

TOWN OF MONROE, CONNECTICUT
BASIC FINANCIAL STATEMENTS, SUPPLEMENTARY
INFORMATION AND INDEPENDENT AUDITOR'S
REPORTS

JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Honorable First Selectman and
Members of the Board of Finance
Town of Monroe, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Monroe, Connecticut (the "Town") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Monroe, Connecticut, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, the schedules of changes in net pension liability and contributions and investment returns on pages 53 and 54, the schedules of funding progress on page 55, and the budgetary comparison schedules on pages 56 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The introductory section on pages i through ii and other supplementary information on pages 86 through 93 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut
January 23, 2015

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, 2014.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$43,183,485 (net assets). Of this amount \$122,549 represents unrestricted net position.
- The Town's total net position increased by \$3,329,622 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 \$8,373,890, an increase of \$1,738,122 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$5,945,005 or 6.7% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 0.8 months of general fund operating expenditures.
- The Town's total long-term bonded debt decreased by \$750,000 or 1.8% during the current fiscal year due to the regularly scheduled principal payments offset by current year debt issuance.

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 position presents information on all of the Town's assets, deferred outflows of resources, and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

TOWN OF MONROE, CONNECTICUT

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

June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements

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

Governmental Funds

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

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

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

The basic governmental fund financial statements can be found on pages 15 - 19 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 these services predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 20 - 22 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 23 and 24 of this report.

TOWN OF MONROE, CONNECTICUT

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

June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 - 52 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 53 - 64 of this report.

Combining and individual fund statements and schedules and other supplementary information can be found on pages 65 - 93 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$43,183,485 and \$39,853,863 as of June 30, 2014 and 2013, respectively, and are summarized as follows:

	Total	
	2014	2013
Current and other assets	\$ 24,080,743	\$ 18,386,269
Capital assets	91,592,662	87,091,459
Total assets	<u>115,673,405</u>	<u>105,477,728</u>
Deferred outflows of resources	<u>866,006</u>	<u>943,329</u>
Other liabilities	10,842,075	5,977,475
Long-term liabilities	62,513,851	60,589,719
Total liabilities	<u>73,355,926</u>	<u>66,567,194</u>
Net position:		
Net investment in capital assets	42,870,105	43,366,732
Restricted	190,831	190,026
Unrestricted (deficit)	122,549	(3,702,895)
Total net position	<u>\$ 43,183,485</u>	<u>\$ 39,853,863</u>

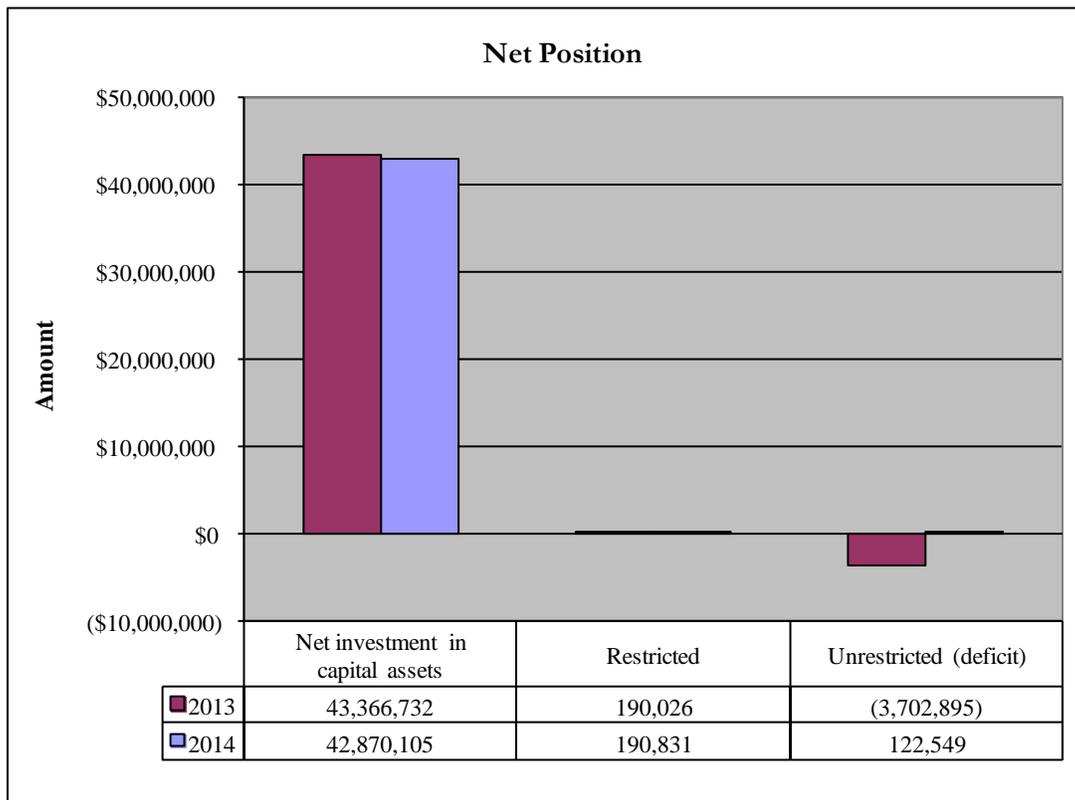
TOWN OF MONROE, CONNECTICUT

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

June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



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

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

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

Overall, net position increased by \$3,329,622 in comparison to the prior year.

TOWN OF MONROE, CONNECTICUTManagement's Discussion and Analysis (Unaudited) *(Continued)*

June 30, 2014

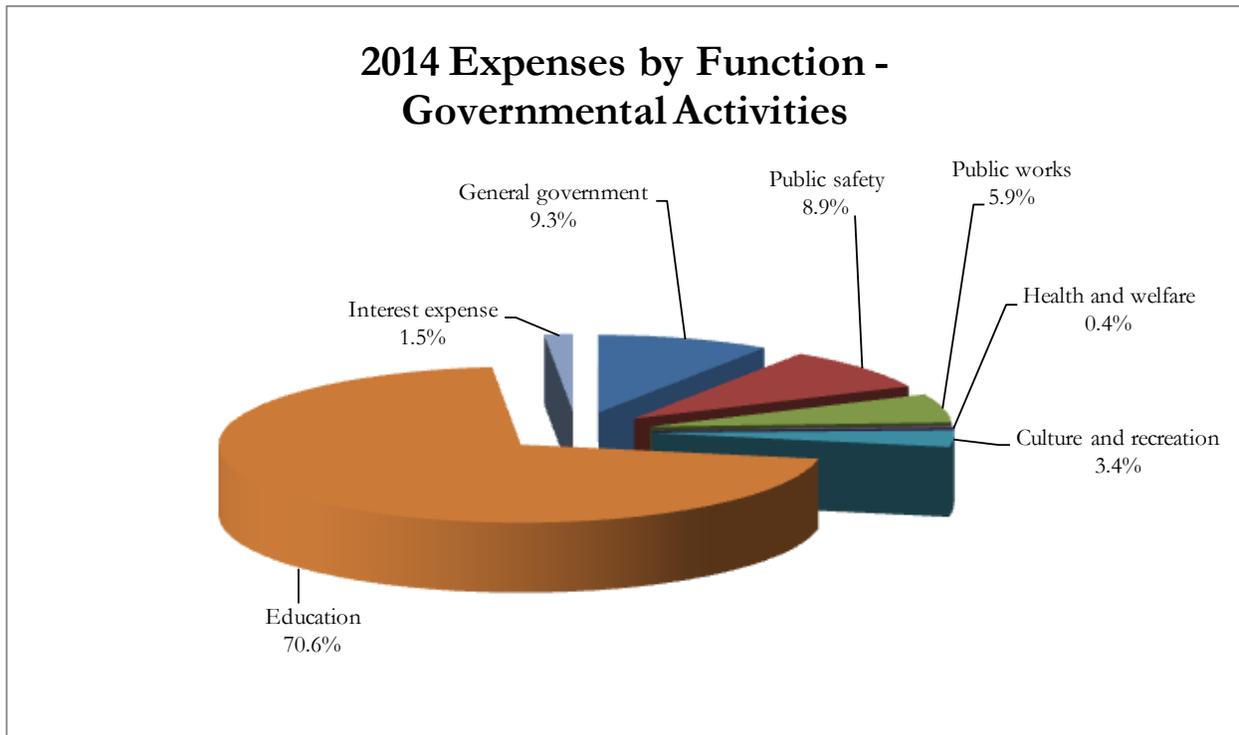
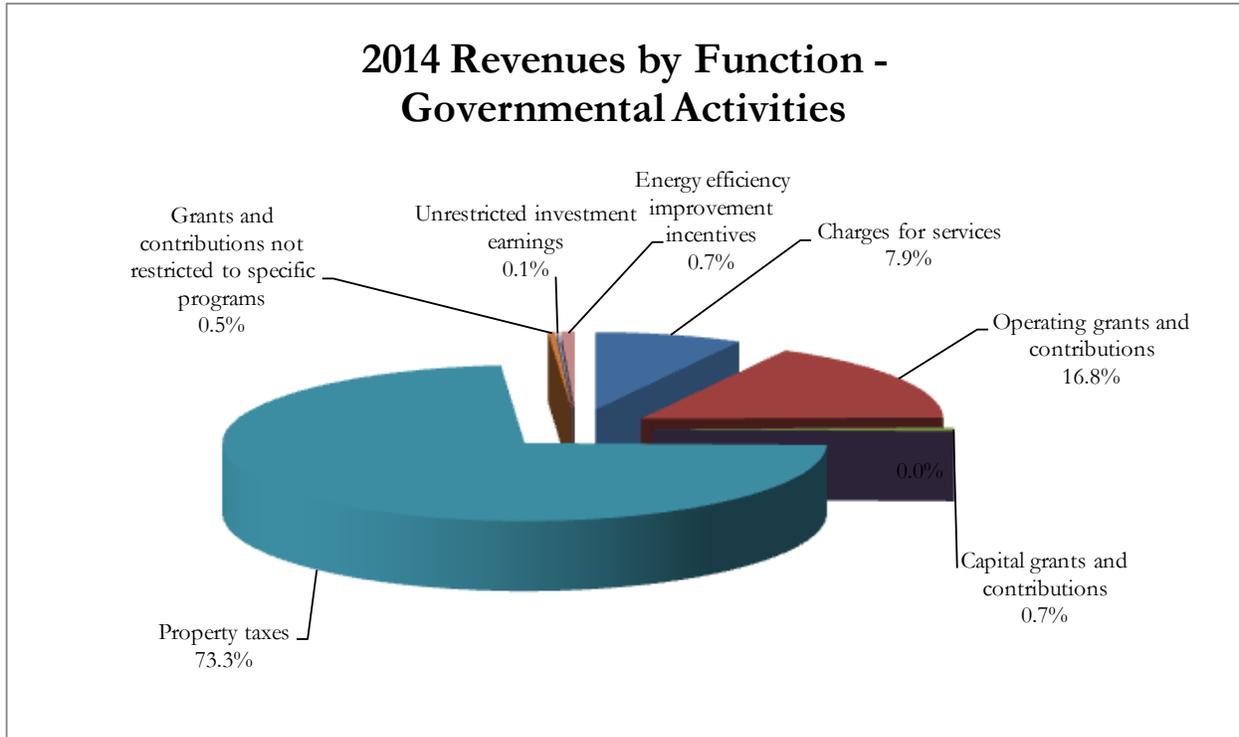
GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***Changes in Net Position**

Changes in net position for the years ended June 30, 2014 and 2013 are as follows:

	Total	
	2014	2013
Revenues		
Program revenues:		
Charges for services	\$ 7,577,679	\$ 8,404,917
Operating grants and contributions	16,089,649	14,682,527
Capital grants and contributions	662,887	708,284
General revenues:		
Property taxes	70,175,208	67,726,473
Grants and contributions not restricted to specific programs	370,374	527,634
Unrestricted investment earnings	125,872	80,527
Energy efficiency improvement incentives	706,185	-
Total revenues	<u>95,707,854</u>	<u>92,130,362</u>
Expenses		
General government	8,572,236	7,823,123
Public safety	8,209,708	8,278,987
Public works	5,494,186	4,683,225
Health and welfare	325,502	270,271
Culture and recreation	3,185,250	3,037,069
Education	65,177,110	65,191,283
Interest expense	1,414,240	1,367,013
Total expenses	<u>92,378,232</u>	<u>90,650,971</u>
Change in net position	3,329,622	1,479,391
Net position, beginning	<u>39,853,863</u>	<u>38,374,472</u>
Net position, ending	<u>\$ 43,183,485</u>	<u>\$ 39,853,863</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*



TOWN OF MONROE, CONNECTICUT

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

June 30, 2014

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,373,890, a increase of \$1,738,122 from the prior year.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,945,005. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 6.7% of total General Fund expenditures, while total fund balance represents 7.5% of the same amount. The fund balance of the General Fund increased \$919,722 during the current fiscal year.

Masuk and Fawn Hollow Roof Fund

The fund balance of the Masuk and Fawn Hollow Roof Fund decreased \$275,085 during the current fiscal year. This decrease was due to expenditures incurred during the renovation of the Masuk High School roof and Fawn Hollow Elementary School Roof. During the year the Town issued \$2,950,000 of bond anticipation notes to provide short-term financing for this project.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget for 2014 did not anticipate the utilization of fund balance to cover the excess of budgeted expenses over budgeted revenues. The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$967,300. Expenditures were \$554,019 less than budgeted and total budgetary revenues were \$723,228 higher than expected primarily due to a favorable variance in property taxes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2014 and 2013 totaled \$91,592,662 and \$87,091,459, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings, land improvements, vehicles, machinery and equipment, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was \$4,501,203 or 5.2%, comprised of the following:

- Current year additions of \$8,566,611, consisting of computer software, energy efficiency upgrades, school security projects, roof renovation projects and various other additions to machinery and equipment, vehicles, and construction in progress.
- Current year depreciation expense of \$4,065,408.

