$ 152,279</u>	<u>\$ 387,930</u>	<u>\$ 2,656</u>

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2009

	Special Revenue Funds						
	Board of Education Contra	Police Grants	Miscellaneous Donations	Miscellaneous Grants and Programs	Exchange Programs	Waste Disposal	Police Private Duty
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 78,179	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	-	-	-
Accounts receivable	176,710	-	-	68	5,052	98,662	146,596
Prepaid items	-	-	-	-	-	-	-
Due from other funds	920,064	32,555	68,664	81,121	110,136	-	-
Total assets	<u>\$ 1,096,774</u>	<u>\$ 32,555</u>	<u>\$ 68,664</u>	<u>\$ 159,368</u>	<u>\$ 115,188</u>	<u>\$ 98,662</u>	<u>\$ 146,596</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ -	\$ 3,503	\$ 2,355	\$ 3,071	\$ 4,369	\$ 72,155	\$ 5,146
Due to other funds	-	-	-	-	-	308,390	104,950
Unearned/deferred revenue	80,255	10,000	-	4,817	-	-	-
Bond anticipation note payable	-	-	-	-	-	-	-
Total liabilities	<u>80,255</u>	<u>13,503</u>	<u>2,355</u>	<u>7,888</u>	<u>4,369</u>	<u>380,545</u>	<u>110,096</u>
Fund Balances (Deficit):							
Reserved for:							
Prepaid items	-	-	-	-	-	-	-
Trust purposes	-	-	-	-	-	-	-
Unreserved:							
Undesignated	1,016,519	19,052	66,309	151,480	110,819	(281,883)	36,500
Total fund balances (deficit)	<u>1,016,519</u>	<u>19,052</u>	<u>66,309</u>	<u>151,480</u>	<u>110,819</u>	<u>(281,883)</u>	<u>36,500</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,096,774</u>	<u>\$ 32,555</u>	<u>\$ 68,664</u>	<u>\$ 159,368</u>	<u>\$ 115,188</u>	<u>\$ 98,662</u>	<u>\$ 146,596</u>

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2009

	Special Revenue Funds						
	Fire Protection Services	Recreation Programs	Senior Citizens Program	EMS Intercept	Canine	Local Capital Improvement Program	Town Aid Road
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	81,823	-	-	-
Prepaid items	-	-	-	-	-	-	-
Due from other funds	-	94,744	-	-	53,161	65,294	221,071
Total assets	<u>\$ -</u>	<u>\$ 94,744</u>	<u>\$ -</u>	<u>\$ 81,823</u>	<u>\$ 53,161</u>	<u>\$ 65,294</u>	<u>\$ 221,071</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ -	\$ 27,688	\$ 775	\$ 72,123	\$ -	\$ -	\$ -
Due to other funds	-	-	400	11,005	-	-	-
Unearned/deferred revenue	-	-	-	25,934	-	4,387	-
Bond anticipation note payable	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>27,688</u>	<u>1,175</u>	<u>109,062</u>	<u>-</u>	<u>4,387</u>	<u>-</u>
Fund Balances (Deficit):							
Reserved for:							
Prepaid items	-	-	-	-	-	-	-
Trust purposes	-	-	-	-	-	-	-
Unreserved:							
Undesignated	-	67,056	(1,175)	(27,239)	53,161	60,907	221,071
Total fund balances (deficit)	<u>-</u>	<u>67,056</u>	<u>(1,175)</u>	<u>(27,239)</u>	<u>53,161</u>	<u>60,907</u>	<u>221,071</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 94,744</u>	<u>\$ -</u>	<u>\$ 81,823</u>	<u>\$ 53,161</u>	<u>\$ 65,294</u>	<u>\$ 221,071</u>

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2009

	Special Revenue Funds						Total Nonmajor Special Revenue Funds
	Master Plan of Development	Scholarships	Flexible Spending Plan	Senior Center	Wheeler Library Trust	Cornelia Rogers Trust	
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 53,730	\$ -	\$ -	\$ -	\$ 688,021
Investments	-	64,017	-	-	-	-	64,017
Grants and contracts receivable							188,054
Accounts receivable							533,573
Prepaid items							7,929
Due from other funds	-	-		38,960	568	71,177	1,775,515
Total assets	<u>\$ -</u>	<u>\$ 64,017</u>	<u>\$ 53,730</u>	<u>\$ 38,960</u>	<u>\$ 568</u>	<u>\$ 71,177</u>	<u>\$ 3,257,109</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 310,521
Due to other funds	1,443	-	-	-	-	-	646,154
Unearned/deferred revenue	-	-	-	41,554	-	-	188,458
Bond anticipation note payable	-	-	-	-	-	-	-
Total liabilities	<u>1,443</u>	<u>-</u>	<u>-</u>	<u>41,554</u>	<u>-</u>	<u>-</u>	<u>1,145,133</u>
Fund Balances (Deficit):							
Reserved for:							
Prepaid items	-	-	-	-	-	-	7,929
Trust purposes	-	64,017	53,730	-	568	71,177	189,492
Unreserved:							
Undesignated	(1,443)	-	-	(2,594)	-	-	1,914,555
Total fund balances (deficit)	<u>(1,443)</u>	<u>64,017</u>	<u>53,730</u>	<u>(2,594)</u>	<u>568</u>	<u>71,177</u>	<u>2,111,976</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 64,017</u>	<u>\$ 53,730</u>	<u>\$ 38,960</u>	<u>\$ 568</u>	<u>\$ 71,177</u>	<u>\$ 3,257,109</u>

