

TOWN OF AVON CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared By:
Department of Finance

Director of Finance:
Margaret Colligan

TOWN OF AVON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

Introductory Section		Page
Letter of Transmittal		i-vii
Principal Officials		viii
Organizational Chart: Structure of Government		ix
Organizational Chart: Department of Finance		x
Certificate of Achievement for Excellence in Financial Reporting for the Year Ended June 30, 2009		xi
Financial Section		
Independent Auditors' Report		1-2
Management's Discussion and Analysis		3-13
 <u>Exhibit</u>		
	<u>Basic Financial Statements</u>	
	<u>Government-Wide Financial Statements</u>	
I	Statement of Net Assets	14
II	Statement of Activities	15
	<u>Fund Financial Statements</u>	
III	Balance Sheet - Governmental Funds	16-17
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18-19
V	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	20
VI	Statement of Net Assets - Proprietary Fund	21
VII	Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund	22
VIII	Statement of Cash Flows - Proprietary Fund	23
IX	Statement of Fiduciary Net Assets	24
X	Statement of Changes in Fiduciary Net Assets	25
	Notes to Basic Financial Statements	26-52
	<u>Required Supplementary Information</u>	
RSI	Schedule of Funding Progress - Avon Retirement System	53-54

Exhibit

	<u>General Fund</u>	
A-1	Comparative Balance Sheets	55
A-2	Schedule of Revenues and Other Financing Sources - Budget and Actual	56-57
A-3	Schedule of Expenditures and Other Financing Uses - Budget and Actual	58-59
A-4	Report of the Property Tax Collector	60
	<u>CIFA Fund</u>	
B	Project Length Schedule of Expenditures - Project Budget and Actual	61
	<u>Nonmajor Governmental Funds</u>	
C-1	Combining Balance Sheet	62-63
C-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	64-65
	Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
C-3	Sewer Fund	66
C-4	State and Federal Education Grants Fund	67
C-5	School Cafeteria Fund	68
C-6	Recreational Activities Fund	69
C-7	Local Capital Improvement Program Fund	70
C-8	Forest Park Management Fund	71
C-9	Town Aid Road Fund	72
C-10	Use of School Facilities Fund	73
C-11	Police Services Fund	74
C-12	Project Length Schedule of Expenditures - Project Budget and Actual - Capital and Nonrecurring Expenditure Fund	75
	<u>Fiduciary Funds</u>	
D	Agency Funds - Combining Statement of Changes in Assets and Liabilities	76
	<u>Detailed Schedule of Long-Term Debt Obligations</u>	
E	Schedule of Bond Maturities	77-79

Table

	Financial Trends:	
1	Net Assets by Component	80
2	Changes in Net Assets	81
3	Fund Balance of Governmental Funds	82
4	Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	83
	Revenue Capacity:	
5	Assessed and Estimated Actual Value of Taxable Property	84
6	Direct and Overlapping Property Tax Rates	85
7	Principal Taxpayers	86
8	Property Tax Levies and Collections	87
	Debt Capacity:	
9	Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt per Capita	88
10	Legal Debt Margin Information	89
11	Debt Statement	90
12	Current Debt Ratios	91
13	Schedule of Debt Limitation	92
	Demographic and Economic Statistics:	
14	Demographic and Economic Statistics	93
15	Principal Employers	94
	Operating Statistics:	
16	Full-Time Equivalent Government Employees by Function/Program	95
17	Operating Indicators by Function/Program	96
18	Capital Asset Statistics by Function/Program	97



TOWN OF AVON

60 West Main St. Avon, CT 06001-3743
www.town.avon.ct.us

**POLICE, FIRE & MEDICAL
EMERGENCY - 911**

TOWN MANAGER'S OFFICE

Tel. (860) 409-4300
Fax (860) 409-4368

ASSISTANT TOWN MANAGER

Tel. (860) 409-4377
Fax (860) 409-4368

ACCOUNTING

Tel. (860) 409-4339
Fax (860) 677-2847

ASSESSOR'S OFFICE

Tel. (860) 409-4335
Fax (860) 409-4366

BUILDING DEPARTMENT

Tel. (860) 409-4316
Fax (860) 409-4321

COLLECTOR OF REVENUE

Tel. (860) 409-4306
Fax (860) 677-8428

ENGINEERING DEPARTMENT

Tel. (860) 409-4322
Fax (860) 409-4364

FINANCE DEPARTMENT

Tel. (860) 409-4346
Fax (860) 409-4366

FIRE MARSHAL

Tel. (860) 409-4319
Fax (860) 409-4321

HUMAN RESOURCES

Tel. (860) 409-4303
Fax (860) 409-4366

LANDFILL

281 Huckleberry Hill Rd.
Tel. (860) 673-3677

PLANNING & ZONING

Tel. (860) 409-4328
Fax (860) 409-4375

POLICE DEPARTMENT

Tel. (860) 409-4200
Fax (860) 409-4206

PROBATE

Tel. (860) 409-4348
Fax (860) 409-4368

PUBLIC LIBRARY

281 Country Club Road
Tel. (860) 673-9712
Fax (860) 675-6364

PUBLIC WORKS

11 Arch Road
Tel. (860) 673-6151
Fax (860) 673-0338

RECREATION AND PARKS

Tel. (860) 409-4332
Fax (860) 409-4334
Cancellation (860) 409-4365

REGISTRAR OF VOTERS

Tel. (860) 409-4350
Fax (860) 409-4368

SOCIAL SERVICES

Tel. (860) 409-4346
Fax (860) 409-4366

TOWN CLERK

Tel. (860) 409-4310
Fax (860) 677-8428

TDD-HEARING IMPAIRED

Tel. (860) 409-4361

December 21, 2010

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, 2010.

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, 2010, 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 auditors 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, 2010, 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 eighth 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 18,100 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 large increase in population resulting in an increased number of voters, which 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, like many communities in Connecticut, continues to face a number of challenges such as significant decline in growth of new single family housing permits. First noticed three years ago, decline continued in fiscal year 2009-2010 with 14 single family home building permits, slightly up from last year's 12 single family home building permits.

