

TOWN OF AVON CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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TOWN OF AVON, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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March 27, 2013

To the Town Manager, Superintendent of Schools,
Honorable Members of the Town Council,
Board of Finance, and Board of Education, and
To the Citizens of the Town of Avon:

Connecticut State Statutes require that all municipal entities publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Avon for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Avon has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Avon for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Avon's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Avon was part of a broader, federal and state mandated "Single Audits" designed to meet the special needs of federal and state grantor agencies. The standards governing the Federal and State Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Town's separately issued Single Audit Report.

This is the tenth year the report has been prepared using the new financial reporting requirements as outlined in GASB No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State of Local Governments*. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Avon's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town of Avon

Avon, formerly Northington, or North Parish of Farmington, was settled in 1645. In 1830, after the construction and opening of the Towpath Canal, Avon was incorporated as a separate Town and took its name from the Avon River in England. Avon is located approximately ten miles west of metropolitan Hartford, has a land area of 22.6 square miles and an estimated population of 18,700 according to figures provided by the Town Planner's office.

The Town's topography includes many interesting natural features. Steep ridges and rolling hills give Avon its unique character. While two-thirds of Avon is developed, there still remains an abundant amount of undeveloped, well-regulated land, representing an invaluable resource to the community. Of an approximate total land area of 14,454 acres, approximately 2,175 acres (15%) are wetlands, 329 acres (2%) are on flood plains, and 2,140 acres (15%) are on slopes of a greater than 15% gradient. The Farmington River flows south through the western portion of town and then conversely flows north through the eastern portion of town. This watercourse represents a major recreational, aesthetic, and conservation resource.

The Town has operated under a council-manager form of government since 1959. Policy-making and legislative authority are vested in the governing Town Council. The charter provides for Town meetings, an elected Town Council, an elected Board of Finance, and an elected Board of Education. The Town is empowered to levy a property tax on real estate and personal property located within its boundaries, as well as a tax on motor vehicles. The five-member Town Council elects a Council Chairman and appoints a Town Manager to administer the non-educational functions of the Town. It also appoints the members of the various Town boards and committees. The Board of Education appoints a Superintendent of Schools to administer the Town's school system. An organizational chart outlining the town government, as well as a listing of principal town officials, can be found later in this section. The redistricting of the State of Connecticut House of Representatives resulted in the Town being split into two districts and required two polling locations. The increase in population resulting in an increased number of voters, required an additional polling place, bringing it to a total of three.

The Town of Avon provides municipal services in the functional areas of police, a volunteer fire department, public works including engineering, health and social services, recreations and parks, library, planning and zoning, and a K-12 public education system. The Town has no sewer treatment facility of its own, but instead contracts with the neighboring towns of Canton, Farmington, and Simsbury for treatment of sewage effluent. The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the budget referendum.

The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, Note 2A in the Notes to Basic Financial Statements describes the budget process used by the Town. The strength of the Town's economic circumstances and quality of municipal management are reflected in the Town's bond ratings, which remain at the highest levels obtainable, as awarded by Moody's Investors Service, Aaa, and by Standard & Poor's, AAA.

Local Economy

Avon is a desirable low-density suburban community with excellent schools and a high standard of living. Avon, unlike the rest of the nation, is experiencing a moderate increase in the number of new home permits. New single family home building permits have been a major source of revenue. In fiscal year 2011-2012, a total of 20 new, single family homes were permitted with the average value of a residence in the amount of \$442,363, not including the cost of a building lot (average cost \$300,000) with an average house size of 4,235 square feet. The number of both commercial permits and other types of residential permits has remained steady with the number of plan reviews and inspections required remaining high. For 2012-2013 permit revenue has exceeded the 2011-2012 budget projections by 60%.

As of June 2012 the Town's unemployment rate of 5.4% compares favorably to the state's average of 8.1%. Avon's per capita personal income is \$51,706 versus the state's average, which is \$28,766.

Avon is fortunate to have a well-balanced diverse mix of business and industrial uses, medical services, and a variety of quality housing. Major industries with headquarters or divisions located within the Town of Avon include Old Castle, manufacturers of concrete products; Connecticut-On-Line Computer Center, a centralized computer facility for northeast banks; Coupons Inc., an Internet coupon service provider; Ironwood Capital Management; Petroleum Meter and Pump; Magellan Health; R.R. Donnelley, Inc.; Legere Group Ltd., woodworking; O.F.S. Fitel LLC (formerly Lucent Technologies), fiber optic manufacturing facility, and Reflexite Film Fibers, Inc., World Headquarters. Several major insurance-related companies are also located in Avon including Women's Health USA, AUL Reinsurance Management, Ballentine Capital Management, Inc., Odyssey America Reinsurance, Apple Health Care, Adams and Knight Advertising, and ERC Long-Term Care Solutions.

The Town's central business district currently enjoys a 95% occupancy rate with a variety of specialty shops and commercial businesses. Presently, there are more than 1,000,000 square feet of existing retail space, 950,000 square feet of office space, and 600,000 square feet of manufacturing space primarily along Route 44, with traffic counts in the range of 30,000 vehicles per day. The Town estimates there are roughly 400,000 square feet of future expansion availability evenly split between office and industrial with about 150,000 square feet of possible future retail. There are nine bank branch offices located in Town including several national and community based banks. Avon is currently home to three championship golf courses, two private and one public. The Blue Fox Run Golf Course has been voted one of the nation's 10 best woman-friendly public courses. There is a wide array of medical services available in Town, including the Avon Wellness Center, a 75,000-square foot facility operated by Hartford Hospital, Saint Francis Hospital Medical Center housed in a 25,000 square foot facility, the 20,000 square foot Helen and Harry Gray Cancer Treatment Center operated by Hartford Hospital, and the recently completed 20,000 square foot Hartford Hospital walk-in clinic on Route 44. A new Fresh Market grocery store has been completed and opened, and a new 20,000 square foot office building and new 53-lot residential development by Toll Brothers are currently under construction. In addition, several developers are looking into the potential reuse of existing sites and development in the central business district with hopes of creating a small town center incorporating existing businesses with new housing, retail, and educational facilities.

The October 1, 2010 Grand List grew by \$20,463,200 to \$2,638,616,860, or an increase of .782%, from the 2009 Grand List of \$2,618,153,660. Real estate increased \$14,181,600, or 0.59%. The Town conservatively budgets revenues such as building permit activity and conveyance fees, which are highly dependent on the economy and current market conditions. Building permits issued for 2011-2012 indicate a total value of \$34,205,274. The Town is not highly dependent on State revenues (represents about 4.58% of the Town's total revenues), and because the Town's budget process occurs much earlier than the State's budget schedule, it forces the Town to estimate grants at the current level of funding or based upon the legislative estimates provided at that time. This approach has worked well for the Town.

As the Town physically matures, and growth begins to slow, the emphasis will change from accommodating growth through the expansion of Town and School facilities, to maintenance and upkeep of existing facilities. The current mix of 72% single-family homes and 28% multi-family homes has served the Town well. This ratio has provided opportunities for buyers and renters with varying levels of income as well as age. Avon is recognized as a desirable community in which to live. Hartford Magazine, in its November 2011 issue "Best Towns", ranked Avon third as the most desirable community among the 15,000 to 25,000 population category. In its November 2005 issue "Rating the Suburbs", Avon ranked first within the 12,500 to 25,000 population category and in 2008, ranked Avon second in the same category; however, it was ranked number 1 in the economy sub-category. Connecticut Magazine, in its November 2006 issue, ranked Avon fifth overall in the 15,000 to 25,000 population category within Connecticut, on the combined data of education, economy, cost of living, crime and leisure/culture, areas that seem to be important to most people. In November 2011 Avon climbed to the third position in the ranking.

Families with children continue to seek access to Avon's premier school system, and an increasing number of older active adults anxious to take advantage of Avon's lifestyle and amenities, have kept housing prices relatively stable. A number of citizens have expressed concern over the development of the Town and its impact on Town services. The fact is that the rate of population growth in terms of the percent increase has actually been declining since the peak during the 1950's (66% increase from the 1950 population of 3,171 to 5,273 in 1960). The gain in population over the past fifty-five years has been relatively stable, averaging about 2,500 per decade, with the estimated current population in 2012 being 18,700. The impact of this growth on Town services has been gradual, predictable, and manageable. What is not often calculated into the cost of Town services are the transient populations that visit Avon – the commuters passing through Avon, the employees of our businesses, the patrons of our stores, health facilities, tourists and professional offices. This inflow and outflow results in more traffic, additional demands for services and increased use of our municipal infrastructure. Expenditure growth in three functions exceeds the growth of Town expenditures as a whole. For a ten-year period, expenditures in the public works function, which in the past, has seen growth in the 50% range, due to increased demands for services, experienced significant growth in expenditures at 106%, as a result of the Town-wide clean up costs associated with Hurricane Irene in August and Storm Alfred in October. Expenditures for health and social services function grew at 55% due to an increase of client services, and expenditures for the Board of Education function grew at 71%, due to increased school enrollment, all compared with a 53% increase in total Town expenditures.

A comprehensive impartial town-wide survey of Avon residents professionally administered by the University of Connecticut Center for Survey Research and Analysis found that 99% of residents rank Avon's quality of life as good or excellent. A follow-up study of Avon Businesses conducted in conjunction with the Avon Chamber of Commerce by the same center found that 89% of Avon businesses found Avon a good or excellent place to do business.

In 2011, Hartford Magazine named Avon High School the number one public high school in Hartford County for the second year in a row. In November 2009 Connecticut Magazine ranked Avon High School as one of Connecticut's top five public high schools. US News and World Report awarded the school a silver medal in its ranking of America's Best High Schools in 2009. Newsweek magazine

recently ranked Avon High School 281 in a poll of the top 1100 schools in the nation. Avon's educational system continues to be regarded as one of the best in the State of Connecticut. During the 2011-2012 school year the Avon Public School students scored among the highest in the state in every grade level on the Connecticut Mastery Test (Grades 3-8) and Connecticut Academic Performance Test (Grade 10).

In 2011-2012 a new Strategic Plan for the Avon Public Schools was achieved through a collaborative process that resulted in a conceptual map for the Board of Education for the next five years. A formal curriculum revision process was started in English Language Arts and Mathematics, grades Kindergarten through 12, with all the other content areas to follow in the immediate future. The district continued efforts toward preparing the high school for the accreditation Self-Study and visitation processes by the New England Association of Schools and Colleges.

Long-Term Financial Planning

During 2001-2002, Avon Board of Education established an ad hoc High School Facilities Study Committee to study the facilities needs and options to accommodate the projected growth from the building maximum as originally designed of 850 students to projected enrollment of 1,200 students by the 2012 school year. This committee, along with the superintendent, prepared a comprehensive report, *Report on High School Facility Needs* in December 2003, which showed that space utilization continued to increase proportionately as enrollment increased. A High School Facilities Committee was created and proposed a recommendation for additions, renovations and building improvements in the amount of \$25,998,000, which was approved at referendum on June 20, 2005. An additional \$4,700,000 was needed to cover the higher-than-expected construction costs for the expansion. The additional funding was approved at referendum on October 11, 2006. The project has been completed with notes, bonds, and state grant funds financing the project with an estimated impact to the Board of Education's operating budget of 1% for the first year, with 2.5% in inflation adjustments made in each subsequent year for facility operating costs. Dedication of the \$30,698,000 Addition and Renovation to Avon High School project took place September 14, 2008, final paperwork has been processed to close out the State grant for the high school project, and audit has been performed with draft audit report presented to the Board of Education pending acceptance.

Avon High School expansion project had highlighted the need for a realistic methodology to estimate changes in the Grand List and in individual property values that can be utilized to project tax impacts of additional town borrowings over various periods of time. The joint effort of the three boards, Town management and the financial advisor led to a "formula" in which residents and business can visit the town website, enter in their individual assessed values, which are also available on the website, and obtain an estimate of the additional tax payments that would be required on a monthly and annual basis to cover the cost of any proposed bonding projects. The Town expanded this methodology by creating a tax calculator that allows residents to view the impact of the revaluation of property when it occurs and for every proposed budget, including the 2011-2012 fiscal year.

The Town presented and adopted at an October 22, 2009 referendum, an appropriation of \$9,500,000, with authorization for the issuance of up to \$8,000,000 of notes and bonds, for the renovations and additions to the Avon Free Public Library. The Library expansion will double the square footage and significantly impact building operating and staff costs. Construction commenced in the winter of 2010, with the ceremonial groundbreaking in early January 2011. The planned improvements will allow the Library to expand its print and non-print collections and the programs offered to the public, which are projected to be needed for the Town's build out population of 21,000. The Avon Free Public Library has received a \$1,000,000 Connecticut State Library construction grant, with the remainder of this approximately \$9,500,000 total construction project funded by notes, bonds, fundraisers, and donations. On November 2, 2010, the Town issued Bond Anticipation Notes in the amount of \$7,000,000, due November 1, 2011, subsequently replaced with \$7,000,000 of Bond

Anticipation Notes at a rate of 1.50% maturing October 30, 2012 for temporary financing for the expansion and renovations. The project was brought to a successful completion in April 2012 despite a difficult weather year with Storms Alfred and Irene, at a total cost of \$8.61 million, roughly \$900,000 under the original budget.

In March 2012, a Master Plan was approved to create a bicycle and pedestrian friendly village center on a 90 acre parcel of undeveloped land located north of the Town Hall complex, in Avon Park North. This project could result in upwards of 400,000 square feet of mixed-use commercial space, 400 residential units, and grand list growth yielding between \$1.7 million and \$2.5 million in new revenue.

In May of 2012, the Town was pleased to learn that the State of Connecticut would be committing to pay 100% of the cost for the design, permitting, and construction of the Old Farms Road Bridge, realignment, and intersection improvement project, which had been on the Town's CIP program for more than twenty-five years. It is anticipated that the first phase, the environmental assessment portion of the project, will start in fiscal year 2012-2013.

Future projects anticipated by the Town include a replacement Fire Station (Company Number 2 Secret Lake), a new fire training facility, development of additional athletic fields at Fisher Meadows, road paving program and improvements to Secret Lake Roads.

The Town is in a multi year lease agreement with a telecommunications service provider, which will generate rental income for the Town, as well as provide additional antennae space for municipal communications.

Relevant Financial Policies

For operating funds, the Town currently operates under an investment policy which was approved by the Town Council on November 2, 2000. The Town restricts its activities to instruments which provide the greatest safety, liquidity, and yield in that order. US Treasury obligations maturing less than one year, overnight repurchase agreements, and a US government fund comprise the bulk of the operating investment portfolio. The risk based capital ratios and collateral requirements (as defined in Connecticut General Statutes Section 36-382) of the qualified public depositories with which the Town does business are monitored.

For pension funds, the Town's pension investments are governed by its *Statement of Investment Policies and Objectives*. The policy details asset mix ranges for various classes of investments: core equities, international equities, small to mid-cap equities, fixed income investments and cash equivalents, where the overall investment return is expected to exceed the actuarial investment return assumption. Investment manager performance and compliance with the investment policy is reviewed periodically by a committee of Town officials and a pension consultant.

A trust fund for other post employment benefits has been created, which allows the Town to invest more aggressively for this liability. The pension investment advisor makes recommendations as to how the money is invested and the Ad Hoc Pension Investment Advisory Committee reviews the recommendation before approval and implementation. The Retiree Medical Benefits Reserve Fund, which was created pursuant to the authority granted under Section 7-403a of the Connecticut General Statutes, will continue to exist until exhausted with a portion transferred to the trust fund on an annual basis to supplement the budgeted amount. The plan is to phase-in over a period of seven years, increasing the contribution so that in the final year of the phase-in the annual required contribution would be met.

The Town has acted to establish policies regarding Fund Balance. On December 6, 2001, the Town Council adopted a policy to establish, as a long-term goal, a 10% Unreserved Undesignated General

Fund Balance and to retain sufficient undesignated fund balances (10% or more) in the Special Revenue Funds. There was no budgeted use of Unassigned General Fund resources for the fiscal year 2011-2012 budget. Even in the face of increasing operating costs for the Town government, Avon has been able to maintain an adequate surplus in its General Fund. To further manage this surplus, the Board of Finance adopted a policy on the use of surplus funds in December of 2006. Use of the funds may be granted by the Board after receiving a showing of substantial support by the requesting authority and finding the “such use will meet an extraordinary need or unusual opportunity”.

In April of 2008, the Town Council and the Board of Finance adopted debt and lease policies, which define the conditions, under what circumstances, and under what limitations, the Town would issue short-term and/or long-term debt and would enter into operating leases.

Per State law, each approved subdivision must contribute a portion of the total property to the Town as dedicated open space or make a payment to the Town in lieu of this land dedication. Over the years this account has grown to over \$500,000 for the Open Space Fund, which is used solely for the acquisition of open space in other areas of Town. The Town is constantly looking to acquire open space when it makes sense and is reasonably priced. The Town demolished the 1948 Towpath School turning the site into additional green space for Avon center.

Major Initiatives

In November 2011, the Town Council and the Board of Finance approved two emergency appropriations for a total of \$2,326,190 per the Town’s Charter for storm debris removal to be funded from available unappropriated General Fund resources. At the time of authorization FEMA funds were anticipated to offset approximately 75% of these costs. The Town was successful in receiving the FEMA grant of \$1,594,423 in 2011-2012, received approval for receipt of the Federal Highway Administration reimbursement portion of \$431,248 and was able to absorb the remainder of the disaster costs without any use of the Town’s fund balance.

The Town continues to contract out for grounds and building maintenance, janitorial services and snow removal. The Town participates in regional purchasing and cooperative bidding through the State of Connecticut, Capital Region Council of Governments, Connecticut Conference of Municipalities, and other consortiums, and currently participates in twenty-two (22) such joint procurement processes. The Town and the Board of Education continue to explore ways to streamline operations as outlined in the Matrix Study, the study performed by an outside consultant regarding the combining of Town and Board of Education administrative and operational procedures relating to finance, facilities and human resources. The study is complete, and two administrative improvements resulting from the study that have been implemented are the time and attendance software and the upgrade to the Town’s financial system. These investments will greatly improve the operational efficiency across departments.

A special study for Avon Center, which was part of the Town-wide Plan of Development, proposed to make the center more aesthetically pleasing and welcoming to pedestrians with landscaping, new streetlamps and sidewalks, in hopes that through its’ efforts, the special village character of this area can be preserved while making the center a more vibrant area. To date, the Town has received more than \$700,000 in funding under Small Town Economic Assistance Program (STEAP) grant for sidewalk, lighting and other improvements to Avon Center. In June 2012 an application for \$450,000 has been prepared to finish the work extending the sidewalk and adding additional lighting started in 2010-2011. This project dovetails nicely with a master planning effort that is underway between the Town and Ensign Bickford Corporation in Avon Park North to encourage mixed use development (retail, office and housing) on the 40 or so acres of undeveloped land.

In June 2012, the Town received a \$36,000 grant to purchase high efficiency LED lighting for the Town Hall campus, the Public Works Department and the Countryside Park recreation area, and also received a \$24,000 ARRA grant to replace bulbs throughout the Avon schools with high efficiency models.

Awards and Acknowledgements

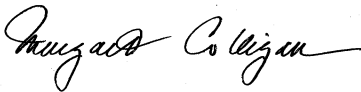
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Avon for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the twenty-seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Town believes that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of Avon for its annual budget for the fiscal year beginning July 1, 2012. This was the twenty-eighth consecutive year that the government has achieved this prestigious award. In order to receive this award a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The preparation of this report could not have been accomplished without the dedicated services of the Finance group, Claudia Ladetto, Cruz Saubidet, Laurie Dorn, Jeff Morrow, Susanne Farrah, and Paul Sarpong. I would like to thank the audit team of Blum, Shapiro & Company, P.C. for their guidance and assistance. Due credit should also be given to the Town Manager, Superintendent of Schools, the Town Council, the Board of Finance, and the Board of Education for their interest and support in planning and conducting the operations of the government in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Margaret Colligan". The signature is fluid and cursive, with the first name "Margaret" and last name "Colligan" clearly distinguishable.

Margaret Colligan, CPFO
Director of Finance

TOWN OF AVON, CONNECTICUT

PRINCIPAL OFFICIALS

AT JUNE 30, 2012

TOWN COUNCIL

Mark Zacchio, Chairman
Christopher A. May Douglas Evans
David Pena Pamela Samul

BOARD OF FINANCE

Thomas F. Harrison, Chairman
Catherine Durdan Dean C. Hamilton
Thomas A. Gugliotti Margaret Bratton
James Speich Brian M. Stoll

BOARD OF EDUCATION

Margaret Roell, Chairperson
Jay Spivak Wendy Howard
Katharine Zirolli Ames Shea
Jeff Bernetich Brian Glenn
William Stokesbury Houston Putnam Lowry

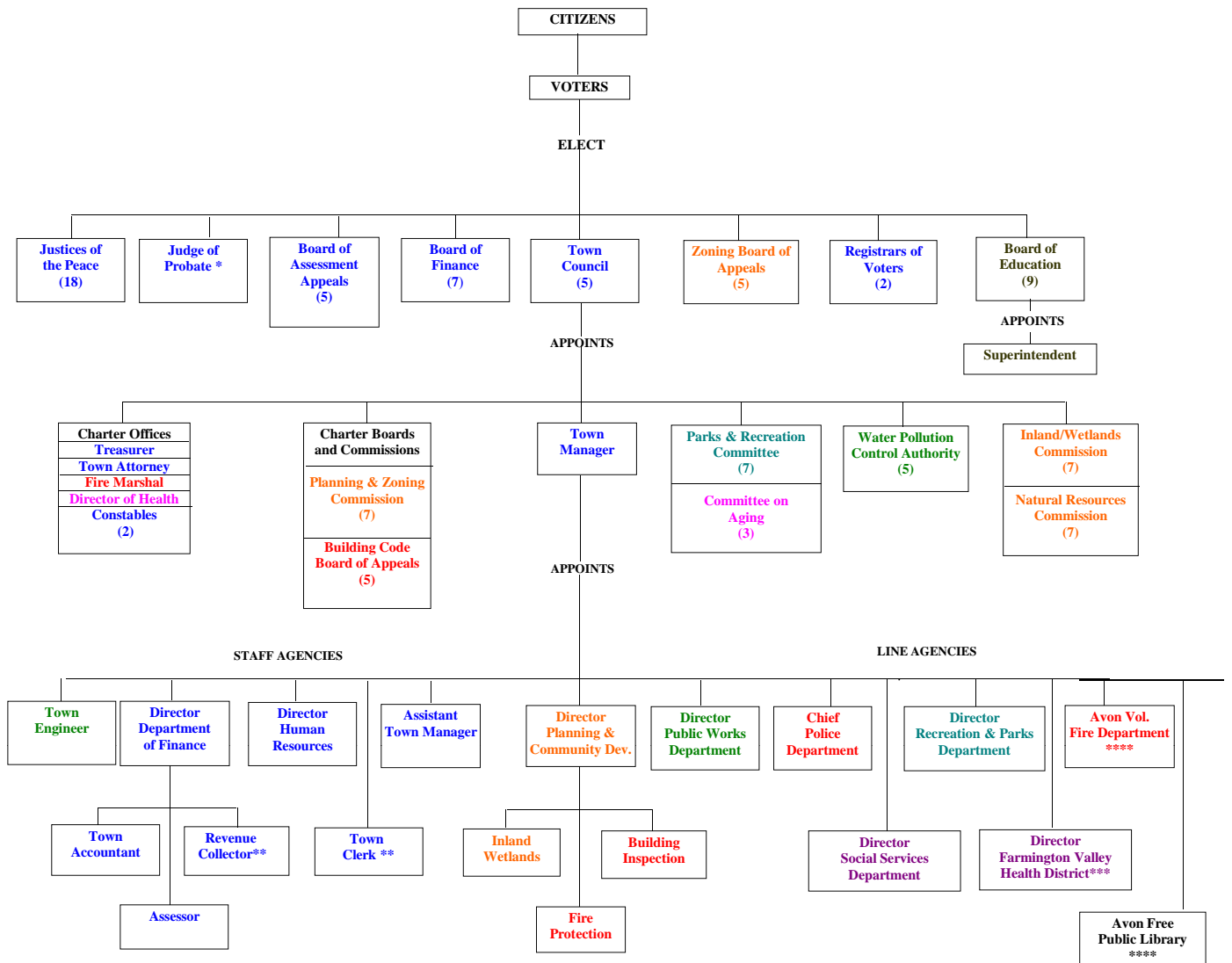
GENERAL GOVERNMENT

Town Manager	Brandon Robertson
Assistant Town Manager	Steve Bartha
Town Accountant	Charles M. Lucas, Jr.
Town Attorney	Dwight A. Johnson
Town Clerk	Ann L. Dearstyne
Town Engineer	Lawrence E. Baril
Town Treasurer	James R. McCarthy
Director of Finance	Margaret Colligan
Director of Human Resources	William F. Vernile
Director of Recreation & Parks	Glenn M. Marston
Director of Planning & Community Development	Steven M. Kushner
Director of Public Works	Bruce Williams
Director of Social Services	Alan E. Rosenberg
Assessor	Harry DerAsadourian
Building Official	James Sansone
Collector of Revenue	Deborah Fioretti
Librarian	Virginia G. Vocelli
Police Chief	Mark Rinaldo
Fire Chief	Michael Trick

EDUCATION

Superintendent of Schools	Gary Mala
Interim Director of Finance and Operations	John H. Spang, Jr.

