



April 26, 2012

**TO ALL BIDDERS**

**TOWN OF MONROE, CONNECTICUT**

**GENERAL OBLIGATION BONDS COMPRISED:**

**\$3,605,000 GENERAL OBLIGATION BONDS, ISSUE OF 2012, SERIES B  
BOOK-ENTRY-ONLY**

**DATED: MAY 24, 2012 DUE: MAY 15, 2014 – 2027**

**AND**

**\$460,000 GENERAL OBLIGATION BONDS (TAXABLE), ISSUE OF 2012, SERIES C  
BOOK-ENTRY-ONLY**

**DATED: MAY 24, 2012 DUE: MAY 15, 2014 – 2022**

Enclosed are the Town of Monroe, Connecticut's Notices of Sale which allows for electronic bidding through **PARITY®**. Per the official Notices of Sale, electronic bids for the **Series B Bonds** will be received on behalf of Town Officials at the office of the Director of Finance, Town of Monroe, Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468 until 11:00 A.M. (E.D.T.),

**AND**

electronic bids for the **Series C Bonds** will be received on behalf of Town Officials at the office of the Director of Finance, Town of Monroe, Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468 until 11:30 A.M. (E.D.T.), on **THURSDAY,**

**MAY 10, 2012**

If there are any questions regarding the Notice of Sale, please note that a representative of **IBIC** will be available on the morning of the sale at the following phone number.

Phone number (Monroe): (203) 452-2802 ext. 8

We trust we may be of service.

**Independent Bond & Investment Consultants LLC**  
*Member: National Association of Independent Public Finance Advisors*

129 Samson Rock Drive, Suite A, Madison, CT 06443 Phone 203.245.8715 Fax 203.245.7763 Email [muniibic@aol.com](mailto:muniibic@aol.com)

# OFFICIAL STATEMENT

## NEW ISSUE

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

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town of Monroe, Connecticut with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986 as amended (the "Code"), under existing law, interest on the Series B Bonds (as defined herein) is excludable from gross income of the owners thereof for federal income tax purposes and will not be treated as a preference item for purposes of computing the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax, as described under **Tax Exemption of the Series B Bonds** herein.*

*In the opinion of Bond Counsel, under existing law, interest on the Series C Bonds (as defined herein) is NOT excluded from gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). See **Tax Status of the Series C Bonds** herein.*

*In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See **Tax Exemption of the Series B Bonds and Tax Status of the Series C Bonds**.*

## TOWN OF MONROE, CONNECTICUT

### GENERAL OBLIGATION BONDS COMPRISED OF:

**\$3,605,000 GENERAL OBLIGATION BONDS, ISSUE OF 2012, SERIES B**

**AND**

**\$460,000 GENERAL OBLIGATION BONDS (TAXABLE), ISSUE OF 2012, SERIES C**  
**BOOK-ENTRY ONLY**

#### **Dated: Date of Delivery**

**Due: Serially May 15 as shown herein**

The \$3,605,000 General Obligation Bonds, Issue of 2012, Series B (the "Series B Bonds") and the \$460,000 General Obligation Bonds (Taxable), Issue of 2012, Series C (the "Series C Bonds" and collectively as the "Bonds") will be general obligations of the Town of Monroe, Connecticut (the "Town"), and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. (See "Security and Remedies" herein.)

Interest on the Bonds will be payable semiannually on May 15 and November 15 in each year until maturity, commencing November 15, 2012.

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

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

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

The Bonds are being offered for sale in accordance with the official Notices of Sale dated April 26, 2012. Electronic bids via **PARITY®** for the Series B Bonds will be received until 11:00 A.M. (E.D.T.) on Thursday, May 10, 2012 as described in the Notice of Sale for the Series B Bonds. (See "Appendix E – Notice of Sale –Series B Bonds" herein). Electronic bids via **PARITY®** for the Series C Bonds will be received until 11:30 A.M. (E.D.T.) on Thursday, May 10, 2012 as described in the Notice of Sale for the Series C Bonds. (See "Appendix F – Notice of Sale –Series C Bonds" herein).

*The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley LLC, Bond Counsel, of Hartford and Bridgeport, Connecticut. It is expected that delivery of the Bonds in definitive book-entry form will be made to DTC in New York, New York on or about May 24, 2012.*

**Dated: April 26, 2012**

# TOWN OF MONROE, CONNECTICUT

**\$3,605,000**

## GENERAL OBLIGATION BONDS, ISSUE OF 2012, SERIES B

### MATURITY SCHEDULE AND AMOUNTS

**Dated: Date of Delivery**

**Due: May 15, as shown below**

<b>Maturity</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP</b>	<b>Maturity</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP</b>
2014	\$ 225,000	%	%	610423***	2021	\$ 250,000	%	%	610423***
2015	225,000			610423***	2022	250,000			610423***
2016	225,000			610423***	2023	255,000			610423***
2017	225,000			610423***	2024	275,000			610423***
2018	225,000			610423***	2025	325,000			610423***
2019	225,000			610423***	2036	325,000			610423***
2020	250,000			610423***	2027	325,000			610423***

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# TOWN OF MONROE, CONNECTICUT

**\$460,000**

## GENERAL OBLIGATION BONDS (TAXABLE), ISSUE OF 2012, SERIES C

### MATURITY SCHEDULE AND AMOUNTS

**Dated: Date of Delivery**

**Due: May 15, as shown below**

<b>Maturity</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP</b>	<b>Maturity</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP</b>
2014	\$ 50,000	%	%	610423***	2019	\$ 50,000	%	%	610423***
2015	50,000			610423***	2020	50,000			610423***
2016	50,000			610423***	2021	55,000			610423***
2017	50,000			610423***	2022	55,000			610423***
2018	50,000			610423***					

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

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

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

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

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

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

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

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

**BOND COUNSEL**

**PULLMAN & COMLEY, LLC**  
*Hartford, Connecticut*  
*(860) 424-4300*

**INDEPENDENT FINANCIAL ADVISOR**

**INDEPENDENT BOND AND INVESTMENT  
CONSULTANTS LLC (IBIC)**  
*Madison, Connecticut*  
*(203) 245-8715*

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## SERIES B BONDS ISSUE SUMMARY

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

<b>Date of Sale:</b>	Thursday, May 10, 2012, at 11:00 A.M. (E.D.T).
<b>Location of Sale:</b>	The office of the Director of Finance and Comptroller, Town of Monroe, Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468.
<b>Issuer:</b>	Town of Monroe, Connecticut (the "Town").
<b>Issue:</b>	\$3,605,000 General Obligation Bonds, Issue of 2012, Series B.
<b>Dated Date:</b>	May 24, 2012.
<b>Interest Due:</b>	May 15 and November 15 in each year of maturity, commencing November 15, 2012.
<b>Principal Due:</b>	Serially May 15, 2014 - 2027.
<b>Purpose and Authority:</b>	The Bonds are being issued to finance capital projects as authorized at Town Meetings and referenda held at adjourned Town Meetings. (See "Purpose and Authorization of the Bonds" herein.)
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity, as more fully described herein.
<b>Security:</b>	The Bonds will be general obligations of the Town of Monroe, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due. See "Security and Remedies" herein.
<b>Credit rating:</b>	The Town has made an application for a rating on the Bonds to Moody's Investors Service, Inc. ("Moody's"). The underlying rating on the Town's outstanding bonds is currently "Aa2" by Moody's. (See "Ratings" herein.)
<b>Basis for Award:</b>	Lowest True Interest Cost (TIC) as of the Dated Date.
<b>Tax Exemption:</b>	See Appendix B "Form of Opinion of Bond Counsel and Tax Exemption of the Series B Bonds." herein.
<b>Continuing Disclosure:</b>	See Appendix D "Form of Continuing Disclosure Agreement."
<b>Bank Qualification:</b>	The Bonds shall NOT be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
<b>Certifying Bank Registrar, Transfer and Paying Agent:</b>	U.S. Bank National Association of Hartford, Connecticut.
<b>Legal Opinion:</b>	Pullman & Comley, LLC, of Hartford and Bridgeport, Connecticut is Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry only form will be made to the Depository Trust Company on or about May 24, 2012. Delivery of the Bonds will be made against payment in federal funds.
<b>Issuer Official:</b>	Questions regarding this Official Statement should be directed to Carl E. Tomchik, Director of Finance and Comptroller, Town of Monroe, 7 Fan Hill Road, Monroe, Connecticut 06468, telephone (203) 452-5454.

## SERIES C BONDS ISSUE SUMMARY

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

<b>Date of Sale:</b>	Thursday, May 10, 2012, at 11:30 A.M. (E.D.T).
<b>Location of Sale:</b>	The office of the Director of Finance and Comptroller, Town of Monroe, Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468.
<b>Issuer:</b>	Town of Monroe, Connecticut (the "Town").
<b>Issue:</b>	\$460,000 General Obligation Bonds (Taxable), Issue of 2012, Series C.
<b>Dated Date:</b>	May 24, 2012.
<b>Interest Due:</b>	May 15 and November 15 in each year of maturity, commencing November 15, 2012.
<b>Principal Due:</b>	Serially May 15, 2014 - 2022.
<b>Purpose and Authority:</b>	The Bonds are being issued to finance capital projects as authorized at Town Meetings and referenda held at adjourned Town Meetings. (See "Purpose and Authorization of the Bonds" herein.)
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity, as more fully described herein.
<b>Security:</b>	The Bonds will be general obligations of the Town of Monroe, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due. See "Security and Remedies" herein.
<b>Credit rating:</b>	The Town has made an application for a rating on the Bonds to Moody's Investors Service, Inc. ("Moody's"). The underlying rating on the Town's outstanding bonds is currently "Aa2" by Moody's. (See "Ratings" herein.)
<b>Basis for Award:</b>	Lowest True Interest Cost (TIC) as of the Dated Date.
<b>Tax Status:</b>	See Appendix C "Form of Opinion of Bond Counsel and Tax Status of the Series C Bonds" herein.
<b>Continuing Disclosure:</b>	See Appendix D "Form of Continuing Disclosure Agreement."
<b>Bank Qualification:</b>	The Bonds shall NOT be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
<b>Certifying Bank Registrar, Transfer and Paying Agent:</b>	U.S. Bank National Association of Hartford, Connecticut.
<b>Legal Opinion:</b>	Pullman & Comley, LLC, of Hartford and Bridgeport, Connecticut is Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry only form will be made to the Depository Trust Company on or about May 24, 2012. Delivery of the Bonds will be made against payment in federal funds.
<b>Issuer Official:</b>	Questions regarding this Official Statement should be directed to Carl E. Tomchik, Director of Finance and Comptroller, Town of Monroe, 7 Fan Hill Road, Monroe, Connecticut 06468, telephone (203) 452-5454.



## SECTION I - SECURITIES OFFERED

### Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Monroe, Connecticut (the "Town") in connection with the issuance and sale of General Obligation Bonds, comprised of \$3,605,000 General Obligation Bonds, Issue of 2012, Series B (the "Series B Bonds") and \$460,000 General Obligation Bonds (Taxable), Issue of 2012, Series C (the "Series C Bonds") of the Town. The Series B Bonds and the Series C Bonds collectively referred to herein as the "Bonds".

### Description of the Bonds

The Bonds will be dated the date of delivery, May 24, 2012, and will mature on the dates and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be payable on November 15, 2012 and semiannually thereafter on May 15 and November 15 in each year until the date of maturity. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the close of the last business day of April and October in each year. A book-entry-only system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein.) The Certifying, Registrar, Transfer and Paying Agent will be U.S. Bank National Association of Hartford, Connecticut. **The Bonds are subject to optional redemption prior to maturity.** (See "Optional Redemption" herein.) The legal opinion on the Bonds will be rendered by Pullman & Comley LLC of Hartford and Bridgeport, Connecticut, as set forth in Appendices B and C. The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended and described herein.

### Optional Redemption

The Bonds maturing on or before May 15, 2017 are not subject to redemption prior to maturity. The Bonds maturing on May 15, 2018, and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after May 15, 2017, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the redemption price or prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
May 15, 2017 and thereafter	100%

### Notice of Redemption

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

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

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

Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry-only system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such

redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by or the responsibility of the Town, the Registrar or Paying Agent.

## **Authorization and Purpose**

### Authorizations:

**Town Hall/Police Station Renovations:** A \$4,105,000 appropriation and a bond authorization for the planning, design and renovations to the Town Hall and Police Station was adopted by resolution of the Town Council on June 14, 2011 and a at a referendum vote at a Town Meeting on July 5, 2011.

**Masuk High School Expansion/Renovation Project:** A \$107,000 appropriation and bond authorization for preparation of preliminary plans approved at a Special Town Meeting held February 12, 2001.

**Masuk High School Expansion/Renovation Project:** A \$34,230,000 appropriation and bond authorization for the planning, design, renovation and expansion of the Masuk High School was adopted by resolution of the Town Council and thereafter approved at a referendum vote at an Adjourned Town Meeting held on October 2, 2001, and was amended to \$38,300,000 by the Town Council and a Town meeting held on July 28, 2003.

**Edith Wheeler Memorial Library:** A \$6,290,000 appropriation and bond authorization for the planning, design and construction of a new 30,000 sq. ft. library facility with parking was adopted by resolution of the Town Council and thereafter approved at a referendum vote at a Town Meeting held on September 29, 2003.

Purpose: Proceeds of the Bonds will be used to finance the following capital projects undertaken by the Town:

<b>Projects</b>	<b>Total Bond Authorization</b>	<b>Prior Bonds</b>	<b><i>The Series B Bonds</i></b>	<b><i>The Series C Bonds</i></b>
Town Hall/Police Station Renovations	\$ 4,105,000	\$ -	\$ 3,605,000	\$ -
Masuk High School Renovations	38,407,000	25,520,000	-	385,000
Edith Wheeler Memorial Library	6,290,000	4,800,000	-	75,000
<b>Total</b>	<b>\$ 48,802,000</b>	<b>\$ 30,320,000</b>	<b>\$ 3,605,000</b>	<b>\$ 460,000</b>

## **Ratings**

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

## **Tax Exemption of the Series B Bonds**

### ***Federal Tax Exemption***

In the opinion of Bond Counsel, under existing law, interest on the Series B Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

Bond Counsel's opinions with respect to the Series B Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal

Revenue Code of 1986, as amended (the “Code”). The Code establishes certain requirements that must be met at and subsequent to the issuance of the Series B Bonds in order that interest on the Series B Bonds be and remain excluded from gross income of the owners thereof for federal income tax purposes. Failure to comply with the continuing requirements may cause interest on the Series B Bonds to be included in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs. In the Tax Regulatory and Compliance Agreement, which will be delivered concurrently with the issuance of the Series B Bonds, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including but not limited to, investment restrictions, periodic payment of arbitrage profits to the United States, the proper use of bond proceeds and certain other requirements. The opinion of Bond Counsel delivered on the date of issuance of the Series B Bonds is conditioned upon compliance by the Town with such requirements.

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

### ***Original Issue Discount***

The initial public offering prices of the Series B Bonds of certain maturities (the “OID Series B Bonds”) are less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Series B Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Series B Bonds is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the inside front cover page of this Official Statement for the OID Series B Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Series B Bonds are sold. Under existing law, OID on the Series B Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Series B Bonds is not included in gross income for federal income tax purposes.

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

Prospective purchasers of OID Series B Bonds should consult their tax advisors regarding the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Series B Bonds purchasing such Series B Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Series B Bonds.

### ***Original Issue Premium***

The initial public offering prices of the Series B Bonds of certain maturities (the “OIP Series B Bonds”) are more than their stated principal amounts. An owner who purchases a Series B Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Series B Bond for federal income tax purposes. Prospective purchasers of OIP Series B Bonds should consult their tax advisors regarding the amortization of premium and its effect upon basis.

### ***Other Federal Tax Matters***

In addition to the matters addressed above, prospective purchasers of the Series B Bonds should be aware that the ownership of tax-exempt obligations, such as the Series B Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers eligible for the earned income credit, certain S corporations and recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Series B Bonds should consult their tax advisors regarding the applicability and impact of such consequences. Prospective purchasers of the Series B Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

## ***State Taxes***

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

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

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

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

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

## ***Legislation and Other Matters.***

Legislation affecting state and municipal bonds is regularly under consideration by the United States Congress. For example, the President of the United States has submitted proposals to Congress that would, among other things, limit the value of tax-exempt interest for higher-income taxpayers. Such proposals, or other proposals, could affect the tax exemption of interest on, or the market price or marketability of Series B Bonds, such as the Series B Bonds. No assurance can be given with respect to the impact of future legislation on the Series B Bonds. Prospective purchasers of the Series B Bonds should consult their own tax and financial advisers regarding such matters.

## ***General***

The opinions of Bond Counsel are rendered as of their date and Bond Counsel assume no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law or the interpretation thereof that may occur after the date of their opinions.

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

## ***Tax Status of the Series C Bonds***

### ***Circular 230 Disclosure and Disclaimer Regarding Federal Tax Discussion***

Pursuant to federal regulations governing practice before the Internal Revenue Service (Circular 230), prospective owners of the Series C Bonds are hereby notified that any discussion of United States federal tax issues contained in this Official Statement (i) is written in connection with the promotion or marketing of the Series C Bonds and the transactions or matters addressed herein, and (ii) is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed under the Code. Each taxpayer should seek advice from an independent tax advisor based on the taxpayer's particular circumstances.

## ***Federal Income Taxes***

In the opinion of Bond Counsel, under existing law, interest on the Series C Bonds is included in gross income for federal income tax purposes pursuant to the Code.

## ***United States Tax Consequences***

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of the Series C Bonds by certain persons. This summary does not consider all possible federal income tax consequences of the purchase, ownership, or disposition of the Series C Bonds and is not intended to reflect the individual tax position of any beneficial owner. Moreover, except as expressly indicated, this summary is limited to those persons who purchase a Series C Bond at its issue price, which is the first price at which a substantial amount of the Series C Bonds is sold to the public, and who hold Series C Bonds as “capital assets” within the meaning of the Code (generally, property held for investment). This summary does not address beneficial owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Series C Bonds as a hedge against currency risks or as part of a straddle with other investments or as part of a “synthetic security” or other integrated investment (including a “conversion transaction”) comprising a bond and one or more other investments, or United States Holders (as defined below) that have a “functional currency” other than the United States dollar (Special Taxpayers). This summary is applicable only to a person (United States Holder) who or which is the beneficial owner of Series C Bonds and is (a) an individual citizen or resident of the United States, (b) a corporation or partnership or other entity created or organized under the laws of the United States or any State (including the District of Columbia), or (c) a person otherwise subject to federal income taxation on its worldwide income. This summary is based on the United States tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or interpretations thereof any of which may be applied retroactively. Except as provided below, it does not discuss the tax laws of any state, local, or foreign governments.

### ***United States Holders***

***Payments of Stated Interest.*** In general, for a beneficial owner who or which is a United States Holder, interest on a Series C Bond will be taxable as ordinary income at the time it is received or accrued, depending on the beneficial owner’s method of accounting for tax purposes.

***Series C Bonds Purchased at Original Issue Discount.*** The initial public offering price of certain maturities of the Series C Bonds may be less than the principal amount payable on such Series C Bonds at maturity. Under Section 1273 of the Code, the excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Series C Bonds are sold constitutes original issue discount unless the amount of such excess is less than a specified de minimis amount (generally equal to 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity) in which case the original issue discount shall be treated as zero. The prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Series C Bonds were ultimately sold to the public. A United States Holder of a Series C Bond having a maturity more than one year from its date of issue must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such holder holds such Series C Bond) the daily portion of original issue discount, as it accrues (generally on a constant yield method) and regardless of the holder’s method of accounting. A United States Holder may irrevocably elect to include in gross income all interest that accrues on a Series C Bond using the constant-yield method, subject to certain modifications.

***Series C Bonds Purchased at Original Issue Premium.*** The initial public offering price of certain maturities of the Series C Bonds may be greater than the principal amount payable on such Series C Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Series C Bonds are sold over the principal amount payable at maturity constitutes original issue premium. The prices set forth on the inside cover page of this Official Statement may or may not reflect the prices at which a substantial amount of the Series C Bonds were ultimately sold to the public. Under Section 171 of the Code, a holder of a Series C Bond may elect to treat such excess as “amortizable bond premium”, in which case the amount of interest required to be included in the taxpayer’s income each year with respect to interest on the Series C Bond will be reduced by the amount of amortizable bond premium allocable (based on the Series C Bond’s yield to maturity) to that year. If such an election is made, the amount of each reduction in interest income will result in a corresponding reduction in the taxpayer’s tax basis in the Series C Bond. Any election to amortize bond premium is applicable to all taxable debt instruments held by the taxpayer at the beginning of the first taxable year to which the election applies or thereafter acquired by the taxpayer and may not be revoked without the consent of the Internal Revenue Service (“IRS”).

***Series C Bonds Purchased at a Market Discount.*** A Series C Bond will be treated as acquired at a market discount (market discount bond) if the amount for which a United States Holder purchased the Series C Bond is less than the Series C Bond’s adjusted issue price, unless such difference is less than a specified de minimis amount. In general, any payment of principal or any gain recognized on the maturity or disposition of a market discount bond will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on the Series C Bond. Alternatively, a United States Holder of a market discount bond may elect to include market discount in income currently over the life of the market discount bond. That election applies to all debt instruments with market discount acquired by the electing United States Holder on or after the first

day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. If an election is made to include market discount in income currently, the tax basis of the Series C Bond in the hands of the United States Holder will be increased by the market discount thereon as such discount is included in income.

Market discount generally accrues on a straight-line basis unless the United States Holder elected to accrue such discount on a constant yield-to-maturity basis. That election is applicable only to the market discount bond with respect to which it is made and is irrevocable. A United States Holder of a market discount bond that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to the Series C Bond in an amount not exceeding the accrued market discount on such Series C Bond until maturity or disposition of the Series C Bond.