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2009

	Capital Projects Funds								
	Police Renovations	Capital Reserve	Wolfe Park Improvements	Monroe Elementary Roofs	Chalk Hill Roofs	Chalk Hill Asbestos Removal	School Renovations	Board of Education Technology Improvements	Hay Street Drainage
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	-	75,403	120,531	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Due from other funds	-	516,410	163,107	317	4,143	-	1,160	18,688	-
Total assets	<u>\$ -</u>	<u>\$ 516,410</u>	<u>\$ 163,107</u>	<u>\$ 317</u>	<u>\$ 4,143</u>	<u>\$ 75,403</u>	<u>\$ 121,691</u>	<u>\$ 18,688</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	\$ -	\$ 12,790	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	3,396	-	-	-	-	303,667	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-	-	-	-
Bond anticipation note payable	-	-	-	-	-	-	-	225,000	-
Total liabilities	<u>3,396</u>	<u>12,790</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>303,667</u>	<u>-</u>	<u>225,000</u>	<u>-</u>
Fund Balances (Deficit):									
Reserved for:									
Prepaid items	-	-	-	-	-	-	-	-	-
Trust purposes	-	-	-	-	-	-	-	-	-
Unreserved:									
Undesignated	(3,396)	503,620	153,107	317	4,143	(228,264)	121,691	(206,312)	-
Total fund balances (deficit)	<u>(3,396)</u>	<u>503,620</u>	<u>153,107</u>	<u>317</u>	<u>4,143</u>	<u>(228,264)</u>	<u>121,691</u>	<u>(206,312)</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 516,410</u>	<u>\$ 163,107</u>	<u>\$ 317</u>	<u>\$ 4,143</u>	<u>\$ 75,403</u>	<u>\$ 121,691</u>	<u>\$ 18,688</u>	<u>\$ -</u>

**TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
JUNE 30, 2009**

	Capital Projects Funds									
	Open Space Acquisitions	Clean Water Forest Road	Town Wide Telephone System	Pequonnock Valley Rail Trail	Masuk Renovations	Town Hall Air Conditioning	Monroe Public Library	Radio Project	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 688,021
Investments	-	-	-	-	-	-	-	-	-	64,017
Grants and contracts receivable	-	-	-	-	-	-	-	-	195,934	383,988
Accounts receivable	-	-	-	-	-	-	120,674	-	120,674	654,247
Prepaid items	-	-	-	-	-	-	-	-	-	7,929
Due from other funds	-	22,544	395	-	-	-	-	480,141	1,206,905	2,982,420
Total assets	<u>\$ -</u>	<u>\$ 22,544</u>	<u>\$ 395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,674</u>	<u>\$ 480,141</u>	<u>\$ 1,523,513</u>	<u>\$ 4,780,622</u>
LIABILITIES AND FUND BALANCES (DEFICIT)										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 21,276	\$ -	\$ -	\$ -	\$ 44,066	\$ 354,587
Due to other funds	30,889	-	-	-	605,791	23,320	77,806	-	1,044,869	1,691,023
Unearned/deferred revenue	-	-	-	-	147,559	-	-	-	147,559	336,017
Bond anticipation note payable	-	-	-	-	-	-	-	-	225,000	225,000
Total liabilities	<u>30,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>774,626</u>	<u>23,320</u>	<u>77,806</u>	<u>-</u>	<u>1,461,494</u>	<u>2,606,627</u>
Fund Balances (Deficit):										
Reserved for:										
Prepaid items	-	-	-	-	-	-	-	-	-	7,929
Trust purposes	-	-	-	-	-	-	-	-	-	189,492
Unreserved:										
Undesignated	(30,889)	22,544	395	-	(774,626)	(23,320)	42,868	480,141	62,019	1,976,574
Total fund balances (deficit)	<u>(30,889)</u>	<u>22,544</u>	<u>395</u>	<u>-</u>	<u>(774,626)</u>	<u>(23,320)</u>	<u>42,868</u>	<u>480,141</u>	<u>62,019</u>	<u>2,173,995</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 22,544</u>	<u>\$ 395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,674</u>	<u>\$ 480,141</u>	<u>\$ 1,523,513</u>	<u>\$ 4,780,622</u>