As of June 2010 the Town's unemployment rate of 6.1% compares favorably to the state's average of 8.8%. 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. 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., TV 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 U.S. 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 and Saint Francis Hospital and Medical Center housed in a 25,000 square foot facility and a recently completed 20,000 square feet Helen and Harry Gray Cancer Treatment Center operated by Hartford Hospital. Currently under construction is a 103-unit elderly housing complex and a 15,000 square foot expansion to the St. Francis Hospital Medical Center along with several developers looking at 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.

Revaluation was completed for the list of October 1, 2008 for fiscal year 2009-2010. There was no phase in of new property values. The October 1, 2008 Grand List grew by \$343,966,840 to \$2,605,775,050, or an increase of 15.21%, from the 2007 Grand List of \$2,261,808,210. Real estate increased \$356,808,840, or 17.68%, which was due to the effects of the revaluation as the Grand List growth was relatively flat. Building permits issued for 2009-2010 indicate a total value of new work of \$16,725,062. 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 2005 issue “Rating the Suburbs”, ranked Avon first as the most desirable community among 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 July 2005, a national media source, CNN Money, ranked Avon as one of the safest places in the United States to live.

Families with children continue to seek access to Avon’s premier school system and, increasing 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 rapid 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 2010 being 18,100. 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 two functions exceeds the growth of Town expenditures as a whole. For a ten-year period, expenditures in the public works function grew at 52.71%, due to increased demands for services, expenditures for health and social services function grew at 69.44% due to an increase of client services, and expenditures for the Board of Education function grew at 77.57%, due to increased school enrollment, all compared with a 49.26% 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 November 2009 Connecticut Magazine ranked Avon High School as one of Connecticut’s top five public high schools. In addition, Hartford Magazine, in their June 2010 issue, ranked Avon High School in the top three high schools in Hartford County. Avon’s educational system continues to be regarded as one of the best in the State of Connecticut. During the 2009-2010 school year:

- CMT Reading scores in grade eight have sustained a performance level over 90 % at or above the state goal for the past nine years.
- During the 2009-10 school year, over 90% of all students grades 4-7 met goal in math and continued to show continuous growth, based upon results from the Connecticut Mastery Test and the Connecticut Academic Performance Test.
- Performance in math ranged from 95.4% in grade three to 98.5% proficiency in grades seven and eight.
- Avon Public Schools is an active member of the Tri-State Consortium (a profession and collegial affiliation of 40 high performing districts in the tri-state region).

- Average SAT scores in writing increased fifteen points from the previous year.
- 93% of 2009 Avon High School Graduates are in pursuit of Higher Education; 7% of graduates are employed or in the Military; 0% unemployed.
- 90% of the Avon High School faculty hold advanced degrees (Master's Degree or higher).

Long-Term Financial Planning

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 use of \$148,076 of Undesignated General Fund resources for the fiscal year 2009-2010 budget, the first time in five years but well below the anticipated amount of \$500,000 usually used during the years of revaluation. 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”.

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, 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 as 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 and the budget for the 2009-2010 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. These improvements will allow the Library to expand its print and non-print collections and programs offered to the public that 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 and donations. On November 2, 2010, the Town will be issuing Bond Anticipation Notes in the amount of \$7,000,000, for temporary financing for the expansion and renovations.

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, 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 providing additional antennae space for municipal communications.

Relevant Financial Policies

The Town accepted \$132,333 in fees in lieu of deeded open space land from developers in 2009-2010 for the Open Space Fund, which is used 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.

The Town Council and the Board of Finance have 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.

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 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.

Major Initiatives

Avon is tied with Farmington for third place out of 169 cities and towns in Connecticut in the number of cooperative/collaborative programs that the Town participates in. Avon is one of five municipalities that collectively applied for and were awarded a \$250,000 energy grant through the American Recovery and Reinvestment Act. Each town will have access to \$50,000 to perform energy related activities aimed at increasing efficiency and reducing dependency on fossil fuels.

During recent budget sessions there were many suggestions by a number of citizens that the Town undertake an administrative service review by an outside consultant. In response, the Town Council appointed a committee to hire a consultant, through an RFP process, to explore the combining of Town and Board of Education administrative and operational procedures relating to finance, facilities and human resources. In July 2009, the Town Council accepted the report and appointed a staff subcommittee to prepare a time table for some of the recommendations, determine budget impacts and to provide updates to the Town Council on a regular basis.

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. The Town has been awarded a Small Town Economic Assistance Program (STEAP) grant for sidewalk, lighting and other improvements

to Avon Center. Phase I including construction has been completed; Phase II extending the sidewalk and adding additional lighting will begin in 2010-2011.

The Town has received several grants that will be managed by the Department of Planning and Community Development. The first is a \$50,000 State grant to study ways of incorporating Low Impact Development, which is preserving and recreating natural landscape features, in land use regulations. Utilizing a \$45,000 State grant allowed the initial design work for an extension of the Farmington Valley Greenway through Avon Park South. Construction is anticipated to take place in the fall of 2010.

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, 2009. This was the twenty-fifth 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, 2010. This was the twenty-sixth 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 entire staff of the Finance Department, in particular, Charles Lucas and Michelle Farrell. 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,



Margaret Colligan, CPFO
Director of Finance

**TOWN OF AVON
PRINCIPAL OFFICIALS
AT JUNE 30, 2010**

TOWN COUNCIL

Mark Zacchio, Chairman
William J. Shea, II Douglas Evans
David Pena Pamela Samul

BOARD OF FINANCE

Thomas F. Harrison, Chairman
Catherine Durdan William R. Hooper, II
Thomas A. Gugliotti Margaret Bratton
James Speich Brett Eisenlohr

BOARD OF EDUCATION

Margaret Roell, Chairperson
Jay Spivak Michael J. Eagen
Katharine Zirolli Kenneth Notestine
Stacy Biernat Barbara Zuras
William Stokesbury Houston Putnam Lowry