*Purchase, Sale, Exchange, and Retirement of Series C Bonds.* A United States Holder's tax basis in a Series C Bond generally will equal its cost, increased by any market discount and original issue discount included in the United States Holder's income with respect to the Series C Bond, and reduced by the amount of any amortizable bond premium applied to reduce interest on the Series C Bond. A United States Holder generally will recognize gain or loss on the sale, exchange, or retirement of a Series C Bond equal to the difference between the amount realized on the sale or retirement (not including any amount attributable to accrued but unpaid interest) and the United States Holder's tax adjusted basis in the Series C Bond. Except to the extent described above under *Series C Bonds Purchased at a Market Discount*, gain or loss recognized on the sale, exchange or retirement of a Series C Bond will be capital gain or loss and will be long-term capital gain or loss if the Series C Bond was held for more than one year.

*Backup Withholding.* United States Holders may be subject to backup withholding on payments of interest and, in some cases, disposition proceeds of the Series C Bonds, if they fail to provide an accurate Form W-9, "Request for Taxpayer Identification Number and Certification," or a valid substitute form, or have been notified by the IRS of a failure to report all interest and dividends, or otherwise fail to comply with the applicable requirements of backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the United States Holder's United States federal income tax liability (or refund) provided the required information is timely furnished to the IRS. Prospective United States Holders should consult their tax advisors concerning the application of backup withholding rules.

### ***Information Reporting***

In general, information reporting requirements will apply with respect to payments to a United States Holder of principal and interest (and with respect to annual accruals of original issue discount) on the Series C Bonds, and with respect to payments to a United States Holder of any proceeds from a disposition of the Series C Bonds. This information reporting obligation, however, does not apply with respect to certain United States Holders including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that a United States Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the IRS that it has failed properly to report payments of interest and dividends, a backup withholding tax (currently at a rate of 28%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the United States Holder on or with respect to the Series C Bonds.

Any payments of interest and original issue discount on the Series C Bonds to a Non-United States Holder generally will be reported to the IRS and to the Non-United States Holder, whether or not such interest or original issue discount is exempt from United States withholding tax pursuant to a tax treaty or the portfolio interest exemption. Copies of these information returns also may be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the payee resides.

Information reporting requirements will apply to a payment of the proceeds of the disposition of a Series C Bond by or through (a) a foreign office of a custodian, nominee, other agent, or broker that is a United States person, (b) a foreign custodian, nominee, other agent, or broker that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (c) a foreign custodian, nominee, other agent, or broker that is a controlled foreign corporation for United States federal income tax purposes, or (d) a foreign partnership if at any time during its tax year one or more of its partners are United States persons who, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a trade or business within the United States, unless the custodian, nominee, other agent, broker, or foreign partnership has documentary evidence in its records that the beneficial owner is not a United States person and certain other conditions are met, or the beneficial owner otherwise establishes an exemption.

The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner's particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership, and disposition of the Series C Bonds, including the tax consequences under state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

### ***State Taxes***

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

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

Owners of the Series C Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Series C Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Series C Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

### ***General***

The opinions of Bond Counsel are rendered as of their date and Bond Counsel assume no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law or the interpretation thereof that may occur after the date of their opinions. The discussion above does not purport to address all aspects of federal, state or local taxation that may be relevant to a particular owner of a Series C Bond. Prospective owners of the Series C Bonds, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Series C Bonds.

### **Security and Remedies**

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

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

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

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

Enforcement of a claim for payment of principal or interest on such bonds or notes of the Town would also be subject to the applicable provisions of federal bankruptcy laws, as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, heretofore or hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally

applied and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor.

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

**Qualification for Financial Institutions**

The Bonds shall NOT be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

**Book-Entry Transfer System**

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

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

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

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

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



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

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

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

### **Replacement Bonds**

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

### **DTC Practices**

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

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## **SECTION II - THE ISSUER**

### **Description of the Town**

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

The Town is one of the fastest growing, suburban residential communities in the state of Connecticut, with an increase of 15.3% since 1990 and a 39.6% increase since 1980. According to the Bureau of Census, the Town's 2010 population was 19,479. The Town has above average income and education levels that reflect its character as a suburban bedroom community.

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

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

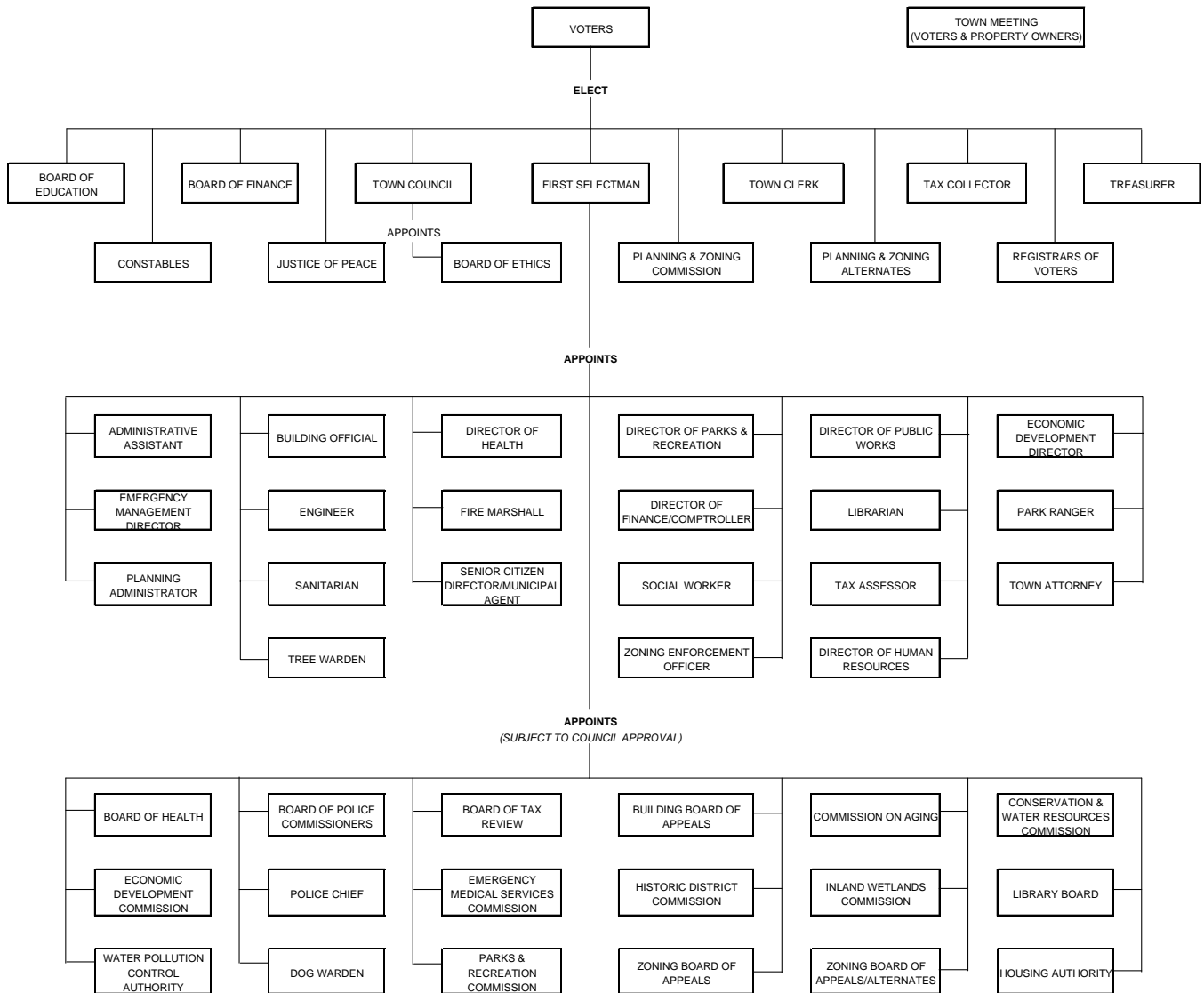
### **Form of Government**

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

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

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## Organization Chart



## Municipal Officials

Name	Position	Term	Length of Service
Stephen J. Vavrek, Jr.	First Selectman	11/23/2013	2 years
Carl E. Tomchik	Director of Finance and Comptroller	Appointed	12 years
Ronald J. Bunovsky, Jr.	Town Treasurer	11/28/2013	2 years
Mark Reed	Chairman, Board of Finance	11/28/2013	4 years
Jim Agostin	Superintendent of Schools	Appointed	6 months
Emanuel Cambra Jr.	Tax Collector	11/28/2013	8
John Salvatore	Chief of Police	Appointed	13
John P. Fracassini	Town Attorney	Appointed	2 years

### Other Appointments

Carlin, Charron & Rosen, LLP	Independent Auditors	Appointed	6
Independent Bond and Investment Consultants LLC	Independent Financial Advisors	Appointed	14

Source: Town Officials

## Town Services

**Police:** The Monroe Police Department is a Connecticut Police Officer Standards and Training Council fully accredited law enforcement agency, providing 24-hour police protection to the citizens of Monroe. Professional police services include: computer forensic investigation, electronic and digital collection and analysis, crime scene evidence collection and processing, motor vehicle crash reconstruction, a specialized domestic violence victim support team and first response to all types of public safety emergencies. The Monroe Police Department is staffed by 39 full-time sworn officers, 11 full-time non-sworn employees, four part-time sworn officers and five part-time non-sworn members.

**Emergency Medical Service (EMS):** The Monroe EMS was founded in June 1977 and is staffed by 85 active volunteers plus a contracted daytime staff. Emergency treatment services and transportation to area hospitals is provided on a 24-hour basis, with two fully equipped ambulances. Operations are funded through a self sustaining special revenue fund.

**Fire:** The Fire Department consists of three volunteer fire departments, carrying a force of approximately 86 active fire fighters in six fire stations. The major equipment includes 25 pieces of fire apparatus distributed among the three companies. The Town employs one full-time Fire Marshal and two part-time deputy Fire Marshals.

**Highway Department:** The Highway Department, which includes Town Highway, Engineering, Town Recycling department, and Tree Warden, employs one highway supervisor, two crew leaders and eighteen other personnel. The Highway Department is responsible for over 40 pieces of rolling stock in the repair, maintenance, and snow plowing of over 130 miles of town roads. In addition, the Highway Department manages the Town's bulky waste disposal area; open two days a week, for the disposal of brush and wood refuse.

**Solid Waste:** The Town has entered into a renewal of its Municipal Solid Waste Management Services Agreement (the "Municipal Service Agreement"), with the Connecticut Resources Recovery Authority (the "Authority") for the disposal of solid waste through the Greater Bridgeport Resource Recovery System (the "System"), including a solid waste disposal and processing facility (the "Facility"), located in Bridgeport and operated by Bridgeport Resco Company, L.P. (the "Company"). Each municipality which will sign such an agreement (a "Participating Municipality"), will agree to deliver or cause to be delivered to the System all Acceptable Waste, as defined therein, generated by it or within its boundaries. Each Participating Municipality

will further agree to deliver annually its Minimum Tonnage, as defined in the Municipal Service Agreement, to the System. The Town's Minimum Tonnage is 12,300 tons of an aggregate Minimum Tonnage Guarantee by all the Participating Municipalities of approximately 265,000 tons. In the event that any Participating Municipality fails to deliver the annual Minimum Tonnage Guarantee to the System, there will not be a penalty unless the total Minimum Tonnage Guarantee for all municipalities, within 10%, is not met. If the total Minimum Tonnage Guarantee for all municipalities is not met, then each Participating Municipality who is below their individual Minimum Tonnage may nevertheless be obligated to pay Municipal Disposal Fees calculated as if the Minimum Tonnage had been so delivered. The Authority is required to accept from each Participating Municipality and dispose of all Acceptable Waste delivered to the System by or on behalf of each Participating Municipality.

Each Participating Municipality will agree to pay Municipal Disposal Fees to the Authority for the acceptance and processing and/or disposing of Acceptable Waste. Municipal Disposal Fees are based on estimates of System costs and revenues as further discussed in the Municipal Service Agreement which is available for review at Town Hall. The cost per ton will be based on the disposal fee of \$62, increased yearly for the duration of the contract by 0.75% of the cpi index minus the electricity market portion, plus an administration fee of approximately \$2.10 per ton.

The obligation of any Participating Municipality to pay its Municipal Disposal Fees, so long as the Authority meets its obligation to accept and dispose of Acceptable Waste, is absolute and unconditional and shall not be subject to any abatement, reduction, setoff, counterclaim, recoupment, defense (other than payment itself) or other right which the Participating Municipality may have against the Authority or any other person for any reason whatsoever. Each Participating Municipality has pledged its full faith and credit to the payment of Municipal Disposal Fees and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of Municipal Disposal Fees.

If any Participating Municipality shall default in the payment of any amounts for which they are responsible and such default shall have continued for more than 60 days, the other Participating Municipalities shall pay their share of the amounts unpaid by the nonpaying Participating Municipality, and shall be entitled to full reimbursement upon the Authority collecting such delinquent amounts.

**Transfer Station:** Effective 12/31/08, ownership of the transfer station in Trumbull transferred from the Connecticut Resource Recovery Authority ("CRRRA") to The Town of Trumbull. The Town of Monroe has entered into agreement with the Town of Trumbull to utilize the transfer station to deliver all refuse to be transferred to the Facility in Bridgeport. The Town will pay to the Town of Trumbull a fee to operate the transfer station and transport refuse to the Facility in Bridgeport. For fiscal year 2011-12, the Town paid a tipping fee of \$64.09, including an administrative fee, per ton for solid waste deliver to the Facility in Bridgeport. The Town pays a fee of \$13.43 to the Town of Trumbull for operations of the transfer station and an additional \$13.65 per ton transportation to the Facility in Bridgeport, for an all-in-cost is \$91.17 per ton.

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

**Health and Welfare:** Effective March 1, 2004 the Town of Monroe united with the Town of Trumbull to form the Trumbull-Monroe Health District pursuant to the provisions of Chapter 368f of the Connecticut General Statutes. The mission of the Health District is to protect, preserve and improve the public health of the citizens of the member municipalities. The Health District will be managed by a Board which shall have all the duties previously performed by the Directors of Health and the Boards of Health of the constituent municipalities. The Health District will appoint a full-time Director of Health and Social Services.

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

**Library:** The Town has recently completed a new \$6.2 million state of the art library adjacent to the Town Hall, which had housed the Town's former library. The new facility, called the Edith Wheeler Memorial Library, will be a 30,000 square foot

facility which will consist of a children's library, including a young adult section, located on the first floor with the main library on the second floor. The new facility will also include classrooms for cultural and programmatic activities as well as a 150 person capacity meeting room with a separate kitchen for social events. Full library services are provided by seven full-time employees, including the Director, and nine part time employees and several volunteer staff. The library offers over 77,000 volumes including works of fiction, nonfiction, and references for both children and adults. In addition, the library also offers music cassettes, audio books, compact disks, video cassettes and framed art, as well as a variety of programs for children, young adults, and adults. The library is fully automated for circulation, acquisitions, and the on-line card catalog which provides access for the public to several on-line databases and CD-ROM products. Additionally, each of the Monroe public schools has a library that is oriented to each school's curriculum.

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

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

The Commission reviews project proposals and lends guidance and support to prospective business owners. The Commission provides information to potential businesses such as maps, charts, pamphlets, and demographic and economic information. It also works closely with the Monroe Chamber of Commerce and co-sponsor publications such as the Monroe Business Directory. The Commission continues to work with the Water Pollution Control Authority for the development of sewers for the industrial and commercial properties on Routes 25 and 111.

Currently the Town's commercial and industrial area is over 40% developed with less than 800 acres of existing land left for development. The Town has 1,576 acres of land zoned for business, commercial or industrial development, which is 9.3% of the total area of Town. The balance of the Town is residential zoning consisting of approximately 50% one acre dwelling lots, 42% two and three acre lots and 8% density and planned development.

Financial institutions located in the Town include JPMorgan Chase Bank of Connecticut, Banc of America, The North American Bank and Trust Company, Newtown Savings Bank, and People's United Bank.

## **Educational System**

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

The Town's elementary school system consists of three schools for pupils in grades K through 4; one school for pupils in grades 5-6; one school for pupils in grades 7-8; and one high school for pupils in grades 9-12. The schools are governed by a nine-member Board of Education.

## Educational Facilities

<u>School</u>	<u>Grades</u>	<u>Date of Construction (Additions, Remodeling)</u>	<u>No. of Classrooms</u>	<u>Enrollment 10/1/2011</u>	<u>Capacity</u>
Monroe	Pre K-5	1935 (1947,1953,1957,1983)	19	382	414
Stepney	K-5	1962 (1989)	30	486	565
Fawn Hollow	K-5	1966 (1989)	34	556	656
Chalk Hill (1)	5-6	1968	40	-	640
Jockey Hollow	6-8	1998	36	890	634
Masuk High School	9-12	2006	57	1,277	1,450
<b>Total</b>				<u>3,591</u>	<u>4,359</u>

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

Source: Superintendent's office, Town of Monroe.

## School Enrollment

<u>School Year</u>	<u>PK-4</u>	<u>PK-5</u>	<u>5-8</u>	<u>6-8</u>	<u>9-12</u>	<u>Total</u>
2002-03	1,639		1,349		1,325	4,313
2003-04	1,588		1,366		1,397	4,351
2004-05	1,644		1,330		1,486	4,460
2005-06	1,736		1,383		1,480	4,599
2006-07	1,566		1,349		1,300	4,215
2007-08	1,350		1,300		1,348	3,998
2008-09	1,340		1,255		1,305	3,900
2009-10	1,338		1,254		1,302	3,894
2010-11 (1)		1,537		930	1,312	3,779
2011-12		1,424		890	1,277	3,591

### Enrollment Projections

2012-13	1,380	837	1,223	3,440
2013-14	1,322	774	1,172	3,268
2014-15	1,259	714	1,151	3,124
2015-16	1,177	713	1,071	2,961

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

Source: Superintendent's office, Town of Monroe.

## Municipal Employment

<u>Fiscal Year</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Board of Education	544	536	573	556	533
General Government	205	206	209	209	209
<b>Total</b>	<u>749</u>	<u>742</u>	<u>782</u>	<u>765</u>	<u>742</u>

Source: Town Officials

## Municipal Employees by Category

<u>Department</u>	<u>Number of Employees</u>
General Government	
Total General Government	<u>205</u>
Board of Education	
Administration and Principals	15
Teachers	316
Paraprofessionals	93
Other	<u>120</u>
Total Board of Education	<u>544</u>
Grand Total	<u>749</u>

Source: Town Officials

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## Municipal Employees Bargaining Organizations

<u>Employees</u>	<u>Organization</u>	<u>Employees Covered</u>	<u>Contract Expiration Date</u>
<b>General Government</b>			
Highway Department	Local 44, Connecticut Independent Labor Union	20	6/30/2011 (1)
Clerical	Local 136, International Federation of Professional and Technical Engineers	32	6/30/2012
Police Department	Local 15, AFSCME, AFL-CIO	37	6/30/2014
Supervisors	Local 818, AFSCME, AFL-CIO	13	6/30/2012
	Sub-total General Government	102	
	Non-Bargaining and part-time	103	
	Total General Government	205	
<b>Board of Education</b>			
Administrators	Monroe Federation of School Administrator's	11	6/30/2015
Teachers	Monroe Education Association	316	6/30/2014
Paraprofessionals	Local 760, AFL-CIO, CSEA Paraprofessionals	93	6/30/2014
Secretaries	Local 136, International Federation of Professional and Technical Engineers	31	6/30/2014
Custodial	Local 1303, AFSCME, AFL-CIO	33	6/30/2014
School Nurses	Local 136, International Federation of Professional and Technical Engineers	8	6/30/2015
School Library Employees	Local 136, International Federation of Professional and Technical Engineers, Library Association of Monroe School System	3	6/30/2015
	Sub-total Board of Education	495	
	Non-Bargaining and part-time	49	
	Total Board of Education	544	
	<b>Total Town of Monroe</b>	<b>749</b>	

(1) In negotiation.

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

## SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

### Population Trends

<u>Year</u>	<u>Town of Monroe</u>	<u>Fairfield County</u>	<u>State of Connecticut</u>
1970	12,188	792,814	3,032,217
1980	13,952	807,143	3,107,576
1990	16,896	857,270	3,287,116
2000	19,247	882,567	3,405,565
2010	19,479	916,829	3,574,097

Source: U.S. Bureau of Census.

### Age Characteristics of Population

<u>Age</u>	<u>Town of Monroe</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	935	4.8	202,106	5.7
5 - 9	1,394	7.2	222,571	6.2
10 - 14	1,734	8.9	240,265	6.7
15 - 19	1,490	7.6	250,834	7.0
20 - 24	847	4.3	227,898	6.4
25 - 34	1,404	7.2	420,377	11.8
35 - 44	2,786	14.3	484,438	13.6
45 - 54	3,778	19.4	575,597	16.1
55 - 59	1,369	7.0	240,157	6.7
60 - 64	1,143	5.9	203,295	5.7
65 - 74	1,401	7.2	254,944	7.1
75 - 84	879	4.5	166,717	4.7
85 and over	319	1.6	84,898	2.4
<b>Total</b>	<b>19,479</b>	<b>100.0</b>	<b>3,574,097</b>	<b>100.0</b>

Source: U. S. Bureau of the Census, Census 2010.

### Selected Wealth and Income Indicators

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2009)</u>	<u>(2000)</u>	<u>(2009)</u>
Town of Monroe	\$ 92,514	\$116,058	\$34,161	\$43,128
Fairfield County	77,690	100,179	38,350	48,394
Connecticut	65,521	83,797	28,766	36,468
United States	49,600	62,363	21,690	27,041

Source: U.S. Bureau of Census.

### Income Distribution

	<u>Town of Monroe</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ -0- to 9,999	42	0.8	27,665	3.1
10,000 to 14,999	16	0.3	18,848	2.1
15,000 to 24,999	137	2.7	44,485	5.0
25,000 to 34,999	67	1.3	57,034	6.4
35,000 to 49,999	224	4.4	89,925	10.1
50,000 to 74,999	577	11.2	154,854	17.3
75,000 to 99,999	924	17.9	141,848	15.9
100,000 to 149,999	1,418	27.5	186,050	20.8
150,000 to 199,999	867	16.8	79,110	8.9
200,000 or more	876	17.0	92,730	10.4
	<b>5,148</b>	<b>100.0</b>	<b>892,549</b>	<b>100.0</b>

Source: U.S. Bureau of Census, American Community Survey, 2005-09.