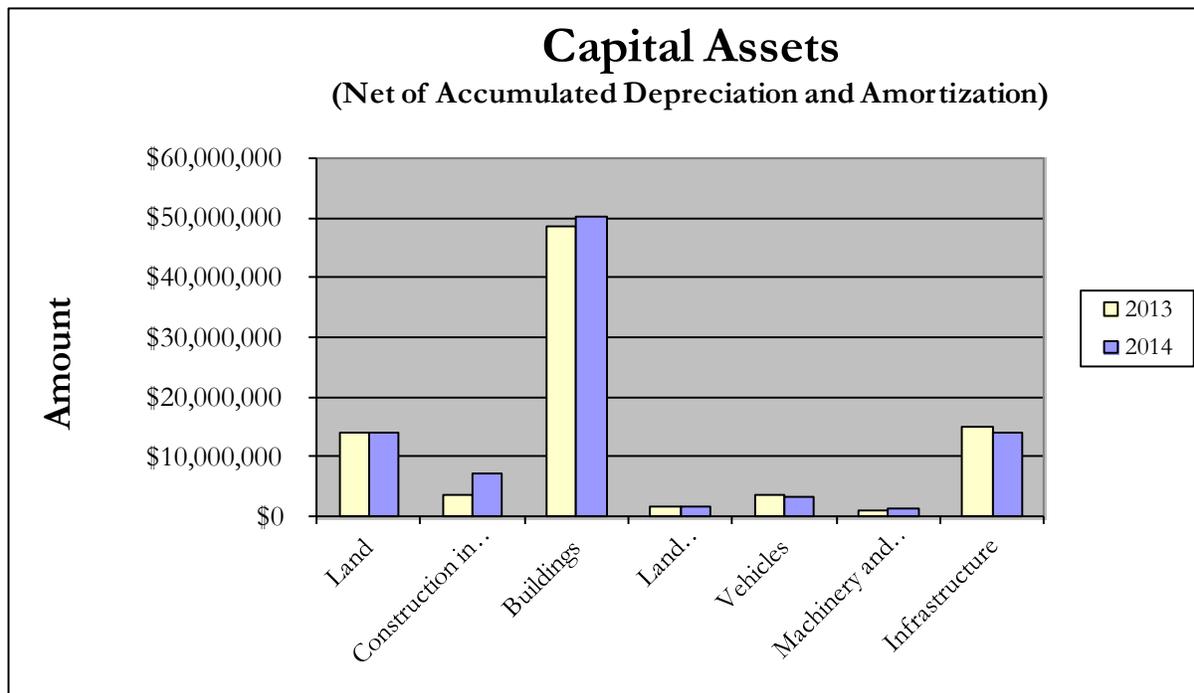
TOWN OF MONROE, CONNECTICUT

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

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

	Total	
	2014	2013
Land	\$ 13,922,971	\$ 13,922,971
Construction in progress	7,055,079	3,430,038
Buildings	50,250,084	48,541,204
Land improvements	1,698,720	1,791,990
Vehicles	3,193,521	3,530,925
Machinery and equipment	1,459,622	873,284
Infrastructure	14,012,665	15,001,047
Totals	<u>\$ 91,592,662</u>	<u>\$ 87,091,459</u>



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

TOWN OF MONROE, CONNECTICUT

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

June 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

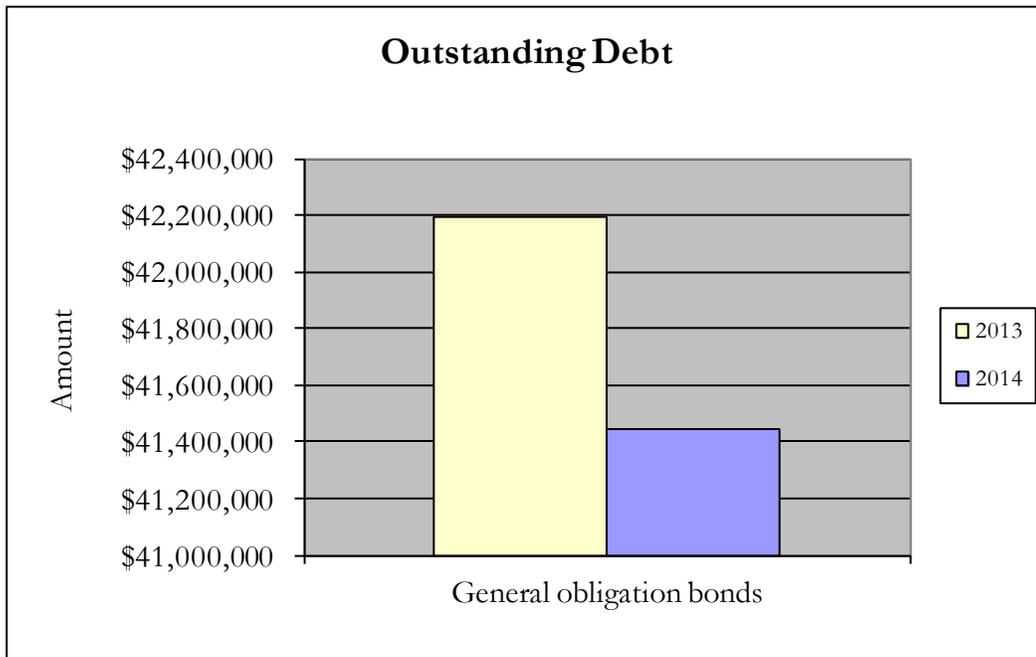
At the end of the current fiscal year, the Town had total bonded debt outstanding of \$41,445,000. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town’s total long-term bonded debt decreased by \$750,000 or 1.8% during the current fiscal year due to the regularly scheduled principal payments offset by current year debt issuance.

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

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$491,311,450 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	
	2014	2013
General obligation bonds	\$ 41,445,000	\$ 42,195,000



Additional information on the Town’s long-term debt can be found in Note H on pages 38 - 41 of this report.

TOWN OF MONROE, CONNECTICUT

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

June 30, 2014

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 5.7%. This compares favorably to the State's average unemployment rate of 6.7% and the national unemployment rate of 6.1%.
- 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 2014, 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 2015 and thereafter.

All of these factors were considered in preparing the Town's budget for fiscal year 2015.

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 POSITION
JUNE 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 16,984,085
Investments	3,204,417
Receivables:	
Property taxes receivable, net of allowance of \$96,000	926,573
Interest receivable, net of allowance of \$44,000	169,173
Grants and contracts receivable	985,967
Accounts receivable	787,769
Prepaid items	35,587
Grants and contracts receivable, long-term portion	987,172
Capital assets:	
Non-depreciable	20,978,050
Depreciable, net	70,614,612
Total assets	<u>115,673,405</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	<u>866,006</u>
 LIABILITIES	
Accounts payable	4,159,947
Accrued liabilities:	
Salaries and benefits payable	433,458
Accrued interest	230,972
Other accrued liabilities	2,338,174
Unearned revenue	729,524
Notes payable	2,950,000
Noncurrent liabilities:	
Due within one year	7,561,744
Due in more than one year	54,952,107
Total liabilities	<u>73,355,926</u>
 NET POSITION	
Net investment in capital assets	42,870,105
Restricted for:	
Trust purposes-expendable	71,474
Grant program purposes	119,357
Unrestricted	122,549
Total net position	<u>\$ 43,183,485</u>

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

TOWN OF MONROE, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 8,572,236	\$ 2,935,327	\$ 65,026	\$ -	\$ (5,571,883)
Public safety	8,209,708	893,263	456,541	-	(6,859,904)
Public works	5,494,186	587,700	-	306,353	(4,600,133)
Health and welfare	325,502	1,505	85,899	-	(238,098)
Culture and recreation	3,185,250	1,196,565	301,076	-	(1,687,609)
Education	65,177,110	1,963,319	15,181,107	356,534	(47,676,150)
Interest expense	1,414,240	-	-	-	(1,414,240)
Total governmental activities	<u>\$ 92,378,232</u>	<u>\$ 7,577,679</u>	<u>\$ 16,089,649</u>	<u>\$ 662,887</u>	<u>(68,048,017)</u>
General revenues:					
Property taxes					70,175,208
Grants and contributions not restricted to specific programs					370,374
Unrestricted investment earnings					125,872
Energy efficiency improvement incentives					706,185
Total general revenues					<u>71,377,639</u>
Change in net position					3,329,622
Net position - beginning					39,853,863
Net position - ending					<u>\$ 43,183,485</u>

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

TOWN OF MONROE, CONNECTICUT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2014

	General Fund	Masuk and Fawn Hollow Roof Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,980,946	\$ -	\$ 841,421	\$ 14,822,367
Investments	3,003,955	-	200,462	3,204,417
Receivables:				
Property taxes receivable, net of allowance for uncollectibles of \$96,000	926,573	-	-	926,573
Interest receivable, net of allowance for uncollectibles of \$44,000	169,173	-	-	169,173
Grants and contracts receivable	1,382,466	-	590,673	1,973,139
Accounts receivable	412,773	-	374,996	787,769
Prepaid items	34,269	-	1,318	35,587
Due from other funds	1,065,713	4,101,876	2,098,795	7,266,384
Total assets	<u>\$ 20,975,868</u>	<u>\$ 4,101,876</u>	<u>\$ 4,107,665</u>	<u>\$ 29,185,409</u>
LIABILITIES				
Accounts payable	\$ 2,314,697	\$ 1,426,961	\$ 415,449	\$ 4,157,107
Accrued liabilities:				
Salaries and benefits payable	433,458	-	-	433,458
Other accrued liabilities	2,338,174	-	-	2,338,174
Bond anticipation note payable	-	2,950,000	-	2,950,000
Due to other funds	6,710,247	-	1,074,563	7,784,810
Unearned revenue	88,574	-	640,950	729,524
Total liabilities	<u>11,885,150</u>	<u>4,376,961</u>	<u>2,130,962</u>	<u>18,393,073</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,035,980	-	-	1,035,980
Unavailable revenue - grants	1,382,466	-	-	1,382,466
	<u>2,418,446</u>	<u>-</u>	<u>-</u>	<u>2,418,446</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Prepaid items	34,269	-	1,318	35,587
Permanent fund principal	-	-	71,474	71,474
Restricted for:				
Public works	-	-	119,357	119,357
Committed to:				
Public safety	-	-	206,997	206,997
Culture and recreation	-	-	875,775	875,775
Education	-	-	431,570	431,570
Capital projects	-	-	706,354	706,354
Other purposes	-	-	330,788	330,788
Assigned to:				
Education	267,641	-	-	267,641
General government	50,699	-	-	50,699
Debt service	1,800	-	-	1,800
Capital projects	275,000	-	-	275,000
Revaluation	97,858	-	-	97,858
Unassigned	5,945,005	(275,085)	(766,930)	4,902,990
Total fund balances (deficits)	<u>6,672,272</u>	<u>(275,085)</u>	<u>1,976,703</u>	<u>8,373,890</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 20,975,868</u>	<u>\$ 4,101,876</u>	<u>\$ 4,107,665</u>	<u>\$ 29,185,409</u>

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

TOWN OF MONROE, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balances for governmental funds \$ 8,373,890

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

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

Land and improvements	\$ 16,554,179	
Construction in progress	7,055,079	
Buildings and improvements	96,138,518	
Vehicles	10,467,893	
Machinery and equipment	10,333,655	
Infrastructure	68,660,087	
Less accumulated depreciation and amortization	<u>(117,616,749)</u>	
Total capital assets, net		91,592,662

Some of the Town's taxes and interest 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 inflows of resources in the funds. 1,035,980

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 inflows of resources in the funds. 1,382,466

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 position. 1,718,180

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 position.

Long-term debt:		
Bonds payable	(41,445,000)	
Unamortized premiums	(2,045,557)	
Unamortized deferred amount on refundings	866,006	
Obligations under capital lease	(3,148,006)	
Accrued interest payable	(230,972)	
Other long-term liabilities:		
Net OPEB obligation	(3,058,185)	
Net pension obligation	(784,059)	
Compensated absences	(2,438,037)	
Termination benefits	(7,601,444)	
Retired employee obligations	<u>(1,034,439)</u>	
Total long-term liabilities		<u>(60,919,693)</u>

Net position of governmental activities \$ 43,183,485

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

YEAR ENDED JUNE 30, 2014

	General Fund	Masuk and Fawn Hollow Roof Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 70,058,508	\$ -	\$ -	\$ 70,058,508
Intergovernmental revenues	14,609,179	-	2,507,068	17,116,247
Licenses, permits and other charges	577,616	-	-	577,616
Charges for services	259,965	-	4,433,010	4,692,975
Contributions	-	-	407,052	407,052
Investment earnings	120,855	-	4,012	124,867
Miscellaneous	214,265	-	89,370	303,635
Total revenues	<u>85,840,388</u>	<u>-</u>	<u>7,440,512</u>	<u>93,280,900</u>
EXPENDITURES				
Current:				
General government	8,359,920	-	2,112	8,362,032
Public safety	6,592,973	-	1,162,099	7,755,072
Public works	3,442,507	-	772,000	4,214,507
Health and welfare	232,826	-	92,921	325,747
Culture and recreation	1,457,543	-	1,380,986	2,838,529
Education	58,266,029	-	3,559,517	61,825,546
Capital outlays	4,262,062	1,974,923	1,309,822	7,546,807
Debt service:				
Principal payments	4,620,083	-	-	4,620,083
Interest and fiscal charges	1,432,689	-	-	1,432,689
Debt issuance costs	-	53,620	75,759	129,379
Total expenditures	<u>88,666,632</u>	<u>2,028,543</u>	<u>8,355,216</u>	<u>99,050,391</u>
Deficiency of revenues over expenditures	(2,826,244)	(2,028,543)	(914,704)	(5,769,491)
OTHER FINANCING SOURCES (USES)				
Premium on bond anticipation note issued	-	23,631	-	23,631
Proceeds from general obligation bonds issued	-	1,585,000	1,690,000	3,275,000
Premium on general obligation bonds issued	-	45,282	49,054	94,336
Proceeds from loan	3,097,019	-	-	3,097,019
Retirement of debt	(3,803,204)	-	-	(3,803,204)
Proceeds from energy rebate	706,185	-	-	706,185
Proceeds from capital lease	4,114,646	-	-	4,114,646
Transfers in	57,865	99,545	489,866	647,276
Transfers out	(426,545)	-	(220,731)	(647,276)
Total other financing sources (uses)	<u>3,745,966</u>	<u>1,753,458</u>	<u>2,008,189</u>	<u>7,507,613</u>
Net change in fund balances	919,722	(275,085)	1,093,485	1,738,122
Fund balances (deficits) - beginning	<u>5,752,550</u>	<u>-</u>	<u>883,218</u>	<u>6,635,768</u>
Fund balances (deficits) - ending	<u>\$ 6,672,272</u>	<u>\$ (275,085)</u>	<u>\$ 1,976,703</u>	<u>\$ 8,373,890</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
YEAR ENDED JUNE 30, 2014

Net change in fund balances (deficit) - total governmental funds \$ 1,738,122

Total change in net position 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 capital outlays exceeded depreciation and amortization in the current period is as follows:

Expenditures for capital assets	\$ 8,566,611	
Depreciation and amortization expense	<u>(4,065,408)</u>	
Net adjustment		4,501,203

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 position. (400,389)

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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The 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	(3,408,461)	
Bonds issued	(3,275,000)	
Premium on bonds issued	(94,336)	
Principal repayments:		
Bonds payable	4,025,000	
Obligations under capital lease	<u>595,083</u>	
Net adjustment		(2,157,714)
Amortization of bond premiums	187,207	
Amortization of deferred charge on refundings	<u>(77,323)</u>	

109,884
(Continued)

TOWN OF MONROE, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS TO THE STATE OF ACTIVITIES *(Continued)*

YEAR ENDED JUNE 30, 2014

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	\$	(35,124)	
Termination benefits		451,590	
Retired employee obligations		(447,687)	
Accrued interest		14,313	
Net OPEB obligation		(286,208)	
Net pension obligation		<u>(23,057)</u>	
	\$		(326,173)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in governmental funds. This amount represents the change in deferred inflows of resources.