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds						
	DEP Water Supply	Rails To Trails	Library Grants	School Cafeteria	Educational Grants	WMNR Radio Station	Seized Assets
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 5,594	\$ 225,938	\$ 1,763,404	\$ -	\$ -
Charges for services	-	-	-	1,141,411	-	651,576	-
Investment earnings	-	-	-	455	-	-	-
Miscellaneous	-	-	-	-	53,987	-	5,741
Total revenues	<u>-</u>	<u>-</u>	<u>5,594</u>	<u>1,367,804</u>	<u>1,817,391</u>	<u>651,576</u>	<u>5,741</u>
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	-	-
Public works	-	20	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	5,594	-	-	632,844	-
Education	-	-	-	1,378,523	1,718,130	-	-
Miscellaneous	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Debt service:							
Interest and fiscal charges	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>20</u>	<u>5,594</u>	<u>1,378,523</u>	<u>1,718,130</u>	<u>632,844</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	(20)	-	(10,719)	99,261	18,732	5,741
OTHER FINANCING SOURCES (USES)							
Proceeds from general obligations bonds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(790,931)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(790,931)</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	-	(20)	-	(10,719)	(691,670)	18,732	5,741
Fund balances (deficit) - beginning	<u>(1,358)</u>	<u>(66,054)</u>	<u>(6,060)</u>	<u>130,323</u>	<u>696,906</u>	<u>361,208</u>	<u>(3,085)</u>
Fund balances (deficit) - ending	<u>\$ (1,358)</u>	<u>\$ (66,074)</u>	<u>\$ (6,060)</u>	<u>\$ 119,604</u>	<u>\$ 5,236</u>	<u>\$ 379,940</u>	<u>\$ 2,656</u>

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds						
	Board of Education Contra	Police Grants	Miscellaneous Donations	Miscellaneous Grants and Programs	Exchange Programs	Waste Disposal	Police Private Duty
	REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 23,282	\$ -	\$ -	\$ -
Charges for services	1,301,679	-	-	3,450	-	911,591	458,676
Investment earnings	-	-	-	-	-	-	-
Miscellaneous	-	12,297	17,757	72,702	105,267	-	-
Total revenues	<u>1,301,679</u>	<u>12,297</u>	<u>17,757</u>	<u>99,434</u>	<u>105,267</u>	<u>911,591</u>	<u>458,676</u>
EXPENDITURES							
Current:							
Public safety	-	7,510	-	-	58,767	-	372,288
Public works	-	-	-	-	4,706	834,071	-
Health and welfare	-	-	-	-	16,727	-	-
Culture and recreation	-	-	16,315	63,119	13,016	-	-
Education	1,264,668	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Debt service:							
Interest and fiscal charges	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Total expenditures	<u>1,264,668</u>	<u>7,510</u>	<u>16,315</u>	<u>63,119</u>	<u>93,216</u>	<u>834,071</u>	<u>372,288</u>
Excess (deficiency) of revenues over expenditures	37,011	4,787	1,442	36,315	12,051	77,520	86,388
OTHER FINANCING SOURCES (USES)							
Proceeds from general obligations bonds	-	-	-	-	-	-	-
Transfers in	-	-	-	83,326	-	-	-
Transfers out	-	-	-	-	-	-	(45,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,326</u>	<u>-</u>	<u>-</u>	<u>(45,000)</u>
Net change in fund balances (deficit)	37,011	4,787	1,442	119,641	12,051	77,520	41,388
Fund balances (deficit) - beginning	<u>979,508</u>	<u>14,265</u>	<u>64,867</u>	<u>31,839</u>	<u>98,768</u>	<u>(359,403)</u>	<u>(4,888)</u>
Fund balances (deficit) - ending	<u>\$ 1,016,519</u>	<u>\$ 19,052</u>	<u>\$ 66,309</u>	<u>\$ 151,480</u>	<u>\$ 110,819</u>	<u>\$ (281,883)</u>	<u>\$ 36,500</u>

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds						
	Fire Protection Services	Recreation Programs	Senior Citizens Program	EMS Intercept	Canine	Local Capital Improvement Program	
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,652	\$ 298,459
Charges for services	-	229,205	33,718	487,626	12,233	-	-
Investment earnings	-	-	-	-	-	-	-
Miscellaneous	9	-	-	-	-	10,302	-
Total revenues	<u>9</u>	<u>229,205</u>	<u>33,718</u>	<u>487,626</u>	<u>12,233</u>	<u>13,954</u>	<u>298,459</u>
EXPENDITURES							
Current:							
Public safety	-	-	-	534,023	-	-	-
Public works	-	-	-	-	-	-	426,336
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	201,238	34,475	-	-	-	-
Education	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	33,803	-
Capital outlays	-	-	-	-	-	3,652	-
Debt service:							
Interest and fiscal charges	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>201,238</u>	<u>34,475</u>	<u>534,023</u>	<u>-</u>	<u>37,455</u>	<u>426,336</u>
Excess (deficiency) of revenues over expenditures	9	27,967	(757)	(46,397)	12,233	(23,501)	(127,877)
OTHER FINANCING SOURCES (USES)							
Proceeds from general obligations bonds	-	-	-	-	-	-	-
Transfers in	-	-	-	30,000	-	67,098	-
Transfers out	-	-	-	-	(40,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>(40,000)</u>	<u>67,098</u>	<u>-</u>
Net change in fund balances (deficit)	9	27,967	(757)	(16,397)	(27,767)	43,597	(127,877)
Fund balances (deficit) - beginning	<u>(9)</u>	<u>39,089</u>	<u>(418)</u>	<u>(10,842)</u>	<u>80,928</u>	<u>17,310</u>	<u>348,948</u>
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ 67,056</u>	<u>\$ (1,175)</u>	<u>\$ (27,239)</u>	<u>\$ 53,161</u>	<u>\$ 60,907</u>	<u>\$ 221,071</u>