ORGANIZATIONAL CHART FOR THE TOWN OF AVON



* Simsbury Regional Probate District effective 1/5/2011 includes Avon, Canton, Simsbury, and Granby

** Recommended by Manager, approved by Council.

*** The Town participates in a Regional Health District.

**** The Town funds the Avon Volunteer Fire Department and the Avon Free Public Library

- General Government
- Public Safety
- Public Works
- Health and Social Services
- Recreation and Parks
- Education and Cultural
- Conservation and Development

TOWN OF AVON, CONNECTICUT

Department of Finance

Director of Finance

1. Budget Formulation, Execution and Research
2. Treasury, Cash and Debt Management
3. General Accounting
4. Appropriation Accounting and Financial Reporting
5. Internal and External Auditing
6. Revenue Collections
7. Materials Administration
8. Purchasing Administration

Division of Accounting

1. General & Appropriation Accounting
2. Treasury and Cash Management
3. Internal Auditing
4. Accounts Payable
5. Accounts Receivable
6. Payroll and Benefits
7. Electronic/Automated Data Processing Operations

Division of Revenue Collection

1. Property, Tax, Billing and Collection
2. Departmental Revenue Collection
3. Sewer Billing and Collection

Division of Assessment

1. Property Assessment, Records and Administration
2. Grand List Preparation
3. New Valuations

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Avon
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandison

President

Jeffrey R. Enen

Executive Director

BASIC FINANCIAL STATEMENTS



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Avon, 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 Avon, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town of Avon, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Avon, Connecticut'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Avon, Connecticut's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Avon, Connecticut, as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2013 on our consideration of the Town of Avon, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 and the schedules of funding progress - Pension Trust Funds and OPEB Trust Funds on pages 56 and 58 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 consider it to be an essential part of the 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 to 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 of Avon, Connecticut's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and detailed schedule of long-term debt maturities have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used in preparing the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
March 27, 2013

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

As management of the Town of Avon, we offer readers of our financial statements this narrative overview and analysis of our financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the Town of Avon exceeded its liabilities at the close of the 2012 fiscal year by \$127,708,483 (net assets). Of this amount, \$12,329,474 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets increased by \$4,035,090 primarily due to receipt of FEMA grants and education related program operating grants and contributions, receipt of a capital grant for the library construction project and favorable results in tax collections.
- As of the close of the current fiscal year, governmental funds reported combining ending fund balances of \$8,356,357, a decrease of \$2,529,222 in comparison from last year's \$10,885,579. Of this total amount, \$195,473 is nonspendable (prepaid and inventory), \$147,936 use is restricted by governmental grants or other legal restriction, \$2,646,944 is committed by the Town Council (budget-making authority), \$2,318,586 is assigned and \$3,047,418 is unassigned. \$6,610,507 of General Fund and (\$3,563,089) in CIFA is available for spending at the government's discretion (unassigned fund balance). In CIFA (\$3,563,089) unassigned fund balance is a negative amount due to the issuance of bond anticipation notes that are reported as a fund liability until the notes are replaced with long-term debt.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,610,507 or 8.42% of total General Fund expenditures and transfers out of \$78,487,526, including the State's contribution and offsetting expenditures for teacher's retirement.
- Total debt decreased by \$3,580,571 or 10.69% to \$29,906,570 (including amortized bond premium) during the current fiscal year.

Overview of the Basic Financial Statement

This discussion and analysis is intended to serve as an introduction to the Town of Avon's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present only governmental activities whose functions are principally supported by taxes and intergovernmental revenues, since the Town does not operate any business-type activities. The governmental activities of the Town include general government, public safety, public works, health and social services, recreation and parks, education - cultural (library), conservation and development, Board of Education and interest expense.

The government-wide financial statements can be found on Exhibits I and II 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, a proprietary fund 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 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and CIFA (Capital Improvement Fund Account), both of which are considered to be major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation under the caption nonmajor governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages starting with Exhibit III of this report.

Proprietary Fund. 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 an internal service fund to account for its self-insured medical benefits. These services benefit governmental functions, thus, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages Exhibits VI through VIII of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibits IX and X of this report.

Notes to Basic Financial Statements. The notes 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 basic financial statements can be found on pages 27-55 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 56-58 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 66-79 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Avon, our assets exceeded liabilities by \$127,708,483 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets, \$115,379,009 (90.35%), reflects the investment in capital assets (e.g., land, buildings and improvements, equipment, vehicles and infrastructure), less any related debt used to acquire those assets that is still outstanding. Avon 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.

NET ASSETS JUNE 30, 2012 AND 2011

	Governmental Activities	
	2012	2011
Current assets	\$ 25,366,895	\$ 23,357,385
Capital assets	151,758,746	147,954,795
Noncurrent assets	440,072	261,469
Total assets	177,565,713	171,573,649
Long-term liabilities outstanding	31,050,083	33,490,536
Other liabilities	18,807,147	14,409,720
Total liabilities	49,857,230	47,900,256
Net assets:		
Invested in capital assets, net of related debt.	115,379,009	107,467,654
Unrestricted	12,329,474	16,205,739
Total Net Assets	\$ 127,708,483	\$ 123,673,393

At the end of the current fiscal year, we are able to report positive balances in both categories of net assets. The same situation held true for the prior fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The Town's net assets increased by \$4,035,090 during the current fiscal year. Unrestricted net assets, the portion of net assets that may be used to meet the government's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation or other legal requirements is \$12,329,474. The Town generated net general revenues of \$68,206,364, which exceeded its net operating expenses for governmental activities of \$64,171,274 by the amount of the net asset increase. Gross expenses of \$82,173,522 were offset by \$5,809,050 in charges for services, \$11,127,231 in operating grants and contributions, and \$1,065,967 in capital grants and contributions. Of the net expenses, the largest amount was \$45,000,200, which was for the operating of the Town's school system. Net public safety expenses of \$8,436,339, public works net outlays of \$4,360,808, net general government costs of \$3,105,634, interest expense of \$1,040,235, and recreation and parks expenses of \$865,420 accounted for almost all net expenses. The majority of the Town's revenue was \$66,459,769 in property tax collections, \$18,002,248 in charges for services and grants, and \$1,746,595 in nonrestricted grants, investment income, miscellaneous and transfers.

Governmental Activities. Governmental activities increased the Town's net assets by \$4,035,090. Key elements of this increase are as follows:

CHANGE IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011			
	2012		2011
Revenues:			
Program revenues:			
Charges for services	\$ 5,809,050	\$	5,899,335
Operating grants and contributions	11,127,231		7,603,548
Capital grants and contributions	1,065,967		186,048
General revenues:			
Property taxes	66,459,769		64,376,632
Grants and contributions not restricted to specific programs	608,088		466,877
Investment income	94,451		259,529
Miscellaneous	1,044,056		1,244,847
Total revenues	<u>86,208,612</u>		<u>80,036,816</u>
Program Expenses:			
General government	3,699,703		2,997,029
Public safety	9,135,168		8,837,647
Public works	9,025,502		6,459,180
Health and social services	455,739		449,695
Recreation and parks	1,370,892		1,407,889
Educational - cultural	1,402,620		1,341,831
Conservation and development	561,273		621,526
Board of Education	55,476,822		51,384,252
Interest expense	1,045,803		1,083,857
Total program expenses	<u>82,173,522</u>		<u>74,582,906</u>
Increase in net assets	4,035,090		5,453,910
Net assets - Beginning of Year	<u>123,673,393</u>		<u>118,219,483</u>
Net Assets - End of Year	<u>\$ 127,708,483</u>	<u>\$</u>	<u>123,673,393</u>

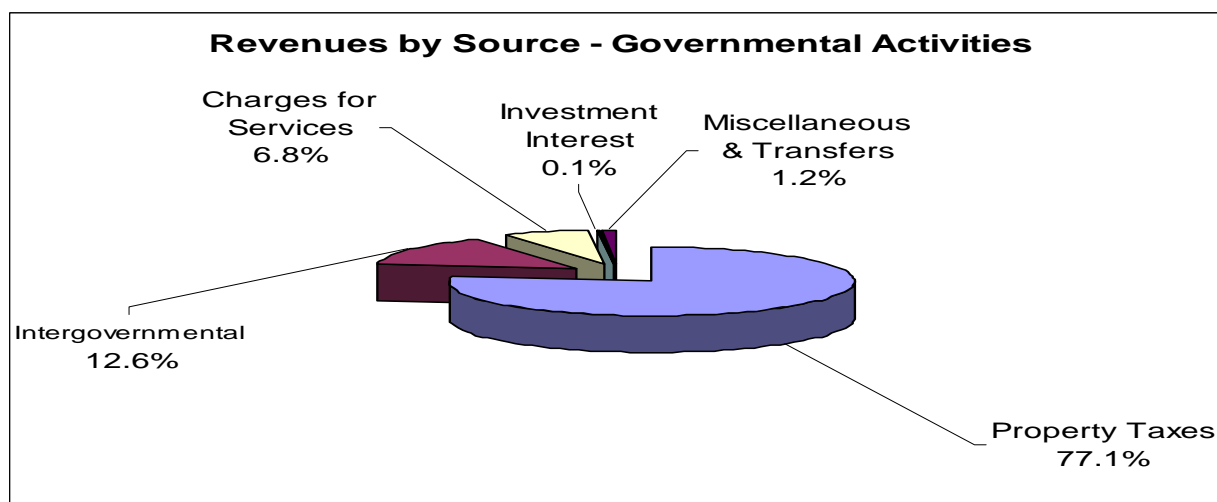
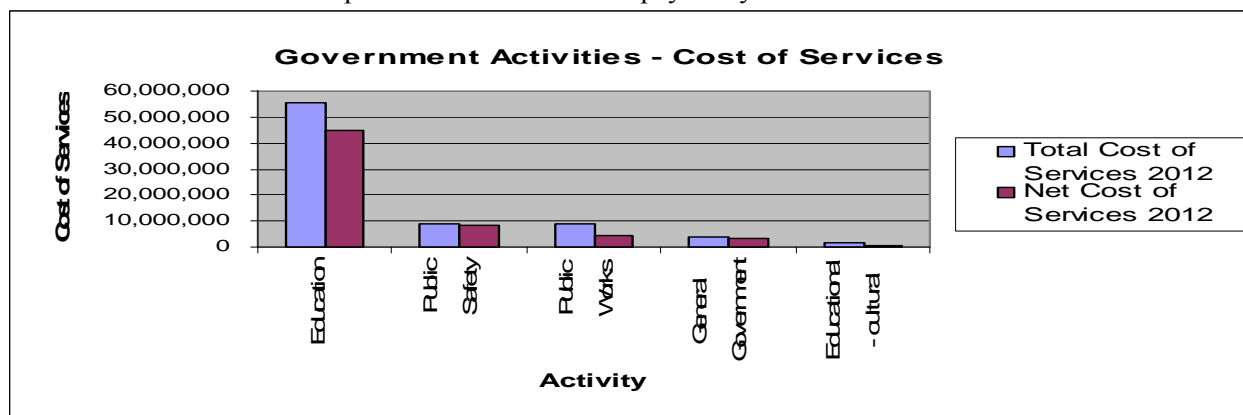
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

On the revenue side, Property taxes, which comprise 77.1% of Town revenues, increased by \$2,083,137 (3.24%) to \$66,459,769 due to high collections on the current levy (99%), supplemental motor vehicle, and on prior levies. The mill rate increased 2.45% over the prior year and was set to meet an adopted budget expenditure increase of 2.35%. Charges for services saw a slight decrease overall of \$90,285. General government reported increased activity in recording and conveyance, public safety reported increased activity in building, structure and equipment permit activity; both directly related to improvements in the housing market and commercial growth. Education reported fees for various programs partially funded by parents, students, and interdistrict tuition payments. Operating grants and contributions and capital grants and contributions increased \$4,403,602 primarily due to the FEMA grant activity for storms Alfred and Irene (\$2,214,771), unbudgeted education program grants, the construction grant from the State for the Library (\$1,000,000), and some smaller projects funded by ARRA, DEP, and Department of Justice funds. Investment income decreased \$165,078 due to the continued decline in interest rates and miscellaneous revenues decreased \$200,791 due to unexpected one-time revenues received for recycling rebate, energy incentives, insurance proceeds, that occurred in 2011 and were not received in 2012.

Major program expenses in 2012 were higher for general government, public safety, public works, and education. The Town's operating costs were significantly greater than the previous year primarily from costs associated with Hurricane Irene in August 2011 and winter storm Alfred in October 2011 with the majority of the costs dedicated to town wide clean up of debris from damaged trees, overtime costs for public safety, public works, emergency management costs, and associated shelter costs. Public safety costs were higher (\$297,521) also due to hydrant and water usage costs, and parts and repairs on older equipment. Public works costs were substantially higher as the storm debris collection and disposal costs were captured in this program (\$2,566,322). Interest expense showed an expected decrease (\$38,054) due to favorable rates on note issuance and retired debt. The increase in the Board of Education program expenses, is related to recording the additional intergovernmental, tuition, and program revenues received along with the associated expenditures and the recording of the on-behalf payment made by the State towards the teacher's retirement (\$4,092,570). There continues to be community expectations for a rate of tax growth that approximates inflation with accompanying requests for additional and higher quality services by our residents. In response to these trends, the Town's budget included a mix of initiatives, which are designed to reduce taxpayer costs in some areas, but also increase services where needed in others. Some examples are continued restructured staffing arrangements in Public Safety (Protection and Communication) continued cross training of staff in Conservation and Development (Department of Planning and Community Development), a continued shift of recreation activity and park maintenance costs from the General Fund to be supported by user fees in the Recreation Activities Fund (Special Revenue Fund), continued planning with area towns for shared services arrangements, and increased hours for part-time positions in the Library in an attempt to limit full-time personnel increases with the accompanying benefit costs. The Town has undertaken a conscious policy of trying to restrain the rate of growth in the number of people employed by the Town by seeking alternative methods of service delivery. This has been done by establishing contractual relationships for landscaping and custodial work, bidding snowplowing/sanding on some roads and contracting certain landfill recycling programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following chart presents the costs of each of each of the Town's five largest programs as well as each program's net expenses (total expenses less revenues generated by the activities). The net expenses show the financial burden that was placed on the Town's taxpayers by each of these functions.



The majority of Avon's operating revenues come from property taxes levied on residents' homes, commercial and personal property, and motor vehicles. Roughly 57% of the service charges, \$3,304,802, are generated by public works, public safety and general government. The Board of Education contributed \$1,975,268 or 34% in service fees as well. Avon has never been reliant on state and federal grants that, while helpful in keeping our overall costs down, do not contribute significantly to total revenues.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, our governmental funds reported combined ending fund balances of \$8,356,357, a decrease of \$2,529,222 in comparison with the prior year. Of this total amount, \$195,473 is nonspendable (prepaid and inventory), \$147,936 use is restricted by governmental grants or other legal restriction, \$2,646,944 is committed by the Town Council (budget-making authority),

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

\$2,318,586 is assigned and \$3,047,418 is unassigned. \$6,610,507 of General Fund and (\$3,563,089) in CIFA is available for spending at the government's discretion (unassigned fund balance).

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 \$6,610,507, while total fund balance reached \$9,119,240. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.42% of total General Fund expenditures and transfers out of \$78,487,526, while total General fund balance represents 11.62% of that same amount.

The fund balance of Avon's General Fund increased by \$1,113,986 during the current fiscal year. Key factors contributing to this increase was receipt of FEMA Federal Highway funds (\$431,248), management plan to return unused appropriations for consideration in capital requests for the 2013 budget (\$112,384), management plan to return funds to fund balance per credit rating interviews in September 2012 in anticipation of Library debt issuance in October 2012, and management plan to return sale of property revenues to fund future capital asset replacement (\$22,352). It should be noted that supplemental appropriations made during the year required the use of \$85,370 of fund balance and that \$550,052 in encumbrances from 2012 are authorized to be carried over to the following fiscal year, classified as assigned amounts in the General Fund.

The Capital Improvement Fund Account (CIFA) is one of Avon's major governmental funds. Most of the Town's major capital expenditures are processed through this account. Bond anticipation note (BAN) and bond proceeds are also handled in the CIFA account. Fund balance decreased \$3,487,881 from (\$75,208) to (\$3,563,089) primarily due to the issuance of BANs that are reported as a fund liability until the notes were replaced with long term debt. The CIFA Fund Balance of (\$3,563,089) that is available for future capital projects is negative due to the issuance of the BANs.

Proprietary Funds. The Town of Avon's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Avon uses an internal service fund to self-fund employee medical insurance for the Town and the Board of Education.

Unrestricted net assets of the Internal Service Fund at the end of the year amounted to \$1,969,811. The total change in net assets for the fund was an increase of \$122,181. Operating revenues for the fund, representing charges for services that are health insurance premiums paid by Town and Board of Education, amounted to \$7,928,348. Operating expenses for medical claims were \$7,806,167.

General Fund Budgetary Highlights

The original budget of \$69,420,290 increased \$4,497,220 during the year to \$73,917,510. The significant supplemental and additional appropriations are noted below:

Revenues

- \$1,767,295 addition from FEMA intergovernmental revenues for Alfred and Irene;
- \$1,315,721 addition from unbudgeted intergovernmental Education Program Grants and charges for services unbudgeted revenues for user and program fees in education;
- \$495,120 addition for charges for services revenues for user and program fees in education;
- \$340,185 addition from supplemental real estate and motor vehicle revenues;
- \$200,089 addition from buildings, structures and equipment permit fees based upon activity;
- \$131,511 addition from charge for services for Board of Education employee benefit contributions;

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- \$85,370 appropriation from fund balance for funding Board of Education teacher's stipend (\$9,000), funding for Avon Middle School floor and ceiling repairs (\$38,780), funding for Avon High School building and sidewalk repairs (\$12,860) and to fund server replacements at various school locations (\$24,730);
- \$60,750 from Other Local Revenues. (31,750 for Refunds & Reimbursement; 18,398.91 for Donations & Grants, and 10,601.09 for sale of Property);
- \$40,139 addition from intergovernmental revenues Department of Justice grant Police Dispatch study;
- \$36,545 addition from intergovernmental ARRA Relamp grant for Town Hall campus lighting;
- \$20,250 addition from Youth Services Bureau Grant;
- \$4,245 addition from charges for services recording and conveyance activity.

Expenditures

- \$1,942,352 for funding education expenditures incurred with unbudgeted revenues received, for which in previous years had been accounted for in a revolving account. These revenues and associated expenditures will now be budgeted "in the gross" in future budgets;
- \$1,594,422.90 for recording the 75% FEMA funding of debris removal for the Town Roadways Division associated with the major disaster during the period October 29 through October 30, 2011 to the Public Works programs in the operating budget;
- \$544,519.45 for covering the expenditure variance in Public Works with positive budgetary revenue performance activity (after FEMA funding and after General Fund transfers) associated with the major disaster during the period October 29 through October 30, 2011;
- \$137,656.04 for recording the 75% FEMA funding for the various divisions of the Town and Board of Education for emergency work associated with the major disaster during the period October 29 through October 30, 2011;
- \$85,370 for funding Board of Education teacher's stipend (\$9,000), funding for Avon Middle School floor and ceiling repairs (\$38,780), funding for Avon High School building and sidewalk repairs (\$12,860) and to fund server replacements at various school locations (\$24,730);
- \$40,139.37 for funding the public safety dispatch study with a grant from the Department of Justice;
- \$36,545 for funding town hall campus lighting project with a State grant;
- \$35,216.22 for recording the FEMA funding to Public Works for the major disaster Hurricane Irene during the period August 2011;
- \$20,250 for health and social services to fund the Youth Services Program;
- \$19,000 to fund a new Animal Control Officer service vehicle for public safety;
- \$19,000 to reimburse the Town for legal fees per a settlement agreement with the Town and a resident in a tree cutting dispute;
- \$12,750 for funding consulting services for conservation and development for review of the proposed master plan for Avon Center Study;
- \$10,000 for funding landscape equipment trailers for public works

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Of the increase, \$4,411,850 was funded out of miscellaneous increases in various grants, charges for services, one-time revenues, interlocal funding, transfers in from other line items, and reductions in other expenditures, detail as provided in the highlights above. The remaining \$85,370 was budgeted from available fund balance with the detail provided in the seventh bullet under General Fund Budgetary Highlights, Revenues and in the fifth bullet under Expenditures.

Capital Asset and Debt Administration

Capital Assets. The Town of Avon's investment in capital assets for its governmental assets includes land, buildings and improvements, land improvements, equipment, vehicles and infrastructure (roads, sewer lines, storm drains). The total net increase in our investment in capital assets for the current fiscal year was \$3,794,328 (2.56%).