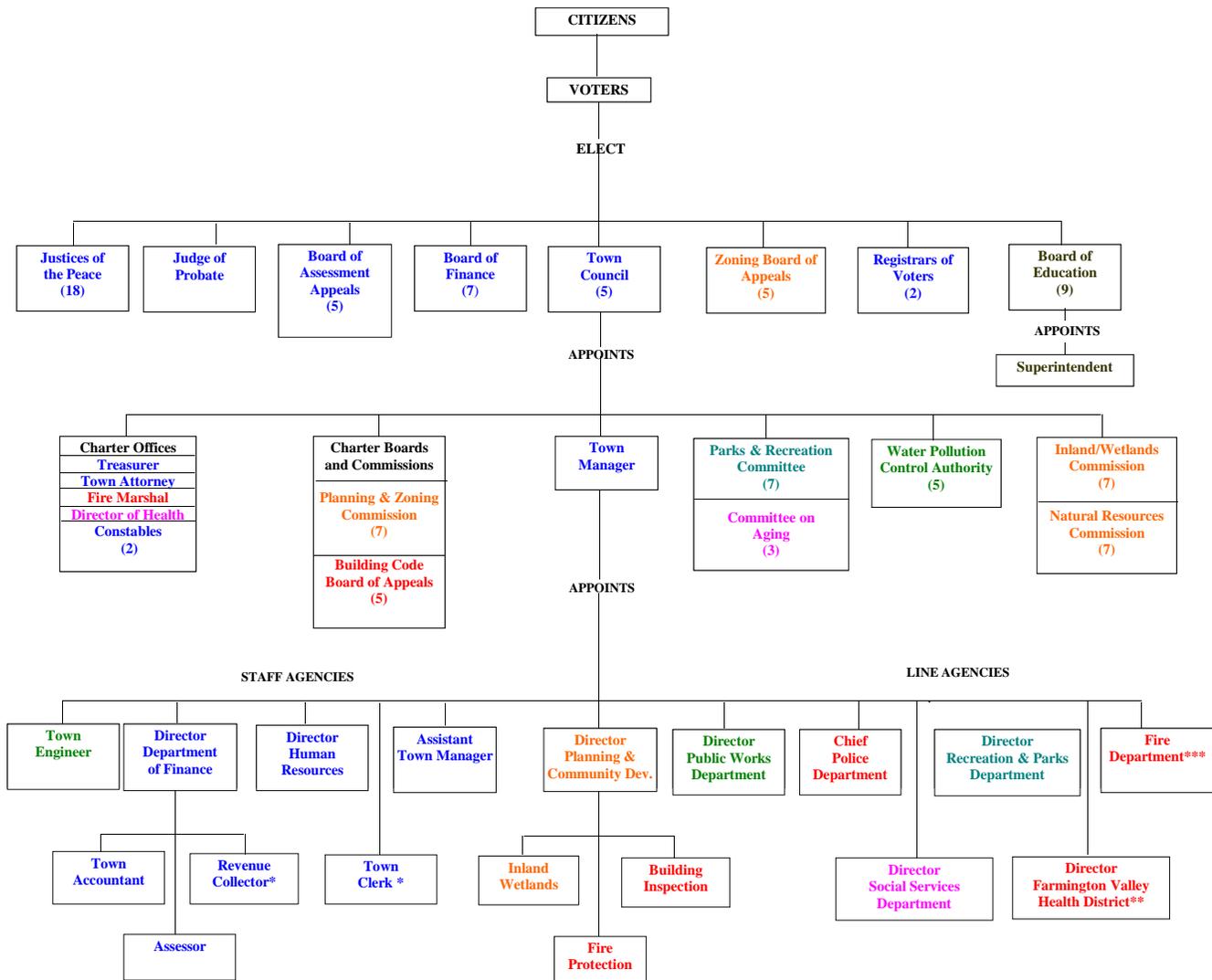
GENERAL GOVERNMENT

Town Manager	Brandon Robertson
Assistant to the Town Manager	Steve Bartha
Town Accountant	Charles M. Lucas, Jr.
Town Attorney	Dwight A. Johnson
Town Clerk	Ann L. Dearstynne
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	James DiPace

EDUCATION

Superintendent of Schools (Acting) Jody Goeler
Director of Finance Gary Franzi

ORGANIZATIONAL CHART FOR THE TOWN OF AVON



- * Recommended by Manager, approved by Council.
- ** The Town participates in a Regional Health District.
- *** The Town funds the Avon Volunteer Fire Department.

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

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, 2009

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.



President

Executive Director

BlumShapiro

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, 2010, 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'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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Avon, Connecticut, as of June 30, 2010 and the respective changes in financial position and cash flows, where applicable, 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 December 21, 2010 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.

Management's discussion and analysis on pages 3 through 12 and the required supplementary information on pages 53 and 54 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Avon, Connecticut's basic financial statements. 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 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, in our opinion, 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 express no opinion on them.

Blum, Shapiro & Company, P.C.

December 21, 2010

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

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, 2010. 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 2010 fiscal year by \$118,219,483 (net assets). Of this amount, \$8,985,086 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets increased by \$2,483,375 due primarily to the addition of new capital assets in excess of depreciation expense and construction in progress costs for the Town's school roof replacement project of \$2,606,596.
- As of the close of the current fiscal year, governmental funds reported combining ending fund balances of \$11,398,629, an increase of \$25,901,301 in comparison from last year's (\$14,502,672). \$5,100,539 of General Fund, \$2,588,347 in CIFA and \$3,599,898 of Other Governmental Funds is available for spending at the government's discretion (unreserved fund balance). The CIFA fund replaced the outstanding bond anticipation notes (\$28,312,000) with long term debt (\$27,885,000) in October 2009. As of June 30, 2010, \$109,845 of the combining fund balances has been designated for specific purposes.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$4,652,097 or 6.75% of total General Fund expenditures and transfers out of \$68,955,268, including the State's contribution and offsetting expenditures for teacher's retirement.
- Total debt increased by \$24,905,065 or 203.10% to \$37,167,712 (including amortized bond premium) during the current fiscal year as a result of the permanent financing of the Town high school project, middle school roof replacement project and Town hall campus facilities project.