116,700

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.

(252,011)

Change in net position of governmental activities

\$ 3,329,622

TOWN OF MONROE, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Governmental Activities
	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,161,718
Due from other funds	518,426
Total assets	<u>2,680,144</u>
LIABILITIES	
Current liabilities:	
Accounts payable	2,840
Risk management claims	556,841
Other liabilities:	
Risk management claims, less current portion	402,283
Total liabilities	<u>961,964</u>
NET POSITION	
Unrestricted	1,718,180
Total net position	<u>\$ 1,718,180</u>

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

TOWN OF MONROE, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Employer contributions	\$ 5,685,345
Charges for services	2,003,453
Total operating revenues	<u>7,688,798</u>
OPERATING EXPENSES	
Claims and benefits	6,920,310
Premiums and administrative charges	1,021,503
Total operating expenses	<u>7,941,813</u>
Operating loss	(253,015)
NON-OPERATING REVENUES	
Interest and investment income	1,005
Total non-operating revenues	<u>1,005</u>
Change in net position	(252,010)
Net position - beginning	<u>1,970,190</u>
Net position - ending	<u><u>\$ 1,718,180</u></u>

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

TOWN OF MONROE, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR END JUNE 30, 2014

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from employer contributions	\$ 5,685,345
Receipts from charges for services	2,003,453
Payments to employees, vendors and others	(8,148,227)
Net cash used in operating activities	<u>(459,429)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	1,005
Net cash provided by investing activities	<u>1,005</u>
Net decrease in cash and cash equivalents	(458,424)
Cash and cash equivalents, beginning of year	<u>2,620,142</u>
Cash and cash equivalents, end of year	<u>\$ 2,161,718</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (253,015)
Adjustments to reconcile operating income to net cash used in operating activities:	
Increase in assets:	
Due from other funds	(38,934)
Decrease in liabilities:	
Risk management claims	(167,480)
Net cash used in operating activities	<u>\$ (459,429)</u>

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

TOWN OF MONROE, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Pension Trust Funds	Private- Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 68,038	\$ 210,900
Investments, at fair value:			
Pooled separate accounts	3,481,391	-	-
Equity mutual funds	15,079,874	-	-
Guarenteed deposit accounts	1,272,850	-	-
Other receivable	-	-	1,120,851
Total assets	<u>19,834,115</u>	<u>68,038</u>	<u>\$ 1,331,751</u>
LIABILITIES			
Accounts payable	41,752	-	\$ -
Due to student groups	-	-	210,900
Due to others	-	-	1,120,851
Total liabilities	<u>41,752</u>	<u>-</u>	<u>\$ 1,331,751</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 19,792,363</u>	<u>\$ 68,038</u>	

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

TOWN OF MONROE, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2014

	Pension Trust Funds	Private- Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 693,939	\$ -
Plan members	333,587	-
Private donations	-	500
Total contributions	<u>1,027,526</u>	<u>500</u>
Investment earnings:		
Interest and dividends	197,250	6
Net appreciation in fair value of investments	2,371,174	-
Total investment earnings	<u>2,568,424</u>	<u>6</u>
Total additions	<u>3,595,950</u>	<u>506</u>
DEDUCTIONS		
Benefit payments	968,053	4,300
Administrative expenses	148,015	340
Other expense	640	-
Total deductions	<u>1,116,708</u>	<u>4,640</u>
Change in net position	2,479,242	(4,134)
Net position - beginning	<u>17,313,121</u>	<u>72,172</u>
Net position - ending	<u>\$ 19,792,363</u>	<u>\$ 68,038</u>

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements (*Continued*)

The Town reports the following major governmental funds:

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Measurement Focus and Basis of Accounting (*Continued*)

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

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

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

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

Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity

Cash Equivalents

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

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

Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (*Continued*)

Investments

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

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

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

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

Prepaid Items

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

Property Taxes

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

Capital Assets

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

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity *(Continued)*

Capital Assets *(Continued)*

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

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

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

Unearned Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reporting in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town only has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and school construction grant funding. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (Continued)

Compensated Absences and Termination Benefits

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

All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the 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 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.

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.

Net Position and Fund Balance

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

Net investment in capital assets - This component of net position 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 position - This component of net position consists of amounts 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 position - This component of net position is the net amount of the assets, liabilities, and deferred inflows/outflows of resources which do not meet the definition of the two preceding categories.

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (Continued)

Net Position and Fund Balance (Continued)

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

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

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

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

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

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".

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (*Continued*)

June 30, 2014

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

Interfund Activities (*Continued*)

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

Use of Estimates

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

NOTE B - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2014, none of which constitutes a violation of statutory provisions:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Police Renovation Fund	\$ 402,194 **
Chalk Hill Asbestos Removal	303,667 **
Masuk and Fawn Hollow Roof	275,085 *
Waste Disposal	32,141 *
Plan of Conservation & Development	19,669 *
Library Grants	6,060 *
Senior Center	3,199 *

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

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

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (*Continued*)

June 30, 2014

NOTE C - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash and cash equivalents as of June 30, 2014 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 16,984,085
Less: cash equivalents considered investments under GASB Statement No. 40	(602,987)
	<u>16,381,098</u>
Statement of fiduciary net position:	
Agency Funds	210,900
Private-Purpose Trust Fund	68,038
	<u>278,938</u>
	<u>\$ 16,660,036</u>

Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$16,457,742 of the Town's bank balance of \$17,192,961 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,811,968
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	1,645,774
	<u>\$ 16,457,742</u>

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

Cash Deposits – Concentrations of Credit Risk

The Town's formalized investment policy states "At the time of acquisition, no more than ten percent (10%) of the overall portfolio may be invested in deposits with a single bank, unless the deposits are fully collateralized or fully insured". At June 30, 2014, the Town had deposits with five banking institution that exceeded the 10% limitation.

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (*Continued*)

June 30, 2014

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

Investments

A reconciliation of the Town's investments as of June 30, 2014 is as follows:

Government-wide statement of net position:	
Investments	\$ 3,204,417
Add: cash equivalents considered investments under GASB Statement No. 40	<u>602,987</u>
	<u>3,807,404</u>
Statement of fiduciary net position:	
Pension Trust Funds	<u>19,834,115</u>
	<u>\$ 23,641,519</u>

As of June 30, 2014, the Town's investments consisted of the following:

Investment type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:					
U.S. Agencies	\$ 3,003,955	\$ -	\$ -	\$ -	\$ 3,003,955
Fixed income bonds	200,462	200,462	-	-	-
Money market mutual funds	43,751	43,751	-	-	-
State Treasurer's Short Term Investment Fund (STIF)	422,966	422,966	-	-	-
Cooperative Liquid Asset Security Systems Fund (CLASS)	136,270	136,270	-	-	-
	<u>\$ 3,807,404</u>	<u>\$ 803,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,003,955</u>

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

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

As of June 30, 2014, the Pension Trust Funds investments consisted of the following:

Pension Trust Funds	
Investment type	Fair Value
Other investments:	
Pooled separate accounts	\$ 3,481,391
Guaranteed deposit account	1,272,850
Equity mutual funds	<u>15,079,874</u>
Total	<u>\$ 19,834,115</u>

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

Investments (*Continued*)

Interest Rate Risk

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

Credit Risk

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

The Town's investments in certificates of deposit and money market mutual funds were unrated. The Town's investment in STIF were rated AAA by Standard and Poor's, and investments in CLASS were rated AAA at June 30, 2014. No credit risk disclosures are required under GASB Statement No. 40 relating to investments in U.S. Agencies.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counter-party, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2014, as they are held by a trustee in the Town's name.

Concentrations of Credit Risk

The Town's formalized investment policy places no limit on the amount of investment in any one issuer. The investments in U.S Agencies are not exposed to concentrations of credit risk. 11% of the Town's investments are in STIF, which is an external investment pool that is considered to be diversified by nature.

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

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

June 30, 2014

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 13,922,971	\$ -	\$ -	\$ 13,922,971
Construction in progress	3,430,038	3,625,041	-	7,055,079
Total capital assets, not being depreciated	<u>17,353,009</u>	<u>3,625,041</u>	<u>-</u>	<u>20,978,050</u>
Capital assets, being depreciated:				
Buildings	92,309,951	3,828,567	-	96,138,518
Land improvements	2,631,208	-	-	2,631,208
Vehicles	10,242,795	225,098	-	10,467,893
Machinery and equipment	9,445,750	887,905	-	10,333,655
Infrastructure	68,660,087	-	-	68,660,087
Total capital assets, being depreciated	<u>183,289,791</u>	<u>4,941,570</u>	<u>-</u>	<u>188,231,361</u>
Less accumulated depreciation and amortization for:				
Buildings	43,768,747	2,119,687	-	45,888,434
Land improvements	839,218	93,270	-	932,488
Vehicles	6,711,870	562,502	-	7,274,372
Machinery and equipment	8,572,466	301,567	-	8,874,033
Infrastructure	53,659,040	988,382	-	54,647,422
Total accumulated depreciation and amortization	<u>113,551,341</u>	<u>4,065,408</u>	<u>-</u>	<u>117,616,749</u>
Total capital assets, being depreciated, net	<u>69,738,450</u>	<u>876,162</u>	<u>-</u>	<u>70,614,612</u>
Governmental activities capital assets, net	<u>\$ 87,091,459</u>	<u>\$ 4,501,203</u>	<u>\$ -</u>	<u>\$ 91,592,662</u>

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

Governmental Activities:	
General government	\$ 84,373
Public safety	576,376
Public works	1,126,880
Culture and recreation	342,324
Education	<u>1,935,455</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 4,065,408</u>

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

June 30, 2014

NOTE E - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Governmental Funds	\$ 1,065,713
Masuk & Fawn Hollow Roof Fund	General Fund	4,101,876
Other Governmental Funds	General Fund	2,089,945
	Other Governmental Funds	8,850
		<u>2,098,795</u>
		<u>7,266,384</u>
Proprietary Fund		
Internal Service Fund	General Fund	518,426
		<u>\$ 7,784,810</u>

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

NOTE F - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2014 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Governmental Funds	\$ 57,865
Masuk & Fawn Hollow Roof Fund	General Fund	99,545
Other Governmental Funds	General Fund	327,000
	Other Governmental Funds	162,866
		<u>489,866</u>
		<u>\$ 647,276</u>

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

NOTE G - BOND ANTICIPATION NOTES PAYABLE

On June 18, 2014, the Town issued bond anticipation notes in the amount of \$2,950,000. The note bears a coupon rate of 1.0% and matures on June 17, 2015. The following is a summary of changes in short-term debt for the year ended June 30, 2014.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Bond anticipation notes payable	\$ -	\$ 2,950,000	\$ -	\$ 2,950,000

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2014

NOTE H - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 42,195,000	\$ 3,275,000	\$ (4,025,000)	\$ 41,445,000	\$ 4,115,000
Unamortized premium	2,138,428	94,336	(187,207)	2,045,557	-
Total bonds payable	44,333,428	3,369,336	(4,212,207)	43,490,557	4,115,000
Other liabilities:					
Capital leases	334,628	3,408,461	(595,083)	3,148,006	587,772
Net pension obligation	761,002	23,057	-	784,059	-
Net OPEB obligation	2,771,977	286,208	-	3,058,185	-
Compensated absences	2,402,913	194,247	(159,123)	2,438,037	1,100,818
Termination benefits	8,053,034	-	(451,590)	7,601,444	689,000
Retired employee obligations	586,752	805,000	(357,313)	1,034,439	512,313
Risk management claims	1,129,444	6,749,990	(6,920,310)	959,124	556,841
	<u>\$ 60,373,178</u>	<u>\$ 14,836,299</u>	<u>\$ (12,695,626)</u>	<u>\$ 62,513,851</u>	<u>\$ 7,561,744</u>

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

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2014 is as follows:

Description	Final Maturity Dates	Interest Rates	Amount Outstanding
Governmental Activities			
Refunding bonds issued 2009, original amount \$18,975,000	2024	2.0% - 5.0%	\$ 13,385,000
General obligation bonds issued 2010, original amount \$5,325,000	2026	2.0% - 3.0%	4,625,000
Refunding bonds issued 2010, original amount \$10,805,000	2024	2.0% - 4.0%	9,425,000
General obligation bonds issued 2012, original amount \$3,605,000	2027	2.0% - 3.0%	3,380,000
General obligation bonds issued 2012, original amount \$460,000	2022	2.375% - 3.5%	410,000
Refunding bonds issued 2012, original amount \$8,785,000	2024	2.0% - 3.0%	6,945,000
General obligation bonds issued 2014, original amount \$3,275,000	2029	2.0% - 4.0%	3,275,000
			<u>\$ 41,445,000</u>

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

June 30, 2014

NOTE H - LONG-TERM LIABILITIES *(Continued)***General Obligation Bonds *(Continued)***

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2014:

<u>Year ending</u> <u>June 30:</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,115,000	\$ 1,338,195	\$ 5,453,195
2016	4,585,000	1,206,587	5,791,587
2017	4,590,000	1,057,762	5,647,762
2018	3,985,000	905,857	4,890,857
2019	3,860,000	760,182	4,620,182
2020-2024	16,115,000	1,955,359	18,070,359
2025-2029	4,195,000	229,356	4,424,356
	<u>\$ 41,445,000</u>	<u>\$ 7,453,298</u>	<u>\$ 48,898,298</u>

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 \$491,311,450 as of June 30, 2014. 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, 2014.