Major capital asset events during the current fiscal year included the following:

- AMS Tennis Court has been completed for a total of \$99,337.15 with funding from the capital budget, USTA grant and in-kind services in the current year.
- 7.58 CU Dump Truck has been purchased for the cost of \$184,339.38.
- The Library Expansion Project; current year expenditures were \$5,725,329.76; soft opening occurred in April 2012 with grand reopening June 10, 2012.
- Emergency replacement of seven roof top units at the Roaring Brook School for a cost of \$78,885.
- Old Farms Road/Thompson Reconstruction Project Design costs of \$79,587.75 in cooperation with the State of Connecticut Department of Transportation and future Federal grant funds to fund the 30 year old Project 04-129 for road safety improvements.
- Police Communication Center Upgrade completed with expenditures for the year of \$10,692.10.
- Purchased a van for the Animal Control Officer with funding from the operating budget, community fundraising efforts and donations for a total cost of \$19,000.
- Purchased an automobile for Police from the operating budget for a cost of \$24,735.

CAPITAL ASSETS, NET OF DEPRECIATION JUNE 30, 2012 AND 2011

	Governmental Activities	
	2012	2011
Land	\$ 7,662,553	\$ 7,662,553
Construction in progress	41,424,443	54,474,809
Land improvements	1,424,383	1,508,372
Buildings and improvements	60,511,419	45,229,225
Equipment	4,385,726	2,637,770
Vehicles	2,191,960	2,195,436
Infrastructure	34,158,262	34,246,630
Total	\$ <u>151,758,746</u>	\$ <u>147,954,795</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Additional information on the Town of Avon's capital assets can be found in Note 3C on page 38 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town of Avon had \$29,570,000 of long-term general obligation bonded debt issued and \$7,000,000 bond anticipation notes outstanding. All of the Town's debt is general obligation and backed by the full faith and credit of the Town.

OUTSTANDING DEBT GENERAL OBLIGATION BONDS AND BOND ANTICIPATION NOTES JUNE 30, 2012

Bonds			Date of Fiscal Year Maturity		
Date	Purpose	Rate %	Original Issue	Debt Outstanding	
7/15/98	High School Renovations	4.10-4.75	\$ 6,915,000	\$ 431,250	2013
7/15/98	Sewer Interceptor	4.10-4.75	550,000	33,750	2013
7/15/02	Fisher Farms Open Space	3.00-5.00	1,295,000	328,000	2016
7/15/02	Thompson Brook School	3.00-5.00	14,245,000	3,672,000	2016
10/15/09	Town Hall Renovations	2.00-3.25	2,295,000	2,065,000	2027
10/15/09	High School Renovations	2.00-3.25	23,218,000	20,905,000	2027
10/15/09	Avon Middle School Roof	2.00-3.25	2,372,000	2,135,000	2027
Total Bonds			\$ 50,890,000	\$ 29,570,000	
Notes					
11/1/11	Avon Free Public Library	1.50	\$ 7,000,000	\$ 7,000,000	2012

The Town of Avon's total debt decreased by \$2,562,291 (6.85%) during the current fiscal year. The Town retired \$7,000,000 and issued \$7,000,000 of bond anticipation notes used to temporarily finance the renovations, additions and improvements to the Avon Free Public Library.

The primary source of funding for this project will be the Town issuing bonds and notes. The Town was awarded a \$1,000,000 grant from the State Library for this project and the Library Board of Trustees held a fundraising campaign and has raised the final \$500,000 needed. The Town's policy of aggressively retiring its bonds (shorter maturities than statutory maximums) prevents us from being able to refund our higher rate bonds at current low interest rates.

Avon has earned the highest credit rating possible, "Aaa" from Moody's Investors Service, Inc., and "AAA" from Standard & Poors for all of its general obligation debt. In September 2012, the Town's credit rating was affirmed by both Moody's and Standard & Poors.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collections plus interest and lien fees (seven times \$69,976,377). For June 30, 2012 the maximum amount of borrowing permitted under the formula would be \$489,834,639. With net borrowings of \$54,999,110 the Town of Avon's outstanding general obligation debt is \$434,835,529 below the maximum debt limitation (see "Schedule of Debt Limitation" on Table 13 of this report).

Additional information on the Town's long-term debt can be found in Note 3F on pages 41-43 of this document.

Economic Factors and Next Year's Budget and Rates

- Grand list growth is expected to increase by 1.117%.
- Property tax collections will exceed 99% with the reserve for uncollectible at \$665,565.
- Assessment appeals and tax refunds will approximate 1% of tax revenues.
- Anticipating moderate growth in new single family housing permits as the Town matures. However housing prices have remained relatively stable.
- Increase in revenues from recording and conveyance fees based on current sales of existing properties and current mortgage interest rates.
- Discretionary grant revenues are expected to decrease in some areas and remain essentially the same in others. The Town's adopted budget for 2013 reflects a total reduction in estimated State aid of \$495,768 as compared to 2012. The State's adopted budget for the statutory formula grants reflects a decrease of \$24,358 when compared to the local adopted. Although Avon receives such a small portion of its revenues from state grants, reductions in these grants may have an impact on Town services.
- Avon intends that user fees cover the majority of costs of certain services such as sewer use, sewer connection, landfill and recreational programs. These fees are reviewed annually and reset according to expected usage and inflation. Sewer charges will remain at \$300 per year and landfill fees are anticipated to decrease slightly as a result of less bulky waste revenues due to E-waste recycling.
- Construction grants continue to decline in the education construction reimbursement area, reflecting the State's change to progress payments versus reimbursements. Fiscal year 2013 will be the final payment to be received under the school construction reimbursement program.
- The Town has projected investment income to decline \$45,000 to \$105,000, due to historically low interest rates pushed down to nearly zero.
- Personal services (salary and benefits) increase (not including sewers) will amount to \$428,779 (72.66%) of the Town General Fund expenditures. Overall wages increased by \$268,318 as compared to 2012. The Town operating expenditures reflect hourly increases for nonorganized personnel, classification adjustments, step increases and funding for two prior year partially funded sworn police positions with the additional funding resulting from decreased hours and funding for a Public works administrative position and an unfilled Library Assistant Director position. Conversion, reassignments and re-alignments allow for the funded full time positions to remain at 105, same as fiscal year 2012.
- Increased insurance premium sharing by employees. All current employees contribute 15% - 20%; all new hires for Police, Dispatch, Non-Organized and Public works contribute 20% toward both health and dental care.
- Employee benefits have increased by \$218,848 (3.76%). The increase is caused by a number of factors including increased contribution to the defined benefit plan (\$33,191 or 1.591%), where the interest rate return assumption has been reduced from 8.00% to 7.75%, which also increased the funding requirement. Hospitalization funding increased \$55,480 or 4.06% mitigated by participation of twenty-four (24) employees opting out through the Town's Health Insurance Waiver Program. The budgeted OPEB contribution will increase (\$125,000) each year over the next several years, supported by supplementing the budgeted amount with a contribution from the Post Retirement Medical Benefits Reserve Fund until exhausted, with the plan of full funding for the annual required contribution supported in the budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- The Board of Education's criteria that was used to shape the budget was to evenly distribute the impact of reductions, budget the necessary instructional materials, fund required program needs per Federal and State special education legislation, meet employment contractual obligations, adequately fund utilities, maintenance, and transportation and level fund or reduce budget by prioritizing needs without impacting teaching and learning for any student.
- Virtually the entire Board of Education increase relates to teacher salary and benefit increases.
- Continue cooperative ventures regionally, and with the Town and Board of Education. Renewed arrangements with the Town of Canton to provide Assessing and Animal Control Officer Services for a fee.
- Fund larger multi-year capital projects on a phased-in basis, with \$275,000 of the cash CIP projects funded from the Sewer Fund Special Revenue Fund.
- At the close of the 2012 fiscal year, unassigned fund balance in the General Fund amounted to \$6,610,507. The Board of Finance has decided no use of General Fund unassigned fund balance to mitigate the tax impact for the 2012-2013 budget.

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

Requests for Information

This financial report is designed to provide a general overview of the Town of Avon's finances for all those with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 60 West Main Street, Avon, CT 06001.

TOWN OF AVON, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 21,552,687
Investments	865,482
Receivables, net of allowance for uncollectibles	
Property taxes	179,523
Assessments	48,160
Intergovernmental	2,446,700
Accounts	78,870
Other current assets and deferred charges	195,473
Total current assets	<u>25,366,895</u>
Noncurrent assets:	
Receivables, net of allowance for uncollectibles	354,286
Net pension asset	67,031
Deferred charges	18,755
Capital assets, nondepreciable	49,086,996
Capital assets, net of accumulated depreciation	102,671,750
Total noncurrent assets	<u>152,198,818</u>
Total assets	<u>177,565,713</u>
Liabilities:	
Current liabilities:	
Accounts payable	2,174,568
Accrued liabilities	433,688
Unearned revenue	5,153,483
Bond anticipation notes	7,000,000
Other current liabilities	226,820
Noncurrent liabilities, due within one year	3,818,588
Total current liabilities	<u>18,807,147</u>
Noncurrent liabilities:	
Due in more than one year	31,050,083
Total liabilities	<u>49,857,230</u>
Net Assets:	
Invested in capital assets, net of related debt	115,379,009
Unrestricted	12,329,474
Total Net Assets	<u>\$ 127,708,483</u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
General government	\$ 3,699,703	\$ 594,069	\$ 25,665	\$	\$ (3,105,634)
Public safety	9,135,168	673,164			(8,436,339)
Public works	9,025,502	2,037,569	2,566,726	60,399	(4,360,808)
Health and social services	455,739	22,691			(433,048)
Recreation and parks	1,370,892	473,231	32,241		(865,420)
Educational - cultural	1,402,620	11,375	1,245	1,000,000	(390,000)
Conservation and development	561,273	21,683			(539,590)
Board of Education	55,476,822	1,975,268	8,501,354		(45,000,200)
Interest on long-term debt	1,045,803			5,568	(1,040,235)
Total Governmental Activities	<u>\$ 82,173,522</u>	<u>\$ 5,809,050</u>	<u>\$ 11,127,231</u>	<u>\$ 1,065,967</u>	<u>(64,171,274)</u>
General Revenues:					
Property taxes					66,459,769
Grants and contributions not restricted to specific programs					608,088
Investment income					94,451
Miscellaneous					1,044,056
Total general revenues					<u>68,206,364</u>
Change in net assets					4,035,090
Net Assets at Beginning of Year					<u>123,673,393</u>
Net Assets at End of Year					<u>\$ 127,708,483</u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 20,836,904	\$ 526,833	\$ 188,950	\$ 21,552,687
Investments	865,482			865,482
Receivables, net	2,410,312	38,202	578,331	3,026,845
Due from other funds	124,764	2,966,452	3,163,871	6,255,087
Other	190,147		5,326	195,473
Total Assets	<u>\$ 24,427,609</u>	<u>\$ 3,531,487</u>	<u>\$ 3,936,478</u>	<u>\$ 31,895,574</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,453,388	\$ 94,576	\$ 136,651	\$ 1,684,615
Accrued liabilities	433,688			433,688
Due to other funds	8,590,087		124,764	8,714,851
Deferred revenue	4,753,028		874,857	5,627,885
Bond anticipation notes payable		7,000,000		7,000,000
Other liabilities	78,178			78,178
Total liabilities	<u>15,308,369</u>	<u>7,094,576</u>	<u>1,136,272</u>	<u>23,539,217</u>
Fund balances:				
Nonspendable	190,147		5,326	195,473
Restricted			147,936	147,936
Committed			2,646,944	2,646,944
Assigned	2,318,586			2,318,586
Unassigned	6,610,507	(3,563,089)		3,047,418
Total fund balances	<u>9,119,240</u>	<u>(3,563,089)</u>	<u>2,800,206</u>	<u>8,356,357</u>
Total Liabilities and Fund Balances	<u>\$ 24,427,609</u>	<u>\$ 3,531,487</u>	<u>\$ 3,936,478</u>	<u>\$ 31,895,574</u>

(Continued on next page)

TOWN OF AVON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
STATEMENT OF NET ASSETS

JUNE 30, 2012

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balance (Exhibit III)	\$ 8,356,357
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets	197,146,222
Accumulated depreciation	(45,387,476)

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:

Property tax interest and lien accrual	18,960
Property tax and sewer assessment receivable - accrual basis change	474,402
School building grant receivable	67,044
Allowance for doubtful accounts	(5,310)
Bond issue costs	18,755
Net pension asset	67,031

Internal service funds are used by management to charge the cost of medical insurance to individual departments. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,969,811
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(29,570,000)
Compensated absences	(2,117,940)
Net other post employment benefit obligation	(2,484,161)
Landfill postclosure liability	(360,000)
Bond premium	(336,570)
Accrued interest payable	(148,642)

Net Assets of Governmental Activities (Exhibit I)	\$ <u>127,708,483</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 66,477,970	\$	\$	\$ 66,477,970
Intergovernmental	10,519,982	1,022,169	1,432,470	12,974,621
Charges for services	2,145,861		3,663,189	5,809,050
Investment income	94,352	73	26	94,451
Other local revenues	329,915	558,702	172,866	1,061,483
Total revenues	<u>79,568,080</u>	<u>1,580,944</u>	<u>5,268,551</u>	<u>86,417,575</u>
Expenditures:				
Current:				
Town Council:				
General government	3,118,441		24,633	3,143,074
Public safety	8,508,185		98,151	8,606,336
Public works	6,543,749		1,817,712	8,361,461
Health and social services	434,439			434,439
Recreation and parks	853,596		362,494	1,216,090
Educational - cultural	1,392,328			1,392,328
Conservation and development	550,396			550,396
Miscellaneous	232,806			232,806
Total town council	<u>21,633,940</u>	<u>-</u>	<u>2,302,990</u>	<u>23,936,930</u>
Board of Education	51,292,289		2,610,488	53,902,777
Debt service	4,658,237			4,658,237
Capital outlay		6,297,893	150,960	6,448,853
Total expenditures	<u>77,584,466</u>	<u>6,297,893</u>	<u>5,064,438</u>	<u>88,946,797</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,983,614</u>	<u>(4,716,949)</u>	<u>204,113</u>	<u>(2,529,222)</u>
Other Financing Sources (Uses):				
Transfers in	33,432	1,262,500	80,560	1,376,492
Transfers out	<u>(903,060)</u>	<u>(33,432)</u>	<u>(440,000)</u>	<u>(1,376,492)</u>
Net other financing sources (uses)	<u>(869,628)</u>	<u>1,229,068</u>	<u>(359,440)</u>	<u>-</u>
Net Change in Fund Balances	1,113,986	(3,487,881)	(155,327)	(2,529,222)
Fund Balances at Beginning of Year	<u>8,005,254</u>	<u>(75,208)</u>	<u>2,955,533</u>	<u>10,885,579</u>
Fund Balances at End of Year	<u>\$ 9,119,240</u>	<u>\$ (3,563,089)</u>	<u>\$ 2,800,206</u>	<u>\$ 8,356,357</u>

(Continued on next page)

TOWN OF AVON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (2,529,222)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	6,456,922
Depreciation expense	(2,626,454)
Loss on disposal of capital assets	(26,517)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(188,956)
Increase in property tax and assessments receivable - accrual basis change	224,639
Increase in property tax interest and lien revenue	4,082
Increase in property tax and sewer use allowance for doubtful accounts	4,760
Net pension asset	(499)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of 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 details of these differences in the treatment of long-term debt and related items are as follows:

Accrued interest	36,363
Principal payments	3,550,000
Amortization of bond issue costs	(4,500)
Amortization of bond premiums	30,571

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in long-term compensated absences	(315,810)
Increase in other post employment benefit obligation	(732,470)
Landfill postclosure payments	30,000

The net income of the internal service funds is reported with the governmental activities.	<u>122,181</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u><u>\$ 4,035,090</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 66,060,346	\$ 66,400,531	\$ 66,477,970	\$ 77,439
Intergovernmental	1,691,053	4,871,003	5,455,704	584,701
Charges for services	1,230,290	2,061,255	2,116,542	55,287
Investment income	150,000	150,000	33,947	(116,053)
Other local revenues	288,601	349,351	342,944	(6,407)
Total revenues	<u>69,420,290</u>	<u>73,832,140</u>	<u>74,427,107</u>	<u>594,967</u>
Expenditures:				
Current:				
Town Council:				
General government	2,861,166	2,885,593	2,880,633	4,960
Public safety	8,515,275	8,516,472	8,502,815	13,657
Public works	4,087,689	6,627,387	6,569,591	57,796
Health and social services	420,962	434,726	434,726	-
Recreation and parks	863,268	841,885	841,885	-
Educational - cultural	1,422,133	1,385,570	1,385,570	-
Conservation and development	560,190	548,764	547,967	797
Miscellaneous	318,890	232,805	232,805	-
Total town council	<u>19,049,573</u>	<u>21,473,202</u>	<u>21,395,992</u>	<u>77,210</u>
Board of Education	44,707,244	46,770,627	46,734,377	36,250
Debt service	4,760,413	4,770,621	4,658,237	112,384
Total expenditures	<u>68,517,230</u>	<u>73,014,450</u>	<u>72,788,606</u>	<u>225,844</u>
Excess of Revenues over Expenditures	<u>903,060</u>	<u>817,690</u>	<u>1,638,501</u>	<u>820,811</u>
Other Financing Sources (Uses):				
Appropriation of fund balance		85,370		(85,370)
Transfers in			33,432	33,432
Transfers out	<u>(903,060)</u>	<u>(903,060)</u>	<u>(903,060)</u>	<u>-</u>
Net other financing uses	<u>(903,060)</u>	<u>(817,690)</u>	<u>(869,628)</u>	<u>(51,938)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	768,873	\$ <u>768,873</u>
Fund Balance at Beginning of Year			<u>6,901,665</u>	
Fund Balance at End of Year			\$ <u>7,670,538</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

JUNE 30, 2012

	Governmental Activities
	Internal Service Fund
Assets:	
Current assets:	
Due from other funds	\$ <u>2,459,764</u>
Liabilities:	
Current liabilities:	
Claims payable	<u>489,953</u>
Total Net Assets	\$ <u><u>1,969,811</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Operating revenues:	
Charges for services:	
Town	\$ 1,752,790
Board of Education	6,175,558
Total operating revenues	<u>7,928,348</u>
Operating expenses:	
Medical claims:	
Town	1,645,783
Board of Education	6,160,384
Total operating expenses	<u>7,806,167</u>
Change in Net Assets	122,181
Net Assets at Beginning of Year	<u>1,847,630</u>
Net Assets at End of Year	<u>\$ 1,969,811</u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 7,860,693
Claims paid	<u>(7,860,693)</u>
Net cash provided by operating activities	<u>-</u>
Net Increase in Cash	-
Cash at Beginning of Year	<u>-</u>
Cash at End of Year	\$ <u><u>-</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 122,181
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in due from other funds	(67,655)
Decrease in claims payable	<u>(54,526)</u>
Net Cash Provided by Operating Activities	\$ <u><u>-</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2012

	<u>Pension</u>	<u>Other Post Employment Benefit Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ <u>401,577</u>	\$ <u>1,029</u>	\$ <u>355,283</u>
Investments, at fair value:			
Guaranteed interest contract	1,390,583		
Mutual funds	<u>18,411,238</u>	<u>1,738,554</u>	
Total investments	<u>19,801,821</u>	<u>1,738,554</u>	<u>-</u>
Total assets	<u>20,203,398</u>	<u>1,739,583</u>	<u>\$ 355,283</u>
Liabilities:			
Fiduciary deposits	<u></u>	<u></u>	<u>\$ 355,283</u>
Net Assets:			
Net Assets Held in Trust for Pension Benefits and Other Purposes	<u>\$ 20,203,398</u>	<u>\$ 1,739,583</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Pension</u>	<u>Other Post Employment Benefit Fund</u>
Additions:		
Contributions:		
Employer	\$ 2,348,922	\$ 1,749,000
Plan members	362,704	
Total contributions	<u>2,711,626</u>	<u>1,749,000</u>
Investment income:		
Net depreciation in fair value of investments	(434,123)	
Interest and dividends	640,230	41,633
Total investment income	<u>206,107</u>	<u>41,633</u>
Less investment expenses	25,459	725
Net investment income	<u>180,648</u>	<u>40,908</u>
Total additions	<u>2,892,274</u>	<u>1,789,908</u>
Deductions:		
Benefits	3,379,741	1,474,000
Administration	9,931	13,090
Total deductions	<u>3,389,672</u>	<u>1,487,090</u>
Changes in Net Assets	(497,398)	302,818
Net Assets at Beginning of Year	<u>20,700,796</u>	<u>1,436,765</u>
Net Assets at End of Year	<u>\$ 20,203,398</u>	<u>\$ 1,739,583</u>

The accompanying notes are an integral part of the financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

The notes to basic financial statements contain a summary of significant accounting policies and other notes considered necessary for a clear understanding of the basic financial statements.

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Avon, Connecticut (the Town) was incorporated in May 1830 under the provisions of the Connecticut General Statutes. The Town operates under the Town Manager/Town Council form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

Accounting principles generally accepted in the United States of America (GAAP) require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included as part of the program expense reported for individual funds and activities. 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 or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

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

The *CIFA Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases. The major sources of revenue for this fund are bond proceeds and intergovernmental revenues.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Additionally, the government reports the following fund types:

The *Internal Service Fund* accounts for risk financing activities for medical insurance benefits.

The *Pension Trust Funds* account for the activities of the Avon Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees. The postemployment healthcare trust fund accounts for resources for postretirement medical costs.

The *Other Post Employment Benefit Trust Fund* is used to account for the activities for both Town and Board of Education for other postemployment benefits (e.g. health insurance, life insurance) which accumulate resources for other postemployment benefit payments to qualified employees.

The *Agency Funds* account for monies held on behalf of students and for various Board of Education programs.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges to customers for medical insurance premiums. Operating expenses for internal service funds include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned, and then unassigned.

C. Cash Equivalents

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

D. Investments

Investments for the Town are reported at fair value.

E. 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 noncurrent portion of interfund loans).

F. Property Taxes and Other Receivables

In the government-wide financial statements, all trade, property tax, sewer use, sewer assessment and loan receivables are shown net of an allowance for uncollectible accounts.

In the fund financial statements, all property taxes receivable at June 30, 2012, which have not been collected within 60 days of June 30, have been recorded as deferred revenue, since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60-day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of 1-1/2% per month. An amount of \$64,577 has been established as an allowance for uncollected taxes. At June 30, 2012, this represents 28% of property taxes receivable.

G. Capital Assets

Capital assets, which include property, plant, 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 government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	10-20
Land improvements	15-25
Roads	80
Sewer lines	100
Storm drains	40
Vehicles	7-25
Equipment	5-35
Computer equipment	5-10

H. Net Pension Assets/Net Other Post Employment Benefit Obligation

The net pension asset/net other post employment benefit (OPEB) obligation represents the cumulative difference between the annual pension/OPEB cost and the Town's contributions to the plans. These amounts are calculated on an actuarial basis and are recorded as noncurrent assets or liabilities, respectively, in the government-wide financial statements.

I. Compensated Absences

The Town and Board of Education employees are granted vacation and sick leave based upon length of employment. In the event of termination, employees are compensated for accumulated vacation and sick time and the expenditure is recognized in the governmental fund financial statements, typically, the General Fund.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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 and amortized over the term of the related debt.