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 16 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 14 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 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 26-52 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 53-54 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 55-76 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 \$118,219,483 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets, \$109,234,397 (92.40%), 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, 2010 AND 2009

	Governmental Activities	
	2010	2009
Current assets	\$ 16,058,457	\$ 18,254,939
Capital assets, net of accumulated depreciation	146,402,109	144,294,534
Noncurrent assets	<u>354,642</u>	<u>392,552</u>
Total assets	<u>162,815,208</u>	<u>162,942,025</u>
Long-term liabilities outstanding	36,735,403	11,271,813
Other liabilities	<u>7,860,322</u>	<u>35,934,104</u>
Total liabilities	<u>44,595,725</u>	<u>47,205,917</u>
Net Assets:		
Invested in capital assets, net of related debt	109,234,397	106,328,362
Unrestricted	<u>8,985,086</u>	<u>9,407,746</u>
Total Net Assets	<u>\$ 118,219,483</u>	<u>\$ 115,736,108</u>

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 \$2,483,375 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 \$8,985,086. The Town generated net general revenues of \$62,548,190, which exceeded its net operating expenses for governmental activities of \$60,064,815 by the amount of the net asset increase. Gross expenses of \$74,317,385 were offset by \$5,243,859 in charges for services, \$8,068,566 in operating grants and contributions, and \$940,145 in capital grants and contributions. Of the net expenses, the largest amount was \$41,065,542, which was for the operating of the Town's school system. Net public safety expenses of \$7,464,475, public works net outlays of \$3,778,732, net general government costs of \$2,815,277, interest expense of \$1,830,298, and education-cultural (library) expenses of \$1,372,481 accounted for almost all net expenses. The majority of the Town's revenue was \$61,214,157 in property tax collections, \$14,252,570 in charges for services and grants, and \$1,334,033 in nonrestricted grants, investment income, miscellaneous and transfers.

Governmental Activities. Governmental activities increased the Town's net assets by \$2,483,375. Key elements of this increase are as follows:

**CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

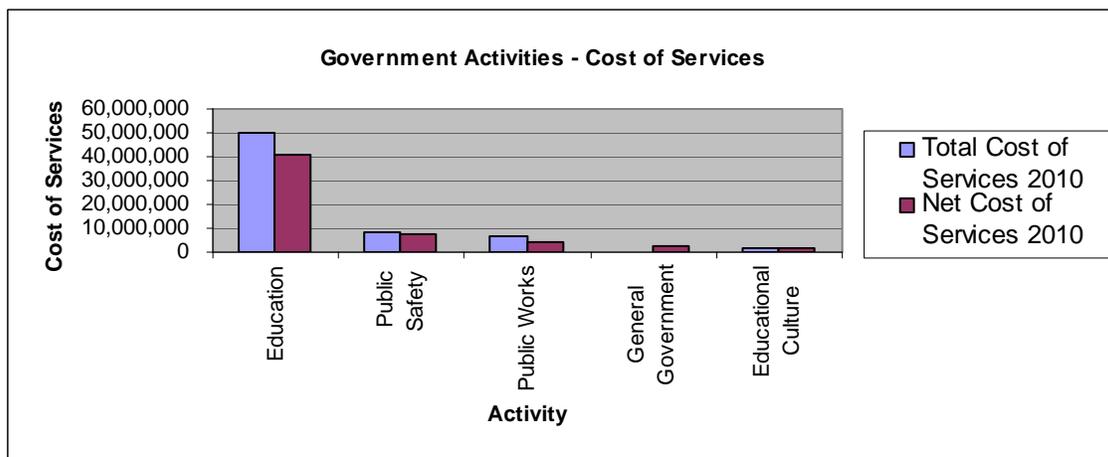
	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 5,243,859	\$ 5,254,615
Operating grants and contributions	8,068,566	6,795,638
Capital grants and contributions	940,145	1,192,219
General revenues:		
Property taxes	61,214,157	60,502,992
Grants and contributions not restricted to specific programs	631,497	451,350
Investment income	231,295	469,404
Miscellaneous	471,241	446,082
Transfers	-	-
Total revenues	<u>76,800,760</u>	<u>75,112,300</u>
Program Expenses:		
General government	3,363,784	4,366,653
Public safety	8,584,227	8,646,361
Public works	6,767,622	6,803,932
Health and social services	429,622	409,643
Recreation and parks	1,270,094	1,198,231
Education - cultural	1,390,254	1,325,196
Conservation and development	495,403	493,509
Board of Education	50,168,747	48,148,966
Interest expense	1,847,632	1,599,492
Total program expenses	<u>74,317,385</u>	<u>72,991,983</u>
Increase in net assets	2,483,375	2,120,317
Net assets - Beginning of Year, as Restated	<u>115,736,108</u>	<u>113,615,791</u>
Net Assets - End of Year	<u>\$ 118,219,483</u>	<u>\$ 115,736,108</u>

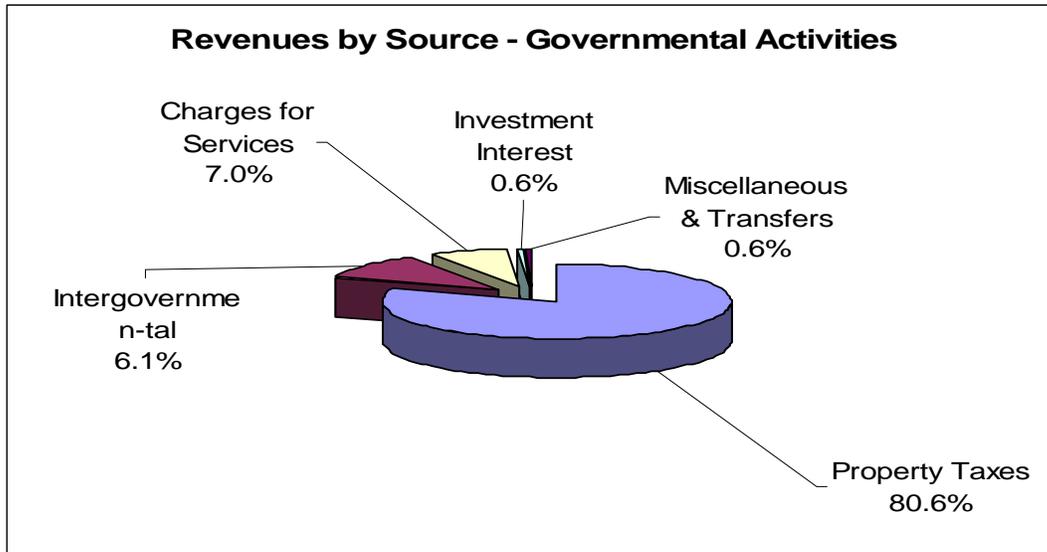
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

On the revenue side, Property taxes, which comprise 79.7% of Town revenues, increased by \$711,165 (1.18%) to \$61,214,157 due to high collections on the current levy (99%). Charges for services saw a small decrease overall of \$10,756 but general government was most affected due to recording and conveyance activity dropping as expected along with other fee and permit activity that is directly related to the housing slowdown. Operating grants and contributions and capital grants and contributions increased \$1,020,854 primarily in the areas of public works due to grant activity for ARRA energy, STEAP, and DEP projects and for the Board of Education due to school construction grants for the high school and roof repair, State Department of Education grants, and United States Department of Education grants passed through the State (ARAA). Investment income declined from \$469,404 in 2009 to \$231,295 in 2010 due to the steady decline in interest rates.