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds					Total Nonmajor Special Revenue Funds	
	Master Plan of Development	Scholarships	Flexible Spending Plan	Senior Center	Wheeler Library Trust		Cornelia Rogers Trust
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ 17,776	\$ -	\$ -	\$ 2,338,105
Charges for services	-	-	167,892	-	-	-	5,399,057
Investment earnings	-	1,117	-	-	-	684	2,256
Miscellaneous	-	25	-	8,971	-	-	287,058
Total revenues	<u>-</u>	<u>1,142</u>	<u>167,892</u>	<u>26,747</u>	<u>-</u>	<u>684</u>	<u>8,026,476</u>
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	-	972,588
Public works	-	-	-	-	-	-	1,265,133
Health and welfare	-	-	-	-	-	-	16,727
Culture and recreation	-	-	-	26,193	-	-	992,794
Education	-	8,000	166,822	-	-	-	4,536,143
Miscellaneous	-	-	-	-	-	-	33,803
Capital outlays	-	-	-	-	-	-	3,652
Debt service:							
Interest and fiscal charges	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>8,000</u>	<u>166,822</u>	<u>26,193</u>	<u>-</u>	<u>-</u>	<u>7,820,840</u>
Excess (deficiency) of revenues over expenditures	-	(6,858)	1,070	554	-	684	205,636
OTHER FINANCING SOURCES (USES)							
Proceeds from general obligations bonds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	180,424
Transfers out	-	-	-	-	-	-	(875,931)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(695,507)</u>
Net change in fund balances (deficit)	-	(6,858)	1,070	554	-	684	(489,871)
Fund balances (deficit) - beginning	<u>(1,443)</u>	<u>70,875</u>	<u>52,660</u>	<u>(3,148)</u>	<u>568</u>	<u>70,493</u>	<u>2,601,847</u>
Fund balances (deficit) - ending	<u>\$ (1,443)</u>	<u>\$ 64,017</u>	<u>\$ 53,730</u>	<u>\$ (2,594)</u>	<u>\$ 568</u>	<u>\$ 71,177</u>	<u>\$ 2,111,976</u>

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2009

	Capital Projects Funds								
	Police Renovations	Capital Reserve	Wolfe Park Improvements	Monroe Elementary Roofs	Chalk Hill Roofs	Chalk Hill Asbestos Removal	School Renovations	Board of Education Technology Improvements	Hay Street Drainage
REVENUES									
Intergovernmental	\$ -	\$ 131,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	25,952	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>157,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES									
Current:									
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	26,838	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Capital outlays	-	1,108,253	-	-	-	-	-	-	-
Debt service:									
Interest and fiscal charges	-	-	-	-	-	-	11,053	-	-
Bond issuance costs	142	590	-	-	-	-	-	-	-
Total expenditures	<u>142</u>	<u>1,108,843</u>	<u>26,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,053</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(142)	(951,048)	(26,838)	-	-	-	(11,053)	-	-
OTHER FINANCING SOURCES (USES)									
Proceeds from general obligations bonds	230,000	955,000	-	-	-	-	-	-	-
Transfers in	-	100,000	-	-	-	-	240,353	-	-
Transfers out	-	(92,256)	-	-	-	-	-	-	(14,144)
Total other financing sources (uses)	<u>230,000</u>	<u>962,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,353</u>	<u>-</u>	<u>(14,144)</u>
Net change in fund balances (deficit)	229,858	11,696	(26,838)	-	-	-	229,300	-	(14,144)
Fund balances (deficit) - beginning	(233,254)	491,924	179,945	317	4,143	(228,264)	121,691	(435,612)	14,144
Fund balances (deficit) - ending	<u>\$ (3,396)</u>	<u>\$ 503,620</u>	<u>\$ 153,107</u>	<u>\$ 317</u>	<u>\$ 4,143</u>	<u>\$ (228,264)</u>	<u>\$ 121,691</u>	<u>\$ (206,312)</u>	<u>\$ -</u>

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
FOR THE YEAR ENDED JUNE 30, 2009