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

K. Fund Equity and Net Assets

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

In the government-wide financial statements, net assets are classified into the following categories:

Invested in Capital Assets, Net of Related Debt - This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for noncapital purposes is excluded.

Restricted Net Assets - This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Assets - This category represents the net assets of the Town which are not restricted.

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. Fund balance commitments are created when a formal resolution from the Town Manager (as prepared by the Finance Director) is presented to the Town Council and a recommendation is made to the Board of Finance to approve the resolution and subsequent approval is attained.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter. This includes department heads, heads of offices, and designees or authorized agents of the Town Manager.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

L. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The Town established a Town-wide budget in accordance with provisions of its Charter and the Connecticut General Statutes. Budgets for the General Fund, Sewer Fund, State and Federal Education Grants Fund, School Cafeteria Fund, Recreational Activities Fund, Local Capital Improvement Program Fund, Forest Park Management Fund, Town Aid Road Fund, Police Special Services Fund and Use of School Facilities Fund are legally adopted annually at the Annual Town Meeting. Transfers and supplemental appropriations were approved during the year in accordance with provisions of its Charter and the Connecticut General Statutes. There were \$4,497,220 of additional appropriations during the year in the General Fund.

- Annual operating budgets are prepared and employed for management control for the General Fund. Unencumbered appropriations of these funds lapse at year end. Encumbered appropriations are carried forward. Transfer of funds between appropriations shall be approved by the Town Council for amounts not exceeding 1/10 of 1% of the current Town operating budget. Transfers exceeding 1/10 of 1% are approved by the Board of Finance upon recommendation of the Town Council. Additional appropriations may be made by the Board of Finance upon favorable recommendation of the Town Council. The legal level of control is at the department level. Line items within these departments may individually exceed their appropriations, as long as in the aggregate they do not. Management is not authorized to transfer budgeted amounts or to approve additional appropriations.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Council approval.
- Nonlapsing project budgets exceeding one year in length are employed for the capital projects funds. These budgets are not “annual” budgets; they are nonlapsing budgets and span two to three years.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

- Encumbrances 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, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. 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.

A reconciliation of revenues, expenditures and fund balance between the accounting treatment required by GAAP and budgetary requirements is as follows:

	<u>Revenues</u>	<u>Expenditures and Transfers</u>	<u>Fund Balance</u>
Balance, budgetary basis - June 30, 2012	\$ 74,460,539	\$ 73,691,666	\$ 7,670,538
Encumbrances outstanding June 30, 2012 charged to budgetary expenditures during the year ended June 30, 2012		(550,053)	550,053
Encumbrances received and liquidated in the current year		179,829	
Underliquidation of encumbrances from June 30, 2011	(13,029)		
Encumbrances outstanding from the prior year, still outstanding at end of current fiscal year			7,945
Change in accrued payroll		52,181	(232,779)
State Teachers' Retirement on-behalf payment	4,857,403	4,857,403	
Revenues and expenditures of OPEB Special Revenue, combined with General Fund for GASB 54	<u>296,599</u>	<u>256,500</u>	<u>1,123,483</u>
Balance, GAAP basis - June 30, 2012	<u>\$ 79,601,512</u>	<u>\$ 78,487,526</u>	<u>\$ 9,119,240</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

B. Capital Projects Authorizations

The following is a summary of capital projects at June 30, 2012:

<u>Capital Project</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2012</u>
Capital and nonrecurring CIFA:	\$ 1,324,475	\$ 150,960	\$ 1,151,107	\$ 173,368
General government	15,905,946	5,989,623	13,534,023	2,371,923
Board of Education	<u>31,634,792</u>	<u>308,270</u>	<u>30,839,968</u>	<u>794,824</u>
Total	<u>\$ 48,865,213</u>	<u>\$ 6,448,853</u>	<u>\$ 45,525,098</u>	<u>\$ 3,340,115</u>

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. 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 do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$0- of the Town's bank balance of \$7,105,566 was exposed to custodial credit risk at June 30, 2012.

Cash Equivalents

At June 30, 2012, the Town's cash equivalents amounted to \$15,770,920. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard & Poor's</u>
SBT Investment Services*	
Webster Investments*	
Cutwater Asset Management	
CT CLASS Plus	AAAm

*Not rated

Investments

As of June 30, 2012, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1-10</u>	<u>More Than 10</u>
Guaranteed Investment Certificate	A	\$ 826,974	\$	\$ 826,974	\$
Guaranteed Investment Certificate	A-2/P-2	563,609	563,609		
		1,390,583	\$ 563,609	\$ 826,974	\$ -
Mutual Fund	N/A	21,015,274			
Total Investments		\$ 22,405,857			

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Interest Rate Risk - The Town limits their maximum final stated maturities to 15 years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

Concentration of Credit Risk - The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), 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 does not have a policy for custodial credit risk. At June 30, 2012, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government-sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service.

The Town's pension investments are governed by its *Statement of Investment Policies and Objectives*. The policy details asset mix ranges for the following classes of investments: core equities (40% - 50%), international equities (0% - 10%), small to mid-cap equities (0% - 10%), fixed income investments (40% - 50%) and cash equivalents (0% - 10%). The overall investment return is expected to exceed the actuarial investment return assumption, the inflation rate as measured by the Consumer Price Index, and the return of a passively managed portfolio. Each portfolio has specific objectives as well. The annualized return of the Balanced Portfolio should exceed by at least 1% the return of a specified group of weighted balanced indexes. The annualized return of the Domestic Equity portfolio should exceed the return of the S&P 500 Stock Index by 1.5% and rank in the upper 40% of a broad universe of managers with similar objectives. The annualized return of the fixed income portfolio is expected to exceed by 1% the Lehman Brothers Aggregate Note Index and rank in the upper 40% of a broad universe of managers with similar objectives.

Investment guidelines further spell out the parameters under which the plan's active managers must operate. Overall, no more than 5% of total assets can be invested in any one company's securities, and no more than 15% in any one industry (except for U.S. government securities). In addition, no more than 5% of a corporation's outstanding issues in a given security class may be purchased. Each portfolio has specific guidelines which reflect or further define the general guidelines.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Investment manager performance and compliance with the investment policy is reviewed periodically by a committee of Town officials and a pension consultant.

For the Capital and Nonrecurring Expenditures Fund, not more than 31% can be invested in equity securities.

B. Receivables

Fund receivables as of June 30, 2012, including the applicable allowances for collection losses, are as follows:

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Property taxes	\$ 230,450	\$	\$	\$ 230,450
Assessments			402,446	402,446
Intergovernmental	2,219,235	38,202	160,421	2,417,858
Accounts	25,204		15,464	40,668
Gross receivables	2,474,889	38,202	578,331	3,091,422
Allowances	(64,577)			(64,577)
Net Receivables	<u>\$ 2,410,312</u>	<u>\$ 38,202</u>	<u>\$ 578,331</u>	<u>\$ 3,026,845</u>

Governmental funds report unearned 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>
General Fund:		
Delinquent property taxes receivable	\$ 71,956	\$
Property taxes collected in advance		4,681,072
Nonmajor Funds:		
Special assessments not yet due	402,446	
Special assessments collected in advance		274,903
Education revenues collected in advance		46,263
Grant draw downs prior to meeting eligibility requirements		151,245
	<u>\$ 474,402</u>	<u>\$ 5,153,483</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balance July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,662,553	\$	\$	\$ 7,662,553
Construction in progress	<u>54,474,809</u>	<u>6,214,011</u>	<u>19,264,377</u>	<u>41,424,443</u>
Total capital assets not being depreciated	<u>62,137,362</u>	<u>6,214,011</u>	<u>19,264,377</u>	<u>49,086,996</u>
Capital assets being depreciated:				
Land improvements	1,989,929	29,787		2,019,716
Buildings and improvements	69,284,881	16,852,908	16,000	86,121,789
Equipment	7,990,993	2,033,733	139,906	9,884,820
Vehicles	5,220,089	228,074	81,409	5,366,754
Infrastructure	<u>44,303,361</u>	<u>362,786</u>		<u>44,666,147</u>
Total capital assets being depreciated	<u>128,789,253</u>	<u>19,507,288</u>	<u>237,315</u>	<u>148,059,226</u>
Less accumulated depreciation for:				
Land improvements	481,557	113,776		595,333
Buildings and improvements	24,055,656	1,564,337	9,623	25,610,370
Equipment	5,353,223	270,637	124,766	5,499,094
Vehicles	3,024,653	226,550	76,409	3,174,794
Infrastructure	<u>10,056,731</u>	<u>451,154</u>		<u>10,507,885</u>
Total accumulated depreciation	<u>42,971,820</u>	<u>2,626,454</u>	<u>210,798</u>	<u>45,387,476</u>
Total capital assets being depreciated, net	<u>85,817,433</u>	<u>16,880,834</u>	<u>26,517</u>	<u>102,671,750</u>
Governmental Activities Capital Assets, Net	<u>\$ 147,954,795</u>	<u>\$ 23,094,845</u>	<u>\$ 19,290,894</u>	<u>\$ 151,758,746</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental Activities:	
General government	\$ 256,999
Public safety	234,257
Public works	585,030
Recreation and parks	145,813
Educational - cultural	14,293
Board of Education	<u>1,390,062</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,626,454</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

D. Interfund Receivables, Payables and Transfers

A summary of interfund balances as of June 30, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 124,764
CIFA	General Fund	2,966,452
Nonmajor Governmental Funds	General Fund	3,163,871
Internal Service Fund	General Fund	<u>2,459,764</u>
		<u>\$ 8,714,851</u>

Interfund balances are a result of temporary loans to various funds.

A summary of interfund transfers as of June 30, 2012 is as follows:

	<u>General Fund</u>	<u>CIFA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Transfers In</u>
Transfers Out:				
General Fund	\$	\$ 33,432	\$	\$ 33,432
CIFA	822,500		440,000	1,262,500
Nonmajor Governmental Funds	<u>80,560</u>			<u>80,560</u>
Total Transfers Out	<u>\$ 903,060</u>	<u>\$ 33,432</u>	<u>\$ 440,000</u>	<u>\$ 1,376,492</u>

Transfers are used to account for the financing by the General Fund of various program and activities in other funds.

E. Short-Term Obligations - Bond Anticipation Notes

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of bonds at the completion of the project.

Short-term obligation activity for the year ended June 30, 2012 was as follows:

<u>Type of Obligation</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>
Bond Anticipation Notes:				
Avon Free Public Library - interest rate +/- 1.50%, matures October 30, 2012	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

F. Long-Term Debt

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general improvements, sewer additions and school construction.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. These bonds generally are issued as 15-year serial bonds with varying annual principal payments. School building grants of \$67,044 will be used to repay a portion of the respective debt; however, the Town is liable for all outstanding bonds.

General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Amount</u>
General purpose:		
General obligation improvement	2-6.25%	\$ 2,393,000
Sewer:		
General obligation improvement	4.1-4.75%	33,750
School:		
School improvement	2-6.25%	<u>27,143,250</u>
Total Outstanding		<u>\$ 29,570,000</u>

Future maturities for outstanding bonds are as follows:

<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>
2013	\$ 3,365,000	\$ 922,247
2014	2,420,000	821,789
2015	2,300,000	739,989
2016	2,420,000	657,939
2017	1,890,000	558,289
2017-2021	8,825,000	1,968,020
2021-2026	<u>8,350,000</u>	<u>678,161</u>
Total	<u>\$ 29,570,000</u>	<u>\$ 6,346,434</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Changes in Long-Term Liabilities

The following is a summary of changes in long-term obligations during the fiscal year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 33,120,000	\$	\$ 3,550,000	\$ 29,570,000	\$ 3,365,000
Plus deferred amounts:					
Issuance premium on refunding	367,141		30,571	336,570	
Total bonds payable	33,487,141	-	3,580,571	29,906,570	3,365,000
Compensated absences	1,802,130	724,807	408,997	2,117,940	423,588
Other post retirement benefits obligation	1,751,691	732,470		2,484,161	
Landfill post-closure costs	390,000		30,000	360,000	30,000
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 37,430,962</u>	<u>\$ 1,457,277</u>	<u>\$ 4,019,568</u>	<u>\$ 34,868,671</u>	<u>\$ 3,818,588</u>

Statutory Debt Limitations

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 157,446,848	\$ 13,798,000	\$ 143,648,848
Schools	314,893,697	41,569,206	273,324,491
Sewers	262,411,414	(368,096)	262,779,510
Urban renewal	227,423,225		227,423,225
Pension deficit	209,929,131		209,929,131

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$489,834,639.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivables of \$67,044 are reflected as deductions in the computation of net indebtedness.

Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require landfill closures to meet certain standards. The Town landfill has been closed. Estimated monitoring costs for the next 12 years at \$30,000 per year are \$360,000. This amount is based on estimates that are subject to change due to inflation, technology or applicable laws and regulations.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Authorized/Unissued Bonds

At June 30, 2012, the amount of authorized, unissued bonds for general purposes is \$11,405,000 and \$14,493,000 for school purposes.

G. Fund Balance

The components of fund balance for the governmental funds at June 30, 2012 are as follows:

	<u>General Fund</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 5,326	\$ 5,326
Prepaid items	190,147			190,147
Restricted:				
Fisher Meadow donations			147,936	147,936
Committed to:				
Public safety			370,676	370,676
Public works			1,447,186	1,447,186
Recreation and parks			177,453	177,453
Education			252,816	252,816
Capital projects			243,367	243,367
Debt service			155,446	155,446
Assigned to:				
Payroll escrow	200,000			200,000
Pension contributions	180,000			180,000
Capital reserve	112,384			112,384
Post-employment benefits	100,000			100,000
Capital asset purchase	44,721			44,721
General government	41,317			41,317
Public safety	19,626			19,626
Public works	43,092			43,092
Education	453,963			453,963
Other post-employment benefits	1,123,483			1,123,483
Unassigned	<u>6,610,507</u>	<u>(3,563,089)</u>		<u>3,047,418</u>
Total Fund Balances	<u>\$ 9,119,240</u>	<u>\$ (3,563,089)</u>	<u>\$ 2,800,206</u>	<u>\$ 8,356,357</u>

Significant encumbrances at June 30, 2012 are contained in the above table in the assigned category of the General Fund and the committed category of the Nonmajor Governmental Funds.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. EMPLOYEE RETIREMENT PLANS

A. Defined Benefit Pension Plans

The Town of Avon administers five single-employer, contributory, defined benefit pension plans (Police Plan, Public Works Plan, Nonorganized Plan, Board of Education Plan and Dispatchers Plan) to provide pension benefits for its police officers, public works employees, management unclassified and classified nonorganized employees, dispatchers employees and Board of Education employees, except certified personnel who are eligible to participate in the State of Connecticut Teachers' Retirement System. The police and nonorganized plans closed to new entrants effective January 1, 1997, and public works and dispatchers closed to new entrants effective July 1, 1997. All new employees of the above classes become part of the Town's defined contribution plan. The plans are considered to be part of the Town's financial reporting entity and, therefore, are included in the Town's financial reports as pension trust funds. Separate, stand-alone financial reports are not issued by the pension plans.

Plan Description

Plan provisions and contribution requirements and the authority to amend the provisions are established by the plans approved by the Town Council. Under the plans, all employees hired before age 65, having attained age 23 for police officers, age 22 for public works, nonorganized employees and dispatchers, or age 25 for Board of Education employees, having one year of service and agreeing to make the required employee contributions as set out below, are eligible. Employees are 100% vested after 5 years of service for all plans.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - The pension trust funds' financial statements are prepared using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned and expenses (benefits and administration) are recognized when they are due and payable in accordance with the terms of each plan.

Valuation of Investments - Investments are valued at fair value based upon quoted market prices. Securities traded on national exchanges are valued at the last reported sales price.

The last actuarial valuation relevant to the plan year was July 1, 2010 for Police, Public Works, Nonorganized and Dispatchers and Board of Education.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Classes of Employees Covered

	<u>Police</u>	<u>Public Works</u>	<u>Non-Organized</u>	<u>Board of Education</u>	<u>Dispatchers</u>
Retirees and beneficiaries currently receiving benefits	27	15	41	32	3
Terminated employees entitled to benefits but not yet receiving them	1	2	2	13	1
Current active employees	<u>5</u>	<u>2</u>	<u>16</u>	<u>103</u>	
Total	<u>33</u>	<u>19</u>	<u>59</u>	<u>148</u>	<u>4</u>

Benefit Provisions

Required employee contributions under the plans are as follows:

<u>Police</u>	<u>Public Works</u>	<u>Non-Organized</u>	<u>Board of Education</u>	<u>Dispatchers</u>
7.5%	7.5%	7.5%	4% or 7%	7.5%

The Town's contributions are actuarially determined on an annual basis using the entry age normal cost actuarial method. Administrative costs are generally financed through investment earnings.

Schedule of Employer Contributions and Net Pension Obligation (Asset)

	<u>Year Ended</u>	<u>Actual Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
Police							
	6/30/2010	\$ 789,719	\$ 789,719	100.0%	\$ 789,728	100.0%	\$ (7,839)
	6/30/2011	894,260	894,260	100.0%	894,292	100.0%	(7,807)
	6/30/2012	899,987	899,987	100.0%	900,044	100.0%	(7,750)
Public Works							
	6/30/2010	274,338	274,338	100.0%	274,339	100.0%	(717)
	6/30/2011	322,597	322,597	100.0%	322,600	100.0%	(714)
	6/30/2012	341,497	341,497	100.0%	341,502	100.0%	(709)
Nonorganized							
	6/30/2010	677,793	677,793	100.0%	677,809	100.0%	(13,807)
	6/30/2011	731,670	731,670	100.0%	731,726	100.0%	(13,751)
	6/30/2012	767,730	767,730	100.0%	767,832	100.0%	(13,649)
Board of Education							
	6/30/2010	210,811	210,811	100.0%	211,236	99.8%	(40,995)
	6/30/2011	283,000	283,245	99.9%	283,419	99.9%	(40,582)
	6/30/2012	318,093	318,093	100.0%	318,393	99.9%	(40,282)
Dispatchers							
	6/30/2010	16,657	16,657	100.0%	16,710	99.7%	(4,695)
	6/30/2011	18,335	18,335	100.0%	18,354	99.9%	(4,676)
	6/30/2012	21,615	21,615	100.0%	21,650	99.8%	(4,641)

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Funded Status and Funding Progress - Pension Plans

The funded status of the Police, Public Works, Nonorganized and Dispatchers and Board of Education plans as of July 1, 2010, the most recent actuarial valuation date, are as follows:

Plan	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Police	\$ 7,875,740	\$ 17,610,940	\$ 9,735,200	44.7%	\$ 503,599	1933.1%
Public Works	2,264,046	5,945,621	3,681,575	38.1%	135,861	2709.8%
Nonorganized	8,196,443	15,471,558	7,275,115	53.0%	1,314,741	553.3%
BOE	3,994,222	5,346,008	1,351,786	74.7%	3,880,490	34.8%
Dispatchers	514,009	753,945	239,936	68.2%		0.0%

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.

Actuarial Assumptions

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for each plan as of the latest valuation date is as follows:

	Police	Public Works	Non- Organized	Board of Education	Dispatchers
Valuation Date	July 1, 2010	July 1, 2010	July 1, 2010	July 1, 2010	July 1, 2010
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	Level Percent	Level Percent	Level Percent	Level Percent	Level Percent
Remaining Amortization Period (closed)	17	17	17	17	17
Asset Valuation Method	*	*	*	*	*
Investment Return Rate	8.0%	8.0%	8.0%	8.5%	8.0%
Projected Salary Increases	3.5%	3.5%	3.5%	3.5%	3.5%

*Investment gains/losses are recognized over 5 years.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Annual Pension Cost and Net Pension Asset (NPA)

	<u>Police</u>	<u>Public Works</u>	<u>Non-Organized</u>	<u>Board of Education</u>	<u>Dispatchers</u>
Annual required contribution	\$ 899,987	\$ 341,497	\$ 767,730	\$ 318,093	\$ 21,615
Interest on net pension obligation	(625)	(57)	(1,100)	(3,247)	(374)
Adjustment to annual required contribution	682	62	1,202	3,547	409
Annual pension cost	900,044	341,502	767,832	318,393	21,650
Contribution made	899,987	341,497	767,730	318,093	21,615
Decrease in net pension asset	57	5	102	300	35
Net pension asset at beginning of year	(7,807)	(714)	(13,751)	(40,582)	(4,676)
Net Pension Asset at End of Year	<u>\$ (7,750)</u>	<u>\$ (709)</u>	<u>\$ (13,649)</u>	<u>\$ (40,282)</u>	<u>\$ (4,641)</u>

Financial statements for each individual pension plan as of and for the year ended June 30, 2012 are as follows:

	Pension Trust Funds					
	Police	Public Works	Non-Organized	Board of Education	Dispatchers	Total Pension Trust Funds
Assets:						
Cash and cash equivalents	\$ 144,310	\$ 54,642	\$ 107,963	\$ 84,478	\$ 10,184	\$ 401,577
Investments, at fair value:						
Guaranteed investment contract	393,889	124,255	327,140	534,855	10,444	1,390,583
Mutual funds	5,494,800	1,349,313	7,012,412	4,189,602	365,111	18,411,238
Total investments	5,888,689	1,473,568	7,339,552	4,724,457	375,555	19,801,821
Total assets	6,032,999	1,528,210	7,447,515	4,808,935	385,739	20,203,398
Net Assets:						
Held in Trust for Pension Benefits	\$ 6,032,999	\$ 1,528,210	\$ 7,447,515	\$ 4,808,935	\$ 385,739	\$ 20,203,398

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	Pension Trust Funds					Total Pension Trust Funds
	Police	Public Works	Non- Organized	Board of Education	Dispatchers	
Additions:						
Contributions:						
Employer	\$ 899,987	\$ 341,497	\$ 767,730	\$ 318,093	\$ 21,615	\$ 2,348,922
Plan members	30,159	10,080	57,184	265,281		362,704
Total contributions	<u>930,146</u>	<u>351,577</u>	<u>824,914</u>	<u>583,374</u>	<u>21,615</u>	<u>2,711,626</u>
Investment income:						
Net depreciation in						
fair value of investments	(155,669)	(44,191)	(170,340)	(54,438)	(9,485)	(434,123)
Interest and dividends	<u>175,195</u>	<u>45,803</u>	<u>210,964</u>	<u>197,574</u>	<u>10,694</u>	<u>640,230</u>
Total investment income	19,526	1,612	40,624	143,136	1,209	206,107
Less investment expenses	<u>5,504</u>	<u>1,567</u>	<u>6,619</u>	<u>11,535</u>	<u>234</u>	<u>25,459</u>
Net investment income	<u>14,022</u>	<u>45</u>	<u>34,005</u>	<u>131,601</u>	<u>975</u>	<u>180,648</u>
Total additions	<u>944,168</u>	<u>351,622</u>	<u>858,919</u>	<u>714,975</u>	<u>22,590</u>	<u>2,892,274</u>
Deductions:						
Benefits	1,440,270	546,308	1,083,743	248,298	61,122	3,379,741
Administration	<u>1,972</u>	<u>1,483</u>	<u>2,761</u>	<u>3,646</u>	<u>69</u>	<u>9,931</u>
Total deductions	<u>1,442,242</u>	<u>547,791</u>	<u>1,086,504</u>	<u>251,944</u>	<u>61,191</u>	<u>3,389,672</u>
Net change in net assets	(498,074)	(196,169)	(227,585)	463,031	(38,601)	(497,398)
Net assets at beginning of year	<u>6,531,073</u>	<u>1,724,379</u>	<u>7,675,100</u>	<u>4,345,904</u>	<u>424,340</u>	<u>20,700,796</u>
Net Assets at End of Year	<u>\$ 6,032,999</u>	<u>\$ 1,528,210</u>	<u>\$ 7,447,515</u>	<u>\$ 4,808,935</u>	<u>\$ 385,739</u>	<u>\$ 20,203,398</u>

B. Defined Contribution Plans

Plan Description

The Town maintains two single-employer, defined contribution pension plans, the Avon 401(a) Management Money Purchase Plan and the Avon 401(a) Full-Time Employees' Plan. Both plans are administered by a third-party vendor. The Town is required to contribute 2.5% of compensation for the Management Money Purchase Plan participants and 7.5% for the Full-Time Employees' Plan participants. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Management Plan covers Town management employees hired prior to July 1, 1997, and the Full-Time Employees' Plan covers regular, full-time employees hired after July 1, 1997.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Summary of Plan Provisions

For both plans, eligible employees must be at least 21 years of age on or prior to their date of employment. Benefits vest 100% after three years. Any nonvested Town contributions and related interest thereon of employees who leave employment are reserved in a forfeiture account to offset future Town contributions. Normal retirement date is age 65. Plan provisions and contribution requirements and the authority to amend the provisions are established by the Town Council.