Major program expenses in 2009 were much higher for general government, public safety, and public works as these functions included activity for exceptional occurrences (funding for other post employment benefits and pension contributions for general government, police protection costs for public safety, overtime, energy/utility, gas costs and sewer installation for public works) which did not occur at the same level for 2010. Instead those functions experienced tighter budgets with mandatory freezes, unfilled positions, and contractual services that were not utilized. Health and social services experienced client workload increase and increased funding (\$19,979) along with recreation and parks (\$71,863) and educational – cultural (\$65,058) due to program demands from the residents. Interest expense showed an expected increase (\$248,140). The increase in the Board of Education program expenses (\$2,019,781) is related to the additional intergovernmental funding received. There are growing 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) and Conservation and Development (Department of Planning and Community Development), a continued shift of recreation activity and park maintenance costs from the General Fund to 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 new roads and contracting certain landfill recycling programs.

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 66% of the service charges, \$3,448,385, are generated by public works, public safety and general government. The Board of Education contributed over \$1,300,000 or 25% 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, unreserved 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 \$11,398,629, an increase of \$25,901,301 in comparison with the prior year. Of this total amount, \$11,288,784 constitutes unreserved fund balance, which is available for spending at the Town’s discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period in the amount of \$49,149; and 2) to contribute to the payment of compensated absences (debt service fund) in the amount of \$60,696.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$4,652,097, while total fund balance reached \$5,100,539. As a measure of the General Fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.75% of total General Fund expenditures and transfers out of \$68,955,268, while total General fund balance represents 7.40% of that same amount.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The fund balance of Avon's General Fund decreased by \$152,983 during the current fiscal year. Key factors contributing to this slight drawdown was the planned use of \$148,076 of unreserved undesignated fund balance to mitigate the tax impact of revaluation, \$28,500 to fund capital asset replacement of a vibratory compactor, and supplemental appropriations made during the year which required the use of \$18,175 of fund balance.

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 increased \$26,124,587 from (\$23,536,240) to \$2,588,347 primarily due to the issuance of bonds, which replaced the outstanding bond anticipation notes that had been reported as a fund liability until the notes were replaced with long term debt. The entire \$2,588,347 is available for future capital projects. The Town also accepted \$132,333 of open space fees in 2009-2010.

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 \$804,106. The total change in net assets for the fund was an increase of \$642,149. Operating revenues for the fund, representing charges for services that are health insurance premiums paid by Town and Board of Education, amounted to \$7,826,528. Operating expenses for medical claims were \$7,184,379.

General Fund Budgetary Highlights

The original budget of \$65,916,469 increased \$316,328 during the year to \$66,232,797. The significant supplemental and additional appropriations are noted below:

Revenues

- \$285,809 addition of bond anticipation note premium in Other Financing Sources planned to fund debt service budgeted in the General Fund;
- (\$175,861) transfer of appropriation from the General Fund to be accounted for in State and Federal Grants Fund for American Recovery and Reinvestment fund pass through the State ECS entitlement;
- \$74,292 addition of intergovernmental revenues for education program grants;
- \$50,000 addition to compensate the General Fund for several years of Sewer Fund's share of compensated absences;
- \$46,675 appropriation of fund balance, which includes funding for Library temporary parking lot (\$3,500), funding for interior renovations to St. Ann's food pantry (\$6,175), funding for property appraisal under consideration for open space purchase (\$8,500), and to fund a purchase of a vibratory compactor (\$28,500);
- \$20,250 addition of a state revenue grant for Youth Services Program for health and social services;
- \$4,685 addition of a Federal grant for homeland security for emergency management;
- \$8,900 addition of revenue for program funding for increased workload for social services generated from an interlocal contractual arrangement with a valley town;
- \$1,578 addition of a state revenue grant for Public Safety Dispatch training.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Expenditures

- \$285,809 for Town General Fund budgeted debt service payments to be offset by bond anticipation note premium;
- (\$175,861) for Board of Education transfer of appropriation from General Fund operating budget to State and Federal Grants Fund operating budget to account for ARRA funds;
- \$74,292 for the Board of Education operating budget expenditures funded by education program grants;
- \$50,000 to compensate the General Fund for several years of Sewer Fund's share of compensated absences;
- \$46,675 appropriation of fund balance, which includes funding for Library temporary parking lot (\$3,500), funding for town council for interior renovations to St. Ann's food pantry (\$6,175), funding for town council property appraisal under consideration for open space purchase (\$8,500), and to fund a purchase of a public works vibratory compactor (\$28,500);
- \$20,250 for health and social services to fund the Youth Services Program;
- \$4,685 for public safety emergency management for technology equipment;
- \$8,900 for health and social services to fund additional client workload;
- \$1,578 for Public Safety Dispatch training.

Of the increase, \$269,653 was funded out of miscellaneous increases in various grants, 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 \$46,675 was budgeted from available fund balance with the detail provided in the sixth bullet under General Fund Budgetary Highlights, Revenues.

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 \$2,107,574 (1.46%).

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

- AMS Roof Design and Repair has been completed for a total of \$2,606,597 in the current year.
- Phase I of Lighting Town Center has been completed for a total of \$292,973.
- The Library Expansion Project; current year expenditures were \$212,091.
- Deepwood Drive Sewer Project; \$185,428 spent in the current year for initial costs of multi-year project.
- Department of Public Works Salt Shed Replacement commenced. Total expenditures during the year were \$100,738.
- Police Communication Center Upgrade continued; expenditures for the year of \$97,538.
- The Town accepted \$350,000 for contractor-provided roads and associated sewer infrastructure.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- Sewer Pump Station Replacement commenced, purchased vibratory compactor and auto external defibrillator for the Police Department, new pick-up truck and generator for Public Works.