	Capital Projects Funds							Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds	
	Open Space Acquisitions	Clean Water Forest Road	Town Wide Telephone System	Pequonnock Valley Rail Trail	Masuk Renovations	Town Hall Air Conditioning	Monroe Public Library			Radio Project
REVENUES										
Intergovernmental	\$ -	\$ -	\$ -	\$ 30,482	\$ -	\$ -	\$ 500,000	\$ -	\$ 662,325	\$ 3,000,430
Charges for services	-	-	-	-	-	-	-	-	25,952	5,425,009
Investment earnings	-	-	-	-	-	-	186	-	186	2,442
Miscellaneous	-	-	-	-	-	-	-	-	-	287,058
Total revenues	-	-	-	30,482	-	-	500,186	-	688,463	8,714,939
EXPENDITURES										
Current:										
Public safety	-	-	-	-	-	-	-	-	-	972,588
Public works	-	-	-	-	-	-	-	-	-	1,265,133
Health and welfare	-	-	-	-	-	-	-	-	-	16,727
Culture and recreation	-	-	-	-	-	-	-	-	26,838	1,019,632
Education	-	-	-	-	-	-	-	-	-	4,536,143
Miscellaneous	-	-	-	-	-	-	-	-	-	33,803
Capital outlays	-	-	-	28,547	-	-	30,843	1,450,551	2,618,194	2,621,846
Debt service:										
Interest and fiscal charges	-	-	-	-	-	-	-	-	11,053	11,053
Bond issuance costs	-	-	-	-	547	-	495	54,308	56,082	56,082
Total expenditures	-	-	-	28,547	547	-	31,338	1,504,859	2,712,167	10,533,007
Excess (deficiency) of revenues over expenditures	-	-	-	1,935	(547)	-	468,848	(1,504,859)	(2,023,704)	(1,818,068)
OTHER FINANCING SOURCES (USES)										
Proceeds from general obligations bonds	-	-	-	-	885,000	-	800,000	1,985,000	4,855,000	4,855,000
Transfers in	-	-	-	-	-	-	-	-	340,353	520,777
Transfers out	-	-	-	-	-	-	-	-	(106,400)	(982,331)
Total other financing sources (uses)	-	-	-	-	885,000	-	800,000	1,985,000	5,088,953	4,393,446
Net change in fund balances (deficit)	-	-	-	1,935	884,453	-	1,268,848	480,141	3,065,249	2,575,378
Fund balances (deficit) - beginning	(30,889)	22,544	395	(1,935)	(1,659,079)	(23,320)	(1,225,980)	-	(3,003,230)	(401,383)
Fund balances (deficit) - ending	\$ (30,889)	\$ 22,544	\$ 395	\$ -	\$ (774,626)	\$ (23,320)	\$ 42,868	\$ 480,141	\$ 62,019	\$ 2,173,995

**TOWN OF MONROE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	Fund Balance (Deficit) July 1, 2008	Revenues	Expenditures	Transfers In	Transfers Out, Net	Other Financing Sources (Uses), Net	Fund Balance (Deficit) June 30, 2009
Food Pantry	\$ 3,801	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,801
Library Gutter Seam Repairs	20,000	-	-	-	20,000	-	-
Masuk Roof Reserve	96,087	-	-	-	44,220	-	51,867
Dump Truck	(1,610)	-	-	-	(1,610)	-	-
Annex Door Replacement	29,692	-	5,250	-	24,442	-	-
HVAC Restoration	(1,388)	-	-	-	(1,388)	-	-
Jockey Hollow Fire Station HVAC	-	-	49,429	-	-	55,000	5,571
Air Handler Replacement	(901)	-	-	-	(901)	-	-
PW Equipment and Vehicles	1,104	-	708,965	-	1,104	900,000	191,035
Tree Planting	5,428	-	-	-	-	-	5,428
Masuk Oil Release	(1,800)	-	(1,799)	-	(2)	-	1
Open Space	16,000	-	-	-	-	-	16,000
Dugas Farm	30,000	-	-	-	-	-	30,000
Monroe Investment Group	(9,691)	-	-	-	-	-	(9,691)
Data Processing	3,073	-	-	-	3,073	-	-
Reserve Mercury Spill	809	-	-	-	809	-	-
Police Vehicles	3,274	-	-	-	-	-	3,274
Police Garage Renovations	(630)	-	-	-	(630)	-	-
Czupkowski Clean-up	12,153	-	-	-	12,153	-	-
EMS	83,304	-	80,000	30,000	-	-	33,304
Revaluation	40,531	-	108,613	70,000	-	-	1,918
FH - Sidewalk Replacement	(15,025)	-	-	-	(15,025)	-	-
Board of Education Maintenance Reserve	162,866	-	-	-	-	-	162,866
Board of Education Data Processing	8,835	-	-	-	-	-	8,835
Board of Education Elevators	-	131,843	131,843	-	-	-	-
Masuk Fire Damage	12	-	-	-	11	-	1
Stepney Ladder Truck	-	23,002	23,002	-	-	-	-
Nature trail improvement	-	2,950	2,950	-	-	-	-
Interest and fiscal charges	-	-	590	-	-	-	(590)
Vehicles	6,000	-	-	-	6,000	-	-
Total	\$ 491,924	\$ 157,795	\$ 1,108,843	\$ 100,000	\$ 92,256	\$ 955,000	\$ 503,620

**TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009**

	Governmental Activities - Internal Service Funds				Total
	Town Dental	Board of Education Medical and Dental	Heart and Hypertension	Post Retirement Medical Benefits	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ -	\$ 371,508	\$ -	\$ -	\$ 371,508
Due from other funds	32,531	427,634	473,217	150,960	1,084,342
Total assets	<u>32,531</u>	<u>799,142</u>	<u>473,217</u>	<u>150,960</u>	<u>1,455,850</u>
LIABILITIES					
Current liabilities:					
Accounts payable	-	90,098	-	-	90,098
Risk management claims	9,104	508,757	31,787	-	549,648
Other liabilities:					
Risk management claims, less current portion	-	-	528,833	-	528,833
Total liabilities	<u>9,104</u>	<u>598,855</u>	<u>560,620</u>	<u>-</u>	<u>1,168,579</u>
NET ASSETS (DEFICIT)					
Unrestricted (deficit)	23,427	200,287	(87,403)	150,960	287,271
Total net assets (deficit)	<u>\$ 23,427</u>	<u>\$ 200,287</u>	<u>\$ (87,403)</u>	<u>\$ 150,960</u>	<u>\$ 287,271</u>

**TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	Governmental Activities - Internal Service Funds				Total
	Town Dental	Board of Education Medical and Dental	Heart and Hypertension	Post Retirement Medical Benefits	
OPERATING REVENUES					
Employer contributions	\$ 20,221	\$ 5,265,038	\$ -	\$ 17,153	\$ 5,302,412
Charges for services	46,832	1,680,072	85,759	-	1,812,663
Total operating revenues	<u>67,053</u>	<u>6,945,110</u>	<u>85,759</u>	<u>17,153</u>	<u>7,115,075</u>
OPERATING EXPENSES					
Claims and benefits	64,596	6,267,662	108,340	-	6,440,598
Premiums and administrative charges	5,317	819,022	-	-	824,339
Total operating expenses	<u>69,913</u>	<u>7,086,684</u>	<u>108,340</u>	<u>-</u>	<u>7,264,937</u>
Operating income (loss)	(2,860)	(141,574)	(22,581)	17,153	(149,862)
NON-OPERATING REVENUES					
Investment income	-	9,632	-	-	9,632
Total non-operating revenues	<u>-</u>	<u>9,632</u>	<u>-</u>	<u>-</u>	<u>9,632</u>
Income (loss) before transfers in	(2,860)	(131,942)	(22,581)	17,153	(140,230)
Transfers in	<u>-</u>	<u>427,634</u>	<u>-</u>	<u>-</u>	<u>427,634</u>
Change in net assets (deficit)	(2,860)	295,692	(22,581)	17,153	287,404
Net assets (deficit) - beginning	<u>26,287</u>	<u>(95,405)</u>	<u>(64,822)</u>	<u>133,807</u>	<u>(133)</u>
Net assets (deficit) - ending	<u>\$ 23,427</u>	<u>\$ 200,287</u>	<u>\$ (87,403)</u>	<u>\$ 150,960</u>	<u>\$ 287,271</u>

**TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	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	\$ 20,221	\$ 5,265,038	\$ -	\$ -	\$ 5,285,259
Receipts from charges for services	46,832	1,680,072	111,711	-	1,838,615
Payments to employees, vendors and others	(67,053)	(7,838,623)	(111,711)	-	(8,017,387)
Net cash used in operating activities	<u>-</u>	<u>(893,513)</u>	<u>-</u>	<u>-</u>	<u>(893,513)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Increase in due from other funds	-	(427,634)	-	-	(427,634)
Transfers in	-	427,634	-	-	427,634
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	-	9,632	-	-	9,632
Net cash provided by investing activities	<u>-</u>	<u>9,632</u>	<u>-</u>	<u>-</u>	<u>9,632</u>
Net decrease in cash and cash equivalents	-	(883,881)	-	-	(883,881)
Cash and cash equivalents, beginning of year	-	1,255,389	-	-	1,255,389
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 371,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,508</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES:					
Operating income (loss)	\$ (2,860)	\$ (141,574)	\$ (22,581)	\$ 17,153	\$ (149,862)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:					
Decrease (increase) in assets:					
Due from other funds	-	-	25,952	(17,153)	8,799
(Decrease) increase in liabilities:					
Accounts payable	-	90,098	-	-	90,098
Risk management claims	2,860	(842,037)	(3,371)	-	(842,548)
Net cash used in operating activities	<u>\$ -</u>	<u>\$ (893,513)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (893,513)</u>

*Fiduciary
Funds*

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2009

	Performance and Driveway	Student Activity Fund	Total Agency Funds
ASSETS			
Cash	\$ 524,998	\$ 387,509	\$ 912,507
Total assets	<u>\$ 524,998</u>	<u>\$ 387,509</u>	<u>\$ 912,507</u>
LIABILITIES			
Due to student groups	\$ -	\$ 387,509	\$ 387,509
Deposits	524,998	-	524,998
Total liabilities	<u>\$ 524,998</u>	<u>\$ 387,509</u>	<u>\$ 912,507</u>