As of June 30, 2014 the Town has authorized, unissued bonds of approximately \$5,728,000 for general purposes and \$271,466 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, 2014 was \$400,389. Additional reimbursements of principal and interest aggregating \$1,382,466 and \$123,589, 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 \$987,172 will be realized by the Town through fiscal year 2019.

Loans Payable

In July 2013 the Town executed a loan payable agreement in the amount of \$3,803,204 to finance various energy conservation improvements to the Town's school buildings. In July 2013 the Town received two energy rebate incentives from a local utility provider totaling \$706,185, and executed a capital lease in the amount of \$3,097,019 to refinance the initial loan. Of the total capital lease amount \$400,000 holds zero percent financing and \$2,697,019 holds a fixed rate of 1.49%. Annual debt service requirements to maturity are included with capital leases as of June 30, 2014.

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

June 30, 2014

NOTE H - LONG-TERM LIABILITIES (*Continued*)**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, 2014:

	Governmental Activities
Vehicles	\$ 1,680,346
Machinery and equipment	457,637
Buildings	3,803,204
	<u>5,941,187</u>
Less: accumulated amortization	1,224,391
	<u>\$ 4,716,796</u>

Amortization expense relative to leased property under capital leases totaled \$127,061 for the year ended June 30, 2014 and is included in depreciation and amortization expense disclosed in Note D.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 are as follows:

	Governmental Activities
Year Ending June 30:	
2015	\$ 639,239
2016	499,217
2017	414,570
2018	338,230
2019	296,875
Thereafter	<u>1,190,803</u>
Total minimum lease payments	3,378,934
Less: amount representing interest	<u>230,928</u>
Present value of minimum lease payments	<u>\$ 3,148,006</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:

	Governmental Activities
Town:	
Vested:	
Vacation	\$ 482,444
Board of Education:	
Vested:	
Sick	1,013,051
Vacation	114,315
Non-vested:	
Sick	828,227 *
	<u>\$ 2,438,037</u>

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

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2014

NOTE H - 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	\$ 2,432,500
Non-vested:	
Retirement incentives	<u>5,168,944</u> *
	<u>\$ 7,601,444</u>

* 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 \$1,034,439 represent payments owed to retired employees for termination benefits and payments for unused compensated absences that have been amortized out over several years.

The following is a summary of annual payments owed as of June 30, 2014:

	Governmental Activities
Year Ending June 30:	
2015	\$ 512,313
2016	267,313
2017	224,813
2018	<u>30,000</u>
	<u>\$ 1,034,439</u>

NOTE I - PENSION PLANS

Town and Board of Education Employees' Retirement Plan

Plan Description

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

NOTE I - PENSION PLANS (Continued)

Town and Board of Education Employees' Retirement Plan (Continued)

Plan Description (Continued)

Plan membership - Membership of the Plan consisted of the following as of July 1, 2012 (the date of the latest actuarial valuation):

Retirees and beneficiaries receiving benefits	97
Terminated employees entitled to benefits but not yet receiving them	53
Active plan members	147
	<u>297</u>

Benefits provided - The plan covers substantially all Town and Board of Education employees, except for police department employees and teachers. 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.

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. 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 Town's funding policy provides for periodic employer contributions at actuarially determined rates.

Summary of Significant Accounting Policies

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 - 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.

Concentrations - More than 5 percent of the investments are in pooled separated accounts and equity mutual funds. Investments in these types of accounts are considered diversified by nature and therefore, are not exposed to concentrations of credit risk.

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

June 30, 2014

NOTE I - PENSION PLANS *(Continued)***Town and Board of Education Employees' Retirement Plan *(Continued)*****Summary of Significant Accounting Policies *(Continued)***

Rate of Return – For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.10% and 13.80% for the Town and the Board of Education, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Obligation and Net Pension Liability

The Town has not yet implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, which is effective for fiscal years beginning after June 15, 2014. GASB Statement No. 68 will require the Town to record the net pension liability of its Retirement Plan in its government-wide financial statements. The net pension liability has been disclosed below in accordance with the implementation of GASB Statement No. 67. The Town continues to apply the provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which requires the employers to recognize a net pension asset or obligation in its government-wide financial statements based on the cumulative difference between the annual pension cost and the amounts contributed to the plan.

The following presents the Town and the Board of Education's net pension obligation as of June 30, 2014 and the related change in the net pension obligation for the year ended June 30, 2014:

Annual required contribution	\$ 737,564
Interest on net pension obligation	57,075
Adjustment to annual required contribution	<u>(80,197)</u>
Annual pension cost	714,442
Contributions made	<u>(691,385)</u>
Decrease in net pension obligation	23,057
Net pension obligation, beginning of year	<u>761,002</u>
Net pension obligation, end of year	<u><u>\$ 784,059</u></u>

The June 30, 2014 net pension obligation calculated in the table above is comprised of the following:

Town net pension obligation	\$ 994,021
Board of Education net pension asset	<u>(209,962)</u>
	<u><u>\$ 784,059</u></u>

The components of the net pension liability of the Town and the Board of Education's Plan at June 30, 2014, were as follows:

Total pension liability	\$ 22,584,527
Plan fiduciary net position	<u>19,792,352</u>
Net pension liability	<u><u>\$ 2,792,175</u></u>

Plan fiduciary net position as a percentage of the total pension liability	87.64%
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TOWN OF MONROE, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2014

NOTE I - PENSION PLANS *(Continued)***Town and Board of Education Employees' Retirement Plan *(Continued)*****Net Pension Obligation and Net Pension Liability *(Continued)***

Actuarial assumptions - The total pension liability for the Town was determined by an actuarial valuation as of July 1, 2012 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.00%
Investment rate of return	7.50%
Discount rate	7.50%

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Weighting
Town Plan:			
Cash & Cash Equivalents	3.00%	0.50%	0.02%
Core Bonds	41.00%	2.00%	0.82%
High Yield Bonds	5.00%	3.25%	0.16%
US Large Cap Equity	29.00%	4.75%	1.38%
US Small/Mid Cap Equity	12.00%	5.50%	0.66%
International Equity	10.00%	5.25%	0.53%
Board of Education Plan:			
Core Bonds	44.00%	2.00%	0.88%
US Large Cap Equity	31.00%	4.75%	1.47%
US Small/Mid Cap Equity	7.00%	5.50%	0.39%
International Equity	16.00%	5.25%	0.84%
Real Estate	2.00%	5.00%	0.10%

Discount rate - The discount rate used to measure the total Town's pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Town's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE I - PENSION PLANS *(Continued)*

Town and Board of Education Employees' Retirement Plan *(Continued)*

Net Pension Asset and Net Pension Liability *(Continued)*

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Town, calculated using the discount rate of 7.5% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Net pension liability as of June 30, 2014	\$ 5,431,348	\$ 2,792,175	\$ 551,150

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, 2014, Town teachers contributed \$1,951,054 to the plan and covered payroll for the year was \$26,911,090.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$6,671,259 made by the State of Connecticut into the plan as intergovernmental revenues and education expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

Connecticut Municipal Employees' Retirement Fund B

Plan Description and Benefit Provisions

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

NOTE I - PENSION PLANS *(Continued)*

Connecticut Municipal Employees' Retirement Fund B *(Continued)*

Plan Description and Benefit Provisions *(Continued)*

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 16.96% 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, 2014, 2013 and 2012 were \$808,854, \$779,484, and \$707,224, respectively, equal to the required contributions for each year.

NOTE J - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Town Police Plan

Plan Description

The Town of Monroe administers the Town of Monroe Police Postemployment Benefit Program (the "Plan"), which is a single-employer defined benefit plan. The Plan provides for post employment medical coverage for those police officers who retire from employment with the Town. Under the Plan, the retiree is provided medical coverage at a cost equal to twenty-five percent of the annual premium and is provided coverage from retirement up to the qualification for Medicare benefits. Benefit provisions are established by the Town and the union representing 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. 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.

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (*Continued*)

June 30, 2014

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

Town Police Plan (*Continued*)

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 175,750
Interest on net OPEB obligation	20,610
Adjustment to annual required contribution	<u>(26,909)</u>
Annual OPEB cost (expense)	169,451
Contributions made	<u>(31,212)</u>
Increase in net OPEB obligation	138,239
Net OPEB obligation, beginning of year	<u>457,993</u>
Net OPEB obligation, end of year	<u><u>\$ 596,232</u></u>

Three-Year Trend Information

Year Ended June 30	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 156,733	\$ 42,515	27%	\$ 346,376
2013	158,117	46,500	29%	457,993
2014	169,451	31,212	18%	596,232

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2012	\$ -	\$ 1,702,216	\$ 1,702,216	0%	\$ 2,732,999	62%

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.

NOTE J - 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:

Actuarial Methods and Assumptions *(Continued)*

Valuation date:	July 1, 2012
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar
Remaining amortization period:	30 years, open
Asset valuation method:	N/A
Actuarial assumptions:	
Discount rate	4.50%
Healthcare cost trend rate	8.00% in 2012, decreasing by 1.0% per year down to 5.00% in 2015 and beyond

Board of Education Plan

Plan Description

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

Plan Provisions

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

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

TOWN OF MONROE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2014

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

Board of Education Plan (Continued)

Funding Policy

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

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	\$ 567,391
Interest on net OPEB obligation	104,129
Adjustment to annual required contribution	<u>(135,957)</u>
Annual OPEB cost (expense)	535,563
Contributions made	<u>(387,594)</u>
Increase in net OPEB obligation	147,969
Net OPEB obligation, beginning of year	<u>2,313,984</u>
Net OPEB obligation, end of year	<u><u>\$ 2,461,953</u></u>

Three-Year Trend Information

Year Ended June 30	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 564,279	\$ 498,525	88%	\$ 2,266,421
2013	514,395	466,832	91%	2,313,984
2014	535,563	387,594	72%	2,461,953

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2012	\$ -	\$ 9,652,132	\$ 9,652,132	0%	N/A	N/A

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

Board of Education Plan *(Continued)*

Funded Status and Funding Progress *(Continued)*

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

Actuarial Methods and Assumptions

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

Valuation date:	July 1, 2012
Actuarial cost method:	Projected Unit Credit
Amortization method:	Payments increasing at 4.0%
Remaining amortization period:	30 years
Asset valuation method:	Market value
Actuarial assumptions:	
Discount rate	4.50%
Inflation rate	4.00%
Healthcare cost trend rate	8.00% initial 5.00% final
Dental cost trend rate	5.00%

NOTE K - COMMITMENTS AND CONTINGENCIES

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

As of June 30, 2014, the Town has recorded \$320,140 in encumbrances, the most significant of which are for education. Such encumbrances have been included in the General Fund's assigned fund balance as of June 30, 2014.

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

June 30, 2014

NOTE L - RISK MANAGEMENT

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

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2014. 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 \$9,134 for this program reported at June 30, 2014 is based on estimated claims incurred but not reported. A summary of claims activity for the years ended June 30, 2014 and 2013 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2013	\$ 8,764	\$ 101,178	\$ 100,592	\$ 9,350
2014	9,350	103,777	103,993	9,134

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 a \$1,000,000 annual maximum for medical claims only.

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, 2014 and 2013 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2013	\$ 730,488	\$ 6,079,652	\$ 6,199,813	\$ 610,327
2014	610,327	6,706,594	6,807,762	509,159

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

June 30, 2014

NOTE L - RISK MANAGEMENT *(Continued)*

The Town has established an additional self-insurance program under the provisions of Section 7-433(c) of the Connecticut General Statutes for heart and hypertension claims of Town police officers. The death benefits liability is adjusted annually to reflect cost of living increases. The present value of the benefits payable was computed at an assumed rate of return of 3.0% in 2014 and 2013, respectively. A summary of claims activity for the years ended June 30, 2014 and 2013 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2013	\$ 712,711	\$ (60,824)	\$ 142,211	\$ 509,676
2014	509,676	(60,290)	8,555	440,831

NOTE M – IMPLEMENTATION OF NEW PRONOUNCEMENTS

The Town has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25, effective July 1, 2013. GASB Statement No. 67 replaced the requirements for GASB Statement No. 50, Pension Disclosures. The implementation of GASB Statement No. 67 resulted in changes to the disclosures and required supplementary information relating to the Town’s defined benefit pension plan. The implementation of GASB Statement No. 67 had no impact on the Town’s financial position or on the financial position of the Town’s pension trust fund.

NOTE N - RECENTLY ISSUED ACCOUNTING STANDARDS

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

Required
Supplementary
Information

TOWN OF MONROE, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY - UNAUDITED
JUNE 30, 2014

	<u>2014</u>
Total pension liability	
Service cost	\$ 625,694
Interest	1,610,015
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds	<u>(967,218)</u>
Net change in total pension liability	1,268,491
Total pension liability - beginning	<u>21,316,036</u>
Total pension liability - ending	<u>22,584,527</u>
 Plan fiduciary net position	
Contributions - employer	691,385
Contributions - members	335,304
Net investment income	2,478,734
Benefit payments, including refunds	(967,218)
Administrative expense	(58,327)
Other	<u>-</u>
Net change in plan fiduciary net position	2,479,878
Plan fiduciary net position - beginning	<u>17,312,474</u>
Plan fiduciary net position - ending	<u>19,792,352</u>
 Town's net pension liability	 <u><u>\$ 2,792,175</u></u>
 Plan fiduciary net position as a percentage of total pension liability	 87.64%
 Covered employee payroll	 \$ 7,606,052
 Town's net pension liability as a percentage of covered employee payroll	 36.71%

Notes to Schedule:

Benefit Changes None noted

Assumption Changes None noted

Note: The Town began to report the schedule of changes in net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

TOWN OF MONROE, CONNECTICUT

SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS - UNAUDITED

JUNE 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
Connecticut Municipal Employee's Retirement System Fund B (in millions of dollars)						
July 1, 2012	\$ 1,829	\$ 2,151	\$ 322	85%	\$ 459	70%
July 1, 2011	1,753	1,985	232	88%	439	53%
July 1, 2010	1,663	1,881	218	88%	422	52%
July 1, 2009	1,619	1,821	202	89%	427	47%
July 1, 2008	1,779	1,722	(57)	103%	412	-14%
July 1, 2007	1,701	1,640	(61)	104%	388	-16%
July 1, 2006	1,588	1,550	(38)	102%	366	-10%

The above schedule contains data for the MERS plan as a whole, of which the Town of Monroe is one participating employer. In order to understand the scale of the MERS compared to the Town, the Town contributed \$808,854 to the MERS for the year ended June 30, 2014.