**Educational Attainment**  
**Years of School Completed, Age 25 & Over**

<b>Educational Attainment Group</b>	<b>Town of Monroe</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade	334	2.6	109,092	4.7
9th to 12th grade	491	3.8	166,795	7.1
High School graduate	3,118	24.0	675,219	28.8
Some college, no degree	2,124	16.3	400,524	17.1
Associates degree	1,118	8.6	170,811	7.3
Bachelor's degree	3,503	26.9	465,662	19.9
Graduate or professional degree	2,314	17.8	356,089	15.2
<b>Total</b>	<b>13,002</b>	<b>100.0</b>	<b>2,344,192</b>	<b>100.0</b>
Percent of High School Graduates		93.7%		88.2%
Percent of College Graduates		44.7%		35.1%

Source: U.S. Bureau of Census, American Community Survey, 2005-09.

**Employment by Industry**

<b>Employment Sector</b>	<b>Town of Monroe</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, Forestry, Fishing, Hunting & Mining	28	0.3	6,668	0.4
Manufacturing	777	8.0	210,800	12.1
Construction	1,277	13.2	115,303	6.6
Wholesale Trade	365	3.8	49,061	2.8
Retail Trade	786	8.1	195,096	11.2
Transportation, Warehousing & Utilities	178	1.8	66,455	3.8
Information	293	3.0	47,293	2.7
Finance, Insurance & Real Estate	1,065	11.0	169,743	9.7
Professional, Scientific & Management	1,523	15.7	184,514	10.6
Educational Services & Health Care	2,107	21.8	421,009	24.1
Arts, Entertainment, Recreation & Food Services	352	3.6	136,085	7.8
Other Service (including nonprofit)	537	5.5	77,069	4.4
Public Administration	389	4.0	66,165	3.8
<b>Total</b>	<b>9,677</b>	<b>100.0</b>	<b>1,745,261</b>	<b>100.0</b>

Source: U.S. Bureau of Census, American Community Survey, 2005-09.

## Major Employers

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Number of Employees</u>
Town of Monroe	Government and education	749
Really Good Stuff	Distribution	200
Big Y	Supermarket	165
Swiss Army Brands	Manufacturer/Distributor	150
U. S. Post Office	Mail service	125
Lake Zoar Properties	Property Management	100
Robohand	Robots	90
Edgerton, Inc.	Heating, air conditioning and ventilation	62
Churchhill Classics	Warehouse/Distributor	60
Sippin Fuel	Fuel dealer	58
IEA, Inc.	Environmental research	57
People's United Bank	Banking	31
<b>Total</b>		<b>1,847</b>

Source: Town officials.

## Unemployment Rate Statistics (1)

<u>Yearly Average</u>	<u>Town of Monroe</u>	<u>Bridgeport Labor Market</u> (2)	<u>State of Connecticut</u>	<u>United States</u>
2002	3.3 %	4.9 %	3.9 %	5.8 %
2003	4.0 %	6.2 %	5.0 %	6.0 %
2004	3.5 %	4.5 %	4.9 %	5.5 %
2005	3.9 %	4.6 %	4.9 %	5.1 %
2006	3.3 %	3.9 %	4.3 %	4.6 %
2007	3.7 %	4.1 %	4.6 %	4.6 %
2008	4.8 %	5.3 %	5.8 %	5.8 %
2009	6.6 %	7.6 %	8.0 %	9.3 %
2010	7.4 %	8.4 %	9.0 %	9.6 %
2011	7.5 %	8.2 %	8.8 %	9.0 %
<u>2012 Monthly</u>				
January	6.8 %	7.9 %	8.5 %	8.8 %
February	6.8 %	7.7 %	8.2 %	8.7 %

(1) Non-seasonally adjusted.

(2) Beginning in January 2005, the State of Connecticut Department of Labor combined the Bridgeport and Stamford Labor Market Areas (LMA).

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

## Building Permits

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial/ Industrial</b>	<b>All Other</b>	<b>Total</b>
2012 <sup>(1)</sup>	\$ 2,992,690	\$ 1,289,022	\$ 4,075,679	\$ 8,357,391
2011	6,766,753	4,296,938	3,657,556	14,721,247
2010	5,820,353	779,995	1,856,156	8,456,504
2009	7,067,408	6,354,629	7,207,179	20,629,216
2008	9,644,811	11,954,127	7,088,757	28,687,695
2007	12,529,990	5,513,034	9,905,857	27,948,881
2006	14,429,178	13,043,932	3,023,959	30,497,069
2005	8,936,000	2,305,000	17,691,000 <sup>(2)</sup>	28,932,000
2004	9,099,000	3,761,000	13,716,000	26,576,000
2003	8,559,000	3,975,000	8,303,000	20,837,000

(1) As of March 31, 2012.

(2) Includes \$3,200,000 for renovations and additions to the Edith Wheeler Memorial library.

Source: Town of Monroe building officials.

## Number of Dwelling Units

<b>2010</b>	<b>2000</b>	<b>1990</b>	<b>1980</b>	<b>% Increase 2000-2010</b>	<b>% Increase 1980-2010</b>
6,642	6,601	5,596	4,131	0.6%	60.8%

Source: U.S. Bureau of the Census.

## Characteristics of Housing Units (Owner Occupied)

<b>Value of Owner Occupied Units</b>	<b>Town of Monroe</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
\$ 0 to \$ 50,000	18	0.3	12,508	1.4
50,000 to 99,999	17	0.3	19,504	2.1
100,000 to 149,999	86	1.4	60,601	6.6
150,000 to 199,999	150	2.5	123,655	13.4
200,000 to 299,999	659	10.9	253,927	27.5
300,000 to 499,999	3,032	50.0	271,648	29.5
500,000 to 999,999	2,016	33.3	133,515	14.5
1,000,000 and over	82	1.4	46,829	5.1
<b>Total</b>	<b>6,060</b>	<b>100.0</b>	<b>922,187</b>	<b>100.0</b>
<b>Median Value</b>	\$443,900	-	\$295,800	-

Source: U.S. Bureau of Census, American Community Survey, 2005-09.

## Age Distribution of Housing

<b>Year Structure Built</b>	<b>Town of Monroe</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
1939 or earlier	455	6.7	343,756	23.9
1940 to 1949	301	4.4	109,197	7.6
1950 to 1959	1,074	15.7	219,976	15.3
1960 to 1969	1,226	17.9	194,231	13.5
1970 to 1979	1,110	16.2	198,718	13.8
1980 to 1989	1,414	20.7	185,889	12.9
1990 to 1999	997	14.6	107,674	7.5
2000 to 2004	211	3.1	57,549	4.0
2005 or later	54	0.8	20,143	1.4
<b>Total housing units</b>	<b>6,842</b>	<b>100.0</b>	<b>1,437,133</b>	<b>100.0</b>

Source: U.S. Bureau of Census, American Community Survey, 2005-09.

## Land Use Summary

<b>Land Use Category</b>	<b>Total Acreage by Zoning</b>	<b>Percent of Total Land</b>
Residential C	6,614	39.2
Residential D	4,699	27.8
Residential E	2,885	17.1
Design Elderly Residence	77	0.5
Design Residential	503	3.0
Design Residential Residence	534	3.2
Design Business No. 1	270	1.6
Design Business No. 2	138	0.8
Design Industrial No. 1	105	0.6
Design Industrial No. 2	799	4.7
Design Industrial No. 3	200	1.2
Limited Office	69	0.4
	<b>16,893</b>	<b>100.0</b>

Source: Town Officials

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## SECTION IV - INDEBTEDNESS

### Computation of Statutory Debt Limit

As of May 24, 2012 (Pro Forma)

Total fiscal year 2011 tax collections (including interest and lien fees)	\$ 64,390,009
State Reimbursement for Revenue Loss on Tax Relief for the Elderly	666
Base for Establishing Debt Limit	<u>\$ 64,390,675</u>

<b>Debt Limitation</b> (1)	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>	<b>Total Debt</b>
(2.25 times base)	\$ 144,879,019					
(4.50 times base)		\$ 289,758,038				
(3.75 times base)			\$ 241,465,031			
(3.25 times base)				\$ 209,269,694		
(3.00 times base)					\$ 193,172,025	
(7.00 times base)						\$ 450,734,725
<b>Indebtedness</b> (Including this issue)						
Bonds Payable (2)	\$ 18,225,000	\$ 23,534,000	\$ -	\$ -	\$ -	\$ 41,759,000
The Series B Bonds	3,605,000	-	-	-	-	3,605,000
The Series C Bonds	75,000	385,000	-	-	-	460,000
Notes Outstanding	-	-	-	-	-	-
Authorized but Unissued Debt	678,000	271,466	-	-	-	949,466
Gross Direct Debt	<u>22,583,000</u>	<u>24,190,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,773,466</u>
School grants receivable (3)	-	(2,595,521)	-	-	-	(2,595,521)
Net Direct Debt	<u>22,583,000</u>	<u>21,594,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,177,945</u>
Excess of Limit Over Outstanding and Authorized Debt	<u>\$ 122,296,019</u>	<u>\$ 268,163,093</u>	<u>\$ 241,465,031</u>	<u>\$ 209,269,694</u>	<u>\$ 193,172,025</u>	<u>\$ 406,556,780</u>

- (1) The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas and electricity; for the construction of subways for cables, wire or pipes; and for the construction of underground conduits for cables, wires or pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement, for indebtedness issued in anticipation of receipt of proceeds from State or Federal grants evidenced by a written commitment or by contract only to the extent such indebtedness can be paid from such proceeds and for debt to be paid from a funded sinking fund.
- (2) Does not include \$61,000 of water purpose bonds payable which are excluded from statutory debt limit pursuant to the Connecticut General Statutes.
- (3) The Town also receives school construction subsidy grants which are paid over the life of the outstanding school bonds issued for projects approved prior to July 1, 1996. The grants representing the principal portion of the outstanding bonds are estimated to be \$2,595,521. See "School Projects" herein.

Under Connecticut General Statutes, Town debt cannot exceed \$450,734,725 or seven times the debt limit base.

Source: Town Officials.

**Calculation of Net Direct Debt**  
As of May 24, 2012 (Pro Forma)

<b>Bonded Debt <sup>(1)</sup></b>	
The Series B Bonds ( <i>This Issue</i> )	\$ 3,605,000
The Series C Bonds ( <i>This Issue</i> )	460,000
General Improvement	18,225,000
Water	61,000
Schools	23,534,000
<b>Total Bonded Debt</b>	<u>45,885,000</u>
<b>Short-Term Debt</b>	
Notes Outstanding	<u>-</u>
<b>Total Short-Term Debt</b>	<u>-</u>
<b>Total Direct Debt</b>	<u>45,885,000</u>
<b>Exclusions:</b> (State School Construction Aid) (2)	<u>(2,595,521)</u>
<b>Net Direct Debt</b>	<u><u>\$ 43,289,479</u></u>

(1) Does not include authorized but unissued debt of \$949,466.

(2) The Town receives State of Connecticut school construction subsidy grants which are paid over the life of the outstanding school bonds issued for projects approved prior to July 1, 1996. The grants representing the principal portion of the outstanding bonds are estimated to be \$2,595,521.

**Current Debt Ratios**  
As of May 24, 2012 (Pro Forma)

Total Direct Indebtedness	\$ 45,885,000
Net Direct Indebtedness	\$ 43,289,479
Population (1)	19,479
Net Taxable Grand List (10/1/10)	\$ 2,289,778,986
Estimated Full Value	\$ 3,271,112,837
Equalized Net Taxable Grand List (2009) (2)	\$ 3,277,578,057
Per Capita Income (2009) (3)	\$ 43,128
<b>Total Direct Debt:</b>	
Per Capita	\$2,355.61
To Net Taxable Grand List	2.00%
To Estimated Full Value	1.40%
To Equalized Net Taxable Grand List	1.40%
Per Capita to Per Capita Income	5.46%
<b>Net Direct Debt:</b>	
Per Capita	\$2,222.37
To Net Taxable Grand List	1.89%
To Estimated Full Value	1.32%
To Equalized Net Taxable Grand List	1.32%
Per Capita to Per Capita Income	5.15%

(1) U.S. Bureau of Census, Census 2010.

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

(3) U.S. Bureau of Census, American Community Survey, 2005-2009.



## Historical Debt Statement

	2010-11	2009-10	2008-09	2007-08	2006-07
Population (1)	19,479	19,479	19,325	19,273	19,417
Net taxable grand list	\$ 2,289,778,986	\$ 2,286,815,228	\$ 2,116,304,857	\$ 2,095,924,088	\$ 2,068,914,417
Estimated full value	\$ 3,271,112,837	\$ 3,266,878,897	\$ 3,023,292,653	\$ 2,994,177,269	\$ 2,955,592,024
Equalized net taxable grand list (2)	\$ 3,277,578,057	\$ 3,562,432,689	\$ 3,562,432,689	\$ 3,845,023,945	\$ 3,849,660,841
Per capita income (3)	\$ 43,128	\$ 43,128	\$ 43,128	\$ 34,161	\$ 34,161
Short-term debt	\$ -	\$ 3,000,000	\$ 225,000	\$ 450,000	\$ 750,000
Long-term debt	\$ 45,035,000	\$ 42,610,000	\$ 45,065,000	\$ 44,500,000	\$ 47,485,000
Total Direct Indebtedness	\$ 45,035,000	\$ 45,610,000	\$ 45,290,000	\$ 44,950,000	\$ 48,235,000
Net Direct Indebtedness	\$ 42,439,479	\$ 42,602,204	\$ 41,868,226	\$ 41,112,552	\$ 43,981,878

(1) U.S. Bureau of Census.

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

(3) U.S. Bureau of Census, American Community Survey, 2005-09.

## Historical Debt Ratios

Total Direct Indebtedness:	2010-11	2009-10	2008-09	2007-08	2006-07
Per capita	\$2,311.98	\$2,341.50	\$2,343.60	\$2,332.28	\$2,484.16
To net taxable grand list	1.97%	1.99%	2.14%	2.14%	2.33%
To estimated full value	1.38%	1.40%	1.50%	1.50%	1.63%
To equalized net taxable grand list	1.37%	1.28%	1.27%	1.17%	1.25%
Debt per capita to per capita income	5.36%	5.43%	5.43%	6.83%	7.27%
Net Direct Indebtedness:					
Per capita	\$2,178.73	\$2,187.08	\$2,166.53	\$2,133.17	\$2,265.12
To net taxable grand list	1.85%	1.86%	1.98%	1.96%	2.13%
To estimated full value	1.30%	1.30%	1.38%	1.37%	1.49%
To equalized net taxable grand list	1.29%	1.20%	1.18%	1.07%	1.14%
Debt per capita to per capita income	5.05%	5.07%	5.02%	6.24%	6.63%

## Outstanding Short-Term Indebtedness

The Town currently has no outstanding short-term debt.

## Overlapping and Underlying Indebtedness

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

## Capital Leases

The Town has entered into multi-year capital lease agreements for the purchase of various capital items including public works equipment, vehicles and computer hardware and software. The present value of future minimum lease payments as of June, 30, 2011 was \$860,344. These payments are not included in outstanding bonded debt.

## Legal Requirements for Approval of Borrowing

Under Chapter VI, Section 6.9 of the Town Charter, bonds are authorized by resolution adopted by the Town Council in the same manner as for the adoption of ordinances. Bonds in excess of one hundred fifty thousand dollars require approval by referendum vote. At least one public hearing, notice of which shall be given at least five days in advance by publication in a newspaper having a circulation in town, and by posting the resolution in a public place, shall be held by the Town Council before any resolution shall be passed. Within ten days after final passage, all resolutions shall be published at least once in their entirety. Refunding bonds may be authorized by resolution adopted by the Town Council.

## Temporary Financing

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

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

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

## School Projects

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

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

## Authorized but Unissued Debt

Projects	Total Bond Authorization	Prior Debt/ Paydowns	Grants Received	The Series B Bonds This Issue	The Series C Bonds This Issue	Authorized But Unissued
Police Department Facility, Phase I	\$ 1,130,000	\$ 1,117,000	\$ -	\$ -	\$ -	\$ 13,000
Schools carpet replacement/asbestos abatement and pool filter system	1,527,000	1,100,000	313,080	-	-	113,920
Masuk High School Expansion/Renovation (1)	38,407,000	24,635,000	13,229,454	-	385,000	157,546
Edith Wheeler Memorial Library	6,290,000	4,800,000	1,250,000	-	75,000	165,000
Land Acquisition (Webb Mountain Park)	5,270,000	4,320,000	950,000	-	-	-
Town Vehicle Replacement	980,000	980,000	-	-	-	-
Purchase of Fire Trucks	3,045,000	3,045,000	-	-	-	-
Road Reconstruction	2,200,000	2,200,000	-	-	-	-
Town Hall/Police Station Renovations	4,105,000	-	-	3,605,000	-	500,000
<b>Total</b>	<b>\$ 62,954,000</b>	<b>\$ 42,197,000</b>	<b>\$ 15,742,534</b>	<b>\$ 3,605,000</b>	<b>\$ 460,000</b>	<b>\$ 949,466</b>

(1) Amount authorized includes preliminary design plan authorization in the amount of \$107,000.

## Capital Improvement Program

The Town annually submits an updated five-year capital improvement program. The plan is a systematic program to add or replace capital items for each department within the General Government and Board of Education. Annual publication and approval by the Council is required for eligibility for certain state grants. The Town's current five-year capital improvement plan totals \$11,542,500. A copy of the most recent capital improvement program is available from the Director of Finance.

## Combined Schedule of Long Term Debt through Maturity

As of May 24, 2012 (Pro Forma)

Fiscal Year	Existing Indebtedness			The Series B Bonds	Ther Series C Bonds	ALL ISSUES
	Principal Payments	Interest Payments	Total Debt Service	Principal	Principal	Total Principal
2011-12 <sup>(1)</sup>	\$ 3,285,000	\$ 1,531,037	\$ 4,816,037	\$ -	\$ -	\$ 3,285,000
2012-13	3,690,000	1,380,619	5,070,619	-	-	3,690,000
2013-14	3,750,000	1,274,406	5,024,406	225,000	50,000	4,025,000
2014-15	3,840,000	1,163,969	5,003,969	225,000	50,000	4,115,000
2015-16	4,070,000	1,037,631	5,107,631	225,000	50,000	4,345,000
2016-17	4,075,000	899,606	4,974,606	225,000	50,000	4,350,000
2017-18	3,470,000	760,900	4,230,900	225,000	50,000	3,745,000
2018-19	3,345,000	628,175	3,973,175	225,000	50,000	3,620,000
2019-20	3,085,000	501,538	3,586,538	250,000	50,000	3,385,000
2020-21	3,075,000	391,463	3,466,463	250,000	55,000	3,380,000
2021-22	2,935,000	281,500	3,216,500	250,000	55,000	3,240,000
2022-23	2,185,000	190,019	2,375,019	255,000	-	2,440,000
2023-24	2,205,000	123,934	2,328,934	275,000	-	2,480,000
2024-25	1,420,000	59,631	1,479,631	325,000	-	1,745,000
2025-26	675,000	17,031	692,031	325,000	-	1,000,000
2026-27	-	-	-	325,000	-	325,000
<b>Total</b>	<b>\$45,105,000</b>	<b>\$10,241,459</b>	<b>\$55,346,459</b>	<b>\$ 3,605,000</b>	<b>\$ 460,000</b>	<b>\$ 49,170,000</b>

(1) Includes \$3,285,000 of principal payments paid between July 1, 2011 and May 24, 2012.

Source: Town annual audit reports.

## **SECTION V - FINANCIAL DATA**

### **Accounting Policies**

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

### **Basis of Accounting**

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

### **Audit**

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

The most recent annual audit covers the fiscal year ended June 30, 2011, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are the Town's Basic Financial Statements, Notes to the Financial Statements and Required Supplemental Information, together with the report of the independent auditor as prepared by Carlin, Charron & Rosen, LLP, Independent Certified Public Accountants. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

### **Budgetary Procedure**

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

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

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

### **Employee Pension Systems**

The Town has two contributory defined benefit retirement pension plans (the "Plans") which cover substantially all Town and Board of Education employees except police department employees who participate in the Connecticut Municipal Employees' Retirement Fund (MERF), a cost-sharing, multiple-employer, contributory defined benefit plan established under Chapter 113 of the Connecticut General Statutes and administered by the Connecticut State Employees Retirement Commission, and teachers, who also participate in a contributory plan administered by the Connecticut State Teachers Retirement Board. The Town plans

are administered by a life insurance company. For further details on the plans, see Appendix A" Notes to the Financial Statements" herein.

Based upon the most recent actuarial valuation, the actuarial value of assets and actuarial accrued liabilities for the PERS plan were as follows:

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Liability (AAL) Entry Age Cost Method</b>	<b>Overfunded (Unfunded) AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
<i><u>Town Employee's Plan</u></i>						
01/01/10	\$7,124,118	\$8,784,914	\$(1,660,796)	81.1%	\$3,205,710	-51.8%
01/01/08	8,221,381	7,967,922	253,459	103.2%	2,938,871	8.6%
01/01/06	7,590,537	6,963,392	627,145	109.0%	2,855,405	22.0%
01/01/04	7,166,828	6,609,256	557,572	108.4%	2,707,577	20.6%
01/01/02	6,717,500	5,672,885	1,044,615	118.4%	2,604,890	40.1%
<i><u>Board of Education Employee's Plan</u></i>						
01/01/11	\$8,502,820	\$9,675,631	\$(1,172,811)	87.9%	\$3,839,606	-30.5%
01/01/09	7,735,096	8,601,200	(866,104)	89.9%	3,828,126	-22.6%
01/01/07	7,241,315	7,743,658	(502,343)	93.5%	3,140,757	-16.0%
01/01/05	6,192,809	6,625,058	(432,249)	93.5%	3,221,036	-13.4%
07/01/03	5,695,894	5,872,676	(176,782)	97.0%	2,846,496	-6.2%

**Schedule of Employer Contributions**

*Town Employee's Plan*

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2012 (1)	\$564,832	\$135,000	23.9%
2011	555,705	106,684	19.2%
2010	146,417	106,684	72.9%
2009	138,305	22,101	16.0%
2008	89,239	11,259	12.6%
2007	81,560	81,560	100.0%

*Board of Education Employee's Plan*

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2012 (1)	\$348,507	\$348,507	100.0%
2011	304,258	304,258	100.0%
2010	295,652	295,652	100.0%
2009	235,677	235,677	100.0%
2008	227,071	227,071	100.0%
2007	230,521	230,521	100.0%

(1) Adopted budget.