**TOWN OF MONROE, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Balance, July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2009</u>
Student Activity Fund				
Assets				
Cash	\$ 368,231	\$ 1,083,770	\$ 1,064,492	\$ 387,509
Total assets	<u>\$ 368,231</u>	<u>\$ 1,083,770</u>	<u>\$ 1,064,492</u>	<u>\$ 387,509</u>
Liabilities				
Due to student groups	\$ 368,231	\$ 1,083,770	\$ 1,064,492	\$ 387,509
Total liabilities	<u>\$ 368,231</u>	<u>\$ 1,083,770</u>	<u>\$ 1,064,492</u>	<u>\$ 387,509</u>
Performance and Driveway Fund				
Assets				
Cash	\$ 448,004	\$ 219,257	\$ 142,263	\$ 524,998
Total assets	<u>\$ 448,004</u>	<u>\$ 219,257</u>	<u>\$ 142,263</u>	<u>\$ 524,998</u>
Liabilities				
Deposits	\$ 448,004	\$ 219,257	\$ 142,263	\$ 524,998
Total liabilities	<u>\$ 448,004</u>	<u>\$ 219,257</u>	<u>\$ 142,263</u>	<u>\$ 524,998</u>
Total All Funds				
Assets				
Cash	\$ 816,235	\$ 1,303,027	\$ 1,206,755	\$ 912,507
Total assets	<u>\$ 816,235</u>	<u>\$ 1,303,027</u>	<u>\$ 1,206,755</u>	<u>\$ 912,507</u>
Liabilities				
Due to student groups	\$ 368,231	\$ 1,083,770	\$ 1,064,492	\$ 387,509
Deposits	448,004	219,257	142,263	524,998
Total liabilities	<u>\$ 816,235</u>	<u>\$ 1,303,027</u>	<u>\$ 1,206,755</u>	<u>\$ 912,507</u>

**Other
Supplemental
Information**

Table 1

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

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>PUBLIC WORKS</u>	<u>HEALTH AND WELFARE</u>	<u>CULTURE AND RECREATION</u>	<u>EDUCATION</u>	<u>MISCELLANEOUS</u>	<u>INTEREST ON LONG-TERM DEBT</u>	<u>TOTAL</u>
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
2007	5,657,806	6,056,071	5,528,652	193,464	2,580,348	55,606,452	31,020	2,122,209	77,776,022
2006	5,269,542	5,873,094	3,852,069	187,065	2,149,895	51,237,702	-	2,191,498	70,760,865
2005	5,135,876	5,309,565	3,765,809	222,773	2,066,925	46,480,853	-	1,955,028	64,936,829

Table 2

**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	
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
2007	9,594,820	11,329,908	795,052	54,059,439	581,752	874,105	-	77,235,076
2006	8,871,384	10,958,062	798,366	49,224,608	508,431	609,701	-	70,970,552
2005	6,961,027	9,578,451	2,248,924	46,088,768	558,028	379,567	71,004	65,885,769

Table 3

**TOWN OF MONROE, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS -
LAST TEN FISCAL YEARS**

(Unaudited)

FISCAL YEAR ENDED JUNE 30	GRAND LIST OF OCTOBER 1	(1) NET TAXABLE GRAND LIST	TAX RATE (IN MILLS)	TOTAL ADJUSTED TAX LEVY	(2) % COLLECTED END OF EACH FISCAL YEAR	UNCOLLECTED END OF EACH FISCAL YEAR	UNCOLLECTED AS OF JUNE 30 , 2009
2009	2007	\$ 2,116,304,857	28.68	\$ 60,656,250	99.0%	\$ 601,302	\$ 601,302
2008	2006	2,095,924,088	27.42	57,583,056	99.1	568,842	149,497
2007	2005	2,068,914,417	26.08	53,915,213	99.3	371,688	52,206
2006	2004	2,037,563,974	24.05	49,057,616	99.2	355,202	50,616
2005	2003	2,011,956,369	22.88	45,912,450	99.4	294,991	3,202
2004	2002	1,433,022,598	30.58	44,005,037	99.0	425,159	3,188
2003	2001	1,417,383,475	29.34	41,844,528	98.8	512,292	3,530
2002	2000	1,391,895,221	27.95	39,220,214	98.5	570,352	2,712
2001	1999	1,367,749,220	26.53	36,509,004	98.2	666,506	2,550
2000	1998	1,356,469,810	25.35	34,543,709	98.7	499,859	2,653

(1) The latest statistical revaluation was effective October 1, 2003. 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 physical revaluation was October 1, 1999.

(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 liened 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

Table 4

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

<u>GRAND LIST DATED</u>	<u>RESIDENTIAL PROPERTY</u>	<u>COMMERCIAL/ INDUSTRIAL PROPERTY</u>	<u>ALL LAND</u>	<u>MOTOR VEHICLES</u>	<u>PERSONAL PROPERTY</u>	<u>GROSS TAXABLE GRAND LIST</u>	<u>EXEMPTIONS</u>	<u>NET TAXABLE (1) GRAND LIST</u>
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
10/1/2000	1,073,201,840	92,080,940	47,407,950	131,376,451	56,924,200	1,400,991,381	9,096,160	1,391,895,221
10/1/1999	1,054,998,760	90,435,700	50,814,360	123,762,910	56,816,860	1,376,828,590	9,079,370	1,367,749,220
10/1/1998	1,062,259,630	108,923,830	31,160,110	113,860,150	50,564,640	1,366,768,360	10,298,550	1,356,469,810

(1) The latest revaluation was effective October 1, 2003.