Contribution Requirements and Contributions Made

The total Town contributions for the Management Money Purchase Plan and Full-Time Employees' Plan during the year ended June 30, 2012 were \$19,086 and \$456,713, respectively. Members of the Management Money Purchase Plan are required to contribute 2.5% of their annual earnings, and members of the Full-Time Employees' Plan are required to contribute 7.5% of their annual earnings. The employees' contributions to each plan were \$19,086 and \$456,713, respectively.

C. State Teachers Retirement - On-Behalf Payments

Teachers participate in a contributory defined-benefit plan established under Chapter 167a of the Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board. Full-time certified teachers are vested in the system after ten years of service in this state.

All certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings. The Board of Education does not contribute to the plan. Prior to July 1, 1989, teachers were vested in their contributions up to 5% of their earnings prior to five years of service. After five years of service, teachers were fully vested in their own contributions. After 10 years of service, teachers are fully vested and entitled to a monthly pension benefit that is payable at the age of 60. The State of Connecticut contributes amounts based on the actuarial reserve basis described in C.G.S. Sections 10-183b(7). For the year ended June 30, 2012, teachers of the Town contributed \$1,714,765 to the plan, and covered payroll for the year was \$23,651,931. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2012 was \$4,857,403 and is recognized in the governmental funds GAAP-basis income statement.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. POSTEMPLOYMENT HEALTHCARE PLAN - OTHER POST EMPLOYMENT BENEFITS PROGRAM

Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the Other Post Employment Benefits Program (OPEBP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the Town.

Investments are reported at fair value. Investment income is recognized as earned.

Plan Description

The OPEBP is a single-employer defined benefit healthcare plan administered by the Town of Avon. The OPEBP provides medical and dental to eligible retirees and their spouses. All employees of the Town are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the various unions representing the employees.

The Town established a Trust on June 4, 2009. The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post Employment Benefits Trust Fund. The plan does not issue a stand-alone financial report.

At July 1, 2010, plan membership consisted of the following:

	Other Post-Employment Benefits Program	
	Town	Board of Education
Retired members	69	34
Spouses of retired members	43	23
Active plan members	81	377
Total Participants	193	434

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Funding Policy

The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Town Employees

<u>2011-2012 Monthly COBRA Premiums</u>	<u>Employee</u>	<u>Spouse</u>
Medical - Groups 046, 047 Pre 65	\$ 634.05	\$ 727.41
Medical - Groups 046, 047 Post 65	566.32	649.69
Medical - Group 023 Post 65	414.48	414.48
Dental - All Groups	49.35	69.82

Board of Education Employees

<u>2011-2012 Monthly COBRA Premiums</u>	<u>Employee</u>	<u>Spouse</u>
Medical	\$ 544.85	\$ 590.54
Dental	52.22	73.88

For the year ended June 30, 2012, plan members contributed \$-0-. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

Employer contributions to the plan of \$1,749,000 were made in accordance with actuarially determined requirements, including \$275,000 to fund future benefits.

The Town has assigned a portion of general fund balance to fund these benefits in the future. Net assets available for future benefits at June 30, 2012 were \$1,123,483. The Town plans on transferring these monies into the OPEB Trust Fund in the future.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligations

The Town's annual other postemployment benefit (OPEB) cost 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 (or funding excess) over a period not to exceed 30 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:

	Other Post-Employment Benefits Program	
	Town	Board of Education
Annual required contribution (ARC)	\$ 1,617,000	\$ 854,000
Interest on net OPEB obligation	62,673	77,462
Adjustment to annual required contribution	<u>(57,990)</u>	<u>(71,674)</u>
Annual OPEB cost	1,621,683	859,788
Contributions made	<u>1,142,000</u>	<u>607,000</u>
Increase in net OPEB obligation	479,683	252,788
Net OPEB obligation, beginning of year	<u>783,411</u>	<u>968,279</u>
Net OPEB Obligation, End of Year	<u>\$ 1,263,094</u>	<u>\$ 1,221,067</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Three-Year Trend Information

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2012 is presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
Town				
6/30/2010 \$	1,294,000 \$	863,000	66.7%	\$ 431,000
6/30/2011	1,392,411	1,040,000	74.7%	783,411
6/30/2012	1,621,683	1,142,000	70.4%	1,263,094
Board of Education				
6/30/2010 \$	1,090,546 \$	664,000	60.9%	\$ 850,546
6/30/2011	831,734	714,000	85.8%	968,279
6/30/2012	859,788	607,000	70.6%	1,221,067

As of July 1, 2010, the most recent actuarial valuation date, the plan was 3.7% funded. The actuarial accrued liability for benefits was \$24,082,000 (\$17,238,000 Town and \$6,844,000 BOE) and the actuarial value of assets was \$893,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$23,189,000. The covered payroll (annual payroll of active employees covered by the plan) was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into 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 employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include an 8% investment rate of return for the Town and the Board of Education, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 7.1% initially, reduced by decrements to an ultimate rate of 4.5% after 52 years. Projected salary increases were 3.5%. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2012 was 25 years.

6. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town purchases commercial insurance for all risks of loss except medical insurance. Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The Town established an internal service fund, the medical claims fund, to account for and finance the retained risk of loss for the Town's medical benefits claims. A third party administers the medical insurance plan for which the Town pays a fee. The medical claims fund provides coverage for regular full-time Town employees. The fund is substantially funded by the Town's General Fund through annual appropriations. The claims liability is based on the requirements of 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 the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

An analysis of the activity in the claims liability for the medical claims fund is as follows:

	Balance July 1	Current Year Claims and Changes in Estimates	Claims Payments	Balance June 30
Medical Claims Fund:				
2011-2012	\$ 544,479	\$ 7,751,641	\$ 7,806,167	\$ 489,953
2010-2011	406,190	7,223,009	7,084,720	544,479

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

B. Commitments and Litigation

Amounts received or receivable from federal and state grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is currently a defendant in a number of lawsuits. It is the opinion of Town officials and legal counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

D. Subsequent Events

Bond Issuance

On October 30, 2012, the Town issued \$7,100,000 of general obligation bonds to permanently finance the Town's share of the cost of the expansion of and renovations to the Avon Free Public Library. The bonds bear interest of 2.0% with interest due December 15 and June 15, commencing December 15, 2012 until maturity and principal due June 15, 2014 to June 15, 2028.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF AVON, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
AVON RETIREMENT SYSTEM

JUNE 30, 2012

Police						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarially Accrued Liability (AAL) Projected Unit Credit	Under Funded AAL	Funded AAL Ratio	Covered Payroll	Under Funded AAL as a Percentage of Covered Payroll
January 1,						
2005	\$ 9,591,824	\$ 13,897,698	\$ (4,305,874)	69.0%	\$ 1,306,158	(329.7)%
2006	9,713,517	14,516,980	(4,803,463)	66.9%	1,081,533	(444.1)%
2007	9,809,097	16,332,911	(6,523,814)	60.1%	877,531	(743.4)%
July 1,						
2008	9,531,801	17,747,165	(8,215,364)	53.7%	784,302	(1047.5)%
2009	8,771,018	18,279,098	(9,508,080)	48.0%	560,064	(1697.7)%
2010	7,875,740	17,610,940	(9,735,200)	44.7%	503,599	(1933.1)%
Public Works						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarially Accrued Liability (AAL) Projected Unit Credit	Under Funded AAL	Funded AAL Ratio	Covered Payroll	Under Funded AAL as a Percentage of Covered Payroll
January 1,						
2005	\$ 2,217,515	\$ 4,051,406	\$ (1,833,891)	54.7%	\$ 542,871	(337.8)%
2006	2,351,521	4,397,134	(2,045,613)	53.5%	611,625	(334.5)%
2007	2,572,578	5,196,224	(2,623,646)	49.5%	568,978	(461.1)%
2008	2,859,985	5,611,114	(2,751,129)	51.0%	321,026	(857.0)%
2009	2,519,123	5,878,996	(3,359,873)	42.8%	276,889	(1213.4)%
2010	2,264,046	5,945,621	(3,681,575)	38.1%	135,861	(2709.8)%
Nonorganized						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarially Accrued Liability (AAL) Projected Unit Credit	Under Funded AAL	Funded AAL Ratio	Covered Payroll	Under Funded AAL as a Percentage of Covered Payroll
January 1,						
2005	\$ 6,686,654	\$ 9,807,260	\$ (3,120,606)	68.2%	\$ 1,878,045	(166.2)%
2006	7,311,314	10,593,831	(3,282,517)	69.0%	1,708,965	(192.1)%
2007	7,830,949	12,266,859	(4,435,910)	63.8%	1,726,076	(257.0)%
July 1,						
2008	8,496,758	14,118,092	(5,621,334)	60.2%	1,660,858	(338.5)%
2009	8,403,336	14,919,613	(6,516,277)	56.3%	1,582,583	(411.7)%
2010	8,196,443	15,471,558	(7,275,115)	53.0%	1,314,741	(553.3)%

(Continued on next page)

TOWN OF AVON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (CONTINUED)
AVON RETIREMENT SYSTEM

JUNE 30, 2012

Board of Education

Actuarial Valuation Date	Actuarial Value of Assets	Actuarially Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over/Under Funded AAL as a Percentage of Covered Payroll
January 1,						
2005	\$ 2,599,242	\$ 2,516,806	\$ 82,436	103.3%	\$ 2,147,958	3.8%
2006	2,742,769	3,105,729	(362,960)	88.3%	2,506,058	(14.5)%
2007	3,076,069	3,663,003	(586,934)	84.0%	3,132,908	(18.7)%
2008	3,477,901	3,983,460	(505,559)	87.3%	3,485,158	(14.5)%
July 1,						
2009	3,687,949	4,728,413	(1,040,464)	78.0%	3,754,830	(27.7)%
2010	3,994,222	5,346,008	(1,351,786)	74.7%	3,880,490	(34.8)%

Dispatchers

Actuarial Valuation Date	Actuarial Value of Assets	Actuarially Accrued Liability (AAL) Projected Unit Credit	Under Funded AAL	Funded AAL Ratio	Covered Payroll	Under Funded AAL as a Percentage of Covered Payroll
January 1,						
2005	\$ 497,371	\$ 617,946	\$ (120,575)	80.5%	\$ 114,956	(104.9)%
2006	529,549	652,940	(123,391)	81.1%	57,492	(214.6)%
2007	560,893	677,069	(116,176)	82.8%	54,317	(213.9)%
July 1,						
2008	584,157	724,297	(140,140)	80.7%	58,302	(240.4)%
2009	564,378	745,179	(180,801)	75.7%	62,266	(290.4)%
2010	514,009	753,945	(239,936)	68.2%		0.0%

TOWN OF AVON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS PROGRAM

JUNE 30, 2012

Town

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarially Accrued Liability (AAL)</u>	<u>(Under) Funded AAL</u>	<u>Funded AAL Ratio</u>	<u>Covered Payroll</u>	<u>Under Funded AAL as a Percentage of Covered Payroll</u>
7/1/2008	\$	\$ 14,353,000	\$ (14,353,000)	0.0%	\$ N/A	N/A
7/1/2010	893,000	17,238,000	(16,345,000)	5.2%	N/A	N/A

Board of Education

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarially Accrued Liability (AAL) Projected Unit Credit</u>	<u>Under Funded AAL</u>	<u>Funded AAL Ratio</u>	<u>Covered Payroll</u>	<u>Under Funded AAL as a Percentage of Covered Payroll</u>
7/1/2008	\$	\$ 10,164,000	\$ (10,164,000)	0.0%	\$ N/A	N/A
7/1/2010		6,844,000	(6,844,000)	0.0%	N/A	N/A

N/A - Covered payroll is not available

GENERAL FUND

The General Fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

TOWN OF AVON, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEETS

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 20,836,904	\$ 20,774,034
Investments	865,482	1,075,571
Receivables (net of allowance for uncollectibles of \$64,577 in 2012 \$55,100 in 2011)	2,410,312	190,969
Due from other funds	124,764	133,830
Other	<u>190,147</u>	<u>133,724</u>
Total Assets	<u>\$ 24,427,609</u>	<u>\$ 22,308,128</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Bank overdraft	\$	\$ 12,115
Accounts payable	1,453,388	762,512
Accrued liabilities	433,688	286,448
Due to other funds	8,590,087	12,636,337
Deferred revenue:		
Unavailable	71,956	95,922
Collected in advance	4,681,072	464,540
Other	<u>78,178</u>	<u>45,000</u>
Total liabilities	<u>15,308,369</u>	<u>14,302,874</u>
Fund Balance:		
Nonspendable	190,147	133,724
Assigned	2,318,586	1,786,555
Unassigned	<u>6,610,507</u>	<u>6,084,975</u>
Total fund balance	<u>9,119,240</u>	<u>8,005,254</u>
Total Liabilities and Fund Balance	<u>\$ 24,427,609</u>	<u>\$ 22,308,128</u>

TOWN OF AVON, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012					2011
	Original Budget	Supplemental Appropriations	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:						
Property taxes:						
Current levy	\$ 65,405,401	\$	\$ 65,405,401	\$ 65,471,479	\$ 66,078	\$ 63,459,087
Supplemental real estate	85,525		85,525	95,404	9,879	95,770
Supplemental MV	280,920	225,108	506,028	506,028	-	461,721
Prior levies	65,000	115,077	180,077	180,077	-	116,899
Interest and penalties	120,000		120,000	161,608	41,608	149,259
Telephone gross receipts	103,500		103,500	63,374	(40,126)	57,999
Total property taxes	<u>66,060,346</u>	<u>340,185</u>	<u>66,400,531</u>	<u>66,477,970</u>	<u>77,439</u>	<u>64,340,735</u>
Intergovernmental:						
State grants-in aid:						
Adult education	1,543		1,543		(1,543)	
Equalized cost sharing (ECS)	1,232,688		1,232,688	1,254,193	21,505	1,051,601
Transportation	20,569		20,569	8,594	(11,975)	12,019
Education Program Grants		1,315,721	1,315,721	1,315,721	-	200,299
Schools building construction	194,524		194,524	194,524	-	238,565
PILOT - mfg. mach./equipment					-	213,211
PILOT - Pequot funds	14,251		14,251	15,034	783	14,968
PILOT - colleges and hospitals	7,256		7,256	3,232	(4,024)	7,284
Public library	1,880		1,880	1,245	(635)	1,851
Property tax relief - elderly	60,000		60,000	86,572	26,572	83,249
Grants in lieu of taxes	92,113		92,113	92,465	352	92,641
Veteran reimbursements	3,000		3,000	5,458	2,458	4,266
Youth services grant		20,250	20,250	20,250	-	20,250
SLA Empg, ehsm1, emrg hml				1,739	1,739	
Judicial branch				3,676	3,676	8,664
Misc.Govr's Budget Initiative	55,829		55,829	154,179	98,350	
Relamp Grant ARRA		36,545	36,545	36,545	-	
Muni Video Comp User Tax Pass Thru					-	22,288
Miscellaneous State grant receipts	7,400	40,139	47,539	47,506	(33)	
Federal grants-in aid:					-	
FEMA reimbursement (4046)		1,732,079	1,732,079	2,163,327	431,248	
FEMA reimbursement (4023)		35,216	35,216	51,444	16,228	45,515
Total intergovernmental	<u>1,691,053</u>	<u>3,179,950</u>	<u>4,871,003</u>	<u>5,455,704</u>	<u>584,701</u>	<u>2,016,671</u>

(Continued on next page)

TOWN OF AVON, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012					2011
	Original Budget	Supplemental Appropriations	Final Budget	Actual	Variance with Final Budget	Actual
Charges for Services:						
General government:						
Hunting and fishing	\$ 250	\$	\$ 250	\$ 83	\$ (167)	\$ 74
Recording and conveyance	435,000	4,245	439,245	524,517	85,272	532,417
Sale of maps and publications	24,000		24,000	26,882	2,882	25,290
PA 05-228 Local CAP Recording Fee	11,000		11,000	12,858	1,858	13,617
Court	500		500	410	(90)	520
Public safety:						
Accident reports and photos	1,700		1,700	1,194	(506)	1,399
Alarm system	5,500		5,500	5,925	425	5,554
Animal pound fees	2,000		2,000	1,460	(540)	1,995
Police protection	2,000		2,000	4,455	2,455	2,250
Blds. struct. and equipment	350,000	200,089	550,089	550,089	-	448,561
Animal licenses	5,500		5,500	12,184	6,684	13,411
Public works:						
Sale of materials				986	986	504
Landfill - residential fees	160,700		160,700	148,728	(11,972)	150,644
Landfill - bulky waste	46,000		46,000	34,616	(11,384)	33,870
Lakeview water main extension	15,000		15,000	9,987	(5,013)	12,330
Water main interest			-	1,080	1,080	1,654
Street and curb	1,780		1,780	3,350	1,570	2,550
Health and social services:						
Vital statistics	18,000		18,000	22,691	4,691	21,318
Recreation and parks:						
Swim fees	68,000		68,000	54,944	(13,056)	60,783
Recreation fees	4,000		4,000	3,495	(505)	4,000
Fisher Meadow lease	400		400		(400)	
Organized summer programs	30,000		30,000	33,644	3,644	25,265
Educational - cultural:						
Library	19,210		19,210	11,375	(7,835)	16,294
BOE empl bnft contr dental/life		131,511	131,511	134,787	3,276	221,867
BOE misc receipts		72,887	72,887	72,887	-	119,472
BOE tuition receipts parent paid		23,200	23,200	23,200	-	32,539
BOE unified sports receipts					-	3,400
BOE team mentor prog state pmts		7,000	7,000	7,000	-	8,000
BOE cafeteria rent receipts		99,573	99,573	99,573	-	99,573
BOE student parking fees		38,778	38,778	38,778	-	33,794
BOE interdist tuition valley alt A		30,000	30,000	30,000	-	28,800
BOE sped interdist tuition receipt		223,682	223,682	223,681	(1)	326,721
Conservation and development	29,750		29,750	21,683	(8,067)	14,535
Total charges for services	1,230,290	830,965	2,061,255	2,116,542	55,287	2,263,001
Investment Income	150,000		150,000	33,947	(116,053)	60,526
Other Local Revenues:						
Refunds and reimbursements	134,375	31,750	166,125	111,994	(54,131)	470,641
Miscellaneous	11,812		11,812	23,193	11,381	4,302
Rents and reimbursements	36,554		36,554	50,281	13,727	52,524
Salvage and demolition sales	10,000		10,000	14,526	4,526	13,142
Donations from private source		18,399	18,399	18,399	-	
Interlocal program funding	70,860		70,860	77,199	6,339	71,415
Sale of property	25,000	10,601	35,601	47,352	11,751	3,927
Total other local revenues	288,601	60,750	349,351	342,944	(6,407)	615,951
Total revenues	69,420,290	4,411,850	73,832,140	74,427,107	594,967	69,296,884
Other Financing Sources:						
Appropriation of fund balance		85,370	85,370		(85,370)	
Transfers in				33,432	33,432	
Total other financing sources	-	85,370	85,370	33,432	(51,938)	
Total Revenues and Other Financing Sources	\$ 69,420,290	\$ 4,497,220	\$ 73,917,510	\$ 74,460,539	\$ 543,029	\$ 69,296,884

TOWN OF AVON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				Variance with Final Budget	2011
	Original Budget	Supplemental Appropriations and Transfers	Final Budget	Actual		Actual
Expenditures:						
Town Council:						
General Government:						
Legislative - Town Council	\$ 51,471	\$ (1,604)	\$ 49,867	\$ 49,867	\$ -	\$ 53,940
Executive - Town Manager	422,913	6,401	429,314	429,314	-	429,922
Judicial - probate	7,500	12,212	19,712	19,712	-	5,929
Elections	99,806	(21,098)	78,708	78,708	-	87,650
Legal services	155,000	64,687	219,687	219,687	-	193,685
Recording and reporting	348,724	(7,962)	340,762	340,294	468	309,760
Office building - Town hall	175,010	(5,999)	169,011	169,011	-	179,205
Human resources	218,864	(3,159)	215,705	215,705	-	201,718
Finance	1,381,878	(19,051)	1,362,827	1,358,335	4,492	1,248,546
Total general government	2,861,166	24,427	2,885,593	2,880,633	4,960	2,710,355
Public Safety:						
Police protection	5,616,488	(96,463)	5,520,025	5,509,357	10,668	5,113,431
Fire protection	1,698,868	44,411	1,743,279	1,743,279	-	1,542,443
Central communications	694,288	(53,725)	640,563	637,523	3,040	578,304
Protective inspection	271,543	(11,194)	260,349	260,349	-	279,817
Other protection	234,088	118,168	352,256	352,307	(51)	222,907
Total public safety	8,515,275	1,197	8,516,472	8,502,815	13,657	7,736,902
Public Works:						
Administration	375,537	(4,579)	370,958	384,911	(13,953)	318,073
Highways	1,582,366	2,524,054	4,106,420	4,106,420	-	1,317,833
Sanitation	388,411	(53,235)	335,176	335,176	-	459,433
Machinery and equipment	448,839	1,917	450,756	450,756	-	368,350
Building and grounds	972,009	84,918	1,056,927	984,848	72,079	969,841
Engineering	320,527	(13,377)	307,150	307,480	(330)	276,394
Total public works	4,087,689	2,539,698	6,627,387	6,569,591	57,796	3,709,924
Health and Social Services:						
Conservation of health	111,170	(771)	110,399	110,399	-	111,165
Social services	309,792	14,535	324,327	324,327	-	319,550
Total health and social services	420,962	13,764	434,726	434,726	-	430,715
Recreation and Parks:						
Recreation	508,153	(14,303)	493,850	493,850	-	460,970
Parks	213,568	(2,917)	210,651	210,651	-	184,053
Senior citizens	50,080	(3,853)	46,227	46,227	-	53,958
Community activities	91,467	(310)	91,157	91,157	-	80,099
Total recreation and parks	863,268	(21,383)	841,885	841,885	-	779,080
Educational-Cultural:						
Library	1,422,133	(36,563)	1,385,570	1,385,570	-	1,361,648