For further details on the plans, see Appendix A, "Notes to General Purpose Financial Statements".

## Other Post Employment Benefits

The Town administers two single-employer defined benefit plans for employee postemployment benefits. The first is the Police Postemployment Benefit program which provides post employment medical coverage for those officers who retire from employment with the Town. Under the program, the retiree is provided medical coverage at a cost equal to twenty-five percent of the annual premium and is provided coverage from retirement up to the qualification for Medicare benefits. Benefit provisions are established by the Town and the union representing the police officers. The plan is funded on a pay-as-you-go basis and no trust has been established to hold plan assets, however the activities of this program are reported in the Town's Post Retirement Medical Benefits Fund.

The second plan is the Board of Education Postemployment Welfare Benefit program, which provides medical, prescription drug and dental benefits for eligible employees and their spouses and life insurance benefits for retirees only. Benefit provisions are established by the Town and the Connecticut General Statutes. The plan is funded on a pay-as-you-go basis and no trust has been established to hold plan assets.

The Town was required to comply with the reporting requirements of GASB 45 beginning with the 2008-09 fiscal year. The Town hired Hooker & Holcombe, Inc. to prepare an actuarial valuation of its OPEB liability for the Police Postemployment Benefit program as of July 1, 2010. The Board of Education retained The Segal Group to prepare a valuation for the Board of Education Postemployment Welfare Benefit program as of June 30, 2009. The Segal Group has also prepared a interim valuation for GASB 45 disclosure purposes as of June 30, 2011. Results of the valuations are as follow:

### Schedule of Funding Progress

#### Town

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2010	\$ -	\$ 1,568,829	\$ (1,568,829)	0.0%	\$2,702,454	-58.05%
7/1/2008	-	884,014	(884,014)	0.0%	2,567,152	-34.44%

#### Board of Education

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/2010 (1)	\$ -	\$ 10,403,104	\$ (10,403,104)	0.0%	N/A	N/A
6/30/2009	-	15,112,705	(15,112,705)	0.0%	N/A	N/A

(1) Interim valuation dated October 25, 2011.

### Schedule of Employer Contributions

#### Town

Fiscal	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2012 (1)	\$ 159,926	\$ 48,115	30.1%
2011	112,070	45,143	40.3%
2010	109,531	20,631	18.8%
2009	107,102	27,370	25.6%

(1) Adopted budget.

### Board of Education

<u>Fiscal</u>	<u>Acturial Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2012 (1)	n/a	\$ 998,445	n/a
2011	\$ 766,819	550,020	71.7%
2010	1,294,565	632,993	48.9%
2009	1,305,571	-	0.0%

- (1) The most recent full valuation for Board of Education employees was effective June 30, 2009. The Board's interim valuation dated October 25, 2011 did not include an estimated ARC for fiscal year 2011-12.

### **Investment Policies and Procedures**

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

The Town's investment practices have been to invest only in certificates of deposit, repurchase agreements, the State of Connecticut Short-Term Investment Fund (STIF), Cutwater Class Investment Fund, the State of Connecticut Tax-Exempt Proceeds Fund, and United States Treasury Bills. The Town has followed these investment practices and the Town's operating funds and capital funds are currently invested in the following short-term investments: (1) various certificates of depository with Connecticut banks; (2) the State of Connecticut Short-Term Investment fund; (3) the State of Connecticut Tax-Exempt Proceeds fund; (4) United States Treasury Bills; and (5) Cutwater Class (an investment fund managed by Cutwater Asset Management, which, according to Cutwater Class, invests only in (i) high-grade short-term federal securities and variable rate obligations backed by federal agencies having monthly or quarterly resets based on indices like the prime rate, LIBOR, or a combination of the two, and (ii) very short-term (usually overnight) repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the Program's custodial bank to be held for the benefit of the Plan's participants.

### **Property Tax Assessment**

Section 12-62 et. seq. of the Connecticut General Statutes govern real property assessments and establish the revaluation cycle for Connecticut municipalities of a revaluation every five years and, generally, a physical inspection every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. However, the statute permits the phase-in of a real property assessment increase resulting from a revaluation over a period of up to five years. The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total assessed values for all taxable and tax exempt real estate, taxable personal property, and motor vehicles located within the Town as of October 1. Assessments for real and personal property are computed at seventy percent (70%) of the market value at the time of last revaluation, and at 70% of the annual approval of Motor Vehicles by the Office of Policy and Management. Grand List information is used by municipalities to set the mill rate which in turn becomes the basis for the Towns' annual tax levy. Any property owner may seek to appeal its assessment by filing a written appeal to a Town's Board of Assessment Appeals. The Board of Assessment Appeals elects to hear such appeals and determines whether adjustments to the Assessor's list relating to assessments under appeal are warranted. Under Connecticut law, taxpayers who are dissatisfied with a decision by a Town's Board of Assessment Appeals may appeal the decision to the Connecticut Superior Court. Pending the appeal, 75 to 90 percent of the taxes due must be paid, depending on the value of the assessed property. The Town's most recent revaluation was dated October 1, 2009 and was effective for fiscal year 2010-11.

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

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

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

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

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

### **Property Tax Levy and Collection**

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

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## Historic Property Tax Levies and Collections

<b>FY Ending 30-Jun</b>	<b>Net Taxable Grand List</b>	<b>Tax Rate (In Mills)</b>	<b>Total Adjusted Tax Levy</b>	<b>% Collected End of Each FY</b>	<b>Uncollected End of Each FY</b>	<b>Uncollected As of 6/30/2011</b>
2013 (1)	\$2,314,333,457	29.26	\$67,717,398	In process	In process	In process
2012 (1)	2,289,778,986	28.79	66,185,853	In process	In process	In process
2011 (2)	2,286,815,228	28.26	64,320,324	98.54 %	\$936,551	\$936,551
2010	2,117,900,075	29.50	62,457,178	98.60	866,701	270,375
2009	2,116,304,857	28.68	60,656,250	99.00	601,302	83,994
2008	2,095,924,088	27.42	57,583,055	99.20	588,841	61,712
2007	2,068,914,417	26.08	53,915,213	99.30	371,688	1,126
2006	2,036,119,470	24.05	49,057,616	99.20	355,202	778
2005 (2)	2,008,684,515	22.88	45,912,450	99.40	294,991	580
2004	1,433,022,598	30.58	44,005,037	99.00	425,159	833
2003	1,417,383,475	29.34	41,844,528	98.90	512,292	1,207

(1) Adopted budget.

(2) Revaluation.

Source: Town Officials.

## Taxable Grand List

<b>Grand List Dated</b>	<b>Real Property</b>	<b>Motor Vehicle Property</b>	<b>Personal Property</b>	<b>Gross Taxable Grand List</b>	<b>Less Exemptions</b>	<b>Net Taxable Grand List</b>
10/1/10	\$2,078,616,748	\$ 150,399,886	\$ 80,587,807	\$ 2,309,604,441	\$ 19,825,455	\$ 2,289,778,986
10/1/09 (1)	2,078,951,846	144,510,773	85,468,422	2,308,931,041	22,115,813	2,286,815,228
10/1/08	1,914,130,100	144,037,577	82,022,355	2,140,190,032	22,289,957	2,117,900,075
10/1/07	1,901,467,199	157,545,290	79,680,836	2,138,693,325	22,388,468	2,116,304,857
10/1/06	1,876,527,749	156,136,365	76,424,263	2,109,088,377	13,164,289	2,095,924,088
10/1/05	1,855,075,178	156,699,426	73,748,290	2,085,522,894	16,608,477	2,068,914,417
10/1/04 (1)	1,830,579,694	148,487,868	73,227,443	2,052,295,005	14,731,031	2,037,563,974
10/1/03	1,815,227,150	138,995,628	69,171,410	2,023,394,188	11,437,819	2,011,956,369
10/1/02	1,240,744,309	140,293,819	65,350,630	1,446,388,758	13,366,160	1,433,022,598
10/1/01	1,230,335,420	136,873,525	61,342,950	1,428,551,895	10,005,860	1,418,546,035

(1) Revaluation.

Source: Town Officials.

<b>Grand List Dated</b>	<b>Residential Property</b>	<b>Commercial/ Industrial Property</b>	<b>Public Utility &amp; Vacant Property</b>	<b>Sub-Total Real Property</b>
10/1/10	\$1,781,550,580	\$209,581,450	\$ 87,484,718	\$ 2,078,616,748
10/1/09 (1)	1,781,417,088	211,395,000	86,139,758	2,078,951,846
10/1/08	1,678,449,336	174,542,600	61,138,164	1,914,130,100
10/1/07	1,672,037,365	170,000,130	59,429,704	1,901,467,199
10/1/06	1,658,832,885	153,453,595	64,241,269	1,876,527,749
10/1/05	1,645,701,218	150,728,010	58,645,950	1,855,075,178
10/1/04 (1)	1,629,691,796	143,739,128	57,148,770	1,830,579,694
10/1/03	1,618,620,220	132,820,410	63,786,520	1,815,227,150
10/1/02	1,097,857,556	95,988,730	46,898,023	1,240,744,309
10/1/01	1,088,432,630	94,494,840	47,407,950	1,230,335,420

(1) Revaluation.

Source: Town Officials.

## Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2010:

<b>Business-Name</b>	<b>Nature of Business</b>	<b>Total Estimated Assessment</b>	<b>Estimated Taxes</b>
First Light	Hydro Generating	\$ 29,029,690	\$ 835,765
TPK LLC,Sippin LLC	Retail Shopping, Oil Distribution	20,050,920	577,266
Maril LLC	Clocktower Sq. Shopping Ctr.	16,010,380	460,939
Conn Light & Power	Electric Utility	14,146,410	407,275
Swiss Army Brands & Land LLC	Corporate HQ & Distribution	11,115,964	320,029
Aquarion Water	Headquarters Water Supply	11,075,170	318,854
Investments LLC, Ganim et al	Retail & Rental Properties	7,790,610	224,292
Lake Zoar Properties & Waterview LLC	Banquet Facility	7,344,940	211,461
Really Good Stuff	Teaching Tools	6,554,315	188,699
CBL Inc	Whitney Farms Golf Course	6,079,660	175,033
<b>Total</b>		<b>\$ 129,198,059 <sup>(1)</sup></b>	<b>\$ 3,719,612 <sup>(2)</sup></b>

(1) Represents 5.6% of the net taxable grand list of \$2,289,778,986 dated October 1, 2010.

(2) Represents 5.6% of the adopted tax levy of \$66,185,853 for fiscal year 2011-12.

Source: Town Officials

## Revenues

The Town derives its revenues from a direct tax levy on property, state and federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2007-2011 in "Statements Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

## Property Tax Revenues

<b>Fiscal Year</b>	<b>General Fund Revenues</b>	<b>Property Tax Revenues</b>	<b>Property Tax Revenues as a Percentage of Fund Revenues</b>
2013 <sup>(1)</sup>	\$ 76,322,941	\$67,351,637	88.2 %
2012 <sup>(1)</sup>	74,300,196	65,193,065	87.7
2011	77,483,724	64,441,364	83.2
2010	75,549,157	62,534,910	82.8
2009	74,119,204	60,629,712	81.8
2008 <sup>(2)</sup>	86,029,299	57,756,527	67.1
2007	68,360,264	54,156,712	79.2
2006	62,829,564	49,186,321	78.3
2005	57,898,929	46,258,850	79.9
2004	54,940,173	44,360,300	80.7

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

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

Source: Audited financial statements; fiscal year 2011-12 and 2012-13 adopted budgets.

## Intergovernmental Revenues

<b>Fiscal Year</b>	<b>General Fund Revenues</b>	<b>Federal &amp; State Aid</b>	<b>Aid As a Percentage Of General Revenue</b>
2013 (1)	\$ 76,322,941	7,566,894	9.9 %
2012 (1)	74,300,196	7,586,721	10.2
2011	77,483,724	11,739,302	15.2
2010	75,549,157	11,597,967	15.4
2009	74,119,204	11,609,447	15.7
2008	86,029,299	25,538,538 (2)	29.7
2007	68,360,264	10,069,616	14.7
2006	62,829,564	9,778,511	15.6
2005	57,898,929	7,903,684	13.7
2004	54,940,173	8,688,251	15.8

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

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

Source: Audited financial statements; fiscal year 2011-12 and 2012-13 adopted budgets.

## Expenditures

<b>Fiscal Year</b>	<b>Education</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Debt Service</b>	<b>Public Works</b>
2013 (1)	67.4 %	10.0 %	8.2 %	7.3 %	4.7 %
2012 (1)	69.2	9.3	8.0	7.0	4.3
2011	71.2	8.0	7.3	6.9	4.1
2010	72.1	7.7	7.3	6.7	3.9
2009	69.9	8.0	7.3	7.8	3.9
2008	74.3 (2)	6.7	5.8	6.4	3.1
2007	70.2	8.3	7.4	7.7	3.4
2006	71.1	8.1	7.7	7.1	3.7
2005	71.3	8.8	7.7	5.9	4.0
2004	70.8	8.9	8.1	5.5	4.4

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

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

Source: Audited financial statements; fiscal year 2011-12 and 2012-13 adopted budgets.

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

	<b>Fiscal Year 2010-11</b>			<b>Fiscal Year 2011-12</b>	<b>Fiscal Year 2012-13</b>
	<b>Revised Budget</b>	<b>Actual Operations</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Adopted Budget</b>	<b>Adopted Budget</b>
<b>REVENUES</b>					
Property taxes, interest and liens	\$63,806,556	\$64,390,009	\$ 583,453	\$65,193,065	\$67,351,637
Licenses, fees and permits	601,450	547,600	(53,850)	576,200	526,200
Intergovernmental revenue	7,694,524	7,652,327	(42,197)	7,586,721	7,566,894
Charges for services	361,210	369,794	8,584	364,210	363,210
Investment Income	450,000	399,705	(50,295)	525,000	475,000
Other revenues	60,000	29,206	(30,794)	55,000	40,000
<b>TOTAL REVENUES</b>	<b>\$72,973,740</b>	<b>73,388,641</b>	<b>414,901</b>	<b>\$74,300,196</b>	<b>\$76,322,941</b>
<b>EXPENDITURES</b>					
Current:					
General government	\$ 6,222,326	6,273,977	(51,651)	\$ 6,912,742	\$ 7,596,815
Public safety	5,701,772	5,729,893	(28,121)	5,942,122	6,233,744
Public works	3,115,241	3,225,917	(110,676)	3,160,216	3,590,872
Health and welfare	178,060	173,658	4,402	194,738	206,480
Culture and recreation	1,317,512	1,407,511	(89,999)	1,436,864	1,433,763
Education	51,434,738	51,417,356	17,382	51,434,739	51,434,739
Capital outlay-Special Projects	5,500	4,785	715	5,500	80,500
Debt Service	5,236,981	5,041,987	194,994	5,213,275	5,586,028
<b>TOTAL EXPENDITURES</b>	<b>73,212,130</b>	<b>73,275,084</b>	<b>(62,954)</b>	<b>74,300,196</b>	<b>76,162,941</b>
Excess (deficiency) of revenues over expenditures	<u>(238,390)</u>	<u>113,557</u>	<u>351,947</u>	<u>-</u>	<u>160,000</u>
Other financing sources (uses):					
Appropriation of fund balance	370,000	-	(370,000)	160,000	-
Cancel Prior Years Encumbrances		37,161	37,161	-	-
Operating transfers in	28,390	63,371	34,981	-	-
Operating transfers out	<u>(160,000)</u>	<u>(210,924)</u>	<u>(50,924)</u>	<u>(160,000)</u>	<u>(160,000)</u>
Total Other financing sources (uses)	238,390	(110,392)	(348,782)	-	(160,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>3,165</u>	<u>\$ 3,165</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Audited financial statements; fiscal year 2011-12 and 2012-13 adopted budgets.

# **Comparative Balance Sheet – General Fund**

<b>Fiscal Year Ended:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 261,967	\$ 1,576,343	\$ 6,594,155	\$ 5,279,445	\$ 8,238,049
Investments	3,143,750	4,658,295	2,022,887	6,003,211	3,721,758
Property taxes receivable	596,463	716,549	808,766	1,094,413	1,262,560
Intergovernmental receivables	4,288,694	3,837,448	3,421,774	3,007,798	2,649,333
Other receivables	249,220	156,269	462,333	76,950	27,901
Prepaid items	-	108,434	126,851	103,844	88,057
Due from other funds	5,375,577	4,287,060	1,696,321	1,430,049	1,643,209
<b>TOTAL ASSETS</b>	<b>\$13,915,671</b>	<b>\$15,340,398</b>	<b>\$15,133,087</b>	<b>\$16,995,710</b>	<b>\$17,630,867</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 1,135,261	\$ 2,167,852	\$ 1,805,054	\$ 4,771,016	\$ 2,453,169
Due to other funds	4,382,286	4,098,495	4,072,060	3,044,697	5,106,472
Deferred revenues	4,754,464	5,709,139	4,818,156	4,579,181	5,737,608
<b>TOTAL LIABILITIES</b>	<b>10,272,011</b>	<b>11,975,486</b>	<b>10,695,270</b>	<b>12,394,894</b>	<b>13,297,249</b>
<b>FUND BALANCES</b>					
Reserved for encumbrances	1,501,972	570,664	927,719	947,722	-
Reserved for prepaid items	-	108,434	126,851	103,844	-
Unreserved:					
Designated for subsequent budget	370,000	370,000	370,000	695,000	-
Undesignated	1,771,688	2,315,814	3,013,247	2,854,250	-
Nonspendable	-	-	-	-	88,057
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	982,162
Unassigned	-	-	-	-	3,263,399
<b>TOTAL FUND BALANCES</b>	<b>3,643,660</b>	<b>3,364,912</b>	<b>4,437,817</b>	<b>4,600,816</b>	<b>4,333,618</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$13,915,671</b>	<b>\$15,340,398</b>	<b>\$15,133,087</b>	<b>\$16,995,710</b>	<b>\$17,630,867</b>

Source: Annual audited financial statements.

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

Fiscal Year Ended:	2007	2008	2009	2010	2011
<b>REVENUES</b>					
Property taxes	\$54,156,712	\$57,756,527	\$60,629,712	\$62,534,910	\$64,441,364
Intergovernmental revenue	10,069,616	25,538,538 <sup>(1)</sup>	11,609,447	11,597,967	11,739,302
Licenses, permits and fines	943,573	864,800	675,322	522,924	547,600
Charges for services	2,258,887	1,192,629	470,081	376,778	334,795
Investment income	797,069	618,824	569,166	490,759	399,705
Miscellaneous revenues	134,407	57,981	165,476	25,819	20,958
<b>TOTAL REVENUES</b>	<u>\$68,360,264</u>	<u>\$86,029,299</u>	<u>\$74,119,204</u>	<u>\$75,549,157</u>	<u>\$77,483,724</u>
<b>EXPENDITURES</b>					
Current:					
General government	5,539,013	5,818,983	5,906,917	5,731,389	6,221,711
Public safety	4,935,211	4,994,069	5,351,178	5,426,717	5,709,668
Public Works	2,306,148	2,652,051	2,899,407	2,940,916	3,225,919
Health and welfare	179,396	191,858	158,866	167,092	173,658
Culture and recreation	1,283,861	1,354,321	1,393,171	1,409,880	1,407,510
Education	47,077,818	64,456,492 <sup>(1)</sup>	51,546,173	53,939,216	55,364,249
Miscellaneous	31,020	62,120	-	-	-
Capital outlays	529,909	1,671,935	532,391	193,703	252,703
Debt service	5,186,861	5,517,974	5,958,996	5,010,884	5,400,842
<b>TOTAL EXPENDITURES</b>	<u>67,069,237</u>	<u>86,719,803</u>	<u>73,747,099</u>	<u>74,819,797</u>	<u>77,756,260</u>
Excess (deficiency) of revenues over expenditures	1,291,027	(690,504)	372,105	729,360	(272,536)
Other financing sources (uses):					
Unspent Encumbrances prior year					
Operating transfers in	208,971	123,682	982,331	49,339	98,371
Operating transfers out	(796,322)	(429,726)	(948,411)	(615,700)	(120,926)
Proceeds of refunding bonds	-	-	18,975,000	-	10,805,000
Payment to refunded bond escrow agent	-	-	(20,621,000)	-	(11,105,918)
Premium on refunded bonds issued	-	-	1,826,241	-	423,261
Capital Lease Financing	354,248	717,800	486,639	-	-
Total other financing sources (uses)	<u>(233,103)</u>	<u>411,756</u>	<u>700,800</u>	<u>(566,361)</u>	<u>99,788</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	1,057,924	(278,748)	1,072,905	162,999	(172,748)
Fund Balance - July 1	<u>2,585,736</u>	<u>3,643,660</u>	<u>3,364,912</u>	<u>4,437,817</u>	<u>4,506,366</u>
Fund Balance - June 30	<u>\$ 3,643,660</u>	<u>\$ 3,364,912</u>	<u>\$ 4,437,817</u>	<u>\$ 4,600,816</u>	<u>\$ 4,333,618</u>

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

Source: Annual audited financial statements.

## **SECTION VI - ADDITIONAL INFORMATION**

### **Litigation**

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

### **Availability of Continuing Disclosure Information**

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

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

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and notices of certain events pursuant to Rule 15c2-12(b)(5). To date the Town has not failed to meet any of its undertakings under such agreements, with the exception of filing the fiscal years ending June 30, 2007 financial statements in a timely manner. A material event notice for failure to file on a timely manner was filed on March 13, 2008 along with the financial statements.