**CAPITAL ASSETS, NET OF DEPRECIATION
JUNE 30, 2010 AND 2009**

	Governmental Activities	
	2010	2009
Land	\$ 7,662,553	\$ 7,662,553
Construction in progress	51,682,002	53,883,967
Land improvements	1,206,778	1,289,579
Buildings and improvements	46,757,176	42,238,564
Equipment	1,953,285	1,940,518
Vehicles	2,441,027	2,479,944
Infrastructure	34,699,288	34,799,409
Total	\$ 146,402,109	\$ 144,294,534

Additional information on the Town of Avon's capital assets can be found in Note 3C on page 37 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town of Avon had \$36,770,000 of long-term general obligation bonded debt issued and no 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, 2010**

<u>Bonds</u>					<u>Date of Fiscal Year Maturity</u>
<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding</u>	
9/15/97	High School Renovations	4.25-6.25	\$ 4,300,000	\$ 500,000	2012
9/15/97	Police Department Renovations	4.25-6.25	1,800,000	200,000	2012
1/15/98	High School Renovations	4.00-5.75	5,825,000	900,000	2012
7/15/98	High School Renovations	4.10-4.75	6,915,000	1,542,750	2013
7/15/98	Sewer Interceptor	4.10-4.75	550,000	122,250	2013
7/15/02	Fisher Farms Open Space	3.00-5.00	1,295,000	480,000	2016
7/15/02	Thompson Brook School	3.00-5.00	14,245,000	5,140,000	2016
10/15/09	Town Hall Renovations	2.00-3.25	2,295,000	2,295,000	2027
10/15/09	High School Renovations	2.00-3.25	23,218,000	23,218,000	2027
10/15/09	Avon Middle School Roof	2.00-3.25	2,372,000	2,372,000	2027
	Total Bonds		\$ 62,815,000	\$ 36,770,000	

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The Town of Avon's total debt increased by \$25,833,834 (172.59%) during the current fiscal year. The Town retired \$28,312,000 of BANs and issued \$27,885,000 of General Obligation Bonds to permanently finance the construction, renovations and additions to Avon High School (\$23,218,000), to finance the renovations, additions and improvements to building 5 and 6 at the Town Hall campus (\$2,295,000), and to finance the replacement of the Avon Middle School roof and related improvements (\$2,372,000). The Town has received \$324,846 of a State construction grant for the school roof project. 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 2009, 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 \$64,092,361). For June 30, 2010 the maximum amount of borrowing permitted under the formula would be \$448,646,527. With net borrowings of \$62,217,044 the Town of Avon's outstanding general obligation debt is \$386,429,483 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 39-41 of this document.

Economic Factors and Next Year's Budget and Rates

- Grand list growth is expected to increase by .475%.
- Property tax collections will exceed 99% and the reserve for uncollectible is increased to \$665,565.
- Assessment appeals and tax refunds will approximate 1% of tax revenues.
- Anticipating a decline in growth in terms of new single family housing permits. However, housing prices have remained relatively stable.
- Declining 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. 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.
- The Town has projected investment income to fall from \$700,000 to \$200,000, a decrease of 71.4% due to historically low interest rates.
- Personal services (salary and benefits) will amount to \$459,217 (71.76%) of the Town General Fund expenditures. Overall wages decreased by \$20,995 as compared to 2009-2010. The Town operating expenditures reflect hourly increases for nonorganized personnel, classification adjustments, step increases and a net increase of one full-time position. Conversion,

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

reassignments and re-alignments account for an increase in funded full time position from 105 to 106.

- Increased insurance premium sharing by employees. All current employees contribute 11.67% - 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 \$507,647 (10.17%). The increase is caused by a number of factors including increased contribution to the defined benefit plan (\$267,052 or 15.3%) largely due to market experience and full funding of the actuarially determined OPEB contribution.
- 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.
- The change in health insurance carriers for the Town and the Board of Education is expected to produce net savings of \$205,000.
- Fund larger multi-year capital projects on a phased-in basis, with \$245,000 of the cash CIP projects funded from the Sewer Fund Special Revenue Fund.
- At the close of the 2010 fiscal year, unreserved undesignated fund balance in the General Fund amounted to \$4,652,097. The Board of Finance has decided to use \$100,000 of General Fund undesignated fund balance to mitigate the tax impact of the October 1, 2008 revaluation in the 2010-2011 budget.

All of these factors were considered in preparing the budget for the 2011 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.

BASIC FINANCIAL STATEMENTS

TOWN OF AVON, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Governmental Activities</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 13,521,616
Investments	1,314,452
Receivables, net of allowance for uncollectibles	1,141,745
Other current assets and deferred charges	80,644
Total current assets	<u>16,058,457</u>
Noncurrent assets:	
Receivables, net of allowance for uncollectibles	263,334
Net pension asset	68,053
Deferred charges	23,255
Capital assets, nondepreciable	59,344,555
Capital assets, net of accumulated depreciation	87,057,554
Total noncurrent assets	<u>146,756,751</u>
Total assets	<u>162,815,208</u>
Liabilities:	
Current liabilities:	
Bank overdraft	847,306
Accounts payable	1,080,874
Accrued liabilities	661,785
Unearned revenue	753,677
Due to fiduciary funds	213,655
Other current liabilities	236,489
Noncurrent liabilities, due within one year	4,066,536
Total current liabilities	<u>7,860,322</u>
Noncurrent liabilities:	
Due in more than one year	36,735,403
Total liabilities	<u>44,595,725</u>
Net Assets:	
Invested in capital assets, net of related debt	109,234,397
Unrestricted	8,985,086
Total Net Assets	<u>\$ 118,219,483</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, 2010