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
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Town of Monroe Board of Education OPEB Plan

July 1, 2012	\$ -	\$ 9,652,132	\$ 9,652,132	0%	N/A	N/A
July 1, 2010	-	10,403,104	10,403,104	0%	N/A	N/A
July 1, 2009	-	15,112,705	15,112,705	0%	N/A	N/A

Town of Monroe Police OPEB Plan

July 1, 2012	\$ -	\$ 1,702,216	\$ 1,702,216	0%	\$ 2,732,999	62%
July 1, 2010	-	1,568,829	1,568,829	0%	2,702,454	58%
July 1, 2008	-	884,014	884,014	0%	2,567,152	34%

Employer Contributions - Town and Board of Education Pension Plan

Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2006	\$ 310,086	\$ 328,574	106%
2007	312,081	312,081	100%
2008	316,310	238,330	75%
2009	373,982	257,778	69%
2010	442,069	402,336	91%
2011	859,963	410,941	48%
2012	913,339	459,377	50%
2013	738,955	658,543	89%
2014	737,564	691,385	94%

TOWN OF MONROE, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)

YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
REVENUES				
Property taxes	\$ 69,469,388	\$ 69,469,388	\$ 70,015,701	\$ 546,313
Licenses, permits and other charges	553,700	553,700	577,616	23,916
Intergovernmental	7,463,481	7,463,481	7,564,605	101,124
Charges for services	333,210	333,210	309,965	(23,245)
Investment earnings	200,000	200,000	120,855	(79,145)
Miscellaneous	60,000	60,000	214,265	154,265
Total revenues	<u>78,079,779</u>	<u>78,079,779</u>	<u>78,803,007</u>	<u>723,228</u>
EXPENDITURES				
Current:				
General government	8,145,456	8,231,803	8,133,331	(98,472)
Public safety	6,295,305	6,348,113	6,290,307	(57,806)
Public works	3,632,780	3,491,025	3,442,507	(48,518)
Health and welfare	260,485	260,485	232,826	(27,659)
Culture and recreation	1,477,525	1,480,125	1,457,543	(22,582)
Education	52,109,919	52,109,919	52,010,375	(99,544)
Capital outlays				
Special projects	5,500	5,500	4,125	(1,375)
Appropriation for equipment replacement	111,267	111,267	-	(111,267)
Debt service	5,731,542	5,731,542	5,644,746	(86,796)
Total expenditures	<u>77,769,779</u>	<u>77,769,779</u>	<u>77,215,760</u>	<u>(554,019)</u>
Excess of revenues over expenditures	310,000	310,000	1,587,247	1,277,247
OTHER FINANCING USES				
Transfers in	-	-	7,865	7,865
Transfers out	(310,000)	(310,000)	(627,812)	(317,812)
Total other financing uses	<u>(310,000)</u>	<u>(310,000)</u>	<u>(619,947)</u>	<u>(309,947)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	967,300	<u>\$ 967,300</u>
Fund balance - beginning			<u>5,318,998</u>	
Fund balances - ending			<u>\$ 6,286,298</u>	

The accompanying note is an integral part of this schedule of required supplementary information.

TOWN OF MONROE, CONNECTICUT

SCHEDULE OF REVENUES BUDGET AND ACTUAL - BUDGETARY BASIS -

GENERAL FUND (UNAUDITED)

YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
PROPERTY TAXES				
Tax levies	\$ 69,269,388	\$ 69,269,388	\$ 69,728,871	\$ 459,483
Interest and lien fees	200,000	200,000	286,830	86,830
Total property taxes	<u>69,469,388</u>	<u>69,469,388</u>	<u>70,015,701</u>	<u>546,313</u>
LICENSES AND PERMITS				
Police department permits	8,000	8,000	12,594	4,594
Building permits	175,000	175,000	150,603	(24,397)
Burning permits	2,000	2,000	1,700	(300)
Planning and zoning	20,000	20,000	32,543	12,543
Library	17,500	17,500	17,353	(147)
Refuse permits	4,000	4,000	2,561	(1,439)
Canine licenses	2,000	2,000	1,728	(272)
Town clerk's fees	325,000	325,000	358,504	33,504
Driveway permits	200	200	30	(170)
Total licenses and permits	<u>553,700</u>	<u>553,700</u>	<u>577,616</u>	<u>23,916</u>
INTERGOVERNMENTAL				
State and Federal Education Grants:				
Education cost sharing	6,604,247	6,604,247	6,592,969	(11,278)
School transportation	-	-	65,222	65,222
Other:				
Revenue sharing grant	168,135	168,135	136,840	(31,295)
Tax grant - disabled persons	2,400	2,400	2,331	(69)
PILOT - state property	-	-	10,692	10,692
Tax grant - circuit breaker	160,000	160,000	171,204	11,204
Bond subsidy payments	467,699	467,699	467,699	-
Veteran exemption	11,000	11,000	11,004	4
Mashantucket pequot grant	-	-	32,426	32,426
Telephone access	50,000	50,000	42,807	(7,193)
Miscellaneous grants	-	-	31,411	31,411
Total intergovernmental	<u>7,463,481</u>	<u>7,463,481</u>	<u>7,564,605</u>	<u>101,124</u>

(Continued)

TOWN OF MONROE, CONNECTICUT

SCHEDULE OF REVENUES BUDGET AND ACTUAL - BUDGETARY BASIS -

GENERAL FUND (UNAUDITED) *(Continued)*

YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
CHARGES FOR SERVICES				
Bus barn	\$ 15,960	\$ 15,960	\$ -	\$ (15,960)
Recreation department fees	200,000	200,000	180,815	(19,185)
Landfill lease	41,000	41,000	44,243	3,243
Nutrition	2,750	2,750	1,505	(1,245)
Tuition	10,000	10,000	14,025	4,025
Senior citizens transportation	5,000	5,000	5,520	520
Senior citizens registration	3,500	3,500	3,381	(119)
Special police assignments	40,000	40,000	50,000	10,000
Inland wetlands commission	15,000	15,000	10,476	(4,524)
Total charges for services	<u>333,210</u>	<u>333,210</u>	<u>309,965</u>	<u>(23,245)</u>
INTEREST AND DIVIDENDS	<u>200,000</u>	<u>200,000</u>	<u>120,855</u>	<u>(79,145)</u>
OTHER REVENUES	<u>60,000</u>	<u>60,000</u>	<u>214,265</u>	<u>154,265</u>
Total revenue	<u>78,079,779</u>	<u>78,079,779</u>	<u>78,803,007</u>	<u>723,228</u>
Total revenues	<u>\$ 78,079,779</u>	<u>\$ 78,079,779</u>	<u>\$ 78,803,007</u>	<u>\$ 723,228</u>

The accompanying note is 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 (UNAUDITED)

YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
GENERAL GOVERNMENT				
Selectmen	\$ 400,324	\$ 562,450	\$ 562,450	\$ -
Town council	5,185	5,228	5,229	1
Board of finance	141,675	26,760	26,429	(331)
Registrar of voters	100,100	100,050	95,821	(4,229)
Town clerk	186,697	186,697	184,771	(1,926)
Tax collector	167,046	167,046	164,017	(3,029)
Town treasurer	10,488	10,494	10,494	-
Boards and commissions	16,700	16,700	12,307	(4,393)
Senior citizen	237,265	237,265	230,824	(6,441)
Economic development	10,825	5,419	5,419	-
Engineering	152,982	147,583	144,721	(2,862)
Inland wetlands commission	99,552	100,402	95,816	(4,586)
Human resource - fringe benefits	4,524,669	4,440,752	4,396,239	(44,513)
Finance department	280,746	294,488	294,487	(1)
Technology	612,615	597,389	594,451	(2,938)
Assessor	232,677	223,413	218,814	(4,599)
Building inspection department	154,871	155,021	155,021	-
Planning and zoning department	208,852	208,852	208,765	(87)
Town hall maintenance	358,984	502,591	502,591	-
Special programs	187,290	187,290	171,497	(15,793)
Regional programs	55,913	55,913	53,168	(2,745)
Total general government	<u>8,145,456</u>	<u>8,231,803</u>	<u>8,133,331</u>	<u>(98,472)</u>
PUBLIC SAFETY				
Police department	4,833,306	4,848,374	4,785,400	(62,974)
Animal control	120,616	120,616	131,587	10,971
Park ranger	55,063	55,063	55,878	815
Monroe fire department	230,000	230,000	230,000	-
Stevenson fire department	185,000	185,000	185,000	-
Stepney fire service	250,000	250,000	250,000	-
Fire service	512,833	550,573	550,573	-
Fire marshal	96,987	96,987	90,722	(6,265)
Emergency management	11,500	11,500	11,147	(353)
Total public safety	<u>6,295,305</u>	<u>6,348,113</u>	<u>6,290,307</u>	<u>(57,806)</u>

(Continued)

The accompanying note is 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 (UNAUDITED) (Continued)

YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
PUBLIC WORKS				
Highway administration	\$ 286,230	\$ 287,320	250,377	\$ (36,943)
General maintenance	1,273,257	1,270,634	1,197,203	(73,431)
Snow removal	393,450	393,450	525,722	132,272
Operations	1,204,850	1,148,813	1,074,676	(74,137)
Tree warden	44,800	44,425	45,790	1,365
Traffic control	75,120	71,191	71,191	-
Sanitation:				
Solid waste	15,021	12,950	18,742	5,792
Recycling	340,052	262,242	258,806	(3,436)
Total public works	<u>3,632,780</u>	<u>3,491,025</u>	<u>3,442,507</u>	<u>(48,518)</u>
HEALTH AND WELFARE				
Health Department	163,895	163,895	159,958	(3,937)
Department of Social Services	96,590	96,590	72,868	(23,722)
Total health and welfare	<u>260,485</u>	<u>260,485</u>	<u>232,826</u>	<u>(27,659)</u>
CULTURE AND RECREATION				
Library	708,596	709,896	706,702	(3,194)
Recreation Department	768,929	770,229	750,841	(19,388)
Total culture and recreation	<u>1,477,525</u>	<u>1,480,125</u>	<u>1,457,543</u>	<u>(22,582)</u>
EDUCATION				
	<u>52,109,919</u>	<u>52,109,919</u>	<u>52,010,375</u>	<u>(99,544)</u>
DEBT SERVICE				
	<u>5,731,542</u>	<u>5,731,542</u>	<u>5,644,746</u>	<u>(86,796)</u>
CAPITAL OUTLAY				
Special projects	5,500	5,500	4,125	(1,375)
Appropriation for equipment replacement	111,267	111,267	-	(111,267)
	<u>116,767</u>	<u>116,767</u>	<u>4,125</u>	<u>(112,642)</u>
Total budgetary expenditures	<u>77,769,779</u>	<u>77,769,779</u>	<u>77,215,760</u>	<u>(554,019)</u>
OTHER FINANCING USES				
Operating transfers in	-	-	(7,865)	(7,865)
Operating transfers out	310,000	310,000	627,812	317,812
Total other financing uses	<u>310,000</u>	<u>310,000</u>	<u>619,947</u>	<u>309,947</u>
Total expenditures and other financing uses	<u>\$ 78,079,779</u>	<u>\$ 78,079,779</u>	<u>\$ 77,835,707</u>	<u>\$ (244,072)</u>

The accompanying note is an integral part of this schedule of required supplementary information.

TOWN OF MONROE, CONNECTICUT

Note to Required Supplementary Information

June 30, 2014

BUDGETARY INFORMATION

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

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

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

TOWN OF MONROE, CONNECTICUT
Notes to Required Supplementary Information *(Continued)*
June 30, 2014

BUDGETARY INFORMATION (Continued)

A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2014:

	<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	\$ 78,803,007	\$ 77,215,760	\$ (619,947)	\$ 967,300
"On-behalf" payments - State Teachers Retirement Fund <i>(see Note I)</i>	6,671,259	6,671,259	-	-
Adjustment for encumbrances	-	48,300	-	(48,300)
Capital lease not recorded for budgetary purposes	-	311,442	311,442	-
Certain grant and local revenues netted in expense for budgetary purposes	416,122	416,122	-	-
Certain transfers recorded as expenditures for budgetary purposes	-	163,291	163,291	-
Assessor's revaluation activity	-	37,254	70,000	32,746
Internal Financing Fund activity	-	-	(32,024)	(32,024)
Capital lease financing activity	-	3,803,204	3,803,204	-
Certain transfers recorded as revenue for budgetary purposes	(50,000)	-	50,000	-
GAAP basis	<u>\$ 85,840,388</u>	<u>\$ 88,666,632</u>	<u>\$ 3,745,966</u>	<u>\$ 919,722</u>

For the year ended June 30, 2014, there were no expenditures which exceeded appropriations in any of the departments of the General Fund.