### **Financial Advisor**

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

### **Documents Accompanying Delivery of the Bonds**

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

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

The Town of Monroe has prepared an Official Statement for the Bonds which is dated May 10, 2012. The Town deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Town will provide the winning bidder with 25 copies of the Official Statement, as prepared for this issue at the Town's expense and delivered not later than seven business days after the bid opening. Additional copies of the Official Statement may be obtained by a winning bidder at its own expense by arrangement with the printer. If the Issuer's financial advisor is provided with the necessary information from the winning bidder by 12:00 o'clock noon on the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices, the name of the managing underwriter of the Bonds.

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

### **Concluding Statement**

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

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

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

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

## **TOWN OF MONROE, CONNECTICUT**

---

**By: STEPHEN J. VAVREK, JR.**  
*First Selectman*

---

**By: RONALD J. BUNOVSKY, JR.**  
*Treasurer*

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**By: CARL E. TOMCHIK**  
*Director of Finance and Comptroller*

**Dated: April 26, 2012**



## APPENDIX A – AUDITED FINANCIAL STATEMENTS

### TOWN OF MONROE, CONNECTICUT

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**Appendix A – Audited Financial Statements** - is taken from the Annual Financial Report of the Town of Monroe for the Fiscal Year ending June 30, 2011 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of Monroe, Connecticut.

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, 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, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Monroe, Connecticut, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2012 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis presented on pages 3 through 12, the budgetary comparison information presented on pages 61 through 67 and the schedules of funding progress on page 68 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The combining and individual fund statements and schedules and other supplemental information are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other supplemental information on pages 90 through 98 has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

CCR LLP

Glastonbury, Connecticut  
January 13, 2012

# **Management's Discussion and Analysis**

# **TOWN OF MONROE, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of the Town of Monroe, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2011.

## **FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$40,092,369 (net assets). Of this amount, \$(3,052,383) represents an unrestricted net asset deficit.
- The Town's total net assets decreased by \$2,316,343 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,989,208, an increase of \$3,413,720 in comparison with the prior year. This increase is primarily due to the issuance of general obligation bonds, the proceeds of which were used to retire a bond anticipation note payable with a face amount of \$3,000,000 which was used to fund new fire trucks.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$3,263,399 or 4.2% of total General Fund expenditures.
- The Town's total long-term bonded debt increased by \$2,425,000 or 5.7% during the current fiscal year due to bonds refunded of \$10,725,000 and current year scheduled principal repayments, offset by the issuance of \$10,805,000 in general obligation refunding bonds and \$5,325,000 in general obligation bonds. The refunding will result in an economic gain of \$532,723 and cash flow savings of \$662,632.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

### **Government-wide Financial Statements**

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

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

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

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)**

### **Government-wide Financial Statements (*Continued*)**

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

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

### **Fund Financial Statements**

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

#### ***Governmental Funds***

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

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

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

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

#### ***Proprietary Funds***

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

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

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)**

### **Fund Financial Statements (*Continued*)**

#### ***Fiduciary Funds***

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

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

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 - 60 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 61 - 68 of this report.

Combining and individual fund statements and schedules and other supplementary information can be found on pages 69 - 98 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net Assets**

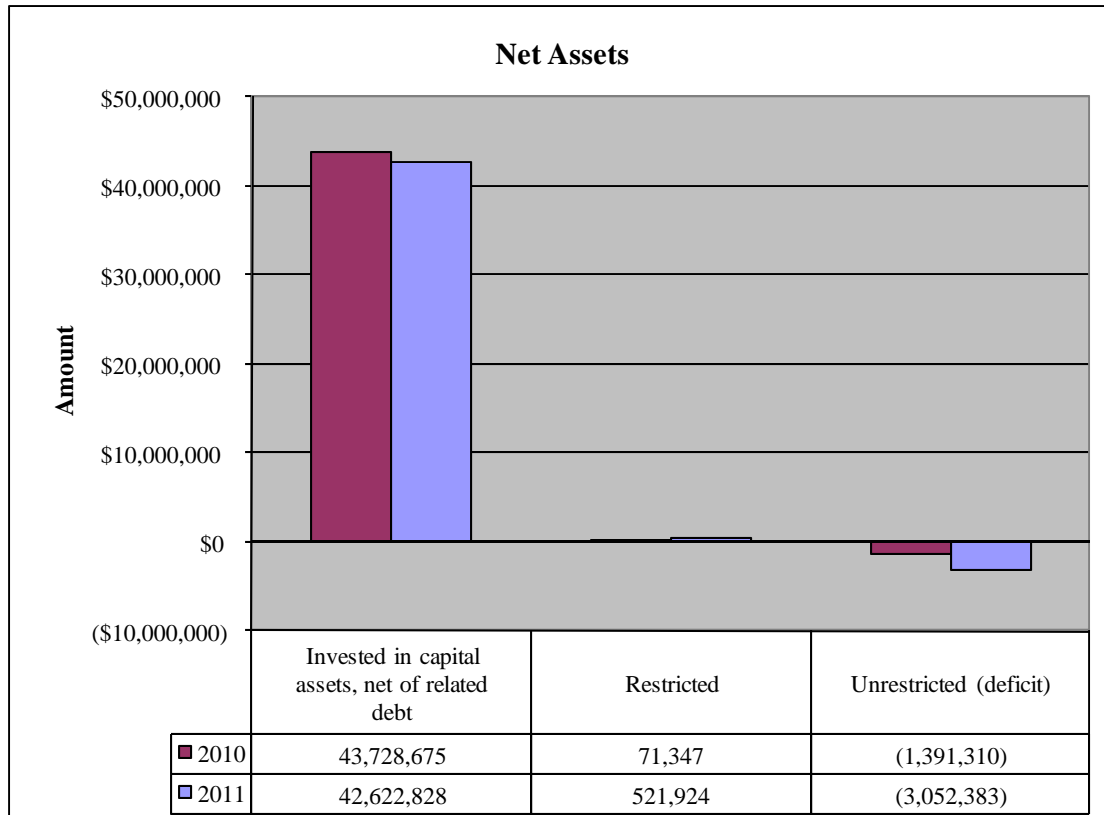
Over time, net assets may serve as one measure of a government's financial position. Total net assets of the Town totaled \$40,092,369 and \$42,396,413 as of June 30, 2011 and 2010, respectively, and are summarized as follows:

<b>Town of Monroe, Connecticut</b>		
<b>Net Assets</b>		
<b>June 30, 2011 and 2010</b>		
	Total	
	2011	2010 (Restated)
Current and other assets	\$ 20,490,298	\$ 19,194,207
Capital assets	89,860,240	91,548,780
Total assets	<u>110,350,538</u>	<u>110,742,987</u>
Other liabilities	6,867,560	9,383,840
Long-term liabilities	63,390,609	58,950,435
Total liabilities	<u>70,258,169</u>	<u>68,334,275</u>
Net assets:		
Invested in capital assets, net of related debt	42,622,828	43,728,675
Restricted	521,924	71,347
Unrestricted (deficit)	(3,052,383)	(1,391,310)
Total net assets	<u>\$ 40,092,369</u>	<u>\$ 42,408,712</u>

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

### Net Assets *(Continued)*



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

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

The remainder of the Town's net assets are considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. The Town's unrestricted net asset deficit of \$(3,052,383) includes the use of the Town's unrestricted available cash to temporarily finance capital projects in the prior years.

Overall, net assets decreased by \$2,316,343 in comparison to the prior year.



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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Changes in Net Assets**

Changes in net assets for the years ended June 30, 2011 and 2010 are as follows:

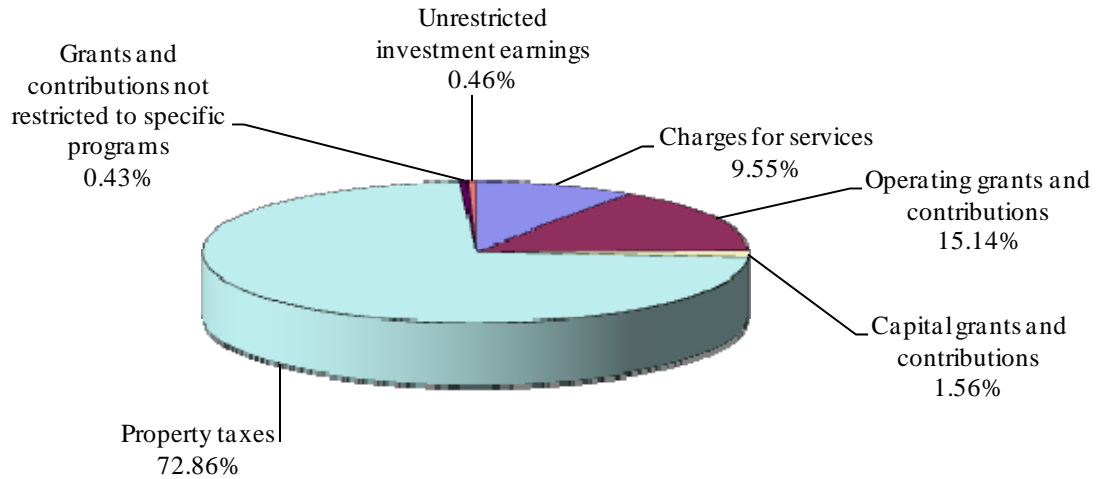
	Total	
	2011	2010
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 8,486,797	\$ 8,479,973
Operating grants and contributions	13,449,453	13,454,813
Capital grants and contributions	1,384,919	1,289,283
General revenues:		
Property taxes	64,727,759	62,496,456
Grants and contributions not restricted to specific programs	375,640	476,260
Unrestricted investment earnings	410,461	524,401
Total revenues	<u>88,835,029</u>	<u>86,721,186</u>
<b>Expenses</b>		
General government	6,972,475	6,619,837
Public safety	7,339,882	6,937,172
Public works	5,260,746	6,086,321
Health and welfare	246,230	189,603
Culture and recreation	2,987,392	3,183,429
Subrecipient expenditures	251,916	301,854
Education	65,757,974	63,345,854
Interest on long-term debt	2,334,757	1,942,141
Total expenses	<u>91,151,372</u>	<u>88,606,211</u>
Change in net assets	<u><u>\$(2,316,343)</u></u>	<u><u>\$ (1,885,025)</u></u>

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

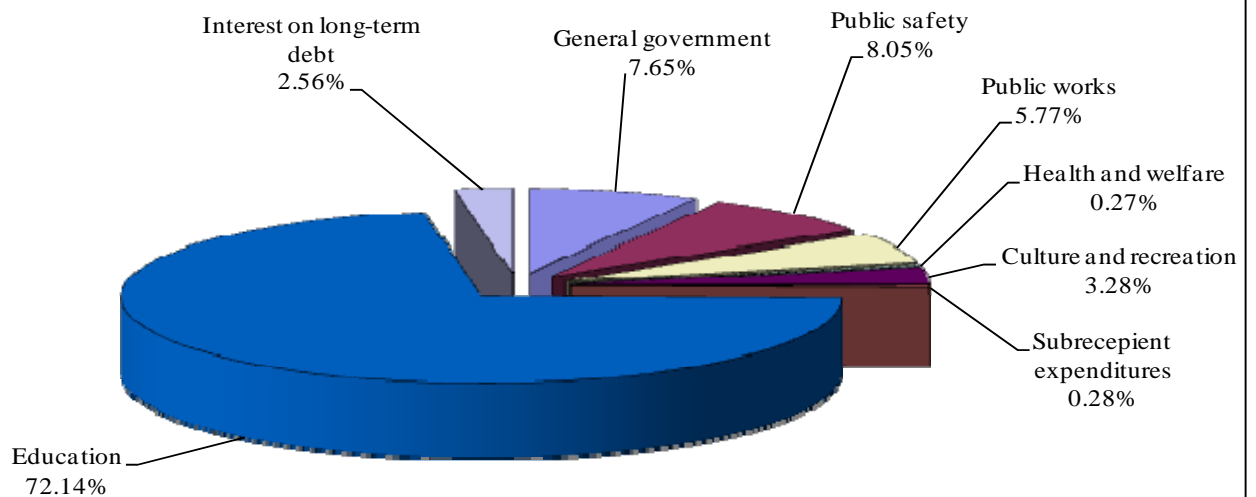
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Change in Net Assets (Continued)**

**2011 Revenues by Source -  
Governmental Activities**



**2011 Expenses by Function -  
Governmental Activities**



# **TOWN OF MONROE, CONNECTICUT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)**

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

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

#### **Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, 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 \$6,989,208, an increase of \$3,413,720 from the prior year. This increase is primarily due to the retirement of a bond anticipation note payable with a face amount of \$3,000,000 through the issuance of general obligation bonds.

#### ***General Fund***

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,263,399. 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 4.2% of total General Fund expenditures, while total fund balance represents 5.6% of the same amount. The fund balance of the General Fund decreased by \$172,748 during the current fiscal year.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The budget for 2011 planned on the utilization of fund balance of \$370,000 to cover the excess of budgeted expenses over budgeted revenues. However, the actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$3,161. Expenditures were \$72,957 more than budgeted and total budgetary revenues were \$414,902 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, 2011 and 2010 totaled \$89,860,240 and \$91,548,780, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings, land improvements, vehicles, machinery and equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$1,688,540 or 1.8%, comprised of the following:

- Current year additions of \$3,212,311, consisting of road improvements and various other additions to machinery and equipment, vehicles, and construction in progress.
- Current year depreciation expense of \$4,900,851.

# TOWN OF MONROE, CONNECTICUT

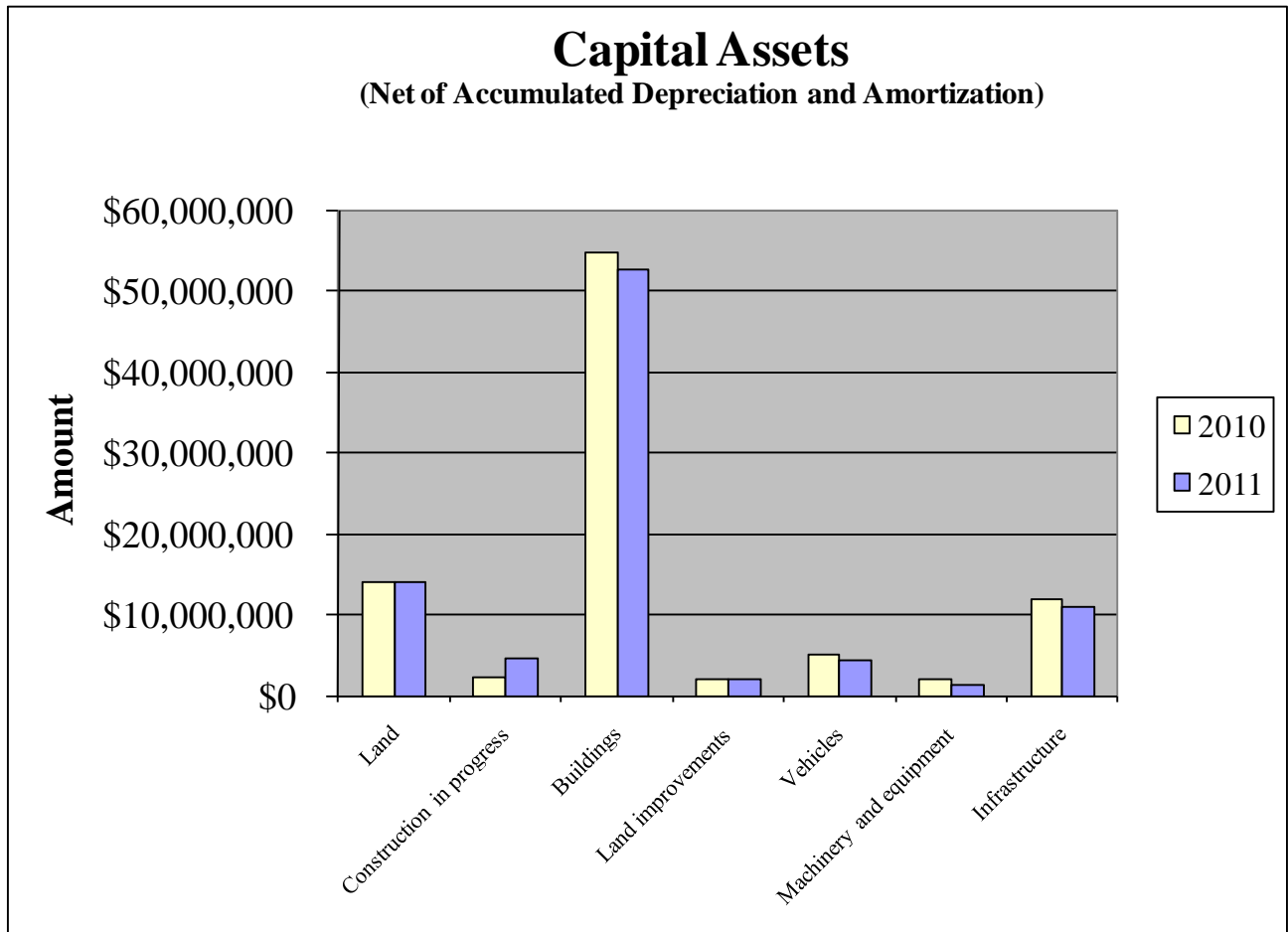
## MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

### CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

#### Capital Assets *(Continued)*

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

	Governmental Activities	
	2011	2010
Land	\$ 13,922,971	\$ 13,922,971
Construction in progress	4,611,802	2,123,249
Buildings	52,629,886	54,788,001
Land improvements	1,978,530	2,013,736
Vehicles	4,450,518	5,016,747
Machinery and equipment	1,380,029	1,917,489
Infrastructure	10,886,504	11,766,587
Totals	<u>\$ 89,860,240</u>	<u>\$ 91,548,780</u>



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

# TOWN OF MONROE, CONNECTICUT

## MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

### CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

#### Long-term Debt

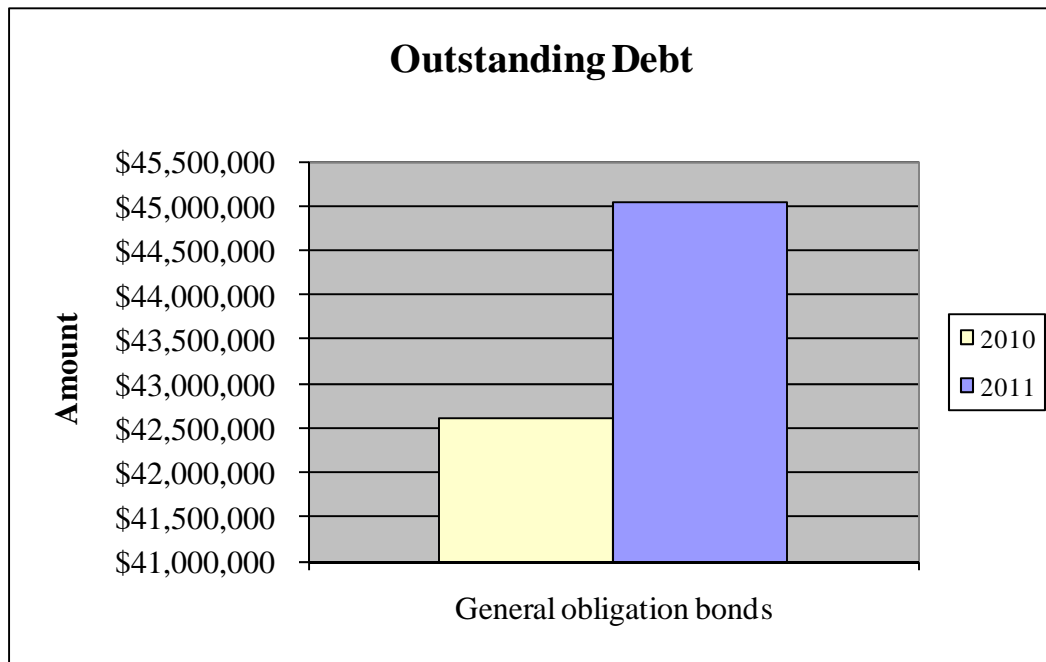
At the end of the current fiscal year, the Town had total bonded debt outstanding of \$45,035,000. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total bonded debt increased by \$2,425,000 or 5.7% during the current fiscal year due to bonds refunded of \$10,725,000 and current year scheduled principal repayments, offset by the issuance of \$10,805,000 in general obligation refunding bonds and \$5,325,000 in general obligation bonds.

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 \$451,562,881, 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	
	2011	2010
General obligation bonds	\$ 45,035,000	\$ 42,610,000
Totals	\$ 45,035,000	\$ 42,610,000



Additional information on the Town's long-term debt can be found in Note 8 on pages 38 - 42 of this report.

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- The unemployment rate for the Town is currently 6.6%. This compares favorably to the State's average unemployment rate of 8.4% and the national unemployment rate of 8.6%.
- 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 2012, 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 2012 and thereafter.

All of these factors were considered in preparing the Town's budget for fiscal year 2012.