(Continued on next page)

TOWN OF AVON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				Variance with Final Budget	2011
	Original Budget	Supplemental Appropriations and Transfers	Final Budget	Actual		Actual
Conservation and Development:						
Planning and zoning	\$ 410,498	\$ (3,541)	\$ 406,957	\$ 406,957	\$ -	\$ 367,253
Conservation of natural resources	149,692	(7,885)	141,807	141,010	797	126,366
Total conservation and development	560,190	(11,426)	548,764	547,967	797	493,619
Miscellaneous:						
Claims and losses	20,000	(8,016)	11,984	11,984	-	60,101
Municipal insurance	216,840	(42,588)	174,252	174,252	-	181,531
Intergovernmental expenditure	57,050	(10,815)	46,235	46,235	-	45,723
Contingency	25,000	(24,666)	334	334	-	6,258
Total miscellaneous	318,890	(86,085)	232,805	232,805	-	293,613
Total Town Council	19,049,573	2,423,629	21,473,202	21,395,992	77,210	17,515,856
Board of Education:						
Administration	1,103,587	107,274	1,210,861	1,282,664	(71,803)	1,027,376
Instruction	28,871,215	253,784	29,124,999	28,418,506	706,493	26,708,872
Health services	342,344	990	343,334	337,817	5,517	325,168
Transportation	2,031,267	25,020	2,056,287	2,196,830	(140,543)	1,944,818
Operation of plant	3,008,184	62,647	3,070,831	2,866,385	204,446	3,102,005
Maintenance of plant	1,018,610	62,991	1,081,601	1,250,343	(168,742)	748,090
Fixed charges	6,972,338	132,671	7,105,009	7,176,547	(71,538)	6,332,182
Student body activities	387,037		387,037	323,469	63,568	367,655
Capital outlay	107,920	65,401	173,321	603,361	(430,040)	71,730
Expenditure to other schools	864,742	1,316,944	2,181,686	2,278,455	(96,769)	862,793
FEMA Reimbursement		35,661	35,661		35,661	
Total Board of Education	44,707,244	2,063,383	46,770,627	46,734,377	36,250	41,490,689
Debt service:						
Bonds and bond anticipation notes	4,760,413	10,208	4,770,621	4,658,237	112,384	5,242,764
Total expenditures	68,517,230	4,497,220	73,014,450	72,788,606	225,844	64,249,309
Transfers out	903,060		903,060	903,060	-	1,031,742
Total Expenditures and Other Financing Uses	\$ 69,420,290	\$ 4,497,220	\$ 73,917,510	\$ 73,691,666	\$ 225,844	\$ 65,281,051

TOWN OF AVON, CONNECTICUT

GENERAL FUND

REPORT OF THE PROPERTY TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2012

Grand List Date	Uncollected Taxes July 1, 2011	Current Year Levy	Lawful Corrections		Transfers to Suspense	Transfers from Suspense	Adjusted Taxes Collectible	Collections					Uncollected Taxes June 30, 2012
			Additions	Deductions				Taxes Collected	Refunds	Net Taxes Collected	Interest and Fees	Total Collections	
1998	\$ 901	\$	\$	\$ 267	\$ 84	\$ 56	\$ 606	\$ 56	\$	\$ 56	\$ 147	\$ 203	\$ 550
1999	434			99			335			-		-	335
2000	460			105			355			-		-	355
2001	486			111			375			-		-	375
2002	502			115			387			-		-	387
2003	417			95			322			-		-	322
2004	429			98			331			-		-	331
2005	441			101			340			-		-	340
2006	2,008			104		227	2,131	530		530	387	917	1,601
2007	5,539			149	328	158	5,220	2,370		2,370	996	3,366	2,850
2008	17,451			142	2,369	468	15,408	12,486		12,486	3,851	16,337	2,922
2009	167,563		2,806	16,531	6,518	387	147,707	131,200	14,871	116,329	23,127	139,456	31,378
Total Prior Years	196,631		2,806	17,917	9,299	1,296	173,517	146,642	14,871	131,771	28,508	160,279	41,746
7/1/2011	-	66,588,342	122,789	441,943	7,575		66,261,613	66,139,662	66,753	66,072,909	133,100	66,206,009	188,704
TOTAL	\$ 196,631	\$ 66,588,342	\$ 125,595	\$ 459,860	\$ 16,874	\$ 1,296	\$ 66,435,130	\$ 66,286,304	\$ 81,624	\$ 66,204,680	\$ 161,608	\$ 66,366,288	\$ 230,450
Grand List of October 1, 2011							\$ 2,668,107,050						
Taxes Receivable on Grand List of October 1, 2011, due July 1, 2012							\$ 68,436,946						

CIFA FUND

The CIFA Fund accounts for the financial resources to be used for major capital asset construction and/or purchase.

**TOWN OF AVON, CONNECTICUT
CIFA FUND
PROJECT LENGTH SCHEDULE OF EXPENDITURES - PROJECT BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	Project Appropriations July 1, 2011	Additions (Reductions)	Project Appropriations June 30, 2012	Expenditures Incurred to July 1, 2011	Current Year Expenditures	Expenditures Incurred to June 30, 2012	Unexpended Appropriations June 30, 2012
General Government:							
Underground Storage Tank	\$ 100,000	\$ 60,000	\$ 160,000	\$ 70,823	\$	\$ 70,823	\$ 89,177
Addition Town Clerk's Office	44,000		44,000	41,993		41,993	2,007
Deepwood Drive Sewer	576,762		576,762	529,618		529,618	47,144
DPW Salt Shed Replacement	200,000		200,000	193,937		193,937	6,063
Police Communications Center	563,165	(53,432)	509,733	474,041	10,692	484,733	25,000
Sewer Pump Station Replacement	70,000		70,000	1,874		1,874	68,126
Road Drainage and Overlay Program	3,835,451	200,000	4,035,451	3,537,489	43,184	3,580,673	454,778
Equipment Replacement Fund		200,000	200,000				200,000
7.58 CU Dumptruck	190,000		190,000		184,339	184,339	5,661
Library Expansion	9,500,000		9,500,000	2,694,625	5,725,328	8,419,953	1,080,047
Haynes Road Sewer Installation-Phase I		420,000	420,000		26,080	26,080	393,920
Total General Government	<u>15,079,378</u>	<u>826,568</u>	<u>15,905,946</u>	<u>7,544,400</u>	<u>5,989,623</u>	<u>13,534,023</u>	<u>2,371,923</u>
Board of Education:							
PGS Playground Replacement	212,110		212,110	212,102		212,102	8
AHS Boiler Replacement		283,615	283,615				283,615
RBS HVAC RTU Replacement		78,885	78,885		78,885	78,885	-
ADA Code Compliance Plan	46,405		46,405	45,800	605	46,405	-
AMS Tennis Courts	25,000	94,202	119,202	750	99,337	100,087	19,115
BOE Financial System	224,475		224,475		129,443	129,443	95,032
AHS Renovations and Additions	<u>30,670,100</u>		<u>30,670,100</u>	<u>30,273,046</u>		<u>30,273,046</u>	<u>397,054</u>
Total Board of Education	<u>31,178,090</u>	<u>456,702</u>	<u>31,634,792</u>	<u>30,531,698</u>	<u>308,270</u>	<u>30,839,968</u>	<u>794,824</u>
Total	<u>\$ 46,257,468</u>	<u>\$ 1,283,270</u>	<u>\$ 47,540,738</u>	<u>\$ 38,076,098</u>	<u>\$ 6,297,893</u>	<u>\$ 44,373,991</u>	<u>\$ 3,166,747</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Sewer Fund - To account for the collection of sewer use charges used to partially defray the operating expenditures related to sewer use and to account for the collection of inspection fees which are used to reimburse the Town for engineering and inspection services incurred by the General Fund. The fund also accounts for the collection of sewer connection charges and sewer assessments.

State and Federal Education Grants Fund - To account for state and federal education prepayment grants. Resources utilized in the various programs are detailed in the accompanying combining schedules of revenues, expenditures and changes in fund balances for this fund.

School Cafeteria Fund - To separately account for the operations of the school cafeterias. The Town's participation in the state-administered Federal Child Nutrition Program is reported in this fund.

Recreational Activities Fund - To account for various activities and programs conducted by the Recreation Department.

Local Capital Improvement Program Fund - To account for funding pursuant to Public Act 87-584 to reimburse municipalities for funds spent on infrastructure projects.

Forest Park Management Fund - To provide a dedicated source of revenue from, and improvements and maintenance to, Town-owned or Town-managed forests, parks and open space areas.

Use of School Facilities Fund - To account for user charges and expenditures associated with the after school use of Board of Education facilities by outside organizations.

Town Aid Road Fund - To account for improvements to Town roads funded by State funds.

Fisher Meadow Maintenance Fund - To account for conservation, farming, recreation and open space in accordance with the deeds, agreements and grant requirements of the Fisher Family and the State of Connecticut.

Police Special Services Fund - To account for the collection of billed amounts from individuals, businesses and groups, which are used to reimburse the Town for the salaries and overhead costs paid to police officers in connection with providing special services to these individuals, businesses or groups.

Student Athletic Activities Fund - To account for the collection of fees from parents for the involvement of their students in school-sponsored athletic activities. These fees cover the costs of these athletic programs.

Debt Service Fund

The Debt Service Fund is used to account for financial resources to be used for the payment of compensated absences payable to retired or terminated employees.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital and Nonrecurring Expenditures Fund - To account for appropriations and expenditures related to certain capital and large nonrecurring expenditures. The Fund is authorized by Connecticut General Statutes as a mechanism for establishing a “reserve” for future large expenditures. Statutory limits are placed on the annual addition and total accumulation of the reserve.

TOWN OF AVON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2012

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	Special Revenue Funds							
	Sewer Fund	State and Federal Education Grants Fund	School Cafeteria Fund	Recreational Activities Fund	Local Capital Improvement Program Fund	Forest Park Management Fund	Use of School Facilities Fund	Town Aid Road Fund
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Receivables	409,767	3,997	42,453		106,650			
Due from other funds	1,718,684	154,555	163,996	159,698		35,780	91,911	55,933
Other			5,326					
Total Assets	\$ 2,128,451	\$ 158,552	\$ 211,775	\$ 159,698	\$ 106,650	\$ 35,780	\$ 91,911	\$ 55,933
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 62,025	\$ 7,307	\$	\$ 18,025	\$ 20,724	\$	\$	\$
Due to other funds					83,750			
Deferred revenue	677,349	151,245	46,263					
Total liabilities	739,374	158,552	46,263	18,025	104,474	-	-	-
Fund Balances:								
Nonspendable			5,326					
Restricted								
Committed	1,389,077		160,186	141,673	2,176	35,780	91,911	55,933
Total fund balances	1,389,077	-	165,512	141,673	2,176	35,780	91,911	55,933
Total Liabilities and Fund Balances	\$ 2,128,451	\$ 158,552	\$ 211,775	\$ 159,698	\$ 106,650	\$ 35,780	\$ 91,911	\$ 55,933

(Continued on next page)

TOWN OF AVON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
COMBINING BALANCE SHEET
JUNE 30, 2012

	<u>Special Revenue Funds</u>				<u>Capital Projects Fund</u>	
	<u>Fisher Meadow Maintenance Fund</u>	<u>Police Special Services Fund</u>	<u>Student Athletic Activities Fund</u>	<u>Debt Service Fund</u>	<u>Capital and Nonrecurring Expenditures Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 188,950	\$	\$	\$	\$	\$ 188,950
Receivables		15,464				578,331
Due from other funds		355,212	719	155,446	271,937	3,163,871
Other						5,326
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
67 Total Assets	<u>\$ 188,950</u>	<u>\$ 370,676</u>	<u>\$ 719</u>	<u>\$ 155,446</u>	<u>\$ 271,937</u>	<u>\$ 3,936,478</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 41,014	\$	\$	\$	\$ 28,570	\$ 136,651
Due to other funds						124,764
Deferred revenue						874,857
Total liabilities	<u>41,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,570</u>	<u>1,136,272</u>
Fund Balances:						
Nonspendable						5,326
Restricted	147,936					147,936
Committed		370,676	719	155,446	243,367	2,646,944
Total fund balances	<u>147,936</u>	<u>370,676</u>	<u>719</u>	<u>155,446</u>	<u>243,367</u>	<u>2,800,206</u>
Total Liabilities and Fund Balances	<u>\$ 188,950</u>	<u>\$ 370,676</u>	<u>\$ 719</u>	<u>\$ 155,446</u>	<u>\$ 271,937</u>	<u>\$ 3,936,478</u>

TOWN OF AVON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

		Special Revenue Funds							
		Sewer Fund	State and Federal Education Grants Fund	School Cafeteria Fund	Recreational Activities Fund	Local Capital Improvement Program Fund	Forest Park Management Fund	Use of School Facilities Fund	Town Aid Road Fund
Revenues:	Intergovernmental	\$ 65,361	\$ 862,694	\$ 186,112	\$ 1,949	\$ 106,650	\$	\$ 23,854	\$ 153,609
	Charges for services	1,838,821		1,100,738	381,148				
	Investment income								
	Other local revenues		39,596				30,000	63,297	
	Total revenues	<u>1,904,182</u>	<u>902,290</u>	<u>1,286,850</u>	<u>383,097</u>	<u>106,650</u>	<u>30,000</u>	<u>87,151</u>	<u>153,609</u>
	Expenditures:								
	Current:								
	General government								
	Public safety								
Expenditures:	Public works	1,598,152				106,650			112,910
	Recreation and parks				339,299		2,870		
	Education		902,290	1,380,656				26,755	
	Capital outlay								
	Total expenditures	<u>1,598,152</u>	<u>902,290</u>	<u>1,380,656</u>	<u>339,299</u>	<u>106,650</u>	<u>2,870</u>	<u>26,755</u>	<u>112,910</u>
	Excess (Deficiency) of Revenues over Expenditures	<u>306,030</u>	<u>-</u>	<u>(93,806)</u>	<u>43,798</u>	<u>-</u>	<u>27,130</u>	<u>60,396</u>	<u>40,699</u>
	Other Financing Sources (Uses):								
	Transfers in								
Transfers out	(420,000)						(20,000)		
Net other financing sources (uses)	<u>(420,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	
Net Change in Fund Balances		(113,970)	-	(93,806)	43,798	-	27,130	40,396	40,699
Fund Balances at Beginning of Year		<u>1,503,047</u>	<u>-</u>	<u>259,318</u>	<u>97,875</u>	<u>2,176</u>	<u>8,650</u>	<u>51,515</u>	<u>15,234</u>
Fund Balances at End of Year		\$ <u>1,389,077</u>	\$ <u>-</u>	\$ <u>165,512</u>	\$ <u>141,673</u>	\$ <u>2,176</u>	\$ <u>35,780</u>	\$ <u>91,911</u>	\$ <u>55,933</u>

(Continued on next page)

TOWN OF AVON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds				Capital Projects Fund	
	Fisher Meadow Maintenance Fund	Police Special Services Fund	Student Athletic Activities Fund	Debt Service Fund	Capital and Nonrecurring Expenditures Fund	Total Nonmajor Governmental Funds
Revenues:						
Intergovernmental	\$	\$	\$	\$	\$ 32,241	\$ 1,432,470
Charges for services		97,858	244,624			3,663,189
Investment income	26					26
Other local revenues	39,973					172,866
Total revenues	<u>39,999</u>	<u>97,858</u>	<u>244,624</u>	<u>-</u>	<u>32,241</u>	<u>5,268,551</u>
Expenditures:						
Current:						
General government				24,633		24,633
Public safety		98,151				98,151
Public works						1,817,712
Recreation and parks	20,325					362,494
Education			300,787			2,610,488
Capital outlay					150,960	150,960
Total expenditures	<u>20,325</u>	<u>98,151</u>	<u>300,787</u>	<u>24,633</u>	<u>150,960</u>	<u>5,064,438</u>
Excess (Deficiency) of Revenues over Expenditures	<u>19,674</u>	<u>(293)</u>	<u>(56,163)</u>	<u>(24,633)</u>	<u>(118,719)</u>	<u>204,113</u>
Other Financing Sources (Uses):						
Transfers in					80,560	80,560
Transfers out						(440,000)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,560</u>	<u>(359,440)</u>
Net Change in Fund Balances	19,674	(293)	(56,163)	(24,633)	(38,159)	(155,327)
Fund Balances at Beginning of Year	<u>128,262</u>	<u>370,969</u>	<u>56,882</u>	<u>180,079</u>	<u>281,526</u>	<u>2,955,533</u>
Fund Balances at End of Year	<u>\$ 147,936</u>	<u>\$ 370,676</u>	<u>\$ 719</u>	<u>\$ 155,446</u>	<u>\$ 243,367</u>	<u>\$ 2,800,206</u>

TOWN OF AVON, CONNECTICUT

SEWER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Sewer assessments	\$ 21,210	\$ 21,210	\$ 214,344	\$ 193,134	\$ 47,508
Sewer connections	20,000	20,000	83,524	63,524	235,000
Sewer use charges	1,534,000	1,534,000	1,524,979	(9,021)	1,458,872
Permits and inspections	5,200	5,200	2,000	(3,200)	3,350
Interest and lien fees	12,600	12,600	13,974	1,374	13,633
Intergovernmental		65,361	65,361	-	
Miscellaneous				-	8,962
Total revenues	<u>1,593,010</u>	<u>1,658,371</u>	<u>1,904,182</u>	<u>245,811</u>	<u>1,767,325</u>
Expenditures:					
Current:					
Public works	1,709,207	1,774,568	1,544,786	229,782	1,406,522
Debt service	47,776	47,776	47,776	-	49,768
Total expenditures	<u>1,756,983</u>	<u>1,822,344</u>	<u>1,592,562</u>	<u>229,782</u>	<u>1,456,290</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(163,973)</u>	<u>(163,973)</u>	<u>311,620</u>	<u>475,593</u>	<u>311,035</u>
Other Financing Sources (Uses):					
Transfers out	(420,000)	(420,000)	(420,000)	-	(245,000)
Appropriation of fund balance	583,973	583,973		(583,973)	
Net other financing sources (uses)	<u>163,973</u>	<u>163,973</u>	<u>(420,000)</u>	<u>(583,973)</u>	<u>(245,000)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>(108,380)</u>	<u>\$ (108,380)</u>	<u>66,035</u>
Fund Balances at Beginning of Year			<u>1,464,178</u>		<u>1,398,143</u>
Fund Balances at End of Year			<u>\$ 1,355,798</u>		<u>\$ 1,464,178</u>

Reconciliation to GAAP Basis

	Revenues	Expenditures	Fund Balance
Balance, Budgetary Basis - End of Year	\$ 1,904,182	\$ 1,592,562	\$ 1,355,798
Encumbrances outstanding from the prior year, still outstanding at end of current fiscal year.			20,413
Prior year encumbrances paid		18,456	
Current year encumbrances		(12,866)	12,866
Balance, GAAP Basis - End of Year	<u>\$ 1,904,182</u>	<u>\$ 1,598,152</u>	<u>\$ 1,389,077</u>

TOWN OF AVON, CONNECTICUT

STATE AND FEDERAL EDUCATION GRANTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental	\$ 1,406,211	\$ 1,406,211	\$ 868,041	\$ (538,170)	\$ 2,011,028
Other revenue			34,249	34,249	25,479
Total revenues	<u>1,406,211</u>	<u>1,406,211</u>	<u>902,290</u>	<u>(503,921)</u>	<u>2,036,507</u>
Expenditures:					
Education	<u>1,406,211</u>	<u>1,406,211</u>	<u>902,290</u>	<u>503,921</u>	<u>2,036,507</u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	
Fund Balances at Beginning of Year			-		-
Fund Balances at End of Year			\$ <u>-</u>		\$ <u>-</u>

TOWN OF AVON, CONNECTICUT

SCHOOL CAFETERIA FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)**

	2012				2011
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental	\$ -	\$ 24,386	\$ 186,112	\$ 161,726	\$ 118,739
Charges for services	974,792	1,216,453	1,100,738	(115,715)	1,125,491
Total revenues	974,792	1,240,839	1,286,850	46,011	1,244,230
Expenditures:					
Education	974,792	1,334,647	1,380,656	(46,009)	1,219,548
Deficiency of Revenues over Expenditures		(93,808)	(93,806)	(46,009)	(1,219,548)
Other Financing Sources (Uses):					
Transfers out				-	(245,000)
Appropriation of fund balance		93,808		(93,808)	
Net other financing sources (uses)	-	93,808	-	(93,808)	(245,000)
Net Change in Fund Balances	\$ -	\$ -	(93,806)	\$ 2	24,682
Fund Balances at Beginning of Year			259,318		234,636
Fund Balances at End of Year			\$ 165,512		\$ 259,318

TOWN OF AVON, CONNECTICUT

RECREATIONAL ACTIVITIES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012			2011	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental revenue	\$	\$ 1,949	\$ 1,949	\$ -	\$
Charges for services	344,853	344,853	381,148	36,295	360,450
Other revenues				-	8,645
Total revenues	344,853	346,802	383,097	36,295	369,095
Expenditures:					
Recreation and parks	344,853	375,702	363,299	12,403	330,882
Excess (Deficiency) of Revenues over Expenditures	-	(28,900)	19,798	48,698	38,213
Other Financing Sources:					
Appropriation of fund balance		28,900		-	
Net Change in Fund Balances	\$ -	\$ -	19,798	\$ 48,698	38,213
Fund Balances at Beginning of Year			92,275		54,062
Fund Balances at End of Year			\$ 112,073		\$ 92,275

Reconciliation to GAAP Basis

	Revenues	Expenditures	Fund Balance
Balance, Budgetary Basis	\$ 383,097	\$ 363,299	\$ 112,073
Encumbrances outstanding from the prior year, still outstanding at end of current fiscal year.			1,600
Prior year encumbrances paid		4,000	
Current year encumbrances		(28,000)	28,000
Balance, GAAP Basis - End of Year	\$ 383,097	\$ 339,299	\$ 141,673

TOWN OF AVON, CONNECTICUT

LOCAL CAPITAL IMPROVEMENT PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental	\$ 93,797	\$ 106,650	\$ 106,650	\$ -	\$ 105,627
Expenditures:					
Public works	93,797	106,650	116,400	(9,750)	105,627
Excess of Revenues over Expenditures	\$ -	\$ -	(9,750)	\$ (9,750)	-
Fund Balances at Beginning of Year			2,176		2,176
Fund Balances at End of Year			\$ (7,574)		\$ 2,176
<u>Reconciliation to GAAP Basis</u>					
	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>		
Balance, Budgetary Basis	\$ 106,650	\$ 116,400	\$ (7,574)		
Current year encumbrances		(9,750)	9,750		
Balance, GAAP Basis - End of Year	\$ 106,650	\$ 106,650	\$ 2,176		