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	\$ 3,363,784	\$ 548,507	\$ 40,064	\$ 4,685	\$ (2,815,277)
Public safety	8,584,227	1,075,003	726,276	437,739	(7,464,475)
Public works	6,767,622	1,824,875			(3,778,732)
Health and social services	429,622	19,755			(409,867)
Recreation and parks	1,270,094	422,503		3,200	(844,391)
Educational - cultural	1,390,254	15,953	1,820		(1,372,481)
Conservation and development	495,403	11,651			(483,752)
Board of Education	50,168,747	1,325,612	7,300,406	477,187	(41,065,542)
Interest on long term debt	1,847,632			17,334	(1,830,298)
	<u>\$ 74,317,385</u>	<u>\$ 5,243,859</u>	<u>\$ 8,068,566</u>	<u>\$ 940,145</u>	<u>(60,064,815)</u>
Total Governmental Activities					
General Revenues:					
Property taxes					61,214,157
Grants and contributions not restricted to specific programs					631,497
Investment income					231,295
Miscellaneous					471,241
Total general revenues					<u>62,548,190</u>
Change in net assets					2,483,375
Net Assets at Beginning of Year					<u>115,736,108</u>
Net Assets at End of Year					<u>\$ 118,219,483</u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 12,838,242	\$ 473,231	\$ 210,143	\$ 13,521,616
Investments	28,544		1,285,908	1,314,452
Receivables	142,535	567,534	244,640	954,709
Due from other funds	305,884	1,769,079	2,624,508	4,699,471
Other	67,453		8,691	76,144
Total Assets	<u>\$ 13,382,658</u>	<u>\$ 2,809,844</u>	<u>\$ 4,373,890</u>	<u>\$ 20,566,392</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Bank overdraft	\$ 847,306	\$	\$	\$ 847,306
Accounts payable	781,175	221,497	78,202	1,080,874
Accrued liabilities	255,595			255,595
Due to other funds	5,817,538		305,884	6,123,422
Deferred revenue	545,505		280,061	825,566
Other liabilities	35,000			35,000
Total liabilities	<u>8,282,119</u>	<u>221,497</u>	<u>664,147</u>	<u>9,167,763</u>
Fund balances:				
Reserved for:				
Encumbrances			49,149	49,149
Debt service			60,696	60,696
Unreserved, reported in:				
General fund	5,100,539			5,100,539
Special revenue funds			3,331,402	3,331,402
Capital projects funds		2,588,347	268,496	2,856,843
Total fund balances	<u>5,100,539</u>	<u>2,588,347</u>	<u>3,709,743</u>	<u>11,398,629</u>
Total Liabilities and Fund Balances	<u>\$ 13,382,658</u>	<u>\$ 2,809,844</u>	<u>\$ 4,373,890</u>	<u>\$ 20,566,392</u>

(Continued on next page)

TOWN OF AVON, CONNECTICUT

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

JUNE 30, 2010

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

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

Total fund balance (Exhibit III)	\$ 11,398,629
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets	186,799,569
Accumulated depreciation	(40,397,460)
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Property tax and sewer assessment interest and lien accrual	10,498
Property tax and sewer assessment receivable - accrual basis change	71,889
School building grant receivable	444,956
Allowance for doubtful accounts	(5,084)
Bond issue costs	27,755
Net pension asset	68,053
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.	804,106
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(36,770,000)
Compensated absences	(1,932,681)
Net other post employment benefit obligation	(1,281,546)
Landfill postclosure liability	(420,000)
Bond premium	(397,712)
Accrued interest payable	(201,489)
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 118,219,483</u>

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, 2010

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 61,251,149	\$	\$	\$ 61,251,149
Intergovernmental	5,477,312	1,077,063	2,925,436	9,479,811
Charges for services	1,469,909		3,773,180	5,243,089
Contributions		3,200		3,200
Investment income	61,407	31,362	138,526	231,295
Other local revenues	206,699	182,263	89,014	477,976
Total revenues	<u>68,466,476</u>	<u>1,293,888</u>	<u>6,926,156</u>	<u>76,686,520</u>
Expenditures:				
Current:				
Town Council:				
General government	2,712,412		211,104	2,923,516
Public safety	7,739,237		323,258	8,062,495
Public works	3,716,537		1,849,294	5,565,831
Health and social services	431,181			431,181
Recreation and parks	784,586		341,919	1,126,505
Educational - cultural	1,364,435		17,051	1,381,486
Conservation and development	494,145			494,145
Miscellaneous	293,613			293,613
Total town council	<u>17,536,146</u>	-	<u>2,742,626</u>	<u>20,278,772</u>
Board of Education	45,144,616		3,758,198	48,902,814
Debt service	5,080,764			5,080,764
Capital outlay		4,427,772	330,733	4,758,505
Total expenditures	<u>67,761,526</u>	<u>4,427,772</u>	<u>6,831,557</u>	<u>79,020,855</u>
Excess (Deficiency) of Revenues over Expenditures	<u>704,950</u>	<u>(3,133,884)</u>	<u>94,599</u>	<u>(2,334,335)</u>
Other Financing Sources (Uses):				
Issuance of bond		27,885,000		27,885,000
Premium on bond issuance		350,636		350,636
Transfers in	335,809	1,308,644	431,626	2,076,079
Transfers out	(1,193,742)	(285,809)	(596,528)	(2,076,079)
Net other financing sources (uses)	<u>(857,933)</u>	<u>29,258,471</u>	<u>(164,902)</u>	<u>28,235,636</u>
Net Change in Fund Balances	(152,983)	26,124,587	(70,303)	25,901,301
Fund Balances at Beginning of Year	<u>5,253,522</u>	<u>(23,536,240)</u>	<u>3,780,046</u>	<u>(14,502,672)</u>
Fund Balances at End of Year	<u>\$ 5,100,539</u>	<u>\$ 2,588,347</u>	<u>\$ 3,709,743</u>	<u>\$ 11,398,629</u>

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 (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

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)	\$ 25,901,301
---	---------------

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	4,569,484
Depreciation expense	(2,457,909)
Loss on disposal of capital assets	(4,000)

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	(199,603)
Decrease in property tax and assessments receivable - accrual basis change	25,268
Decrease in property tax interest and lien revenue	(116,108)
Decrease in property tax and sewer use allowance for doubtful accounts	54,570
Net pension asset	(504)