## **REQUESTS FOR INFORMATION**

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

# **Basic Financial Statements**

**TOWN OF MONROE, CONNECTICUT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,409,960
Investments	3,922,438
Receivables:	
Property taxes receivable, net of allowance of \$274,000	1,090,072
Interest receivable, net of allowance of \$146,000	172,488
Grants and contracts receivable	854,119
Accounts receivable	383,039
Prepaid items	90,783
Grants and contracts receivable, long-term portion	2,190,037
Deferred charges, net of accumulated amortization of \$42,154	377,362
Capital assets:	
Non-depreciable	18,534,773
Depreciable, net	71,325,467
Total assets	<u>110,350,538</u>
<b>LIABILITIES</b>	
Accounts payable	3,972,148
Accrued liabilities:	
Accrued interest	305,274
Other accrued liabilities	310,657
Unearned revenue	2,279,481
Noncurrent liabilities:	
Due within one year	6,877,677
Due in more than one year	56,512,932
Total liabilities	<u>70,258,169</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	42,622,828
Restricted for:	
Trust purposes-expendable	71,446
Grant program purposes	382,308
Debt service	68,170
Unrestricted (deficit)	(3,052,383)
Total net assets	<u><u>\$ 40,092,369</u></u>

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



**TOWN OF MONROE, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 6,972,475	\$ 2,388,653	\$ 42,729	\$ 81,180	\$ (4,459,913)
Public safety	7,339,882	1,006,970	99,203	-	(6,233,709)
Public works	5,260,746	846,172	-	938,011	(3,476,563)
Health and welfare	246,230	895	21,877	-	(223,458)
Culture and recreation	2,987,392	1,205,517	219,207	-	(1,562,668)
Subrecipient expenditures	251,916	-	-	251,916	-
Education	65,757,974	3,038,590	13,066,437	113,812	(49,539,135)
Interest on long-term debt	2,334,757	-	-	-	(2,334,757)
Total governmental activities	<u>\$ 91,151,372</u>	<u>\$ 8,486,797</u>	<u>\$ 13,449,453</u>	<u>\$ 1,384,919</u>	<u>(67,830,203)</u>
General revenues:					
Property taxes					64,727,759
Grants and contributions not restricted to specific programs					375,640
Unrestricted investment earnings					410,461
Total general revenues					<u>65,513,860</u>
Change in net assets					<u>(2,316,343)</u>
Net assets - beginning, as originally reported					42,396,413
Adjustment ( <i>see Note 14</i> )					12,299
Net assets - beginning, as adjusted					<u>42,408,712</u>
Net assets - ending					<u>\$ 40,092,369</u>

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

**TOWN OF MONROE, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,238,049	\$ 932,981	\$ 9,171,030
Investments	3,721,758	200,680	3,922,438
Receivables:			
Property taxes receivable, net of allowance for uncollectibles of \$274,000	1,090,072	-	1,090,072
Interest receivable, net of allowance for uncollectibles of \$146,000	172,488	-	172,488
Grants and contracts receivable	2,649,333	394,823	3,044,156
Accounts receivable	27,901	355,138	383,039
Prepaid items	88,057	2,726	90,783
Due from other funds	1,643,209	4,540,346	6,183,555
Total assets	<u>\$ 17,630,867</u>	<u>\$ 6,426,694</u>	<u>\$ 24,057,561</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>			
Liabilities:			
Accounts payable	\$ 2,142,512	\$ 1,829,636	\$ 3,972,148
Other accrued liabilities	310,657	-	310,657
Due to other funds	5,106,472	1,643,209	6,749,681
Unearned/deferred revenue	5,737,608	298,259	6,035,867
Total liabilities	<u>13,297,249</u>	<u>3,771,104</u>	<u>17,068,353</u>
Fund Balances (Deficit):			
Nonspendable:			
Prepaid items	88,057	2,726	90,783
Permanent fund principal	-	71,446	71,446
Restricted for:			
Public works	-	382,308	382,308
Debt service	-	68,170	68,170
Committed to:			
Public safety	-	158,507	158,507
Culture and recreation	-	940,273	940,273
Education	-	1,336,819	1,336,819
Capital projects	-	666,806	666,806
Other purposes	-	300,507	300,507
Assigned to:			
Use in subsequent year's budget	160,000	-	160,000
Plan of conservation and development	74,649	-	74,649
Education	636,918	-	636,918
General government	105,339	-	105,339
Public safety	5,256	-	5,256
Unassigned	3,263,399	(1,271,972)	1,991,427
Total fund balances (deficit)	<u>4,333,618</u>	<u>2,655,590</u>	<u>6,989,208</u>
Total liabilities and fund balances (deficit)	<u>\$ 17,630,867</u>	<u>\$ 6,426,694</u>	<u>\$ 24,057,561</u>

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

**TOWN OF MONROE, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

Total fund balances for governmental funds	\$	6,989,208
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Total net assets reported for governmental activities in the statement of net assets is different because:

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

Land and improvements	\$	16,554,179	
Construction in progress		4,611,802	
Buildings and improvements		91,761,510	
Vehicles		10,126,659	
Machinery and equipment		9,141,401	
Infrastructure		62,484,897	
Less accumulated depreciation and amortization		<u>(104,820,208)</u>	
Total capital assets, net			89,860,240

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

Bond issuance costs		419,516	
Less accumulated amortization		<u>(42,154)</u>	
Total bond issuance costs, net			377,362

Some of the Town's taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	988,377
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Accrued interest receivable on property taxes are not susceptible to accrual, and therefore are reported as deferred revenue in the funds.	172,488
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Long-term school construction grant receivables received from the State of Connecticut are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	2,595,521
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**TOWN OF MONROE, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS (*Continued*)**  
**JUNE 30, 2011**

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

Long-term debt:

Bonds payable	\$ (45,035,000)
Unamortized premiums	(2,026,726)
Unamortized deferred amount on refundings	684,658
Obligations under capital lease	(860,344)
Accrued interest payable	(305,274)

Other long-term liabilities:

Net OPEB obligation	(2,432,825)
Net pension obligation	(289,824)
Compensated absences	(1,851,407)
Termination benefits	(8,196,735)
Retired employee obligations	(1,982,569)

Total long-term liabilities	<u>(1,982,569)</u>	\$ (62,296,046)
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Internal service funds are used by the Town to charge the cost of certain employee benefit management activities to individual funds.

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

1,405,219

Net assets of governmental activities

\$ 40,092,369

**TOWN OF MONROE, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (DEFICIT)**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Property taxes	\$ 64,441,364	\$ -	\$ 64,441,364
Intergovernmental revenues	11,739,302	3,572,277	15,311,579
Licenses, permits and other charges	547,600	-	547,600
Charges for services	334,795	5,759,608	6,094,403
Donations	-	263,790	263,790
Investment earnings	399,705	6,110	405,815
Miscellaneous	20,958	74,681	95,639
Total revenues	<u>77,483,724</u>	<u>9,676,466</u>	<u>87,160,190</u>
<b>EXPENDITURES</b>			
Current:			
General government	6,221,711	42,416	6,264,127
Public safety	5,709,668	929,800	6,639,468
Public works	3,225,919	889,371	4,115,290
Health and welfare	173,658	72,451	246,109
Culture and recreation	1,407,510	1,107,243	2,514,753
Subrecipient expenditures	-	251,916	251,916
Education	55,364,249	5,171,164	60,535,413
Capital outlays	252,703	2,977,248	3,229,951
Debt service:			
Principal payments	3,527,348	-	3,527,348
Interest and fiscal charges	1,751,151	3,265	1,754,416
Debt issuance costs	122,343	60,849	183,192
Total expenditures	<u>77,756,260</u>	<u>11,505,723</u>	<u>89,261,983</u>
Deficiency of revenues over expenditures	(272,536)	(1,829,257)	(2,101,793)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from refunding bonds issued	10,805,000	-	10,805,000
Premium on refunding bonds issued	423,261	-	423,261
Payment to refunded bonds escrow agent	(11,105,918)	-	(11,105,918)
Proceeds from general obligation bonds issued	-	5,325,000	5,325,000
Premium on general obligation bonds issued	-	68,170	68,170
Transfers in	98,371	172,793	271,164
Transfers out	(120,926)	(150,238)	(271,164)
Total other financing sources (uses)	<u>99,788</u>	<u>5,415,725</u>	<u>5,515,513</u>
Net change in fund balances (deficit)	(172,748)	3,586,468	3,413,720
Fund balances (deficits) - beginning, as originally reported	4,600,816	(1,037,627)	3,563,189
Adjustment (see Note 14)	(94,450)	106,749	12,299
Fund balances (deficits) - beginning, as adjusted	<u>4,506,366</u>	<u>(930,878)</u>	<u>3,575,488</u>
Fund balances (deficits) - ending	<u>\$ 4,333,618</u>	<u>\$ 2,655,590</u>	<u>\$ 6,989,208</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 (DEFICIT) OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balances (deficit) - total governmental funds \$ 3,413,720

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

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

Expenditures for capital assets	\$ 3,212,311	
Depreciation and amortization expense	<u>(4,900,851)</u>	
Net adjustment		(1,688,540)

Intergovernmental revenue on school construction grants is not susceptible to accrual and, therefore, is only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the grant receivable recognized in the government-wide statement of net assets. (412,277)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Debt issued or incurred:		
Bonds issued	(5,325,000)	
Refunding bonds issued	(10,805,000)	
Premium on bonds issued	(68,170)	
Premium on refunding bonds issued	(423,261)	
Deferred amount on refunding	380,918	
Principal repayments:		
Payment to refunded bonds escrow agent	10,725,000	
Bonds payable	2,980,000	
Obligations under capital lease	<u>547,348</u>	
Net adjustment		(1,988,165)
Amortization of bond premiums	184,512	
Amortization of bond issuance costs	(145,798)	
Amortization of deferred charge on refundings	<u>(613,654)</u>	
		(574,940)

*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 (DEFICIT) OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES (*Continued*)**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	\$ 146,267	
Termination benefits	(186,662)	
Retired employee obligations	(1,118,752)	
Accrued interest	(5,401)	
Net OPEB obligation	(298,147)	
Net pension obligation	(414,221)	
Bond issuance costs	<u>183,192</u>	
		\$ (1,693,724)

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

286,395

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.

341,188

Change in net assets of governmental activities

\$ (2,316,343)

**TOWN OF MONROE, CONNECTICUT**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2011**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,238,930
Due from other funds	566,126
Total assets	<u>2,805,056</u>
<b>LIABILITIES</b>	
Current liabilities:	
Risk management claims	881,594
Other liabilities:	
Risk management claims, less current portion	518,243
Total liabilities	<u>1,399,837</u>
<b>NET ASSETS</b>	
Unrestricted	1,405,219
Total net assets	<u><u>\$ 1,405,219</u></u>

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



**TOWN OF MONROE, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>	
Employer contributions	\$ 6,914,228
Charges for services	1,908,910
Total operating revenues	<u>8,823,138</u>
<b>OPERATING EXPENSES</b>	
Claims and benefits	7,801,016
Premiums and administrative charges	685,580
Total operating expenses	<u>8,486,596</u>
Operating income	336,542
<b>NON-OPERATING REVENUES</b>	
Interest and investment income	4,646
Total non-operating revenues	<u>4,646</u>
Change in net assets	341,188
Net assets - beginning	<u>1,064,031</u>
Net assets - ending	<u><u>\$ 1,405,219</u></u>

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

**TOWN OF MONROE, CONNECTICUT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from employer contributions	\$ 6,914,228
Receipts from charges for services	1,908,910
Payments to employees, vendors and others	(8,213,563)
Net cash provided by operating activities	<u>609,575</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	<u>4,646</u>
Net cash provided by investing activities	<u>4,646</u>
Net increase in cash and cash equivalents	614,221
Cash and cash equivalents, beginning of year	<u>1,624,709</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,238,930</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 336,542
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in assets:	
Due from other funds	(2,716)
Increase in liabilities:	
Risk management claims	<u>275,749</u>
Net cash provided by operating activities	<u><u>\$ 609,575</u></u>

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

**TOWN OF MONROE, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2011**

	<b>Pension Trust Funds</b>	<b>Private- Purpose Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 77,350	\$ 742,782
Investments, at fair value:			
Mutual funds	14,422,798	-	-
Guaranteed deposit account	1,205,078	-	-
Contributions receivable	85,000	-	-
Total assets	<u>15,712,876</u>	<u>77,350</u>	<u>\$ 742,782</u>
<b>LIABILITIES</b>			
Due to student groups	-	-	\$ 237,240
Deposits	-	-	505,542
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 742,782</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits and other purposes (see schedules of funding progress on page 68)	<u>\$ 15,712,876</u>	<u>\$ 77,350</u>	

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

**TOWN OF MONROE, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Pension Trust Funds</b>	<b>Private- Purpose Trust Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 410,942	\$ -
Plan members	316,962	-
Private donations	-	11,977
Total contributions	<u>727,904</u>	<u>11,977</u>
Investment earnings:		
Interest and dividends	199,831	109
Net appreciation in fair value of investments	<u>2,369,547</u>	<u>-</u>
Total investment earnings	<u>2,569,378</u>	<u>109</u>
Total additions	<u>3,297,282</u>	<u>12,086</u>
<b>DEDUCTIONS</b>		
Benefit payments	962,066	-
Awards expense	-	4,300
Administrative expenses	<u>122,919</u>	<u>150</u>
Total deductions	<u>1,084,985</u>	<u>4,450</u>
Change in net assets	2,212,297	7,636
Net assets - beginning	<u>13,500,579</u>	<u>69,714</u>
Net assets - ending	<u><u>\$ 15,712,876</u></u>	<u><u>\$ 77,350</u></u>

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**FINANCIAL REPORTING ENTITY**

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

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

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

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Government-wide Financial Statements**

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

The statement of 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.

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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

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

**Fund Financial Statements**

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

The Town reports the following major governmental fund:

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

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

***Internal Service Funds (proprietary)*** - These funds account for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes internal service funds to account for self-insured programs for heart and hypertension, medical and dental, and an employer sponsored post-employment medical benefit program, as permitted by GASB Statement No. 10.

***Pension Trust Funds*** - This fund type is used to account for resources held in trust for the members and beneficiaries of the Town of Monroe Employees' Retirement Plan and the Town of Monroe Board of Education Pension Plan, both of which are defined benefit pension plans. These plans are discussed more fully in Note 10.

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

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**Government-wide, Proprietary and Fiduciary Fund Financial Statements**

The government-wide, proprietary, and fiduciary fund financial statements (except for Agency Funds) are prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

**Governmental Fund Financial Statements**

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

**ASSETS, LIABILITIES AND FUND EQUITY**

**Cash Equivalents**

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents as of June 30, 2011 consist of Cooperative Liquid Asset Security Systems Funds (CLASS), State Treasurer's Short-Term Investment Fund (STIF), and money market accounts which totaled \$166,454, \$752,698, and \$9,724,808, respectively. CLASS is an investment pool managed by Cutwater Asset Management and STIF is an investment pool managed by the State Treasurer's Office. The balance in the pools are reported at net asset value, which is representative of the value of the pool shares.

**Investments**

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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

**ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)**

**Investments (*Continued*)**

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.

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



**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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

**ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)**

**Unearned/Deferred Revenue**

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

**Compensated Absences and Termination Benefits**

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

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

**Long-term Obligations**

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

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

**Fund Equity**

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

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

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

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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

**ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)**

**Fund Equity (*Continued*)**

During the year ended June 30, 2011, the Town implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes criteria for classifying fund balances into specifically defined classifications for all governments that report governmental funds. The Town's governmental funds report the following fund balance categories:

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

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

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

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

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

The Town does not have a formal policy over the use of fund balance. In accordance with GASB Statement No. 54, the Town will use 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".

**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.

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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

**INTERFUND ACTIVITIES (*Continued*)**

**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 2 - DEFICIT FUND BALANCES**

The following funds have deficit fund balances as of June 30, 2011, none of which constitutes a violation of statutory provisions:

Fund	Deficit Fund Balance
Library Grants	\$ 6,060 *
Waste Disposal	184,616 *
Senior Center	3,198 *
Police Renovations	7,396 **
Rails to Trails	66,074 *
Plan of Conservation & Development	74,649 *
Wolfe Park Improvements	91,528 *
Chalk Hill Asbestos Removal	303,667 ***
Open Space Acquisitions	14,685 ***
Masuk Renovations	382,411 **
Monroe Public Library	77,806 **
Town Hall Window Replacement	16,172 *
Elm Street Grant	79,118 ***

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

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

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE- 3 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS**

A reconciliation of the Town's cash and cash equivalents as of June 30, 2011 is as follows:

Government-wide statement of net assets:

Cash equivalents	\$ 10,566,610
Cash deposits	843,350
	<u>11,409,960</u>
Less: cash equivalents considered investments under GASB Statement No. 40	<u>(919,152)</u>
	<u>10,490,808</u>

Statement of fiduciary net assets:

Cash deposits - Agency Funds	742,782
Cash equivalents - Private-Purpose Trust Fund	77,350
	<u>820,132</u>
	<u>\$ 11,310,940</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, 2011, \$3,789,602 of the Town's bank balance of \$13,914,931 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,410,642
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>378,960</u>
	<u>\$ 3,789,602</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, 2011, the Town had deposits with one banking institution that exceeded the 10% limitation.

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2011**

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS**

A reconciliation of the Town's investments as of June 30, 2011 is as follows:

Government-wide statement of net assets:

Investments	\$ 3,922,438
Add: cash equivalents considered investments under GASB Statement No. 40	919,152
	<u>\$ 4,841,590</u>

As of June 30, 2011, the Town's investments consisted of the following:

<b>Investments (except for Pension Trust Funds)</b>					
<b>Investment type</b>	<b>Fair Value</b>	<b>Investment Maturities (In Years)</b>			
		<b>Less Than 1</b>	<b>1 to 5</b>	<b>6 to 10</b>	<b>More Than 10</b>
<b>Debt Securities:</b>					
U.S. Agencies	\$ 3,721,758	\$ -	\$ -	\$ -	\$ 3,721,758
Certificates of Deposit	200,680	200,680	-	-	-
State Treasurer's Short Term Investment Fund (STIF)	752,698	752,698	-	-	-
Cooperative Liquid Asset Security Systems Fund (CLASS)	166,454	166,454	-	-	-
	<u>\$ 4,841,590</u>	<u>\$ 1,119,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,721,758</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, 2011, the Pension Trust Fund investments consisted of the following:

<b>Pension Trust Funds</b>					
<b>Investment type</b>	<b>Fair Value</b>	<b>Investment Maturities (In Years)</b>			
		<b>Less Than 1</b>	<b>1 to 5</b>	<b>6 to 10</b>	<b>More Than 10</b>
<b>Debt Securities:</b>					
Bond mutual funds	\$ 2,538,105	\$ -	\$ -	\$ 2,538,105	\$ -
Guaranteed deposit account	1,205,078	-	1,205,078	-	-
	3,743,183	<u>\$ -</u>	<u>\$ 1,205,078</u>	<u>\$ 2,538,105</u>	<u>\$ -</u>
<b>Other investments:</b>					
Equity mutual funds	11,884,693				
<b>Total</b>	<u>\$ 15,627,876</u>				

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 3 - 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 were unrated. The Town's investment in STIF and CLASS were rated AAA by Standard and Poor's at June 30, 2011. No credit risk disclosures are required under GASB Statement No. 40 relating to investments in U.S. Agencies. The Pension Trust Fund investments in mutual funds were unrated. The Pension Trust Fund investments in Guaranteed Deposit Accounts were rated AA by Standard and Poor's at June 30, 2011.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2011, 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. 16% of the Town's investments are in STIF, which is an external investment pool that is considered to be diversified by nature.

More than 5 percent of the Pension Trust Fund investments are in a guaranteed deposit account held with Prudential Retirement Insurance and Annuity Company, bond mutual funds held with Prudential Financial and equity mutual funds held with Prudential Financial and Wilmington Trust Company. These investments represent 8%, 16% and 76% of the Pension Trust Fund investments, respectively.

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2011**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 consisted of the following:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 13,922,971	\$ -	\$ -	\$ 13,922,971
Construction in progress	2,123,249	2,914,893	(426,340)	4,611,802
Total capital assets, not being depreciated	16,046,220	2,914,893	(426,340)	18,534,773
Capital assets, being depreciated:				
Buildings and improvements	91,393,235	368,275	-	91,761,510
Land improvements	2,573,143	58,065	-	2,631,208
Vehicles	10,016,806	130,895	(21,042)	10,126,659
Machinery and equipment	8,974,878	166,523	-	9,141,401
Infrastructure	62,484,897	-	-	62,484,897
Total capital assets, being depreciated	175,442,959	723,758	(21,042)	176,145,675
Less accumulated depreciation and amortization for:				
Buildings and improvements	36,605,234	2,526,390	-	39,131,624
Land improvements	559,407	93,271	-	652,678
Vehicles	5,000,059	697,124	(21,042)	5,676,141
Machinery and equipment	7,057,389	703,983	-	7,761,372
Infrastructure	50,718,310	880,083	-	51,598,393
Total accumulated depreciation and amortization	99,940,399	4,900,851	(21,042)	104,820,208
Total capital assets, being depreciated, net	75,502,560	(4,177,093)	-	71,325,467
Governmental activities capital assets, net	\$ 91,548,780	\$ (1,262,200)	\$ (426,340)	\$ 89,860,240

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

<b>Governmental Activities:</b>	
General government	\$ 293,099
Public safety	633,710
Public works	1,146,541
Culture and recreation	474,128
Education	2,353,373
Total depreciation and amortization expense - governmental activities	<u>\$ 4,900,851</u>

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2011**

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**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Other Funds	\$ 1,643,209
Other Funds	General Fund	4,540,346
		<u>\$ 6,183,555</u>
<b>Proprietary Fund</b>		
Internal Service Fund	General Fund	<u>\$ 566,126</u>

Except for the balances due to the General Fund from the Masuk Renovations Fund and the Open Space Acquisitions Fund (included in Other Funds above), the above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

**NOTE 6 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2011 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Other Funds	\$ 98,371
Other Funds	General Fund	120,926
Other Funds	Other Funds	51,867
		<u>172,793</u>
		<u>\$ 271,164</u>

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



**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2011**

**NOTE 7 - SHORT-TERM DEBT**

The following is a summary of changes in short-term debt for the year ended June 30, 2011:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Bond anticipation note payable	\$ 3,000,000	\$ -	\$ (3,000,000)	\$ -

**NOTE 8 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 42,610,000	\$ 16,130,000	\$ (13,705,000)	\$ 45,035,000	\$ 3,190,000
Unamortized amounts:					
Deferred amount on refunding	(917,394)	(380,918)	613,654	(684,658)	-
Premium	1,719,807	491,431	(184,512)	2,026,726	-
Total bonds payable	43,412,413	16,240,513	(13,275,858)	46,377,068	3,190,000
Other liabilities:					
Capital leases	1,407,692	-	(547,348)	860,344	260,578
Net OPEB obligation	2,134,678	298,147	-	2,432,825	-
Net pension obligation	(124,407)	414,231	-	289,824	-
Compensated absences	1,997,674	6,610	(152,877)	1,851,407	722,537
Termination benefits	8,010,073	186,662	-	8,196,735	863,600
Retired employee obligations	863,817	1,810,618	(691,866)	1,982,569	959,368
Risk management claims	1,124,088	8,076,765	(7,801,016)	1,399,837	881,594
	<u>\$ 58,826,028</u>	<u>\$ 27,033,546</u>	<u>\$ (22,468,965)</u>	<u>\$ 63,390,609</u>	<u>\$ 6,877,677</u>

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2011**

**NOTE 8 - LONG-TERM LIABILITIES (Continued)**

**GENERAL OBLIGATION BONDS**

A summary of general obligation bonds outstanding at June 30, 2011 is as follows:

Description	Final Maturity Dates	Interest Rates	Amount Outstanding
<b>Governmental Activities</b>			
Refunding bonds issued 2002, original amount \$14,905,000	2022	2.0% - 4.75%	\$ 6,110,000
School project bonds issued 2002, original amount \$7,000,000	2022	2.5% - 4.4%	375,000
General obligation bonds issued 2008, original amount \$4,855,000	2023	3.25% - 5.0%	4,555,000
Refunding bonds issued 2009, original amount \$18,975,000	2024	2.0% - 5.0%	18,025,000
General obligation bonds issued 2010, original amount \$5,325,000	2026	2.0% - 3.0%	5,325,000
Refunding bonds issued 2010, original amount \$10,805,000	2024	2.0% - 4.0%	10,645,000
			<u>\$ 45,035,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2011:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2012	\$ 3,190,000	\$ 1,628,611	\$ 4,818,611
2013	3,780,000	1,518,673	5,298,673
2014	3,855,000	1,396,591	5,251,591
2015	3,960,000	1,267,103	5,227,103
2016	3,990,000	1,119,253	5,109,253
2017-2021	16,865,000	3,383,745	20,248,745
2022-2026	9,395,000	707,009	10,102,009
	<u>\$ 45,035,000</u>	<u>\$ 11,020,985</u>	<u>\$ 56,055,985</u>

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 8 - LONG-TERM LIABILITIES (*Continued*)**

**GENERAL OBLIGATION BONDS (*Continued*)**

**Debt Refunding**

During the year ended June 30, 2011, the Town issued \$10,805,000 of general obligation bonds with an average interest rate of 3.2% to advance refund \$10,725,000 of general obligation bonds with an average interest rate of 4.1%. The Town advance refunded these bonds to reduce its total debt service payments over the next 15 years by \$662,632 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$532,723. The reacquisition price exceeded the carrying amount of the old debt by \$380,918. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

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

**Statutory Debt Limitation**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$451,562,881 as of June 30, 2011. 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, 2011.