TOWN OF AVON, CONNECTICUT

FOREST PARK MANAGEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Other local revenues	\$ 9,600	\$ 9,600	\$ 30,000	\$ 20,400	\$
Expenditures:					
Recreation and parks	<u>9,600</u>	<u>9,600</u>	<u>2,870</u>	<u>6,730</u>	<u>8,253</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	27,130	\$ <u>27,130</u>	(8,253)
Fund Balances at Beginning of Year			<u>8,650</u>		<u>16,903</u>
Fund Balances at End of Year			\$ <u>35,780</u>		\$ <u>8,650</u>

TOWN OF AVON, CONNECTICUT

TOWN AID ROAD FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental	\$ 138,454	\$ 138,454	\$ 153,609	\$ 15,155	\$ 153,839
Expenditures:					
Public works	<u>138,454</u>	<u>138,454</u>	<u>112,910</u>	<u>25,544</u>	<u>153,837</u>
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	40,699	\$ <u>40,699</u>	2
Fund Balances at Beginning of Year			<u>15,234</u>		<u>15,232</u>
Fund Balances at End of Year			\$ <u>55,933</u>		\$ <u>15,234</u>

TOWN OF AVON, CONNECTICUT

USE OF SCHOOL FACILITIES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental revenues	\$	\$ 23,854	\$ 63,297	\$ 39,443	\$ 76,242
Other local revenues	10,000	10,000	23,854	13,854	
	<u>10,000</u>	<u>33,854</u>	<u>87,151</u>	<u>53,297</u>	
Expenditures:					
Education	<u>10,000</u>	<u>33,854</u>	<u>26,755</u>	<u>7,099</u>	<u>69,848</u>
Excess of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>60,396</u>	<u>46,542</u>	<u>6,394</u>
Other Financing Sources (Uses):					
Transfers out		(20,000)	(20,000)	(20,000)	
Appropriation of fund balance		<u>20,000</u>		<u>-</u>	<u>(18,500)</u>
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(18,500)</u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	40,396	\$ <u>46,542</u>	(12,106)
Fund Balances at Beginning of Year			<u>51,515</u>		<u>63,621</u>
Fund Balances at End of Year			\$ <u>91,911</u>		\$ <u>51,515</u>

TOWN OF AVON, CONNECTICUT

POLICE SERVICES FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)**

	<u>2012</u>				<u>2011</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:					
Other local revenues	\$ 10,000	\$ 98,151	\$ 97,858	\$ (293)	\$ 397,771
Expenditures:					
Public safety	<u>10,000</u>	<u>98,151</u>	<u>98,151</u>	<u>-</u>	<u>251,073</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	(293)	\$ <u>(293)</u>	146,698
Fund Balances at Beginning of Year			<u>370,969</u>		<u>224,271</u>
Fund Balances at End of Year			\$ <u>370,676</u>		\$ <u>370,969</u>

TOWN OF AVON, CONNECTICUT

CAPITAL AND NONRECURRING EXPENDITURES FUND
PROJECT LENGTH SCHEDULE OF EXPENDITURES - PROJECT BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Project Appropriations July 1, 2011</u>	<u>Additions (Reductions)</u>	<u>Project Appropriations June 30, 2012</u>	<u>Expenditures Incurred to July 1, 2011</u>	<u>Current Year Expenditures</u>	<u>Expenditures Incurred to June 30, 2012</u>	<u>Unexpended Appropriations June 30, 2012</u>
General Government:							
Sidewalks	\$ 10,000	\$	\$ 10,000	\$ 5,938	\$ 66	\$ 6,004	\$ 3,996
Revaluation (2008)	194,553		194,553	151,188	7,358	158,546	36,007
ADMINS upgrade	56,400	55,560	111,960	56,346	28,570	84,916	27,044
Secret Lake Drainage	30,000		30,000	9,050		9,050	20,950
OFB Project 04-116-Design Fees Reimb.	401,366	(70,052)	331,314	260,641	9,536	270,177	61,137
Old Farms Rd/Thompson Recon 4-98	519,355	70,052	589,407	516,984	72,423	589,407	-
Replace Old Wheeler Lane Bridge		25,000	25,000		1,000	1,000	24,000
Rails to Trails		32,241	32,241		32,007	32,007	234
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital and Nonrecurring	\$ <u>1,211,674</u>	\$ <u>112,801</u>	\$ <u>1,324,475</u>	\$ <u>1,000,147</u>	\$ <u>150,960</u>	\$ <u>1,151,107</u>	\$ <u>173,368</u>

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

Pension Trust Funds

A fiduciary fund type used to report resources that are required to be held in trust for the member and beneficiaries of defined benefit pension plans.

To account for the accumulation of resources for pension benefit payments to qualified employees: Police, Public Works, Nonorganized, Board of Education and Dispatchers.

Other Post Employment Benefits Fund

A fiduciary fund type used to report resources that are required to be held in trust for the member and beneficiaries for other post retirement benefits.

To account for the accumulation of resources for other post retirement benefit payments to qualified Town and Board of Education employees.

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Student Activity Funds - To account for various student functions and programs in the Town's schools.

Flexible Spending Account - To account for the flexible health spending account activity for the Town's Board of Education employees.

TOWN OF AVON, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS				
Cash:				
Flexible spending account	\$ 24,000	\$ 100,674	\$ 87,033	\$ 37,641
High school student activity fund	193,876	376,699	352,466	218,109
Middle school student activity fund	47,600	98,390	105,945	40,045
Roaring Brook student activity fund	7,919	20,432	19,381	8,970
Pine Grove student activity fund	37,633	23,976	21,891	39,718
Thompson Brook student activity fund	<u>10,312</u>	<u>49,715</u>	<u>49,227</u>	<u>10,800</u>
Total Assets	<u>\$ 321,340</u>	<u>\$ 669,886</u>	<u>\$ 635,943</u>	<u>\$ 355,283</u>
LIABILITIES				
Fiduciary Deposits:				
Flexible spending account	\$ 24,000	\$ 100,674	\$ 87,033	\$ 37,641
High school student activity fund	193,876	376,699	352,466	218,109
Middle school student activity fund	47,600	98,390	105,945	40,045
Roaring Brook student activity fund	7,919	20,432	19,381	8,970
Pine Grove student activity fund	37,633	23,976	21,891	39,718
Thompson Brook student activity fund	<u>10,312</u>	<u>49,715</u>	<u>49,227</u>	<u>10,800</u>
Total Liabilities	<u>\$ 321,340</u>	<u>\$ 669,886</u>	<u>\$ 635,943</u>	<u>\$ 355,283</u>

DETAILED SCHEDULE OF LONG-TERM DEBT OBLIGATIONS

TOWN OF AVON, CONNECTICUT
LONG-TERM DEBT OBLIGATIONS
SCHEDULE OF BOND MATURITIES

JUNE 30, 2012

Description	Original Issue		Year Ending June 30,	Principal	Interest	Total
	Amount	Date				
General Purpose:						
Bonds:						
Sewer Interceptor	\$ 550,000	7-15-98	2013	\$ 33,750	\$ 1,536	\$ 35,286
Interest payable January 15 and July 15 of each year at 4.10-4.75%; principal payable - January						
Fisher Farms Open Space	\$ 1,295,000	7-15-02	2013	82,000	14,042	96,042
Interest payable December 15 and June 15 of each year at 3.0-5.0%; principal payable - June			2014	82,000	10,845	92,845
			2015	82,000	7,482	89,482
			2016	82,000	4,100	86,100
				328,000	36,469	364,469
Town Hall Renovations	\$ 2,295,000	10-15-09	2013	155,000	60,082	215,082
Interest payable October 15 and April 15 of each year at 2.0-3.25%; principal payable-October			2014	115,000	56,807	171,807
			2015	100,000	53,582	153,582
			2016	115,000	50,357	165,357
			2017	150,000	46,382	196,382
			2018	150,000	41,882	191,882
			2019	150,000	37,382	187,382
			2020	145,000	32,957	177,957
			2021	135,000	28,757	163,757
			2022	135,000	24,707	159,707
			2023	150,000	20,432	170,432
			2024	145,000	15,916	160,916
			2025	140,000	11,375	151,375
			2026	140,000	6,825	146,825
			2027	140,000	2,275	142,275
				2,065,000	489,718	2,554,718
Total General Purposes				2,426,750	527,723	2,954,473

(Continued on next page)

TOWN OF AVON, CONNECTICUT

LONG-TERM DEBT OBLIGATIONS

SCHEDULE OF BOND MATURITIES (CONTINUED)

JUNE 30, 2012

Description	Original Issue		Year Ending June 30,	Principal	Interest	Total
	Amount	Date				
Schools:						
Bonds:						
School Construction - Avon High School Renovations Interest payable January 15 and July 15 of each year at 4.10-4.75%; principal payable - January	\$ 6,915,000	7-15-98	2013	\$ 431,250	\$ 19,622	\$ 450,872
School Construction - Thompson Brook School Interest payable December 15 and June 15 of each year at 3.0-5.0%; principal payable - June	\$ 14,245,000	7-15-02	2013 2014 2015 2016	918,000 918,000 918,000 918,000	157,208 121,405 83,768 45,900	1,075,208 1,039,405 1,001,768 963,900
				3,672,000	408,281	4,080,281
School Construction Avon High School Renovations Interest payable October 15 and April 15 of each year at 2.0-3.25%; principal payable - October	\$ 23,218,000	10-15-09	2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027	1,580,000 1,180,000 1,100,000 1,195,000 1,590,000 1,570,000 1,570,000 1,490,000 1,375,000 1,370,000 1,350,000 1,355,000 1,360,000 1,410,000 1,410,000	607,694 574,194 539,994 505,569 463,794 416,394 369,294 323,394 280,419 239,244 198,444 157,022 113,750 68,738 22,913	2,187,694 1,754,194 1,639,994 1,700,569 2,053,794 1,986,394 1,939,294 1,813,394 1,655,419 1,609,244 1,548,444 1,512,022 1,473,750 1,478,738 1,432,913
				20,905,000	4,880,857	25,785,857
School Construction Avon Middle School Roof Interest payable October 15 and April 15 of each year at 2.0-3.25%; principal payable - October	\$ 2,372,000	10-15-09	2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027	165,000 125,000 100,000 110,000 150,000 150,000 150,000 150,000 140,000 145,000 150,000 150,000 150,000 150,000 150,000	62,063 58,538 55,163 52,013 48,113 43,613 39,113 34,613 30,263 25,988 21,563 16,969 12,188 7,313 2,438	227,063 183,538 155,163 162,013 198,113 193,613 189,113 184,613 170,263 170,988 171,563 166,969 162,188 157,313 152,438
				2,135,000	509,951	2,644,951
Total Schools				27,143,250	5,818,711	32,961,961
Grand Total-All Bonded Debt				\$ 29,570,000	\$ 6,346,434	\$ 35,916,434

STATISTICAL SECTION

This part of the Town of Avon's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the government's financial health.

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

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

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

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF AVON, CONNECTICUT

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 81,729,871	\$ 81,157,443	\$ 85,496,836	\$ 80,092,550	\$ 86,386,400	\$ 100,992,393	\$ 106,328,362	\$ 109,234,397	\$ 107,467,654	\$ 115,379,009
Unrestricted	<u>12,048,795</u>	<u>9,652,738</u>	<u>9,182,945</u>	<u>16,234,934</u>	<u>15,331,611</u>	<u>12,623,398</u>	<u>9,407,746</u>	<u>8,985,086</u>	<u>16,205,739</u>	<u>12,329,474</u>
Total Governmental Activities Net Assets	<u>\$ 93,778,666</u>	<u>\$ 90,810,181</u>	<u>\$ 94,679,781</u>	<u>\$ 96,327,484</u>	<u>\$ 101,718,011</u>	<u>\$ 113,615,791</u>	<u>\$ 115,736,108</u>	<u>\$ 118,219,483</u>	<u>\$ 123,673,393</u>	<u>\$ 127,708,483</u>
Primary Government:										
Invested in capital assets, net of related debt	\$ 81,729,871	\$ 81,157,443	\$ 85,496,836	\$ 80,092,550	\$ 86,386,400	\$ 100,992,393	\$ 106,328,362	\$ 109,234,397	\$ 107,467,654	\$ 115,379,009
Unrestricted	<u>12,048,795</u>	<u>9,652,738</u>	<u>9,182,945</u>	<u>16,234,934</u>	<u>15,331,611</u>	<u>12,623,398</u>	<u>9,407,746</u>	<u>8,985,086</u>	<u>16,205,739</u>	<u>12,329,474</u>
Total Primary Government Net Assets	<u>\$ 93,778,666</u>	<u>\$ 90,810,181</u>	<u>\$ 94,679,781</u>	<u>\$ 96,327,484</u>	<u>\$ 101,718,011</u>	<u>\$ 113,615,791</u>	<u>\$ 115,736,108</u>	<u>\$ 118,219,483</u>	<u>\$ 123,673,393</u>	<u>\$ 127,708,483</u>

TOWN OF AVON, CONNECTICUT

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental activities:										
General government	\$ 2,350,087	\$ 2,520,267	\$ 2,506,909	\$ 2,824,138	\$ 2,697,324	\$ 3,150,197	\$ 4,366,653	\$ 3,363,784	\$ 2,997,029	\$ 3,699,703
Public safety	6,481,170	6,783,676	6,810,733	7,844,237	7,752,887	8,386,614	8,646,361	8,584,227	8,837,647	9,135,168
Public works	5,163,486	5,596,299	5,610,986	5,768,387	5,615,483	6,379,490	6,803,932	6,767,622	6,459,180	9,025,502
Health and social services	290,106	297,004	312,488	335,363	339,011	418,457	409,643	429,622	449,695	455,739
Recreation and parks	1,019,021	1,159,712	1,173,172	1,231,112	1,192,893	1,259,443	1,198,231	1,270,094	1,407,889	1,370,892
Educational cultural	1,145,107	1,182,875	1,165,935	1,252,539	1,271,577	1,340,878	1,325,196	1,390,254	1,341,831	1,402,620
Conservation and development	489,625	480,149	475,086	485,796	480,105	470,631	493,509	495,403	621,526	561,273
Board of Education	33,056,208	35,157,771	36,861,285	41,312,587	42,831,505	58,762,865	48,148,966	50,168,747	51,384,252	55,476,822
Interest expense	1,804,113	1,220,937	1,049,650	976,068	1,164,309	1,420,878	1,599,492	1,847,632	1,083,857	1,045,803
Total governmental activities expenses	<u>51,798,923</u>	<u>54,398,690</u>	<u>55,966,244</u>	<u>62,030,227</u>	<u>63,345,094</u>	<u>81,589,453</u>	<u>72,991,983</u>	<u>74,317,385</u>	<u>74,582,906</u>	<u>82,173,522</u>
Program Revenues:										
Governmental activities:										
Charges for services	4,007,310	4,368,055	4,750,233	4,744,462	4,268,592	4,585,742	5,254,615	5,243,859	5,899,335	5,809,050
Operating grants and contributions	2,809,001	2,858,754	2,942,406	4,703,647	5,187,201	19,168,475	6,795,638	8,068,566	7,603,548	11,127,231
Capital grants and contributions	3,974,876	1,791,485	264,316	45,436	211,460	7,676,918	1,192,219	940,145	186,048	1,065,967
Total governmental activities program revenues	<u>10,791,187</u>	<u>9,018,294</u>	<u>7,956,955</u>	<u>9,493,545</u>	<u>9,667,253</u>	<u>31,431,135</u>	<u>13,242,472</u>	<u>14,252,570</u>	<u>13,688,931</u>	<u>18,002,248</u>
Net revenues (expenses):										
Governmental activities	<u>(41,007,736)</u>	<u>(45,380,396)</u>	<u>(48,009,289)</u>	<u>(52,536,682)</u>	<u>(53,677,841)</u>	<u>(50,158,318)</u>	<u>(59,749,511)</u>	<u>(60,064,815)</u>	<u>(60,893,975)</u>	<u>(64,171,274)</u>
General Revenues and Other										
Changes in Net Assets:										
Governmental activities:										
Property taxes	44,885,797	47,930,234	49,177,333	52,102,161	54,985,721	57,525,758	60,502,992	61,214,157	64,376,632	66,459,769
Grants and contributions not restricted to specific programs	388,628	396,446	447,711	420,814	471,823	484,160	451,350	631,497	466,877	608,088
Unrestricted investment earnings	273,327	177,347	430,329	1,229,679	1,923,744	1,361,187	469,404	231,295	259,529	94,451
Miscellaneous	100,334	173,665	117,250	280,849	370,776	988,047	446,082	471,241	1,244,847	1,044,056
Donated capital assets			1,706,266	150,882	1,441,304					
Transfers					(125,000)					
Special item - gain on sale	11,159									
Total governmental activities	<u>45,659,245</u>	<u>48,677,692</u>	<u>51,878,889</u>	<u>54,184,385</u>	<u>59,068,368</u>	<u>60,359,152</u>	<u>61,869,828</u>	<u>62,548,190</u>	<u>66,347,885</u>	<u>68,206,364</u>
Change in Net Assets:										
Governmental activities	<u>\$ 4,651,509</u>	<u>\$ 3,297,296</u>	<u>\$ 3,869,600</u>	<u>\$ 1,647,703</u>	<u>\$ 5,390,527</u>	<u>\$ 10,200,834</u>	<u>\$ 2,120,317</u>	<u>\$ 2,483,375</u>	<u>\$ 5,453,910</u>	<u>\$ 4,035,090</u>

TABLE 3

TOWN OF AVON, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Reserved	\$ 758,851	\$ 862,630	\$ 908,877	\$ 147,535	\$ 17,118	\$	\$	\$	\$	\$
Unreserved	4,245,984	3,941,547	3,657,223	4,159,172	3,760,315	4,676,227	5,253,522	5,100,539		
Nonspendable									133,724	190,147
Assigned									1,786,555	2,318,586
Unassigned									6,084,975	6,610,507
Total General Fund	<u>\$ 5,004,835</u>	<u>\$ 4,804,177</u>	<u>\$ 4,566,100</u>	<u>\$ 4,306,707</u>	<u>\$ 3,777,433</u>	<u>\$ 4,676,227</u>	<u>\$ 5,253,522</u>	<u>\$ 5,100,539</u>	<u>\$ 8,005,254</u>	<u>\$ 9,119,240</u>
All other governmental funds:										
Reserved	\$ 534,749	\$ 860,651	\$ 627,941	\$ 756,962	\$ 813,490	\$ 562,053	\$ 453,686	\$ 109,845	\$	\$
Unreserved, reported in:										
Special revenue funds	1,420,380	1,675,926	1,892,462	1,641,669	1,850,540	4,289,793	3,326,360	3,331,402		
Capital projects funds	915,811	573,429	968,946	96,391	(8,277,866)	(21,972,030)	(23,536,240)	2,856,843		
Nonspendable									5,300	5,326
Restricted									128,262	147,936
Committed									2,821,971	2,646,944
Unassigned									(75,208)	(3,563,089)
Total All Other Governmental Funds	<u>\$ 2,870,940</u>	<u>\$ 3,110,006</u>	<u>\$ 3,489,349</u>	<u>\$ 2,495,022</u>	<u>\$ (5,613,836)</u>	<u>\$ (17,120,184)</u>	<u>\$ (19,756,194)</u>	<u>\$ 6,298,090</u>	<u>\$ 2,880,325</u>	<u>\$ (762,883)</u>

TOWN OF AVON, CONNECTICUT
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Property taxes	\$ 44,995,486	\$ 48,012,671	\$ 49,213,013	\$ 52,054,364	\$ 54,940,024	\$ 57,607,095	\$ 60,443,984	\$ 61,251,149	\$ 64,340,735	\$ 66,477,970
Intergovernmental (state and federal grants)*	5,498,502	4,082,975	4,537,713	5,908,147	6,223,583	25,960,589	8,029,848	9,479,811	8,409,103	12,974,621
Licenses, fees and permits										
Charges for services	4,144,002	4,462,440	4,754,726	4,735,059	4,268,644	4,585,785	5,253,901	5,243,089	5,899,335	5,809,050
Contributions**	324,293	25,620	45,850	30,300	6,300			3,200		
Investment income	273,327	177,347	430,329	1,229,679	1,923,744	1,361,187	469,404	231,295	259,529	94,451
Other local revenues	109,187	173,665	165,404	280,849	370,776	980,682	446,082	477,976	1,294,266	1,061,483
Total revenues	<u>55,344,797</u>	<u>56,934,718</u>	<u>59,147,035</u>	<u>64,238,398</u>	<u>67,733,071</u>	<u>90,495,338</u>	<u>74,643,219</u>	<u>76,686,520</u>	<u>80,202,968</u>	<u>86,417,575</u>
Expenditures:										
Town Council:										
General government	2,049,196	2,214,074	2,275,478	2,332,582	2,534,553	2,934,699	4,071,003	2,923,516	3,265,992	3,143,074
Public safety	5,935,154	6,354,328	6,597,926	7,190,774	7,492,029	7,943,996	8,180,761	8,062,495	8,158,581	8,606,336
Public works	4,045,432	4,596,663	4,766,751	4,676,353	4,966,497	5,177,018	5,995,535	5,565,831	5,532,928	8,361,461
Health and social services	280,654	292,929	312,136	321,193	339,055	418,279	407,956	431,181	428,700	434,439
Recreation and parks	932,564	994,752	1,075,531	1,104,495	1,114,589	1,114,355	1,058,239	1,126,505	1,222,190	1,216,090
Educational - cultural	1,089,118	1,147,023	1,141,214	1,171,991	1,249,963	1,325,488	1,312,882	1,381,486	1,412,445	1,392,328
Conservation and development	396,219	471,433	473,635	452,072	480,232	461,474	485,868	494,145	524,858	550,396
Miscellaneous	994,769	468,377	262,733	258,642	244,096	279,276	288,255	293,613	257,016	232,806
Total Town Council	<u>15,723,106</u>	<u>16,539,579</u>	<u>16,905,404</u>	<u>17,508,102</u>	<u>18,421,014</u>	<u>19,654,585</u>	<u>21,800,499</u>	<u>20,278,772</u>	<u>20,802,710</u>	<u>23,936,930</u>
Board of Education	31,531,774	33,580,967	35,704,437	39,657,600	41,450,613	57,087,590	46,822,998	48,902,814	50,625,619	53,902,777
Debt Service:										
Principal	2,500,000	3,445,000	3,655,000	3,255,750	3,330,750	3,500,000	3,100,000	3,300,000	3,650,000	3,550,000
Interest	1,869,062	1,255,887	1,167,048	1,059,348	1,244,954	1,460,243	1,638,189	1,780,764	1,126,412	1,108,237
Total Debt Service	<u>4,369,062</u>	<u>4,700,887</u>	<u>4,822,048</u>	<u>4,315,098</u>	<u>4,575,704</u>	<u>4,960,243</u>	<u>4,738,189</u>	<u>5,080,764</u>	<u>4,776,412</u>	<u>4,658,237</u>
Capital improvements	<u>6,376,491</u>	<u>2,007,365</u>	<u>1,823,880</u>	<u>3,911,318</u>	<u>12,323,872</u>	<u>21,097,420</u>	<u>3,340,246</u>	<u>4,758,505</u>	<u>4,511,277</u>	<u>6,448,853</u>
Total expenditures	<u>58,000,433</u>	<u>56,828,798</u>	<u>59,255,769</u>	<u>65,392,118</u>	<u>76,771,203</u>	<u>102,799,838</u>	<u>76,701,932</u>	<u>79,020,855</u>	<u>80,716,018</u>	<u>88,946,797</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,655,636)</u>	<u>105,920</u>	<u>(108,734)</u>	<u>(1,153,720)</u>	<u>(9,038,132)</u>	<u>(12,304,500)</u>	<u>(2,058,713)</u>	<u>(2,334,335)</u>	<u>(513,050)</u>	<u>(2,529,222)</u>
Other Financing Sources (Uses):										
Proceeds from sale of land/capital assets	207,000	11,530	250,000							
Capital lease proceeds										
Bond/BAN issue proceeds	1,295,000							27,885,000		
Bond/BAN issue premium	155,284							350,636		
Loan Proceeds					600,000					
Operating transfers in	1,345,587	2,435,591	1,604,920	2,524,174	2,666,315	4,346,550	4,032,303	2,076,079	1,888,652	1,376,492
Operating transfers out	<u>(1,311,491)</u>	<u>(2,514,633)</u>	<u>(1,604,920)</u>	<u>(2,624,174)</u>	<u>(2,866,315)</u>	<u>(4,346,550)</u>	<u>(4,032,303)</u>	<u>(2,076,079)</u>	<u>(1,888,652)</u>	<u>(1,376,492)</u>
Total other financing sources (uses)	<u>1,691,380</u>	<u>(67,512)</u>	<u>250,000</u>	<u>(100,000)</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>28,235,636</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(964,256)</u>	<u>38,408</u>	<u>141,266</u>	<u>(1,253,720)</u>	<u>(8,638,132)</u>	<u>(12,304,500)</u>	<u>(2,058,713)</u>	<u>25,901,301</u>	<u>(513,050)</u>	<u>(2,529,222)</u>
Fund Balance at Beginning of Year ***	<u>8,840,031</u>	<u>7,875,775</u>	<u>7,914,183</u>	<u>8,055,449</u>	<u>6,801,729</u>	<u>(139,457)</u>	<u>(12,443,959)</u>	<u>(14,502,672)</u>	<u>11,398,629</u>	<u>10,885,579</u>
Fund Balance at End of Year	<u>\$ 7,875,775</u>	<u>\$ 7,914,183</u>	<u>\$ 8,055,449</u>	<u>\$ 6,801,729</u>	<u>\$ (1,836,403)</u>	<u>\$ (12,443,957)</u>	<u>\$ (14,502,672)</u>	<u>\$ 11,398,629</u>	<u>\$ 10,885,579</u>	<u>\$ 8,356,357</u>
Debt Service as a Percentage to Noncapital Expenditures	8.69%	8.72%	8.58%	7.00%	7.27%	6.16%	6.52%	6.82%	6.24%	5.65%
Total Debt Service	4,369,062	4,700,887	4,822,048	4,315,098	4,575,704	4,960,243	4,738,189	5,080,764	4,776,412	4,658,237
Non capital expenditures	50,254,788	53,892,204	56,189,168	61,685,584	62,955,279	80,545,635	72,716,201	74,451,371	76,486,372	82,489,875