Combining and
Individual Fund
Statements and
Schedules

Governmental Funds

TOWN OF MONROE, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
YEAR ENDED JUNE 30, 2014

Grand List Year	Uncollected Taxes July 1, 2013	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2014
			Additions	Deletions			Taxes	Interest	Liens	
2012	-	\$ 70,129,828	\$ 144,597	\$ 285,312	\$ (80,755)	\$ 70,069,868	\$ 69,304,734	\$ 179,075	\$ 1,104	\$ 765,134
2011	665,685	-	31,349	36,006	36,162	624,866	394,280	81,301	1,584	230,586
2010	149,605	-	19,001	2,516	124,727	41,363	21,422	12,120	192	19,941
2009	6,911	-	14,066	891	12,443	7,643	731	4,374	-	6,912
2008	-	-	9,233	-	-	9,233	9,233	7,056	-	-
2007	-	-	-	(286)	286	-	-	-	-	-
2006	-	-	-	1,084	-	(1,084)	(1,084)	-	-	-
2005	-	-	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-	-	24	-
	<u>\$ 822,201</u>	<u>\$ 70,129,828</u>	<u>\$ 218,246</u>	<u>\$ 325,523</u>	<u>\$ 92,863</u>	<u>\$ 70,751,889</u>	<u>\$ 69,729,316</u>	<u>\$ 283,926</u>	<u>\$ 2,904</u>	<u>\$ 1,022,573</u>

See accompanying Independent Auditor's Report

TOWN OF MONROE, CONNECTICUT
 SCHEDULE OF DEBT LIMITATION
 CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
 YEAR ENDED JUNE 30, 2014

Total cash collections for the year ended

June 30, 2014:

Taxes	\$ 69,729,316
Interest and lien fees	286,830
Total	<u>70,016,146</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	171,204
Base	<u>\$ 70,187,350</u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 157,921,538	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	315,843,075	-	-	-
3-3/4 times base	-	-	263,202,563	-	-
3-1/4 times base	-	-	-	228,108,888	-
3 times base	-	-	-	-	210,562,050
Total debt limitation	<u>157,921,538</u>	<u>315,843,075</u>	<u>263,202,563</u>	<u>228,108,888</u>	<u>210,562,050</u>
Indebtedness:					
Bonds payable	20,552,000	20,893,000	-	-	-
Notes payable	-	2,950,000	-	-	-
Debt authorized - unissued	5,728,000	271,466	-	-	-
Total indebtedness	<u>26,280,000</u>	<u>24,114,466</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: Amounts to be provided by State of Connecticut	-	(1,382,466)	-	-	-
Net indebtedness	<u>26,280,000</u>	<u>22,732,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 131,641,538</u>	<u>\$ 293,111,075</u>	<u>\$ 263,202,563</u>	<u>\$ 228,108,888</u>	<u>\$ 210,562,050</u>
Total capacity of borrowing (7 times base)	\$ 491,311,450				
Total present indebtedness	<u>49,012,000</u>				
Margin for additional borrowing	<u>\$ 442,299,450</u>				

See accompanying Independent Auditor's Report

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds				
	Library Grants	School Cafeteria	Educational Grants	WMNR Radio Station	Seized Assets
ASSETS					
Cash and cash equivalents	\$ -	\$ 178,500	\$ -	\$ 473,073	\$ 3,822
Investments	-	-	-	-	-
Grants and contracts receivable	-	30,612	47,656	-	-
Accounts receivable	-	6,239	-	4,989	-
Prepaid items	-	-	-	1,318	-
Due from other funds	21,418	-	-	4,418	2,656
Total assets	<u>\$ 21,418</u>	<u>\$ 215,351</u>	<u>\$ 47,656</u>	<u>\$ 483,798</u>	<u>\$ 6,478</u>
LIABILITIES					
Accounts payable	\$ 1,162	\$ 83,482	\$ 18,890	\$ 8,243	\$ -
Due to other funds	-	12,348	21,964	-	2,275
Unearned revenue	26,316	-	5,269	-	-
Total liabilities	<u>27,478</u>	<u>95,830</u>	<u>46,123</u>	<u>8,243</u>	<u>2,275</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Prepaid items	-	-	-	1,318	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Public works	-	-	-	-	-
Committed to:					
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	474,237	-
Education	-	119,521	1,533	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	4,203
Unassigned	(6,060)	-	-	-	-
Total fund balances (deficits)	<u>(6,060)</u>	<u>119,521</u>	<u>1,533</u>	<u>475,555</u>	<u>4,203</u>
Total liabilities and fund balances (deficits)	<u>\$ 21,418</u>	<u>\$ 215,351</u>	<u>\$ 47,656</u>	<u>\$ 483,798</u>	<u>\$ 6,478</u>

(Continued)

TOWN OF MONROE, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 JUNE 30, 2014

	Special Revenue Funds				
	BOE Miscellaneous Program	Police Grants	Miscellaneous Donations	Miscellaneous Grants and Programs	Exchange Programs
ASSETS					
Cash and cash equivalents	\$ 2,019	\$ -	\$ -	\$ 140,256	\$ -
Investments	-	-	-	-	-
Grants and contracts receivable	-	3,190	-	-	-
Accounts receivable	5,933	-	-	400	-
Prepaid items	-	-	-	-	-
Due from other funds	302,956	27,733	43,267	118,388	90,680
Total assets	<u>\$ 310,908</u>	<u>\$ 30,923</u>	<u>\$ 43,267</u>	<u>\$ 259,044</u>	<u>\$ 90,680</u>
LIABILITIES					
Accounts payable	\$ -	\$ 4,050	\$ -	\$ 22,552	\$ 10,394
Due to other funds	-	-	-	10,341	-
Unearned revenue	392	20,031	-	200	-
Total liabilities	<u>392</u>	<u>24,081</u>	<u>-</u>	<u>33,093</u>	<u>10,394</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Public works	-	-	-	-	-
Committed to:					
Public safety	-	6,842	-	-	-
Culture and recreation	-	-	43,267	-	-
Education	310,516	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	-	225,951	80,286
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>310,516</u>	<u>6,842</u>	<u>43,267</u>	<u>225,951</u>	<u>80,286</u>
Total liabilities and fund balances (deficits)	<u>\$ 310,908</u>	<u>\$ 30,923</u>	<u>\$ 43,267</u>	<u>\$ 259,044</u>	<u>\$ 90,680</u>

(Continued)

TOWN OF MONROE, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 JUNE 30, 2014

	Special Revenue Funds				
	Waste Disposal	Police Private Duty	Recreation Programs	Senior Citizen Programs	EMS Intercept
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	-
Accounts receivable	108,054	46,592	-	-	202,789
Prepaid items	-	-	-	-	-
Due from other funds	-	38,308	246,739	6,437	-
Total assets	<u>\$ 108,054</u>	<u>\$ 84,900</u>	<u>\$ 246,739</u>	<u>\$ 6,437</u>	<u>\$ 202,789</u>
LIABILITIES					
Accounts payable	\$ 60,499	\$ -	\$ 4,925	\$ 160	\$ 9,805
Due to other funds	79,696	-	-	-	76,748
Unearned revenue	-	-	126,937	-	25,765
Total liabilities	<u>140,195</u>	<u>-</u>	<u>131,862</u>	<u>160</u>	<u>112,318</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Public works	-	-	-	-	-
Committed to:					
Public safety	-	84,900	-	-	90,471
Culture and recreation	-	-	114,877	6,277	-
Education	-	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned	(32,141)	-	-	-	-
Total fund balances (deficits)	<u>(32,141)</u>	<u>84,900</u>	<u>114,877</u>	<u>6,277</u>	<u>90,471</u>
Total liabilities and fund balances (deficits)	<u>\$ 108,054</u>	<u>\$ 84,900</u>	<u>\$ 246,739</u>	<u>\$ 6,437</u>	<u>\$ 202,789</u>

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2014

	Special Revenue Funds			
		Local Capital		
	Canine	Improvements	Town Aid	Senior
		Program	Road	Center
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Grants and contracts receivable	-	-	-	-
Accounts receivable	-	-	-	-
Prepaid items	-	-	-	-
Due from other funds	24,784	25,983	561,120	37,890
Total assets	<u>\$ 24,784</u>	<u>\$ 25,983</u>	<u>\$ 561,120</u>	<u>\$ 37,890</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 46,812	\$ -
Due to other funds	-	5,635	-	-
Unearned revenue	-	-	394,951	41,089
Total liabilities	<u>-</u>	<u>5,635</u>	<u>441,763</u>	<u>41,089</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Prepaid items	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted for:				
Public works	-	-	119,357	-
Committed to:				
Public safety	24,784	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	20,348	-	-
Unassigned	-	-	-	(3,199)
Total fund balances (deficits)	<u>24,784</u>	<u>20,348</u>	<u>119,357</u>	<u>(3,199)</u>
Total liabilities and fund balances (deficits)	<u>\$ 24,784</u>	<u>\$ 25,983</u>	<u>\$ 561,120</u>	<u>\$ 37,890</u>

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2014

	Special Revenue Funds	Total Nonmajor Special Revenue Funds	Capital Project Funds		
	Wheeler Library		Plan of Conservation & Development	Capital Reserve	Chalk Hill Asbestos Removal
ASSETS					
Cash and cash equivalents	\$ 43,751	\$ 841,421	\$ -	\$ -	\$ -
Investments	200,462	200,462	-	-	-
Grants and contracts receivable	-	81,458	-	-	-
Accounts receivable	-	374,996	-	-	-
Prepaid items	-	1,318	-	-	-
Due from other funds	568	1,553,345	-	122,101	-
Total assets	<u>\$ 244,781</u>	<u>\$ 3,053,000</u>	<u>\$ -</u>	<u>\$ 122,101</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ 270,974	\$ -	\$ 8,275	\$ -
Due to other funds	7,664	216,671	19,669	8,850	303,667
Unearned revenue	-	640,950	-	-	-
Total liabilities	<u>7,664</u>	<u>1,128,595</u>	<u>19,669</u>	<u>17,125</u>	<u>303,667</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Prepaid items	-	1,318	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Public works	-	119,357	-	-	-
Committed to:					
Public safety	-	206,997	-	-	-
Culture and recreation	237,117	875,775	-	-	-
Education	-	431,570	-	-	-
Capital projects	-	-	-	104,976	-
Other purposes	-	330,788	-	-	-
Unassigned	-	(41,400)	(19,669)	-	(303,667)
Total fund balances (deficits)	<u>237,117</u>	<u>1,924,405</u>	<u>(19,669)</u>	<u>104,976</u>	<u>(303,667)</u>
Total liabilities and fund balances (deficits)	<u>\$ 244,781</u>	<u>\$ 3,053,000</u>	<u>\$ -</u>	<u>\$ 122,101</u>	<u>\$ -</u>

(Continued)

TOWN OF MONROE, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 JUNE 30, 2014

	Capital Project Funds			
	Town Paving Program	Fire Cistern STEAP Grant	Food Pantry Paving STEAP Grant	Pepper Street Grant
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Grants and contracts receivable	-	100,332	37,535	82,124
Accounts receivable	-	-	-	-
Prepaid items	-	-	-	-
Due from other funds	280,674	-	-	-
Total assets	<u>\$ 280,674</u>	<u>\$ 100,332</u>	<u>\$ 37,535</u>	<u>\$ 82,124</u>
LIABILITIES				
Accounts payable	\$ 27,585	\$ -	\$ -	\$ -
Due to other funds	-	100,332	37,535	82,124
Unearned revenue	-	-	-	-
Total liabilities	<u>27,585</u>	<u>100,332</u>	<u>37,535</u>	<u>82,124</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Prepaid items	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted for:				
Public works	-	-	-	-
Committed to:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Capital projects	253,089	-	-	-
Other purposes	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>253,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances (deficits)	<u>\$ 280,674</u>	<u>\$ 100,332</u>	<u>\$ 37,535</u>	<u>\$ 82,124</u>

(Continued)

TOWN OF MONROE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2014

	Capital Projects Funds		Total Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
	Police Renovation Fund	BOE Capital Reserve		Cornelia Rogers	
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 841,421	\$ -	\$ 841,421
Investments	-	-	200,462	-	200,462
Grants and contracts receivable	-	289,224	590,673	-	590,673
Accounts receivable	-	-	374,996	-	374,996
Prepaid items	-	-	1,318	-	1,318
Due from other funds	-	71,201	2,027,321	71,474	2,098,795
Total assets	<u>\$ -</u>	<u>\$ 360,425</u>	<u>\$ 4,036,191</u>	<u>\$ 71,474</u>	<u>\$ 4,107,665</u>
LIABILITIES					
Accounts payable	\$ 96,479	\$ 12,136	\$ 415,449	\$ -	\$ 415,449
Due to other funds	305,715	-	1,074,563	-	1,074,563
Unearned revenue	-	-	640,950	-	640,950
Total liabilities	<u>402,194</u>	<u>12,136</u>	<u>2,130,962</u>	<u>-</u>	<u>2,130,962</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Prepaid items	-	-	1,318	-	1,318
Permanent fund principal	-	-	-	71,474	71,474
Restricted for:					
Public works	-	-	119,357	-	119,357
Committed to:					
Public safety	-	-	206,997	-	206,997
Culture and recreation	-	-	875,775	-	875,775
Education	-	-	431,570	-	431,570
Capital projects	-	348,289	706,354	-	706,354
Other purposes	-	-	330,788	-	330,788
Unassigned	(402,194)	-	(766,930)	-	(766,930)
Total fund balances (deficits)	<u>(402,194)</u>	<u>348,289</u>	<u>1,905,229</u>	<u>71,474</u>	<u>1,976,703</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>\$ 360,425</u>	<u>\$ 4,036,191</u>	<u>\$ 71,474</u>	<u>\$ 4,107,665</u>

See accompanying Independent Auditor's Report

TOWN OF MONROE, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2014

	Special Revenue Funds				
	Library Grants	School Cafeteria	Educational Grants	WMNR Radio Station	Seized Assets
REVENUES					
Intergovernmental	\$ 5,228	\$ 249,611	\$ 1,596,277	\$ -	\$ -
Charges for services	-	967,135	-	513,297	30
Contributions	-	-	-	227,984	-
Investment earnings	-	147	-	1,060	-
Miscellaneous	-	-	-	900	-
Total revenues	<u>5,228</u>	<u>1,216,893</u>	<u>1,596,277</u>	<u>743,241</u>	<u>30</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	5,228	-	-	681,861	-
Education	-	1,185,291	1,596,277	-	-
Capital outlays	-	-	-	-	4,363
Debt service:					
Debt issuance costs	-	-	-	-	-
Total expenditures	<u>5,228</u>	<u>1,185,291</u>	<u>1,596,277</u>	<u>681,861</u>	<u>4,363</u>
Excess (deficiency) of revenues over expenditures	-	31,602	-	61,380	(4,333)
OTHER FINANCING SOURCES (USES)					
Proceeds from general obligations bonds	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	-	31,602	-	61,380	(4,333)
Fund balances (deficit) - beginning	<u>(6,060)</u>	<u>87,919</u>	<u>1,533</u>	<u>414,175</u>	<u>8,536</u>
Fund balances (deficit) - ending	<u>\$ (6,060)</u>	<u>\$ 119,521</u>	<u>\$ 1,533</u>	<u>\$ 475,555</u>	<u>\$ 4,203</u>