As of June 30, 2011 the Town has authorized, unissued bonds of approximately \$253,000 for general purposes and \$656,466 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, 2011 was \$526,089. Additional reimbursements of principal and interest aggregating \$2,595,521 and \$372,387, 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 \$2,190,037 will be realized by the Town through fiscal year 2019.

**CAPITAL LEASES**

The Town has entered into multi-year capital leases for the purpose of acquiring certain equipment. A summary of assets acquired through capital leases is as follows as of June 30, 2011:

	<b>Governmental Activities</b>
Vehicles	\$ 2,227,655
Machinery and equipment	169,624
	<u>2,397,279</u>
Less: accumulated amortization	1,449,680
	<u><u>\$ 947,599</u></u>

Amortization expense relative to leased property under capital leases totaled \$234,262 for the year ended June 30, 2011 and is included in depreciation and amortization expense disclosed in Note 4.

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 8 - LONG-TERM LIABILITIES (*Continued*)**

**CAPITAL LEASES (*Continued*)**

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 are as follows:

	<b>Governmental Activities</b>
Year Ending June 30:	
2012	\$ 297,713
2013	293,711
2014	192,693
2015	130,303
2016	18,310
2017-2021	<u>18,308</u>
Total minimum lease payments	951,038
Less: amount representing interest	<u>90,694</u>
Present value of minimum lease payments	<u><u>\$ 860,344</u></u>

**COMPENSATED ABSENCES**

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

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

	<b>Governmental Activities</b>
Town:	
Vested:	
Vacation	\$ 362,838
Board of Education:	
Vested:	
Sick	1,005,194
Vacation	140,794
Non-vested:	
Sick	<u>342,581</u> *
	<u><u>\$ 1,851,407</u></u>

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 8 - LONG-TERM LIABILITIES (*Continued*)**

**TERMINATION BENEFITS**

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

	<b>Governmental Activities</b>
Vested:	
Retirement incentives	\$ 3,079,600
Non-vested:	
Retirement incentives	5,117,135 *
	<u>\$ 8,196,735</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 \$1,812,947 represent payments owed to retired employees for termination benefits and payments for unused compensated absences that have been amortized out over several years. In addition, \$169,622 is owed to the Connecticut State Teacher's Retirement Plan for pension service years purchased on behalf of retired employees in accordance with the State's early retirement incentive program.

The following is a summary of annual payments owed as of June 30, 2011:

	<b>Governmental Activities</b>
Year Ending June 30:	
2012	\$ 959,368
2013	443,949
2014	324,813
2015	204,813
2016	24,813
2017	24,813
	<u>\$ 1,982,569</u>

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 9 - UNEARNED/DEFERRED REVENUE**

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Property taxes	\$ 1,160,865	\$ 1,981,222	\$ 3,142,087
School building construction grant receivables	2,595,521	-	2,595,521
Nonmajor Governmental Funds:			
Advance summer program fee collections	-	30,355	30,355
Advance EMS fee collections	-	47,305	47,305
Grant drawdowns prior to meeting all eligibility requirements	-	220,599	220,599
	<u>\$ 3,756,386</u>	<u>\$ 2,279,481</u>	<u>\$ 6,035,867</u>

**NOTE 10 - PENSION PLANS**

**TOWN EMPLOYEES' RETIREMENT PLAN**

**Plan Description**

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

**Summary of Significant Accounting Policies**

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

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 10 - PENSION PLANS (*Continued*)**

**TOWN EMPLOYEES' RETIREMENT PLAN (*Continued*)**

**Plan Membership**

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

Retirees and beneficiaries receiving benefits	43
Terminated plan members entitled to but not yet receiving benefits	20
Active plan members with fully vested rights	42
Active plan members without vested rights	20
	<u>125</u>

**Contributions**

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

**Benefit Provisions**

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

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2011**

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**NOTE 10 - PENSION PLANS (Continued)**

**TOWN EMPLOYEES' RETIREMENT PLAN (Continued)**

**Concentrations**

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

<b>Investment Type</b>	<b>Issuer</b>	<b>Fair Value</b>
Guaranteed Deposit Account	Prudential Financial	\$ 1,007,311
Dryden S&P 500 Index	Prudential Financial	969,019
Corporate Bond/PIM Fund	Prudential Financial	725,841
Core Plus Bond/Reams Fund	Prudential Financial	718,382
Private Placement Fund	Prudential Financial	691,398
Large Cap Growth/ Turner Inv	Prudential Financial	455,146
Large Cap Value/LSV Asset Mgmt	Prudential Financial	440,961
High Yield Bond/ Caywood-Scholl	Prudential Financial	402,484
International Blend/AQR	Prudential Financial	385,631

**Additional Information and Actuarial Assumptions**

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

Valuation date:	January 1, 2010
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Level Dollar, Closed
Remaining amortization period:	5 years
Asset valuation method:	Calculate the expected asset value plus or minus 20% of the difference between expected and market values
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	5.00%

**Annual Pension Cost and Net Pension Obligation**

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

Annual required contribution	\$ 555,705
Interest on net pension obligation	6,760
Adjustment to annual required contribution	(52,424)
Annual pension cost	510,041
Contributions made	106,684
Increase in net pension obligation	(403,357)
Net pension obligation, beginning of year	(124,024)
Net pension obligation, end of year	\$ (527,381)



**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 10 - PENSION PLANS (*Continued*)**

**TOWN EMPLOYEES' RETIREMENT PLAN (*Continued*)**

**Three-Year Trend Information**

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 144,740	0%	(90,353)
2010	140,365	76%	(124,034)
2011	510,041	21%	(527,381)

**Funded Status**

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

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

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

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contributions	Percentage Contributed
2006	\$ 88,422	121%
2007	81,560	100%
2008	89,239	13%
2009	138,305	16%
2010	146,417	77%
2011	555,705	19%

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 10 - PENSION PLANS (*Continued*)**

**TOWN OF MONROE BOARD OF EDUCATION PENSION PLAN**

**Plan Description**

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

**Summary of Significant Accounting Policies**

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

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

**Plan Membership**

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

Retirees and beneficiaries receiving benefits	49
Terminated plan members entitled to but not yet receiving benefits	20
Active plan members with fully vested rights	64
Active plan members without vested rights	17
	<u>150</u>

**Contributions**

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

**Benefit Provisions**

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

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 10 - PENSION PLANS (*Continued*)**

**TOWN OF MONROE BOARD OF EDUCATION PENSION PLAN (*Continued*)**

**Concentrations**

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

<b>Type</b>	<b>Issuer</b>	<b>Value</b>
Fixed Income Index Portfolio	Wilmington Trust Co.	\$ 1,779,000
Intermediate Fixed Income Portfolio	Wilmington Trust Co.	1,775,897
Large Co Value Portfolio	Wilmington Trust Co.	1,235,498
Strategic Growth Portfolio	Wilmington Trust Co.	1,202,863
International Value Portfolio	Wilmington Trust Co.	662,568
International Growth Portfolio	Wilmington Trust Co.	615,205

**Additional Information and Actuarial Assumptions**

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

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

**Annual Pension Cost and Net Pension Asset**

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

Annual required contribution	\$ 304,258
Interest on net pension asset	(18,632)
Adjustment to annual required contribution	29,506
Annual pension cost	<u>315,132</u>
Contributions made	<u>304,258</u>
Decrease in net pension asset	(10,874)
Net pension asset, beginning of year	<u>248,431</u>
Net pension asset, end of year	<u><u>\$ 237,557</u></u>

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 10 - PENSION PLANS (*Continued*)**

**TOWN OF MONROE BOARD OF EDUCATION PENSION PLAN (*Continued*)**

**Three-Year Trend Information**

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2009	\$ 244,866	96%	258,430
2010	305,651	97%	248,431
2011	315,132	97%	237,557

**Funded Status**

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

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

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

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contributions	Percentage Contributed
2006	\$ 221,664	100%
2007	230,521	100%
2008	227,071	100%
2009	235,677	100%
2010	295,652	100%
2011	304,258	100%

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 10 - PENSION PLANS (*Continued*)**

**PLAN FINANCIAL STATEMENTS**

**TOWN OF MONROE, CONNECTICUT**  
**STATEMENT OF PLAN NET ASSETS**  
**JUNE 30, 2011**

	Pension Trust Funds		
	Town Employees' Retirement Plan	Board of Education Pension Plan	Total
<b>ASSETS</b>			
Investments, at fair value:			
Mutual funds	\$ 6,420,882	\$ 8,001,916	\$ 14,422,798
Guaranteed deposit account	1,205,078	-	1,205,078
Contributions receivable	85,000	-	85,000
Total assets	<u>7,710,960</u>	<u>8,001,916</u>	<u>15,712,876</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>7,710,960</u>	<u>8,001,916</u>	<u>15,712,876</u>
Total net assets	<u>\$ 7,710,960</u>	<u>\$ 8,001,916</u>	<u>\$ 15,712,876</u>

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

**NOTE 10 - PENSION PLANS (*Continued*)**

**PLAN FINANCIAL STATEMENTS (*Continued*)**

**TOWN OF MONROE, CONNECTICUT**  
**STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Pension Trust Funds</b>		
	<b>Town Employees' Retirement Plan</b>	<b>Board of Education Pension Plan</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 106,684	\$ 304,258	\$ 410,942
Plan members	131,718	185,244	316,962
Total contributions	238,402	489,502	727,904
Investment earnings:			
Interest and dividends	199,822	9	199,831
Net appreciation in the fair value of investments	1,040,310	1,329,237	2,369,547
Total investment earnings	1,240,132	1,329,246	2,569,378
Total additions	1,478,534	1,818,748	3,297,282
<b>DEDUCTIONS</b>			
Benefit payments	445,538	516,528	962,066
Administrative expenses	42,514	80,405	122,919
Total deductions	488,052	596,933	1,084,985
<b>NET INCREASE</b>	990,482	1,221,815	2,212,297
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
Beginning of year	6,720,478	6,780,101	13,500,579
End of year	\$ 7,710,960	\$ 8,001,916	\$ 15,712,876

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 10 - PENSION PLANS (*Continued*)**

**TEACHERS' RETIREMENT SYSTEM**

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

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town basis. For the year ended June 30, 2011, Town teachers contributed \$1,870,116 to the plan and covered payroll for the year was \$25,794,703.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$4,101,358 made by the State of Connecticut into the plan as intergovernmental revenues and education expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

**CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - FUND B**

**Plan Description and Benefit Provisions**

All uniformed police officers of the Town of Monroe, who are age 55 or younger at the date of hire participate in the Connecticut Municipal Employees' Retirement System Fund B (MERS), a cost sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost of living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113, Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERS is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

**Contributions**

Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 11.7% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to the MERS for the years ended June 30, 2011, 2010 and 2009 were \$633,964, \$417,474 and \$374,951, respectively, equal to the required contributions for each year.

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 10 - PENSION PLANS (*Continued*)**

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

**Funded Status (in millions of dollars)**

The funded status of the plan as of July 1, 2010, the date of the most recent actuarial data, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2010	\$ 1,663	\$ 1,881	\$ (218)	88%	\$ 422	-52%

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

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

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

The actuarial accrued liability was determined as part of an actuarial valuation at July 1, 2010.

Significant actuarial assumptions used include:

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



**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**TOWN POLICE PLAN**

**Plan Description**

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

**Plan Provisions**

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

**Funding Policy**

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

**Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$ 112,070
Interest on net OPEB obligation	7,539
Adjustment to annual required contribution	(9,843)
Annual OPEB cost (expense)	<u>109,766</u>
Contributions made	<u>45,143</u>
Increase in net OPEB obligation	64,623
Net OPEB obligation, beginning of year	<u>167,535</u>
Net OPEB obligation, end of year	<u><u>\$ 232,158</u></u>

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (*Continued*)**

**TOWN POLICE PLAN (*Continued*)**

**Three-Year Trend Information**

Year Ended June 30	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 107,102	25.6%	\$ 79,732
2010	108,434	19.0%	167,535
2011	109,766	41.1%	232,158

**Funded Status and Funding Progress**

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

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 1,568,829	\$ (1,568,829)	0.0%	\$ 2,702,454	-58%

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (*Continued*)**

**TOWN POLICE PLAN (*Continued*)**

**Actuarial Methods and Assumptions**

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

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

**BOARD OF EDUCATION PLAN**

**Plan Description**

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

**Plan Provisions**

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (*Continued*)**

**BOARD OF EDUCATION PLAN (*Continued*)**

**Plan Provisions (*Continued*)**

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

**Funding Policy**

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

**Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$ 766,819
Interest on net OPEB obligation	88,521
Adjustment to annual required contribution	(71,796)
Annual OPEB cost (expense)	<u>783,544</u>
Contributions made	<u>550,020</u>
Increase in net OPEB obligation	233,524
Net OPEB obligation, beginning of year	<u>1,967,143</u>
Net OPEB obligation, end of year	<u><u>\$ 2,200,667</u></u>

**Three-Year Trend Information**

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 1,294,565	0.0%	\$ 1,294,565
2010	1,305,571	48.5%	1,967,143
2011	783,544	70.2%	2,200,667

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (*Continued*)**

**BOARD OF EDUCATION PLAN (*Continued*)**

**Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2009 (the date of the most recent actuarial valuation) was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)	Overfunded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 15,112,705	\$ (15,112,705)	0.0%	N/A	N/A

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

**Actuarial Methods and Assumptions**

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

Valuation date:	June 30, 2009
Actuarial cost method:	Projected Unit Credit
Amortization method:	Payments increasing at 4.0%
Remaining amortization period:	30 years
Asset valuation method:	N/A
Actuarial assumptions:	
Discount rate	4.50%
Inflation rate	4.00%
Healthcare cost trend rate	9.50% initial 5.00% final
Dental cost trend rate	5.00%

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 12 - 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, 2011, the Town has recorded \$747,513 in encumbrances, the most significant of which are for education. Such encumbrances have been included in the General Fund's assigned fund balance in accordance with the provisions of GASB Statement No. 54.

**NOTE 13 - 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, 2011. 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 \$7,975 for this program reported at June 30, 2011 is based on estimated claims incurred but not reported. A summary of claims activity for the years ended June 30, 2011 and 2010 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2010	\$ 9,104	\$ 93,435	\$ 95,839	\$ 6,700
2011	6,700	91,020	89,745	7,975

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

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2011**

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**NOTE 13 - RISK MANAGEMENT (*Continued*)**

The Board of Education self-insurance program is being administered by a professional benefit administrator (the "Administrator"). When a claim is submitted, the Administrator processes and pays the claim from funds accumulated by the Board of Education in an internal service fund. The internal service fund is funded by the Board of Education based upon information provided by the Administrator using an actuarial method to determine such information. The charges by the internal service fund to the Board of Education are adjusted over future contract years so that the internal service fund revenues and expenses are approximately equal over such period. A summary of claims activity for the years ended June 30, 2011 and 2010 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2010	\$ 508,757	\$ 7,330,244	\$ 7,270,031	\$ 568,970
2011	568,970	7,570,894	7,285,141	854,723

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 2011 and 2010, respectively. A summary of claims activity for the years ended June 30, 2011 and 2010 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2010	\$ 560,620	\$ 71,413	\$ 83,615	\$ 548,418
2011	548,418	125,156	136,435	537,139

**NOTE 14 - ADJUSTMENTS**

In February 2009, the Governmental Accounting Standards Board ("GASB") issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("Statement No. 54"). Statement No. 54 clarified the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type. The application of Statement No. 54 was effective for the Town as of July 1, 2010. Based on the interpretations of certain terms within the definition of the special revenue fund type provided for in Statement No. 54, the Town has determined that certain activities previously reported in special revenue funds are required to be reported in other fund types. Accordingly, fund balance reclassifications made by the Town have resulted in a decrease in the beginning fund balance of the General Fund in the amount of \$94,450 and an increase in the beginning fund balance of the Town's Other Governmental Funds in the amount of \$106,749 in order to conform to the provisions of Statement No. 54.

# **Required Supplementary Information**



**TOWN OF MONROE, CONNECTICUT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
<b>REVENUES</b>				
Property taxes	\$ 63,806,556	\$ 63,806,556	\$ 64,390,009	\$ 583,453
Licenses, permits and other charges	601,450	601,450	547,600	(53,850)
Intergovernmental	7,694,524	7,694,524	7,652,327	(42,197)
Charges for services	361,210	361,210	369,795	8,585
Investment earnings	450,000	450,000	399,705	(50,295)
Miscellaneous	60,000	60,000	29,206	(30,794)
Total revenues	<u>72,973,740</u>	<u>72,973,740</u>	<u>73,388,642</u>	<u>414,902</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,222,326	6,222,326	6,273,979	51,653
Public safety	5,691,772	5,691,772	5,729,893	38,121
Public works	3,115,241	3,115,241	3,225,919	110,678
Health and welfare	178,060	178,060	173,658	(4,402)
Culture and recreation	1,317,512	1,317,512	1,407,510	89,998
Education	51,434,738	51,434,738	51,417,356	(17,382)
Capital outlay - special projects	5,500	5,500	4,785	(715)
Debt service	<u>5,236,981</u>	<u>5,236,981</u>	<u>5,041,987</u>	<u>(194,994)</u>
Total expenditures	<u>73,202,130</u>	<u>73,202,130</u>	<u>73,275,087</u>	<u>72,957</u>
Excess (deficiency) of revenues over expenditures	(228,390)	(228,390)	113,555	341,945
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	370,000	370,000	-	(370,000)
Cancellation of prior year encumbrances	-	-	37,161	37,161
Transfers in	28,390	28,390	63,371	34,981
Transfers out	<u>(170,000)</u>	<u>(170,000)</u>	<u>(210,926)</u>	<u>(40,926)</u>
Total other financing sources (uses)	<u>228,390</u>	<u>228,390</u>	<u>(110,394)</u>	<u>(338,784)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,161	<u>\$ 3,161</u>
Fund balance - beginning			<u>3,653,094</u>	
Fund balances - ending			<u>\$ 3,656,255</u>	

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

**TOWN OF MONROE, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
<b>PROPERTY TAXES</b>				
Tax levies	\$ 63,606,556	\$ 63,606,556	\$ 64,052,507	\$ 445,951
Interest and lien fees	200,000	200,000	337,502	137,502
Total property taxes	<u>63,806,556</u>	<u>63,806,556</u>	<u>64,390,009</u>	<u>583,453</u>
<b>LICENSES AND PERMITS</b>				
Police Department permits	8,000	8,000	10,252	2,252
Building permits	175,000	175,000	178,785	3,785
Burning permits	2,000	2,000	1,680	(320)
Planning and Zoning	15,000	15,000	18,671	3,671
Library	20,000	20,000	20,221	221
Refuse permits	3,700	3,700	3,500	(200)
Canine licenses	2,000	2,000	2,089	89
Town Clerk's fees	375,000	375,000	312,192	(62,808)
Driveway permits	750	750	210	(540)
Total licenses and permits	<u>601,450</u>	<u>601,450</u>	<u>547,600</u>	<u>(53,850)</u>
<b>INTERGOVERNMENTAL</b>				
State and Federal Education Grants:				
Education Cost Sharing	5,634,507	5,634,507	5,634,507	-
School Transportation	118,411	118,411	71,373	(47,038)
Education Stabilization	937,611	937,611	937,611	-
Government Services	-	-	59,895	59,895
Other:				
Elderly property tax rebates	2,000	2,000	666	(1,334)
Tax grant - disabled persons	2,000	2,000	2,487	487
PILOT - State property	10,469	10,469	10,529	60
Tax grant - circuit breaker	145,000	145,000	164,148	19,148
Bond subsidy payments	526,089	526,089	526,089	-
PILOT - capital equipment	180,000	180,000	151,649	(28,351)
Boat tax reimbursement	3,918	3,918	3,171	(747)
Veteran exemption	10,000	10,000	9,623	(377)
Mashantucket Pequot Grant	29,519	29,519	29,224	(295)
Telephone Access	95,000	95,000	51,355	(43,645)
Total intergovernmental	<u>7,694,524</u>	<u>7,694,524</u>	<u>7,652,327</u>	<u>(42,197)</u>