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)

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>POPULATION</u>	<u>ASSESSED VALUE</u>	<u>DIRECT NET BONDED DEBT</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
2009	19,359 (2)	\$ 3,755,749,692 (4)	\$ 41,868,226	1.11	\$ 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
2002	19,247 (2)	1,944,171,843 (3)	21,882,496	1.13	1,137
2001	19,249 (2)	1,889,506,656 (3)	15,442,904	0.82	802
2000	18,013 (1)	1,882,028,461 (3)	14,046,425	0.75	780

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

(2) Connecticut Department of Health

(3) Estimated Equalized Net Grand List as developed by the State of Connecticut, Office of Policy and Management

(4) Estimated Equalized Net Grand List as developed by Town Officials

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)

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>POPULATION</u>	<u>ASSESSED VALUE</u>	<u>DIRECT GROSS INDEBTEDNESS</u>	<u>RATIO OF GROSS INDEBTEDNESS TO ASSESSED VALUE</u>	<u>GROSS INDEBTEDNESS PER CAPITA</u>
2009	19,359 (2)	\$ 3,755,749,692 (4)	\$ 45,290,000	1.21	\$ 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
2002	19,247 (2)	1,944,171,843 (3)	28,252,205	1.45	1,468
2001	19,249 (2)	1,889,506,656 (3)	22,489,340	1.19	1,168
2000	18,013 (1)	1,882,028,461 (3)	21,764,475	1.16	1,208

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

(2) Connecticut Department of Health

(3) Estimated Equalized Grand List as developed by the State of Connecticut, Office of Policy and Management

(4) Estimated Equalized Grand List as developed by Town Officials

TABLE 7

TOWN OF MONROE, CONNECTICUT
COMPUTATION OF NET DIRECT DEBT
JUNE 30, 2009
(Unaudited)

<u>DESCRIPTION</u>	<u>DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO TOWN</u>	<u>TOWN SHARE OF DEBT</u>
Current Bonded Debt:			
General purpose	\$ 15,192,892	100%	\$ 15,192,892
Schools	29,872,108	100%	29,872,108
Total Current Bonded Indebtedness			<u>45,065,000</u>
Direct Bonded Indebtedness			45,065,000
Short-term direct indebtedness			<u>225,000</u>
Gross direct indebtedness			45,290,000
Exclusion: State School Bond Reimbursement Receivable (1)			<u>(3,421,774)</u>
Total net direct indebtedness			<u><u>\$ 41,868,226</u></u>

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

Table 8

TOWN OF MONROE, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2009
(Unaudited)

Total cash collections for the year ended					
June 30, 2009:					
Taxes	\$	60,562,857			
Interest and lien fees		281,254			
Total		<u>60,844,111</u>			
Reimbursement for revenue loss:					
Tax relief for elderly freeze (CGS 12-129d)		2,000			
Base	\$	<u>60,846,111</u>			
		General		Urban	Pension
		Purposes	Schools	Renewal	Deficit
Debt limitation:					
2-1/4 times base	\$	136,903,750	\$ -	\$ -	\$ -
4-1/2 times base	-	-	273,807,500	-	-
3-3/4 times base	-	-	-	228,172,916	-
3-1/4 times base	-	-	-	-	197,749,861
3 times base	-	-	-	-	182,538,333
Total debt limitation		<u>136,903,750</u>	<u>273,807,500</u>	<u>228,172,916</u>	<u>197,749,861</u>
Indebtedness:					
Bonds payable		15,192,892	29,872,108	-	-
Debt authorized - unissued		3,378,000	825,505	-	-
Bond anticipation note payable		-	225,000	-	-
		<u>18,570,892</u>	<u>30,922,613</u>	<u>-</u>	<u>-</u>
Less: amounts to be provided by the state		-	3,421,774	-	-
Total indebtedness		<u>18,570,892</u>	<u>27,500,839</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	\$	<u>118,332,858</u>	<u>\$ 246,306,660</u>	<u>\$ 228,172,916</u>	<u>\$ 197,749,861</u>
Total capacity of borrowing (7 times base)	\$	425,922,777			
Total present indebtedness		46,071,731			
Margin for additional borrowing	\$	<u>379,851,046</u>			

Table 9

**TOWN OF MONROE, CONNECTICUT
TEN LARGEST PRINCIPAL TAXPAYERS
2007 GRAND LIST
(Unaudited)**

NAME OF TAXPAYER	NATURE OF BUSINESS	GRAND LIST AMOUNT (1)	ESTIMATED TAXES (2)
First Light Hydro Generating Co.	Utility	\$ 11,937,630	\$ 342,371
Swiss Army	Headquarters	7,807,002	223,905
Lake Zoar Properties, LLC	Real Estate	7,697,731	220,771
One Eleven Century Plaza LLC	Retail	7,127,330	204,412
CBL Inc.	Golf Course	6,240,112	178,966
Tartaglia/Salce LLC #1	Retail	5,140,860	147,440
Fifteen Eighty Five Monroe Turnpike	Lumber Co.	3,804,820	109,122
Monroe Land Holdings	Real Estate Day	3,761,650	107,884
Stepney, LLC	Retail	3,513,060	100,755
Village Square Inc.	Retail	3,445,860	98,827
Totals		<u>\$ 60,476,055</u>	<u>\$ 1,734,453</u>

(1) Represents 2.86% of the net taxable Grand List of \$2,116,304,857 dated October 1, 2007.

(2) Represents 2.93% of the adopted tax levy of \$59,173,859.

Source: Town Officials