* FY 2003 is the first year with no separate category for licenses, fees and permits. This number is included in charges for services for FY 2003 and all subsequent years

** FY 2003 is the first year of a new category called contributions.

*** FY 2008 fund balance is restated at beginning of year due to moving Postemployment Healthcare Fund assets of \$1,696,946 from Fiduciary to Special Revenue Fund.

TABLE 5

TOWN OF AVON, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property		Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2003	\$ 1,166,844,000	\$ 238,340,420	\$ 134,502,990	\$ 76,552,000	\$ 107,352,000	\$ 1,616,239,410	27.30	\$ 2,856,387,891	56.6
2004	1,208,639,570	240,317,650	140,432,000	75,965,880	121,595,680	1,665,355,100	28.30	3,122,648,993	53.3
2005	1,586,977,750	267,882,430	136,128,965	75,657,830	148,530,000	2,066,646,975	23.46	3,156,183,610	65.5
2006	1,633,097,700	270,135,570	148,590,290	77,077,010	149,492,690	2,128,900,570	24.16	3,548,200,958	60.0
2007	1,679,790,240	272,737,650	155,308,220	79,758,880	149,225,860	2,187,594,990	24.85	3,941,612,590	55.5
2008	1,715,393,290	274,339,890	155,657,040	81,609,190	149,230,440	2,226,999,410	25.55	4,128,919,720	53.9
2009	1,742,414,530	275,672,080	158,100,960	85,620,640	170,279,410	2,261,808,210	26.53	4,192,148,210	54.0
2010	2,057,199,260	317,688,190	148,167,500	82,720,100	270,062,210	2,605,775,050	23.41	4,008,884,690	65.0
2011	2,069,142,780	317,552,310	152,291,800	79,166,770	271,062,110	2,618,153,660	24.44	3,946,859,780	66.3
2012	2,082,821,950	318,054,740	161,455,980	76,284,190	271,385,060	2,638,616,860	25.04	3,742,718,950	70.5

Source: Town Assessor's Office

Note: By state law, property is assessed at 70% of actual value with periodic revaluation of real property.

The estimated actual amount is the equalized grand list which is estimated by the State of Connecticut, Office of Policy and Management.

TOWN OF AVON, CONNECTICUT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(Rate per \$1,000 of assessed value)

Fiscal Year	Direct Rates			Overlapping Rates	
	Basic Rate	General Obligation	Total Direct	State	County
		Debt Service			
2003	24.91	2.39	27.30	N/A	N/A
2004	25.72	2.58	28.30	N/A	N/A
2005	21.33	2.13	23.46	N/A	N/A
2006	22.08	2.08	24.16	N/A	N/A
2007	22.76	2.09	24.85	N/A	N/A
2008	23.44	2.11	25.55	N/A	N/A
2009	24.36	2.17	26.53	N/A	N/A
2010	21.56	1.85	23.41	N/A	N/A
2011	22.65	1.79	24.44	N/A	N/A
2012	23.32	1.72	25.04	N/A	N/A

TOWN OF AVON, CONNECTICUT

TABLE 7

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Grand List
Avonplace Associates LLC	\$ 13,901,020	1	0.53 %	\$ 6,854,260	10	0.42 %
64 Avonwood Rd. Assoc. LLC	13,647,330	2	0.52			
Two Fifty-Five West Main LLC	12,652,020	3	0.48	9,415,670	3	0.58
Connecticut Light & Power	12,541,520	4	0.48	8,550,900	4	0.53
Avon Marketplace Investors	10,813,240	5	0.41			
Ensign Bickford Realty Corp.	10,687,800	6	0.41	9,477,060	1	0.59
Riverdale Farms LLC	9,973,030	7	0.38	6,921,170	9	0.43
Nod Brook LLC				8,158,930	5	0.50
Avon Water Company	9,513,650	8	0.36			
Connecticut On-Line Computer	9,333,610	9	0.35	7,612,910	7	0.47
Family Wellness Center	8,895,050	10	0.34			
Avon Associates, Ltd				7,529,590	8	0.47
Jackson, Inc.				9,455,740	2	0.59
G. David Lattizori				7,674,270	6	0.47
	<u>\$ 111,958,270</u>		<u>4.26 %</u>	<u>\$ 81,650,500</u>		<u>5.05 %</u>

Source: Town Assessor's Office

TOWN OF AVON

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Percentage of Levy Uncollected	Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy			Amount	Percentage of Levy
2003	\$	44,718	\$ 44,568	99.66	0.34	\$ 89	\$ 44,657	99.86
2004		47,681	47,591	99.81	0.19	61	47,652	99.94
2005		48,900	48,851	99.90	0.10	23	48,874	99.95
2006		51,865	51,774	99.82	0.18	35	51,808	99.89
2007		54,781	54,677	99.81	0.19	71	54,747	99.94
2008		57,350	57,311	99.93	0.07	13	57,324	99.95
2009		60,287	60,174	99.81	0.19	86	60,259	99.95
2010		61,074	60,965	99.82	0.18	83	61,048	99.96
2011		64,184	64,017	99.74	0.26	116	64,017	99.74
2012		66,262	66,073	99.72	0.28	n/a	66,073	99.72

Source: Town Assessor's Office, Collector of Revenue and Finance Office

TOWN OF AVON, CONNECTICUT

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

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property(1)	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
2003	\$ 32,005,000	1.1205	\$ 32,005,000	3.79	1,960
2004	28,560,000	0.9146	28,560,000	3.31	1,709
2005	24,860,000	0.7877	24,860,000	2.81	1,455
2006	21,560,000	0.6076	21,560,000	2.38	1,232
2007	18,785,000	0.4766	18,785,000	2.08	1,073
2008	15,285,000	0.3702	15,285,000	1.66	859
2009	12,185,000	0.2907	12,185,000	1.32	685
2010	36,770,000	0.9172	36,770,000	3.93	2,031
2011	33,120,000	0.8391	33,120,000	3.48	1,800
2012	29,570,000	0.7901	29,570,000	3.06	1,581

(1) See Table 5 for taxable property value data.

(2) See Table 12 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

TABLE 10

TOWN OF AVON, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 327,027,981	\$ 348,473,195	\$ 364,104,930	\$ 383,690,160	\$ 404,046,335	\$ 422,652,293	\$ 442,469,867	\$ 448,646,527	\$ 470,001,581	\$ 489,236,174
Total net debt applicable to limit	<u>30,318,112</u>	<u>27,397,166</u>	<u>59,039,437</u>	<u>64,909,268</u>	<u>76,853,667</u>	<u>82,135,050</u>	<u>84,129,441</u>	<u>62,217,044</u>	<u>58,609,091</u>	<u>54,999,110</u>
Legal Debt Margin	<u>\$ 296,709,869</u>	<u>\$ 321,076,029</u>	<u>\$ 305,065,493</u>	<u>\$ 318,780,892</u>	<u>\$ 327,192,668</u>	<u>\$ 340,517,243</u>	<u>\$ 358,340,426</u>	<u>\$ 386,429,483</u>	<u>\$ 411,392,490</u>	<u>\$ 434,237,064</u>
Total net debt applicable to the limit as a percentage of debt limit	9.27%	7.86%	16.21%	16.92%	19.02%	19.43%	19.01%	13.87%	12.47%	11.24%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 2012 debt limit can be found on Table 13 of this report.

TOWN OF AVON, CONNECTICUT

DEBT STATEMENT

AS OF JUNE 30, 2012

Long-Term Debt:

Bonds:

General public improvement	\$ 2,393,000
School	27,143,250
Sewer	<u>33,750</u>
Total bonds	29,570,000

Short-Term Debt:

Bond anticipation notes	<u>7,000,000</u>
Total direct debt	36,570,000

Less Amount due from State of Connecticut (a)

Existing school bonds	<u>(67,044)</u>
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Total Net Direct Debt	\$ <u><u>36,502,956</u></u>
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(a) For school construction projects approved prior to July 1, 1996, state reimbursement grants are receivable in substantially equal installments over the life of outstanding school bonds. For school building projects approved after July 1, 1996, the State will reimburse the Town for eligible costs at a rate of 25.71% on a progress payment basis during the construction phase.

TOWN OF AVON, CONNECTICUT

CURRENT DEBT RATIOS

AS OF JUNE 30, 2012

Population (a)	18,700 (est.)
Net Taxable Grand List (October 1, 2010) (b)	\$ 2,638,616,860
Estimated Full Value (70%)	\$ 3,769,452,657
Equalized Net Taxable Grand List (2010) (c)	\$ 3,576,440,736
Income per Capita (2000) (d)	\$ 51,706

	<u>Total Direct Debt</u>	<u>Total Net Direct Debt</u>	<u>Total Overall Net Debt</u>
	\$ <u>36,570,000</u>	\$ <u>36,502,956</u>	\$ <u>36,502,956</u>
Per Capita	\$ 1,956	\$ 1,952	\$ 1,952
Ratio to Net Taxable Grand List	1.39%	1.38%	1.38%
Ratio to Estimated Full Value	0.97%	0.97%	0.97%
Ratio to Equalized Net Taxable Grand List	1.02%	1.02%	1.02%
Debt per Capita to Income per Capita	3.78%	3.78%	3.78%

(a) Estimate from Town of Avon, Planning and Zoning

(b) Revalued October 1, 2008, Town of Avon Division of Assessing

(c) Official Statement, Town of Avon GOB Issue of October 30, 2012

(d) State of Connecticut, Department of Labor

TOWN OF AVON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2012

Total tax collections (including interest and lien fees) received by Treasurer for current fiscal year	\$ 66,366,288
Total tax collections (including interest and lien fees) received by Treasurers of all other taxing districts within Town for current fiscal year	3,524,594
Reimbursement for Revenue Loss: Tax Relief for Elderly	<u>85,495</u>
Base for Debt Limitation Computation	<u>\$ 69,976,377</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2-1/4 times base	\$ 157,446,848	\$ 314,893,697	\$	\$	\$
4-1/2 times base					
3-3/4 times base			262,411,414		
3-1/4 times base				227,423,225	
3 times base					209,929,131
Total debt limitation	<u>157,446,848</u>	<u>314,893,697</u>	<u>262,411,414</u>	<u>227,423,225</u>	<u>209,929,131</u>
Indebtedness:					
Bonds payable	2,393,000	27,143,250	33,750		
Bond authorized but unissued	11,405,000	14,493,000			
School building grants		(67,044)			
Sewer assessment receivable			(401,846)		
Net indebtedness (1)	<u>13,798,000</u>	<u>41,569,206</u>	<u>(368,096)</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding Debt	<u>\$ 143,648,848</u>	<u>\$ 273,324,491</u>	<u>\$ 262,779,510</u>	<u>\$ 227,423,225</u>	<u>\$ 209,929,131</u>
(1) The total of the above net indebtedness amounts to:					<u>\$ 54,999,110</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:					<u>\$ 489,834,639</u>

TOWN OF AVON, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (3)	Median Age (3)	Education Level in Years of Schooling (4)	School Enrollment (5)	Unemployment Rate (6)
2003	16,332	\$ 844,462	\$ 51,706	42.0	16	3,071	3.2
2004	16,707	863,852	51,706	42.0	16	3,245	3.4
2005	17,082	883,242	51,706	42.0	16	3,319	2.9
2006	17,500	904,855	51,706	42.0	16	3,446	2.7
2007	17,500	904,855	51,706	42.0	16	3,519	3.1
2008	17,800	920,367	51,706	42.0	16	3,532	3.7
2009	17,800	920,367	51,706	42.0	16	3,613	5.5
2010	18,100	935,879	51,706	42.0	16	3,605	6.0
2011	18,400	951,390	51,706	42.0	16	3,540	5.7
2012	18,700	966,902	51,706	42.0	16	3,534	5.3

Sources:

- (1) State of Connecticut, Department of Health Services - Population Estimates
Town of Avon, Planning Department
- (2) Formula of population times per capita personal income, divided by one thousand
- (3) U.S. Department of Commerce, Bureau of the Census, 1990 and 2000
- (4) U.S. Department of Commerce, Bureau of the Census, 1990 and 2000
1990 Census: percentage of Avon population with Bachelor's Degree or higher is 52.4%
2000 Census: percentage of Avon population with Bachelor's Degree or higher is 62.0%
- (5) Town of Avon, Board of Education
- (6) State of Connecticut, Department of Labor

TABLE 15

TOWN OF AVON, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2012			2003		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Avon	559	1	6.99 %	493	1	6.54 %
Connecticut On-Line Computer Center	330	2	4.12	305	2	4.05
Wal-Mart	220	3	2.75	220	3	2.92
Apple Health Care, Inc	216	4	2.70	130	8	1.72
Avon Health Center, Inc.	216	5	2.70	186	5	2.47
Big Y Supermarket	195	6	2.44	195	4	2.59
Women's Health USA	186	7	2.32	120	9	1.59
O.F.S Fitel LLC	177	8	2.21	153	7	2.03
Legere Group	155	9	1.94	114	10	1.51
Reflexite Tech Center	91	10	1.14	-	-	-
Hartford Insurance	-	-	0.00	158	6	2.10
	<u>2,345</u>		<u>29.31 %</u>	<u>2,074</u>		<u>27.51 %</u>

Source: Town of Avon, Official Statements

TOWN OF AVON, CONNECTICUT

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

JUNE 30, 2012

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>General Government</u>										
Manager	3.0	3.0	3.0	3.0	3.0	2.3	2.3	2.3	2.3	2.3
Finance	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Planning	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Building	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0
Other	10.0	11.0	11.0	14.0	13.0	12.7	12.7	12.7	12.7	12.7
<u>Public Safety</u>										
Sworn Officers	44.0	44.0	44.0	43.0	43.0	43.0	43.0	42.0	41.0	40.0
<u>Public Works</u>	27.0	27.0	26.0	30.0	30.0	30.0	29.0	29.0	29.0	28.0
<u>Parks and Recreation</u>	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<u>Public Library</u>	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0
<u>Human Services</u>	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
<u>Board of Education</u>										
Certified	288.4	291.8	288.5	289.0	302.0	395.0	387.0	384.0	399.0	374.0
Total	393.4	397.8	393.5	400.0	413.0	505.0	496.0	492.0	506.0	479.0

Source: Annual Operating Budgets

Notes: Building includes Fire Marshal. Other includes Town Clerk, Accounting, Assessor, Tax Collection and Human Resources. Public works includes Engineering. A full-time general government, public safety administrator, public works administrator, parks and recreation, nonbargaining unit, public library and human services employee is scheduled to work 1,950 hours per year (including vacation and sick leave). A public safety and public works bargaining unit member employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by the scheduled number of work hours per year for each department, as detailed in the previous sentence.

TOWN OF AVON, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
JUNE 30, 2012

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>General Government</u>										
Marriage licenses issued	87	102	122	119	128	125	213	156	174	145
Civil Unions Recorded (new in 06/07)	0	0	0	1	2	2	6	N/A	N/A	N/A
Birth certificates issued	73	118	105	129	126	137	154	158	153	150
Death certificates issued	120	125	155	185	192	158	194	166	182	181
<u>Boards and Agencies</u>										
Registered voters	11,824	12,051	11,852	11,943	11,297	11,087	11,100	11,348	10,488	10,341
Elections and referenda	3	2	4	4	5	3	3	3	5	3
<u>Planning and Development</u>										
Building permits issued	617	575	561	525	635	562	700	750	732	654
Building inspections conducted	2,171	1,970	1,919	1,961	2,546	2,524	3,700	3,750	3,984	2,535
Value of building permits	34,205,274	32,317,339	27,942,971	17,946,028	24,403,569	24,586,378	23,358,000	51,801,012	36,897,500	49,938,726
<u>Public Safety</u>										
Arrests	280	287	246	281	289	292	350	346	351	318
Parking violations	12	27	51	69	72	78	67	101	146	200
Traffic violations	1,635	2,509	2,937	5,078	6,337	5,992	5,173	5,476	4,982	4,240
Emergency responses	1,603	1,503	1,313	1,247	1,307	1,265	3,323	3,136	3,420	4,278
Fires extinguished	7	28	11	8	28	15	18	17	22	26
Inspections/fire prevention	381	485	279	392	620	1,369	1,488	1,460	1,404	1,540
Calls for service	18,638	19,126	22,094	27,398	25,389	23,846	30,885	28,940	25,525	31,000
Citations issued	1,293	1,481	2,169	3,945	4,421	4,230	4,014	4,388	3,810	2,594
<u>Public Works</u>										
Miles of roads maintained	108	108	108	108	104	103	102	100.58	100.13	97.26
Refuse collected (tons per year)	862	872	900	950	1,029	1,065	N/A	1,107	1,095	N/A
Recyclables collected (tons per year)	504	553	650	726	931	933	N/A	809	719	N/A
<u>Parks and Recreation</u>										
Total park reservations	1,886	1,657	1,977	2,026	2,767	4,399	2,934	1,581	1,553	1,413
Total day camp registrations	465	395	527	659	612	554	486	467	286	285
Total swim memberships	443	400	415	403	437	530	507	495	447	415
Pool attendance	12,430	10,654	14,759	10,593	13,254	17,539	18,009	19,434	12,527	11,155
<u>Public Library</u>										
Volumes in collection	96,440	89,399	85,258	82,067	80,085	80,174	80,000	79,138	80,032	81,758
Items circulated	208,132	261,141	292,349	294,443	305,843	317,900	307,661	300,069	299,178	295,300
<u>Human Services</u>										
Senior mini-bus trips	2,647	2,143	2,708	3,507	3,472	3,601	3,833	3,279	2,950	2,515
Households provided energy assistance	43	45	30	35	27	49	35	30	30	57
Households provided food bank assistance	106	83	88	89	74	73	75	70	65	65
<u>Education</u>										
Elementary schools	2	2	2	2	2	2	2	2	2	2
Grade 5/6 schools	1	1	1	1	1	1	1	1	1	1
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1

Source(s): Various Town Departments

N/A: Information is not available

TABLE 18

TOWN OF AVON, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

JUNE 30, 2012

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
Police vehicles	28	28	28	29	28	25	20	17	22	25
Fire vehicles	13	14	14	14	13	13	12	12	12	17
<u>Public Works</u>										
Miles of town roads	108	108	108	108	105	104	102	100.39	100.23	96.57
Linear feet of sidewalks (See Note)	50865	50865	49465	49465	49465	49465	100	N/A	N/A	N/A
Streetlights	828	836	836	836	792	802	787	781	773	760
Traffic signals	18	18	18	12	12	12	12	12	11	11
Public works vehicles	33	33	33	33	33	33	33	32	33	34
<u>Parks and Recreation</u>										
Acreage (parks only)	1155	1155	1155	1155	1155	1155	1155	1155	1155	1155
Parks and greens	14	14	14	14	14	14	14	14	14	14
Athletic fields (includes Board of Education)	30	30	30	30	30	30	30	27	27	27
Swimming pools	2	2	2	2	2	2	2	2	2	2
<u>Public Library</u>										
Library	1	1	1	1	1	1	1	1	1	1
<u>Human Services</u>										
Senior center	1	1	1	1	1	1	1	1	1	1
<u>Education</u>										
Schools	5	5	5	5	5	5	5	5	5	5
<u>Water</u>										
Fire hydrant rentals	721	721	710	709	684	684	614	595	579	579
<u>Sewer</u>										
Sanitary sewers (miles)	77.39	76.43	76.43	76.36	72.75	70.58	68.46	67.74	64.47	61.23
Storm sewers (miles)	75	45.5	45	43.12	41.62	39.59	38.43	38.23	37.21	34.79

Source(s): Various Town Departments

Note: No capital asset indicator is available for the conservation and development function
 Per implementation of Pavement Management Program effective in 06-07 information to be captured in square feet