(Continued)

TOWN OF MONROE, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2014

	Special Revenue Funds				
	BOE Miscellaneous Program	Police Grants	Miscellaneous Donations	Miscellaneous Grants and Programs	Exchange Programs
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ 4,000	\$ -
Charges for services	982,159	35,000	-	110,560	-
Contributions	-	-	18,864	50,178	65,026
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	61,911
Total revenues	<u>982,159</u>	<u>35,000</u>	<u>18,864</u>	<u>164,738</u>	<u>126,937</u>
EXPENDITURES					
Current:					
General government	-	-	-	2,112	-
Public safety	-	34,865	-	-	300
Public works	-	-	-	-	44,856
Health and welfare	-	-	-	40,011	52,910
Culture and recreation	-	-	16,168	98,151	27,482
Education	777,949	-	-	-	-
Capital outlays	-	-	-	-	-
Debt service:					
Debt issuance costs	-	-	-	-	-
Total expenditures	<u>777,949</u>	<u>34,865</u>	<u>16,168</u>	<u>140,274</u>	<u>125,548</u>
Excess (deficiency) of revenues over expenditures	204,210	135	2,696	24,464	1,389
OTHER FINANCING SOURCES (USES)					
Proceeds from general obligations bonds	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	204,210	135	2,696	24,464	1,389
Fund balances (deficit) - beginning	<u>106,306</u>	<u>6,707</u>	<u>40,571</u>	<u>201,487</u>	<u>78,897</u>
Fund balances (deficit) - ending	<u>\$ 310,516</u>	<u>\$ 6,842</u>	<u>\$ 43,267</u>	<u>\$ 225,951</u>	<u>\$ 80,286</u>

(Continued)

TOWN OF MONROE, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2014

	Special Revenue Funds				
	Waste Disposal	Police Private Duty	Recreation Programs	Senior Citizen Programs	EMS Intercept
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 707
Charges for services	522,078	219,336	458,105	17,194	599,774
Contributions	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>522,078</u>	<u>219,336</u>	<u>458,105</u>	<u>17,194</u>	<u>600,481</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	337,139	-	-	789,795
Public works	602,553	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	398,915	15,001	-
Education	-	-	-	-	-
Capital outlays	-	-	-	-	-
Debt service:					
Debt issuance costs	-	-	-	-	-
Total expenditures	<u>602,553</u>	<u>337,139</u>	<u>398,915</u>	<u>15,001</u>	<u>789,795</u>
Excess (deficiency) of revenues over expenditures	(80,475)	(117,803)	59,190	2,193	(189,314)
OTHER FINANCING SOURCES (USES)					
Proceeds from general obligations bonds	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-
Transfers in	-	-	-	-	150,000
Transfers out	-	(50,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Net change in fund balances (deficit)	(80,475)	(167,803)	59,190	2,193	(39,314)
Fund balances (deficit) - beginning	<u>48,334</u>	<u>252,703</u>	<u>55,687</u>	<u>4,084</u>	<u>129,785</u>
Fund balances (deficit) - ending	<u>\$ (32,141)</u>	<u>\$ 84,900</u>	<u>\$ 114,877</u>	<u>\$ 6,277</u>	<u>\$ 90,471</u>

(Continued)

TOWN OF MONROE, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Local Capital			Senior Center
	Canine	Improvements Program	Town Aid Road	
REVENUES				
Intergovernmental	\$ -	\$ 17,133	\$ 124,591	\$ 35,721
Charges for services	-	7,542	800	-
Contributions	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>24,675</u>	<u>125,391</u>	<u>35,721</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	124,591	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	35,721
Education	-	-	-	-
Capital outlays	-	34,207	-	-
Debt service:				
Debt issuance costs	-	-	-	-
Total expenditures	<u>-</u>	<u>34,207</u>	<u>124,591</u>	<u>35,721</u>
Excess (deficiency) of revenues over expenditures	-	(9,532)	800	-
OTHER FINANCING SOURCES (USES)				
Proceeds from general obligations bonds	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	-	(9,532)	800	-
Fund balances (deficit) - beginning	<u>24,784</u>	<u>29,880</u>	<u>118,557</u>	<u>(3,199)</u>
Fund balances (deficit) - ending	<u>\$ 24,784</u>	<u>\$ 20,348</u>	<u>\$ 119,357</u>	<u>\$ (3,199)</u>

(Continued)

TOWN OF MONROE, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2014

	Special Revenue Funds		Capital Projects Funds		
	Wheeler Library	Total Nonmajor Special Revenue Funds	Plan of Conservation & Development	Capital Reserve	Chalk Hill Asbestos Removal
REVENUES					
Intergovernmental	\$ -	\$ 2,033,268	\$ -	\$ 9,545	\$ -
Charges for services	-	4,433,010	-	-	-
Contributions	45,000	407,052	-	-	-
Investment earnings	2,800	4,007	-	-	-
Miscellaneous	-	62,811	-	-	-
Total revenues	47,800	6,940,148	-	9,545	-
EXPENDITURES					
Current:					
General government	-	2,112	-	-	-
Public safety	-	1,162,099	-	-	-
Public works	-	772,000	-	-	-
Health and welfare	-	92,921	-	-	-
Culture and recreation	102,459	1,380,986	-	-	-
Education	-	3,559,517	-	-	-
Capital outlays	-	38,570	21,520	275,903	-
Debt service:					
Debt issuance costs	-	-	-	12,634	-
Total expenditures	102,459	7,008,205	21,520	288,537	-
Excess (deficiency) of revenues over expenditures	(54,659)	(68,057)	(21,520)	(278,992)	-
OTHER FINANCING SOURCES (USES)					
Proceeds from general obligations bonds	-	-	-	390,000	-
Premium on general obligation bonds issued	-	-	-	11,320	-
Transfers in	-	150,000	40,000	137,000	-
Transfers out	(7,865)	(57,865)	-	(162,866)	-
Total other financing sources (uses)	(7,865)	92,135	40,000	375,454	-
Net change in fund balances (deficit)	(62,524)	24,078	18,480	96,462	-
Fund balances (deficit) - beginning	299,641	1,900,327	(38,149)	8,514	(303,667)
Fund balances (deficit) - ending	\$ 237,117	\$ 1,924,405	\$ (19,669)	\$ 104,976	\$ (303,667)

(Continued)

TOWN OF MONROE, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2014

	Capital Project Funds			
	Town Paving Program	Fire Cistern STEAP Grant	Food Pantry Paving STEAP Grant	Pepper Street Grant
REVENUES				
Intergovernmental	\$ -	\$ 92,907	\$ -	\$ 82,124
Charges for services	-	-	-	-
Contributions	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>92,907</u>	<u>-</u>	<u>82,124</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Capital outlays	96,851	92,907	-	82,124
Debt service:				
Debt issuance costs	63,125	-	-	-
Total expenditures	<u>159,976</u>	<u>92,907</u>	<u>-</u>	<u>82,124</u>
Excess (deficiency) of revenues over expenditures	(159,976)	-	-	-
OTHER FINANCING SOURCES (USES)				
Proceeds from general obligations bonds	1,300,000	-	-	-
Premium on general obligation bonds issued	37,734	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,337,734</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	1,177,758	-	-	-
Fund balances (deficit) - beginning	<u>(924,669)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 253,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TOWN OF MONROE, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)

NONMAJOR GOVERNMENTAL FUNDS (Continued)

YEAR ENDED JUNE 30, 2014

	Capital Projects Funds		Total Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
	Police Renovation Fund	BOE Capital Reserve		Cornelia Rogers	
REVENUES					
Intergovernmental	\$ -	\$ 289,224	\$ 2,507,068	\$ -	\$ 2,507,068
Charges for services	-	-	4,433,010	-	4,433,010
Contributions	-	-	407,052	-	407,052
Investment earnings	-	-	4,007	5	4,012
Miscellaneous	26,559	-	89,370	-	89,370
Total revenues	<u>26,559</u>	<u>289,224</u>	<u>7,440,507</u>	<u>5</u>	<u>7,440,512</u>
EXPENDITURES					
Current:					
General government	-	-	\$ 2,112	-	2,112
Public safety	-	-	1,162,099	-	1,162,099
Public works	-	-	772,000	-	772,000
Health and welfare	-	-	92,921	-	92,921
Culture and recreation	-	-	1,380,986	-	1,380,986
Education	-	-	3,559,517	-	3,559,517
Capital outlays	208,728	493,219	1,309,822	-	1,309,822
Debt service:					
Debt issuance costs	-	-	75,759	-	75,759
Total expenditures	<u>208,728</u>	<u>493,219</u>	<u>8,355,216</u>	<u>-</u>	<u>8,355,216</u>
Excess (deficiency) of revenues over expenditures	(182,169)	(203,995)	(914,709)	5	(914,704)
OTHER FINANCING SOURCES (USES)					
Proceeds from general obligations bonds	-	-	1,690,000	-	1,690,000
Premium on general obligation bonds issued	-	-	49,054	-	49,054
Transfers in	-	162,866	489,866	-	489,866
Transfers out	-	-	(220,731)	-	(220,731)
Total other financing sources (uses)	<u>-</u>	<u>162,866</u>	<u>2,008,189</u>	<u>-</u>	<u>2,008,189</u>
Net change in fund balances (deficit)	(182,169)	(41,129)	1,093,480	5	1,093,485
Fund balances (deficit) - beginning	<u>(220,025)</u>	<u>389,418</u>	<u>811,749</u>	<u>71,469</u>	<u>883,218</u>
Fund balances (deficit) - ending	<u>\$ (402,194)</u>	<u>\$ 348,289</u>	<u>\$ 1,905,229</u>	<u>\$ 71,474</u>	<u>\$ 1,976,703</u>

Proprietary Funds

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	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	\$ -	\$ 2,161,718	\$ -	\$ -	\$ 2,161,718
Due from other funds	32,531	-	265,318	220,577	518,426
Total assets	<u>32,531</u>	<u>2,161,718</u>	<u>265,318</u>	<u>220,577</u>	<u>2,680,144</u>
LIABILITIES					
Current liabilities:					
Accounts payable	-	-	2,840	-	2,840
Risk management claims	9,134	509,159	38,548	-	556,841
Other liabilities:					
Risk management claims, less current portion	-	-	402,283	-	402,283
Total liabilities	<u>9,134</u>	<u>509,159</u>	<u>443,671</u>	<u>-</u>	<u>961,964</u>
NET POSITION (DEFICIT)					
Unassigned (deficit)	23,397	1,652,559	(178,353)	220,577	1,718,180
Total net position (deficit)	<u>\$ 23,397</u>	<u>\$ 1,652,559</u>	<u>\$ (178,353)</u>	<u>\$ 220,577</u>	<u>\$ 1,718,180</u>

See accompanying Independent Auditor's Report

TOWN OF MONROE, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (DEFICIT)

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2014

	Governmental Activities - Internal Service Funds				Total
	Town	Board of Education	Heart and	Post Retirement	
	Dental	Medical and	Hypertension	Medical	
	Dental	Dental	Hypertension	Benefits	
OPERATING REVENUES					
Employer contributions	\$ -	\$ 5,605,345	\$ 80,000	\$ -	\$ 5,685,345
Charges for services	110,563	1,859,305	14,652	18,933	2,003,453
Total operating revenues	<u>110,563</u>	<u>7,464,650</u>	<u>94,652</u>	<u>18,933</u>	<u>7,688,798</u>
OPERATING EXPENSES					
Claims and benefits	103,993	6,807,762	8,555	-	6,920,310
Premiums and administrative charges	6,354	1,015,149	-	-	1,021,503
Total operating expenses	<u>110,347</u>	<u>7,822,911</u>	<u>8,555</u>	<u>-</u>	<u>7,941,813</u>
Operating income (loss)	216	(358,261)	86,097	18,933	(253,015)
NON-OPERATING REVENUES					
Investment income	-	1,005	-	-	1,005
Change in net position (deficit)	216	(357,256)	86,097	18,933	(252,010)
Net position (deficit) - beginning	<u>23,181</u>	<u>2,009,815</u>	<u>(264,450)</u>	<u>201,644</u>	<u>1,970,190</u>
Net position (deficit) - ending	<u>\$ 23,397</u>	<u>\$ 1,652,559</u>	<u>\$ (178,353)</u>	<u>\$ 220,577</u>	<u>\$ 1,718,180</u>

See accompanying Independent Auditor's Report

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	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	\$ -	\$ 5,605,345	\$ 80,000	\$ -	\$ 5,685,345
Receipts from charges for services	110,563	1,859,305	14,652	18,933	2,003,453
Payments to employees, vendors and others	(110,563)	(7,924,079)	(94,652)	(18,933)	(8,148,227)
Net cash used in operating activities	<u>-</u>	<u>(459,429)</u>	<u>-</u>	<u>-</u>	<u>(459,429)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	-	1,005	-	-	1,005
Net cash provided by investing activities	<u>-</u>	<u>1,005</u>	<u>-</u>	<u>-</u>	<u>1,005</u>
Net decrease in cash and cash equivalents	-	(458,424)	-	-	(458,424)
Cash and cash equivalents, beginning of year	<u>-</u>	<u>2,620,142</u>	<u>-</u>	<u>-</u>	<u>2,620,142</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 2,161,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,161,718</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES:					
Operating income (loss)	\$ 216	\$ (358,261)	\$ 86,097	\$ 18,933	\$ (253,015)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Increase in assets:					
Due from other funds	-	-	(20,001)	(18,933)	(38,934)
Decrease in liabilities:					
Risk management claims	(216)	(101,168)	(66,096)	-	(167,480)
Net cash used in operating activities	<u>\$ -</u>	<u>\$ (459,429)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (459,429)</u>