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

**TOWN OF MONROE, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
<b>CHARGES FOR SERVICES</b>				
Bus barn	\$ 15,960	\$ 15,960	\$ 15,960	\$ -
Recreation Department fees	220,000	220,000	241,757	21,757
Landfill lease	42,000	42,000	40,923	(1,077)
Nutrition	3,750	3,750	895	(2,855)
Tuition	10,000	10,000	11,860	1,860
Senior citizens transportation	5,000	5,000	5,828	828
Senior citizens registration	3,500	3,500	3,503	3
Special police assignments	45,000	45,000	35,000	(10,000)
Inland Wetlands Commission	16,000	16,000	14,069	(1,931)
Total charges for services	<u>361,210</u>	<u>361,210</u>	<u>369,795</u>	<u>8,585</u>
<b>INTEREST AND DIVIDENDS</b>	<u>450,000</u>	<u>450,000</u>	<u>399,705</u>	<u>(50,295)</u>
<b>OTHER REVENUES</b>	<u>60,000</u>	<u>60,000</u>	<u>29,206</u>	<u>(30,794)</u>
Total revenue	<u>72,973,740</u>	<u>72,973,740</u>	<u>73,388,642</u>	<u>414,902</u>
<b>OTHER FINANCING SOURCES</b>				
Appropriation of fund balance	370,000	370,000	-	(370,000)
Cancellation of prior year encumbrances	-	-	37,161	37,161
Operating transfers in	28,390	28,390	63,371	34,981
Total other financing sources	<u>398,390</u>	<u>398,390</u>	<u>100,532</u>	<u>(297,858)</u>
<b>Total revenues and other financing sources</b>	<u>\$ 73,372,130</u>	<u>\$ 73,372,130</u>	<u>\$ 73,489,174</u>	<u>\$ 117,044</u>

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

**TOWN OF MONROE, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
<b>GENERAL GOVERNMENT</b>				
Selectmen	\$ 242,082	\$ 242,082	\$ 338,637	\$ 96,555
Town Council	4,845	4,845	6,657	1,812
Board of Finance	41,000	41,000	28,983	(12,017)
Registrar of Voters	82,250	82,250	74,633	(7,617)
Town Clerk	183,131	183,131	174,619	(8,512)
Tax Collector	157,844	157,844	145,291	(12,553)
Town Treasurer	10,180	10,180	10,180	-
Boards and commissions	16,750	16,750	5,232	(11,518)
Senior citizen	211,637	211,637	210,339	(1,298)
Economic Development	6,325	6,325	4,682	(1,643)
Inland Wetlands Commission	57,827	57,827	72,282	14,455
Human resource - fringe benefits	3,377,150	3,377,150	3,454,645	77,495
Finance Department	241,291	241,291	243,727	2,436
Technology	523,177	523,177	475,130	(48,047)
Assessor	204,301	204,301	202,437	(1,864)
Building Inspection Department	134,024	134,024	128,558	(5,466)
Planning and Zoning Department	164,099	164,099	143,528	(20,571)
Town hall maintenance	332,559	332,559	303,392	(29,167)
Special programs	181,967	181,967	203,150	21,183
Regional programs	49,887	49,887	47,877	(2,010)
Total general government	<u>6,222,326</u>	<u>6,222,326</u>	<u>6,273,979</u>	<u>51,653</u>
<b>PUBLIC SAFETY</b>				
Police Department	4,381,239	4,381,239	4,429,417	48,178
Animal Control	114,032	114,032	103,410	(10,622)
Park Ranger	52,030	52,030	52,165	135
Monroe Fire Department	195,636	195,636	195,636	-
Stevenson Fire Department	169,474	169,474	169,474	-
Stepney Fire Service	193,131	193,131	193,131	-
Fire Service	489,430	489,430	497,174	7,744
Fire Marshal	88,375	88,375	81,440	(6,935)
Emergency Management	8,425	8,425	8,046	(379)
Total public safety	<u>5,691,772</u>	<u>5,691,772</u>	<u>5,729,893</u>	<u>38,121</u>

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

**TOWN OF MONROE, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
<b>PUBLIC WORKS</b>				
Highway administration	\$ 302,147	\$ 302,147	\$ 293,798	\$ (8,349)
General maintenance	1,209,065	1,209,065	1,176,591	(32,474)
Snow removal	388,680	388,680	437,869	49,189
Operations	781,193	781,193	903,210	122,017
Tree Warden	34,800	34,800	34,845	45
Traffic control	64,873	64,873	63,733	(1,140)
Sanitation:				
Solid waste	14,021	14,021	12,767	(1,254)
Recycling	320,462	320,462	303,106	(17,356)
Total public works	<u>3,115,241</u>	<u>3,115,241</u>	<u>3,225,919</u>	<u>110,678</u>
<b>HEALTH AND WELFARE</b>				
Health Department	132,060	132,060	131,448	(612)
Department of Social Services	46,000	46,000	42,210	(3,790)
Total health and welfare	<u>178,060</u>	<u>178,060</u>	<u>173,658</u>	<u>(4,402)</u>
<b>CULTURE AND RECREATION</b>				
Library	707,536	707,536	673,833	(33,703)
Recreation Department	609,976	609,976	733,677	123,701
Total culture and recreation	<u>1,317,512</u>	<u>1,317,512</u>	<u>1,407,510</u>	<u>89,998</u>
<b>EDUCATION</b>	<u>51,434,738</u>	<u>51,434,738</u>	<u>51,417,356</u>	<u>(17,382)</u>
<b>DEBT SERVICE</b>	<u>5,236,981</u>	<u>5,236,981</u>	<u>5,041,987</u>	<u>(194,994)</u>
<b>CAPITAL OUTLAY - SPECIAL PROJECTS</b>	<u>5,500</u>	<u>5,500</u>	<u>4,785</u>	<u>(715)</u>
Total budgetary expenditures	<u>73,202,130</u>	<u>73,202,130</u>	<u>73,275,087</u>	<u>72,957</u>
<b>OTHER FINANCING USES</b>				
Operating transfers out	170,000	170,000	210,926	40,926
Total other financing uses	<u>170,000</u>	<u>170,000</u>	<u>210,926</u>	<u>40,926</u>
 Total expenditures and other financing uses	 <u>\$ 73,372,130</u>	 <u>\$ 73,372,130</u>	 <u>\$ 73,486,013</u>	 <u>\$ 113,883</u>

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

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2011**

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**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 2<sup>nd</sup>. Board of Education estimates of revenues and expenditures are prepared for submission to the First Selectman and Director of Finance no later than January 9<sup>th</sup>.
- The First Selectman's proposed budget must be presented to the Town Council by February 8<sup>th</sup>. 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 28<sup>th</sup>.
- 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 21<sup>st</sup>.
- 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 10*) are not recorded for budgetary purposes.
- Generally, all unencumbered appropriations lapse at year-end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**TOWN OF MONROE, CONNECTICUT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)**  
**JUNE 30, 2011**

**BUDGETARY INFORMATION (Continued)**

As previously described, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). The differences include additional revenues and expenditures pertaining to certain Town funds that are not budgeted for by the Town due to perspective differences. 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, 2011:

	<b>Total Revenues</b>	<b>Total Expenditures</b>	<b>Other Financing Sources (Uses), net</b>	<b>Net Change in Fund Balance</b>	<b>Fund Balance</b>
Budgetary basis	\$ 73,388,642	\$ 73,275,087	\$ (110,394)	\$ 3,161	\$ 3,656,255
"On-behalf" payments - State Teachers Retirement Fund ( <i>see Note 10</i> )	4,101,358	4,101,358	-	-	-
Adjustment for encumbrances	-	200,209	-	(200,209)	747,513
Cancellation of prior year encumbrances	-	(37,161)	(37,161)	-	-
Certain grant revenues netted in expense for budgetary purposes	28,724	28,724	-	-	-
Certain transfers recorded as revenues and expenditures for budgetary purposes	(35,000)	20,000	55,000	-	-
Expenditures pertaining to the Assessor's Revaluation Fund which are not recognized for budgetary purposes due to perspective differences	-	45,700	70,000	24,300	(70,150)
Noncash financing sources (uses) not recognized for budgetary purposes:					
Proceeds from refunding bonds issued	-	-	10,805,000	10,805,000	10,805,000
Premium on refunding bonds issued	-	-	423,261	423,261	423,261
Payment to refunded bonds escrow agent including certain bond issuance costs of \$122,343 recorded as an expenditure and other financing source not recorded for budgetary purposes	-	122,343	(11,105,918)	(11,228,261)	(11,228,261)
GAAP basis	<u>\$ 77,483,724</u>	<u>\$ 77,756,260</u>	<u>\$ 99,788</u>	<u>\$ (172,748)</u>	<u>\$ 4,333,618</u>

For the year ended June 30, 2011, expenditures exceeded appropriations in the following departments of the General Fund:

<u>Department</u>	<u>Amount</u>
General government	\$ 51,653
Public safety	38,121
Public works	110,678
Culture and recreation	89,998
Operating transfers out	40,926

These over expenditures were covered from surpluses in other departments.

**TOWN OF MONROE, CONNECTICUT**  
**SCHEDULES OF FUNDING PROGRESS**  
**JUNE 30, 2011**

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

January 1, 2010	\$ 7,124,118	\$ 8,784,914	\$ (1,660,796)	81%	\$ 3,205,710	-52%
January 1, 2008	8,221,381	7,967,922	253,459	103%	2,938,871	9%
January 1, 2006	7,590,537	6,963,392	627,145	109%	2,855,405	22%

**Town of Monroe Board of Education Pension Plan**

January 1, 2011	\$ 8,502,820	\$ 9,675,631	\$ (1,172,811)	88%	\$ 3,839,606	-31%
January 1, 2009	7,735,096	8,601,200	(866,104)	90%	3,828,126	-23%
January 1, 2007	7,241,315	7,743,658	(502,343)	94%	3,140,757	-16%

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

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%
July 1, 2005	1,512	1,465	47	103%	352	13%

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 \$633,964 to the MERS for the year ended June 30, 2011 while total contributions to the MERS totaled \$67,179,955 (employee and employer), for the same period.

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

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

July 1, 2010	\$ -	\$ 1,568,829	\$ (1,568,829)	0.0%	\$ 2,702,454	-58%
July 1, 2008	-	884,014	(884,014)	0.0%	2,567,152	-34%



## APPENDIX B - FORM OF OPINION OF BOND COUNSEL AND TAX EXEMPTION OF THE SERIES B BONDS

\_\_\_\_\_, 2012

Town of Monroe  
7 Fan Hill Road  
Monroe, CT 06468

**Re:     \$3,605,000 General Obligation Bonds, Issue of 2012, Series B**  
**Dated Date of Delivery**

Ladies and Gentlemen:

We have acted as bond counsel to the Town of Monroe, Connecticut (the "Town") in connection with the sale and issuance of the Town's \$3,605,000 General Obligation Bonds, Issue of 2012, Series B dated the Date of Delivery (the "Bonds").

We have examined a record of proceedings of the Town authorizing the Bonds, a Tax Compliance Agreement of the Town dated \_\_\_\_\_, 2012 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, they will be valid and binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and it was duly authorized by the Town.

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

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excludable from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

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

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (ii) such interest is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations, however, such interest may be taken into account in determining adjusted current earnings for purposes of computing the Federal alternative minimum tax imposed on certain corporations. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

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

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated April 26, 2012 and other offering material relating to the Bonds except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

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

Respectfully,

PULLMAN & COMLEY, LLC

## APPENDIX C - FORM OF OPINION OF BOND COUNSEL AND TAX STATUS OF THE SERIES C BONDS

\_\_\_\_\_, 2012

Town of Monroe  
7 Fan Hill Road  
Monroe, CT 06468

**Re:     \$460,000 General Obligation Bonds (Taxable), Issue of 2012, Series C  
        Dated Date of Delivery**

Ladies and Gentlemen:

We have acted as bond counsel to the Town of Monroe, Connecticut (the "Town") in connection with the sale and issuance of the Town's \$460,000 General Obligation Bonds (Taxable), Issue of 2012, Series C dated the Date of Delivery (the "Bonds").

We have examined a record of proceedings of the Town authorizing the Bonds and such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, they will be valid and binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes.

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

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

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated April 26, 2012 and other offering material relating to the Bonds except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

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

Respectfully,

PULLMAN & COMLEY, LLC

## APPENDIX D - FORM OF CONTINUING DISCLOSURE AGREEMENT

### CONTINUING DISCLOSURE AGREEMENT

**In Connection With The Issuance and Sale of  
\$3,605,000 General Obligation Bonds, Issue of 2012, Series B  
\$460,000 General Obligation Bonds (Taxable), Issue of 2012, Series C**

This Continuing Disclosure Agreement ("Agreement") is executed and delivered as of \_\_\_\_\_, 2012, by the Town of Monroe, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of its \$3,605,000 General Obligation Bonds, Issue of 2012, Series B (the "Series B Bonds") and its \$460,000 General Obligation Bonds (Taxable), Issue of 2012, Series C, (the "Series C Bonds" and together with the Series B Bonds the "Bonds") each dated \_\_\_\_\_, 2012.

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

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

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

"Final Official Statement" means the official statement of the Issuer dated April 26, 2012, prepared in connection with the issuance of the Bonds.

"Fiscal Year End" shall mean the last day of the Issuer's fiscal year, currently June 30.

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

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

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

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

**Section 2.        Annual Reports.**

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2012):

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

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

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

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;

(E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins;

(I) the funding status of the Issuer's pension benefit obligations;

(J) the funding status of the Issuer's OPEB obligation; and

(K) any other financial information and operating data not included in the audited financial statements.

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

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

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

**Section 4. Event Notices.**

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

(i) principal and interest payment delinquencies;

- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the security;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances; and
- (ix) rating changes.

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

- (i) non-payment related defaults;
- (ii) modifications to rights of Bond holders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

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

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

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

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

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

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

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

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

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

**TOWN OF MONROE, CONNECTICUT**

By: \_\_\_\_\_  
Stephen J. Vavrek Jr.  
First Selectman

## APPENDIX E – NOTICE OF SALE – SERIES B BONDS

**Notice Of Sale**  
**Town Of Monroe, Connecticut**  
**\$3,605,000 General Obligation Bonds, Issue of 2012, Series B**  
**dated Date of Delivery**

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

**May 10, 2012**

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

\$3,605,000 General Obligation Bonds, Issue of 2012, Series B  
dated Date of Delivery

The Bonds are payable annually on May 15, in the principal amounts and years as set forth below:

<u>Amount</u>	<u>Due</u>
\$225,000	2014-2019
\$250,000	2020-2022
\$255,000	2023
\$275,000	2024
\$325,000	2025-2027

Interest on the Bonds will be payable on November 15, 2012 and semiannually thereafter on the 15th day of May and November in each year until maturity. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be delivered to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium (if any) and interest on the Bonds will be payable by the Town to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the beneficial owners of the Bonds or their nominees. (The record dates for the Bonds will be the last day of April and October, or the preceding business day if such day is not a business day.)

The Bonds maturing on or before May 15, 2017 are not subject to redemption prior to maturity. The Bonds maturing on May 15, 2018 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after May 15, 2017, either in whole or in part at any time, in such order of maturity and amount as the Town may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth as follows, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
May 15, 2017 and thereafter	100%



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

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the Town. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to May 24, 2012, the dated date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the Town will determine by lot which of such bidders will be awarded the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in federal funds.

Electronic bids for the purchase of the Bonds shall be submitted through the facilities of **PARITY**<sup>®</sup> until 11:00 A.M. (E.T.) on Thursday, May 10, 2012. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY**<sup>®</sup>, including any fee charged, may be obtained from **PARITY**<sup>®</sup>, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 404-8102 - email notice: [PARITY@i-Deal.com](mailto:PARITY@i-Deal.com)). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**<sup>®</sup> is communicated to the Town, it shall constitute an irrevocable offer in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via **PARITY**<sup>®</sup>, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY<sup>®</sup>, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY<sup>®</sup>, the use of PARITY<sup>®</sup> facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each **PARITY**<sup>®</sup> prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**<sup>®</sup> for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**<sup>®</sup> shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**<sup>®</sup> shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**<sup>®</sup>. The Town is using **PARITY**<sup>®</sup> as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY**<sup>®</sup> to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**<sup>®</sup> are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**<sup>®</sup> at (212) 404-8102. If any provision of this Notice of Sale shall conflict with information provided by **PARITY**<sup>®</sup>, this Notice of Sale shall control.

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

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

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

The Town has prepared a Preliminary Official Statement dated April 26, 2012 for the Bonds, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. Bidders must acknowledge in their respective bids that they have received and reviewed such Preliminary Official Statement. The Town will make available to the winning purchaser 25 copies of the Official Statement, dated May 10, 2012, as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Independent Bond and Investment Consultants, LLC, by the fifth business day after the day bids on the Bonds are received. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriting, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix D to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

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

The Bonds will be delivered to DTC in New York, New York on or about May 24, 2012 against payment in immediately available federal funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning purchaser to obtain CUSIP numbers for the Bonds prior to delivery and the Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning purchaser to obtain such numbers and to supply them to the Town in a timely manner.

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

For more information regarding this issue and the Town, reference is made to the Preliminary Official Statement dated April 26, 2012. Bid forms and copies of the Official Statement may be obtained from Carl E. Tomchik, Director of Finance & Comptroller, Town of Monroe, Monroe Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468 (203) 452-2802 or from Mr. William Lindsay, Independent Bond and Investment Consultants LLC, (203) 245-9603.

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Stephen J. Vavrek Jr.  
First Selectman

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Ronald J. Bunovsky Jr.  
Treasurer

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Carl E. Tomchik  
Director of Finance & Comptroller

## APPENDIX F – NOTICE OF SALE – SERIES C BONDS

**Notice Of Sale  
Town Of Monroe, Connecticut  
\$460,000 General Obligation Bonds (Taxable), Issue of 2012, Series C  
dated Date of Delivery**

ELECTRONIC BIDS VIA **PARITY**® will be received by the TOWN OF MONROE, CONNECTICUT, (the “Town”) at the office of the Director of Finance & Comptroller, Monroe Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468, until 11:30 A.M. (E.T.) on Thursday,

**May 10, 2012**

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

\$460,000 General Obligation Bonds (Taxable), Issue of 2012, Series C  
dated Date of Delivery

The Bonds are payable annually on May 15, in the principal amounts and years as set forth below:

<u>Amount</u>	<u>Due</u>
\$50,000	2014-2020
\$55,000	2021-2022

Interest on the Bonds will be payable on November 15, 2012 and semiannually thereafter on the 15th day of May and November in each year until maturity. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be delivered to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium (if any) and interest on the Bonds will be payable by the Town to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the beneficial owners of the Bonds or their nominees. (The record dates for the Bonds will be the last day of April and October, or the preceding business day if such day is not a business day.)

The Bonds maturing on or before May 15, 2017 are not subject to redemption prior to maturity. The Bonds maturing on May 15, 2018 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after May 15, 2017, either in whole or in part at any time, in such order of maturity and amount as the Town may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth as follows, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
May 15, 2017 and thereafter	100%

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

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the Town. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to May 24, 2012, the dated date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the Town will determine by lot which of such bidders will be awarded the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in federal funds.

Electronic bids for the purchase of the Bonds shall be submitted through the facilities of **PARITY**<sup>®</sup> until 11:30 A.M. (E.T.) on Thursday, May 10, 2012. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY**<sup>®</sup>, including any fee charged, may be obtained from **PARITY**<sup>®</sup>, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 404-8102 - email notice: [PARITY@i-Deal.com](mailto:PARITY@i-Deal.com)). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**<sup>®</sup> is communicated to the Town, it shall constitute an irrevocable offer in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via **PARITY**<sup>®</sup>, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY<sup>®</sup>, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY<sup>®</sup>, the use of PARITY<sup>®</sup> facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each **PARITY**<sup>®</sup> prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**<sup>®</sup> for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**<sup>®</sup> shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**<sup>®</sup> shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**<sup>®</sup>. The Town is using **PARITY**<sup>®</sup> as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY**<sup>®</sup> to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**<sup>®</sup> are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**<sup>®</sup> at (212) 404-8102. If any provision of this Notice of Sale shall conflict with information provided by **PARITY**<sup>®</sup>, this Notice of Sale shall control.

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

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

The opinion of Bond Counsel will provide: (i) that the Bonds will be valid general obligations of the Town when duly certified and, (ii) that interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. In rendering the legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations contained in certificates of the Town. Copies of the opinion will be printed upon each of the Bonds, and a signed opinion will be filed with the Paying Agent.

The Town has prepared a Preliminary Official Statement dated April 26, 2012 for the Bonds, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. Bidders must acknowledge in their respective bids that they have received and reviewed such Preliminary Official Statement. The Town will make available to the winning purchaser 25 copies of the Official Statement, dated May 10, 2012, as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Independent Bond and Investment Consultants, LLC, by the fifth business day after the day bids on the Bonds are received. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriting, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix D to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Bonds will be delivered to DTC in New York, New York on or about May 24, 2012 against payment in immediately available federal funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning purchaser to obtain CUSIP numbers for the Bonds prior to delivery and the Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning purchaser to obtain such numbers and to supply them to the Town in a timely manner.

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

For more information regarding this issue and the Town, reference is made to the Preliminary Official Statement dated April 26, 2012. Bid forms and copies of the Official Statement may be obtained from Carl E. Tomchik, Director of Finance & Comptroller, Town of Monroe, Monroe Town Hall, 7 Fan Hill Road, Monroe, Connecticut 06468 (203) 452-2802 or from Mr. William Lindsay, Independent Bond and Investment Consultants LLC, (203) 245-9603.

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Stephen J. Vavrek Jr.  
First Selectman

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Ronald J. Bunovsky Jr.  
Treasurer

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Carl E. Tomchik  
Director of Finance & Comptroller