See accompanying Independent Auditor's Report

Fiduciary Funds

TOWN OF MONROE, CONNECTICUT
 COMBINING STATEMENT OF PLAN NET POSITION
 JUNE 30, 2014

	Pension Trust Funds		
	Town Employees' Retirement Plan	Board of Education Pension Plan	Total
ASSETS			
Investments, at fair value:			
Pooled separate accounts	\$ 3,481,391	\$ -	\$ 3,481,391
Equity mutual accounts	5,015,755	10,064,119	15,079,874
Guarenteed deposit accounts	1,272,850	-	1,272,850
Total assets	<u>9,769,996</u>	<u>10,064,119</u>	<u>19,834,115</u>
LIABILITIES			
Accounts payable	-	41,752	41,752
Total liabilities	<u>-</u>	<u>41,752</u>	<u>41,752</u>
NET POSITION			
Held in trust for pension benefits	9,769,996	10,022,367	19,792,363
Total net position	<u>\$ 9,769,996</u>	<u>\$ 10,022,367</u>	<u>\$ 19,792,363</u>

TOWN OF MONROE, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
 YEAR ENDED JUNE 30, 2014

	Pension Trust Funds		
	Town Employees' Retirement Plan	Board of Education Pension Plan	Total
ADDITIONS			
Contributions:			
Employer	\$ 342,944	\$ 350,995	\$ 693,939
Plan members	136,194	197,393	333,587
Total contributions	<u>479,138</u>	<u>548,388</u>	<u>1,027,526</u>
Investment earnings:			
Interest and dividends	197,242	8	197,250
Net appreciation in the fair value of investments	1,067,918	1,303,256	2,371,174
Total investment earnings	<u>1,265,160</u>	<u>1,303,264</u>	<u>2,568,424</u>
Total additions	<u>1,744,298</u>	<u>1,851,652</u>	<u>3,595,950</u>
DEDUCTIONS			
Benefit payments	464,205	503,848	968,053
Administrative expenses	58,328	89,687	148,015
Other expenses	-	640	640
Total deductions	<u>522,533</u>	<u>594,175</u>	<u>1,116,708</u>
Change in net position	1,221,765	1,257,477	2,479,242
Net position, beginning	<u>8,548,231</u>	<u>8,764,890</u>	<u>17,313,121</u>
Net position, ending	<u>\$ 9,769,996</u>	<u>\$ 10,022,367</u>	<u>\$ 19,792,363</u>

TOWN OF MONROE, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014

	Performance and Driveway Bonds	Student Activity Fund	Total Agency Funds
ASSETS			
Cash	\$ -	\$ 210,900	\$ 210,900
Other receivables	1,120,851	-	1,120,851
Total assets	<u>\$ 1,120,851</u>	<u>\$ 210,900</u>	<u>\$ 1,331,751</u>
LIABILITIES			
Due to student groups	\$ -	\$ 210,900	\$ 210,900
Due to others	1,120,851	-	1,120,851
Total liabilities	<u>\$ 1,120,851</u>	<u>\$ 210,900</u>	<u>\$ 1,331,751</u>

TOWN OF MONROE, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2014

	<u>Balance, July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2014</u>
Student Activity Fund				
Assets				
Cash	\$ 279,148	\$ 1,146,636	\$ 1,214,884	\$ 210,900
Total assets	<u>\$ 279,148</u>	<u>\$ 1,146,636</u>	<u>\$ 1,214,884</u>	<u>\$ 210,900</u>
Liabilities				
Due to student groups	\$ 279,148	\$ 1,146,636	\$ 1,214,884	\$ 210,900
Total liabilities	<u>\$ 279,148</u>	<u>\$ 1,146,636</u>	<u>\$ 1,214,884</u>	<u>\$ 210,900</u>
Performance and Driveway Fund				
Assets				
Other receivables	650,983	555,500	85,632	1,120,851
Total assets	<u>\$ 650,983</u>	<u>\$ 555,500</u>	<u>\$ 85,632</u>	<u>\$ 1,120,851</u>
Liabilities				
Due to others	\$ 650,983	\$ 555,500	\$ 85,632	\$ 1,120,851
Total liabilities	<u>\$ 650,983</u>	<u>\$ 555,500</u>	<u>\$ 85,632</u>	<u>\$ 1,120,851</u>
Total All Agency Funds				
Assets				
Cash	\$ 279,148	\$ 1,146,636	\$ 1,214,884	\$ 210,900
Other receivables	650,983	555,500	85,632	1,120,851
Total assets	<u>\$ 930,131</u>	<u>\$ 1,702,136</u>	<u>\$ 1,300,516</u>	<u>\$ 1,331,751</u>
Liabilities				
Due to student groups	\$ 279,148	\$ 1,146,636	\$ 1,214,884	\$ 210,900
Due to others	650,983	555,500	85,632	1,120,851
Total liabilities	<u>\$ 930,131</u>	<u>\$ 1,702,136</u>	<u>\$ 1,300,516</u>	<u>\$ 1,331,751</u>

Other
Supplementary
Information

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

FISCAL YEAR ENDED JUNE 30	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	HEALTH AND WELFARE	CULTURE AND RECREATION	SUBRECIPIENT EXPENDITURES	EDUCATION	INTEREST EXPENSE	TOTAL
2014	\$ 8,572,236	\$ 8,209,708	\$ 5,494,186	\$ 325,502	\$ 3,185,250	\$ -	\$ 65,177,110	\$ 1,414,240	\$ 92,378,232
2013	7,823,123	8,278,987	4,683,225	270,271	3,037,069	-	65,191,283	1,367,013	90,650,971
2012	8,229,750	8,326,453	5,631,004	254,555	3,091,287	5,500	63,718,458	1,438,356	90,695,363
2011	6,972,475	7,339,882	5,260,746	246,230	2,987,392	251,916	65,757,974	2,334,757	91,151,372
2010	6,619,837	6,937,172	6,086,321	189,603	3,183,429	301,854	63,345,854	1,942,141	88,606,211

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		
2014	\$ 7,577,679	\$ 16,089,649	\$ 662,887	\$ 70,175,208	\$ 370,374	\$ 125,872	\$ 706,185	\$ 95,707,854	
2013	8,404,917	14,682,527	708,284	67,726,473	527,634	80,527	-	92,130,362	
2012	7,762,519	14,172,938	785,215	66,103,448	336,908	353,118	-	89,514,146	
2011	8,486,797	13,449,453	1,384,919	64,727,759	375,640	410,461	-	88,835,029	
2010	8,479,973	13,454,813	1,289,283	62,496,456	476,260	524,401	-	86,721,186	

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

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>GRAND LIST OF OCTOBER 1</u>	<u>(1) NET TAXABLE GRAND LIST</u>	<u>TAX RATE (IN MILLS)</u>	<u>TOTAL ADJUSTED TAX LEVY</u>	<u>(2) % COLLECTED END OF EACH FISCAL YEAR</u>	<u>(1) UNCOLLECTED END OF EACH FISCAL YEAR</u>	<u>(2) UNCOLLECTED AS OF JUNE 30, 2014</u>
2014	2012	\$ 2,308,576,322	30.41	\$ 69,989,113	98.7%	\$ 918,060	\$ 684,379
2013	2011	2,296,715,433	29.26	67,210,084	98.8%	822,201	212,309
2012	2010	2,290,492,353	28.79	65,702,612	98.2%	1,150,322	14,460
2011	2009	2,286,815,228	28.26	64,320,324	98.5%	936,551	6,912
2010	2008	2,117,900,075	29.5	62,225,568	98.6%	866,701	-
2009	2007	2,116,304,857	28.68	60,656,250	99.0%	601,302	-
2008	2006	2,095,924,088	27.42	57,583,055	99.0%	588,841	-
2007	2005	2,068,914,417	26.08	53,915,213	99.3%	371,688	-
2006	2004	2,036,119,470	24.05	49,057,616	99.3%	355,202	-
2005	2003	2,008,684,515	22.88	45,912,450	99.4%	294,991	-

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

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

GRAND LIST DATED	RESIDENTIAL PROPERTY	COMMERCIAL/ INDUSTRIAL PROPERTY	ALL LAND	MOTOR VEHICLES	PERSONAL PROPERTY	GROSS TAXABLE GRAND LIST	EXEMPTIONS	NET TAXABLE (1) GRAND LIST
10/1/2012	\$ 1,785,703,412	\$ 211,893,586	\$ 87,082,378	\$ 156,954,517	\$ 83,513,266	\$ 2,325,147,159	\$ 16,570,837	\$ 2,308,576,322
10/1/2011	1,784,313,791	208,533,493	87,021,168	156,689,468	80,346,311	2,316,904,231	20,188,798	2,296,715,433
10/1/2010	1,781,704,626	209,685,430	87,562,128	150,522,125	80,587,807	2,310,062,116	19,569,763	2,290,492,353
10/1/2009	1,781,417,088	211,395,000	86,139,758	144,510,773	85,468,422	2,308,931,041	22,115,813	2,286,815,228
10/1/2008	1,678,449,336	174,542,600	61,138,164	144,037,577	82,022,355	2,140,190,032	22,289,957	2,117,900,075
10/1/2007	1,672,037,365	170,000,130	59,429,704	157,545,290	79,680,836	2,138,693,325	22,388,468	2,116,304,857
10/1/2006	1,658,832,885	153,453,595	64,241,269	156,136,365	76,424,263	2,109,088,377	13,164,289	2,095,924,088
10/1/2005	1,645,701,218	150,728,010	58,645,950	156,699,426	73,748,290	2,085,522,894	16,608,477	2,068,914,417
10/1/2004	1,629,691,796	143,739,128	57,148,770	148,487,868	73,227,443	2,052,295,005	14,731,031	2,037,563,974
10/1/2003	1,618,620,220	132,820,410	63,786,520	138,995,628	69,171,410	2,023,394,188	11,437,819	2,011,956,369

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

Source: Town Officials

TOWN OF MONROE, CONNECTICUT

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

(Unaudited)

FISCAL YEAR ENDED JUNE 30	POPULATION	ASSESSED VALUE	DIRECT NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2014	19,794 (2)	\$ 3,207,048,912 (3)	\$ 43,012,534	1.34	2,173
2013	19,398 (2)	3,098,919,583 (3)	40,412,415	1.30	2,083
2012	19,441 (2)	3,271,578,057 (3)	43,613,469	1.33	2,243
2011	19,402 (2)	3,277,578,057 (3)	42,439,479	1.29	2,187
2010	19,435 (2)	3,562,432,689 (3)	42,602,202	1.20	2,192
2009	19,359 (2)	3,562,432,689 (3)	41,868,226	1.18	2,163
2008	19,359 (2)	3,845,023,945 (3)	41,112,552	1.07	2,124
2007	19,402 (2)	3,849,660,841 (3)	43,981,878	1.14	2,267
2006	19,599 (2)	3,624,726,036 (3)	46,212,714	1.27	2,358
2005	19,650 (2)	2,882,295,437 (3)	45,603,077	1.58	2,325

(1) Unaudited estimate.

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

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

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>
2014	19,794 (2)	\$ 3,207,048,912 (3)	\$ 44,395,000	1.38	\$ 2,243
2013	19,398 (2)	3,098,919,583 (3)	42,195,000	1.36	2,175
2012	19,441 (2)	3,271,578,057 (3)	45,885,000	1.40	2,360
2011	19,402 (2)	3,277,578,057 (3)	45,035,000	1.37	2,321
2010	19,435 (2)	3,562,432,689 (3)	45,610,000	1.28	2,347
2009	19,359 (2)	3,562,432,689 (3)	45,290,000	1.27	2,339
2008	19,359 (2)	3,845,023,945 (3)	44,950,000	1.17	2,322
2007	19,402 (2)	3,849,660,841 (3)	48,235,000	1.25	2,486
2006	19,599 (2)	3,624,726,036 (3)	50,881,510	1.40	2,596
2005	19,650 (2)	2,882,295,437 (3)	50,665,000	1.76	2,578

(1) Unaudited estimate.

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

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

Table 7

TOWN OF MONROE, CONNECTICUT
COMPUTATION OF NET DIRECT DEBT
JUNE 30, 2014
(Unaudited)

DESCRIPTION	DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO TOWN	TOWN SHARE OF DEBT
Current Bonded Debt:			
General purpose	\$ 20,552,000	100%	\$ 20,552,000
Schools	20,893,000	100%	20,893,000
Total Current Bonded Indebtedness			<u>41,445,000</u>
Direct Bonded Indebtedness			41,445,000
Short-term direct indebtedness			<u>2,950,000</u>
Gross direct indebtedness			44,395,000
Exclusion: State School Bond Reimbursement Receivable (1)			<u>(1,382,466)</u>
Total net direct indebtedness			<u><u>\$ 43,012,534</u></u>

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

Table 8

TOWN OF MONROE, CONNECTICUT
TEN LARGEST PRINCIPAL TAXPAYERS
2012 GRAND LIST
(Unaudited)

NAME OF TAXPAYER	NATURE OF BUSINESS	LIST AMOUNT (1)	ESTIMATED TAXES (2)
First Light Hydro Generating Company	Electrical Generator	\$ 28,409,320	\$ 863,927
Connecticut Light and Power Company Inc.	Electical Supplier	15,311,838	465,633
Aquarion Water Company of Connecticut Corp.	Headquarters & Water Supplier	12,614,074	383,594
Swiss Army Land Inc.	Headquarters & Distribution	8,520,633	259,112
111 Century Plaza, LLC	Big Y Plaza	8,098,000	246,260
Lake Zoar Properties & The Waterview LLC	The Waterview Banquet Facility	7,335,843	223,083
Clocktower Square #1 LLC	Retail Property	6,613,280	201,110
Maril LLC	Stop & Shop Plaza	6,395,650	194,492
CBL Inc.	Whitney Farms Country Club	5,154,061	156,735
SB Real Estate LLC	Classroom Supplies for Schools	4,899,860	149,005
Totals		\$ 103,352,559	\$ 3,142,951

(1) Represents 4.5% of the net taxable grand list of \$2,308,576,322 dated October 1, 2012.

(2) Represents 4.5% of the adopted tax levy of \$69,989,113 for fiscal year 2013-14.

Source: Town Officials