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	(92,939)
Principal payments	3,300,000
Bond issuance	(27,885,000)
Premium on issuance	(350,636)
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	(101,223)
Increase in other post employment benefit obligation	(857,546)
Landfill postclosure payments	30,000

The net income of the internal service funds is reported with the governmental activities.	<u>642,149</u>
--	----------------

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 2,483,375</u>
--	---------------------

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 61,291,429	\$ 61,291,429	\$ 61,251,149	\$ (40,280)
Intergovernmental	1,933,456	1,858,400	1,823,385	(35,015)
Charges for services	1,561,010	1,561,010	1,469,909	(91,101)
Investment income	700,000	700,000	61,407	(638,593)
Other local revenues	282,498	291,398	206,699	(84,699)
Total revenues	<u>65,768,393</u>	<u>65,702,237</u>	<u>64,812,549</u>	<u>(889,688)</u>
Expenditures:				
Current:				
Town Council:				
General government	2,770,399	2,819,372	2,710,355	109,017
Public safety	8,019,557	7,906,060	7,736,902	169,158
Public works	3,912,188	3,889,697	3,709,924	179,773
Health and social services	404,917	432,541	430,715	1,826
Recreation and parks	794,295	782,561	779,080	3,481
Educational - cultural	1,372,488	1,369,237	1,361,648	7,589
Conservation and development	507,774	504,999	493,619	11,380
Miscellaneous	322,592	503,331	293,613	209,718
Total town council	<u>18,104,210</u>	<u>18,207,798</u>	<u>17,515,856</u>	<u>691,942</u>
Board of Education	41,592,258	41,490,689	41,490,689	-
Debt service	5,216,759	5,502,568	5,242,764	259,804
Total expenditures	<u>64,913,227</u>	<u>65,201,055</u>	<u>64,249,309</u>	<u>951,746</u>
Excess of Revenues over Expenditures	<u>855,166</u>	<u>501,182</u>	<u>563,240</u>	<u>62,058</u>
Other Financing Sources (Uses):				
Appropriation of fund balance	148,076	194,751		(194,751)
Transfers in		335,809	335,809	-
Transfers out	(1,003,242)	(1,031,742)	(1,031,742)	-
Net other financing uses	<u>(855,166)</u>	<u>(501,182)</u>	<u>(695,933)</u>	<u>(194,751)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(132,693)	<u>\$ (132,693)</u>
Fund Balance at Beginning of Year			<u>5,382,980</u>	
Fund Balance at End of Year			<u>\$ 5,250,287</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

JUNE 30, 2010

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Asset:	
Current assets:	
Due from other funds	\$ <u>1,210,296</u>
Liabilities:	
Current liabilities:	
Claims payable	<u>406,190</u>
Total Net Assets	\$ <u><u>804,106</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, 2010

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Operating revenues:	
Charges for services:	
Town	\$ 2,202,641
Board of Education	5,623,887
Total operating revenues	<u>7,826,528</u>
Operating expenses:	
Medical claims:	
Town	2,234,464
Board of Education	4,949,915
Total operating expenses	<u>7,184,379</u>
Changes in Net Assets	642,149
Net Assets at Beginning of Year	<u>161,957</u>
Net Assets at End of Year	<u><u>\$ 804,106</u></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, 2010

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 7,826,528
Claims paid	(7,826,528)
Net cash provided by operating activities	-
Net Increase in Cash	-
Cash at Beginning of Year	-
Cash at End of Year	\$ -
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 642,149
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in due from other funds	(569,191)
Increase in claims payable	(72,958)
Net Cash Provided by Operating Activities	\$ -

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2010

	<u>Pension</u>	<u>Other Post Employment Benefit Fund</u>	<u>Agency Funds</u>
Assets:			
Cash	\$ 151,481	\$ 23,875	\$ 274,773
Investments, at fair value:			
Guaranteed interest contract	1,840,980		
Mutual funds	<u>16,316,035</u>	<u>655,860</u>	
Total investments	<u>18,157,015</u>	<u>655,860</u>	<u>-</u>
Due from other funds		<u>213,655</u>	
Total assets	<u>18,308,496</u>	<u>893,390</u>	<u>\$ 274,773</u>
Liabilities:			
Fiduciary deposits			<u>\$ 274,773</u>
Net Assets:			
Net Assets Held in Trust for Pension Benefits and Other Purposes	<u>\$ 18,308,496</u>	<u>\$ 893,390</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, 2010

	<u>Pension</u>	<u>Other Post Employment Benefit Fund</u>
Additions:		
Contributions:		
Employer	\$ 1,969,318	\$ 1,527,000
Plan members	443,285	
Total contributions	<u>2,412,603</u>	<u>1,527,000</u>
Investment income:		
Net appreciation in fair value of investments	1,125,868	
Interest and dividends	485,574	23,640
Total investment income	<u>1,611,442</u>	<u>23,640</u>
Less investment expenses	35,853	905
Net investment income	<u>1,575,589</u>	<u>22,735</u>
Total additions	<u>3,988,192</u>	<u>1,549,735</u>
Deductions:		
Benefits	3,295,796	1,312,000
Administration	11,910	1,345
Total deductions	<u>3,307,706</u>	<u>1,313,345</u>
Changes in Net Assets	680,486	236,390
Net Assets at Beginning of Year	<u>17,628,010</u>	<u>657,000</u>
Net Assets at End of Year	<u>\$ 18,308,496</u>	<u>\$ 893,390</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.

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.

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.

D. Investments

Investments for the Town are reported at fair value.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 uncollectibles. Allowance percentages range from 2% to 47% of outstanding receivable balances at June 30, 2010 and are calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, 2010, 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.

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.

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. Additional appropriations from fund balance of \$46,675 and additional appropriations of \$269,653 funded by revised revenue estimates were made 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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.
- 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:

	Revenues	Expenditures and Transfers	Fund Balance
Balance, budgetary basis - June 30, 2010	\$ 65,148,358	\$ 65,281,051	\$ 5,250,287
Change in accrued payroll		20,290	(149,748)
ECS on-behalf payment	110,343	110,343	
State Teachers’ Retirement on-behalf payment	3,543,584	3,543,584	
Balance, GAAP Basis - June 30, 2010	\$ 68,802,285	\$ 68,955,268	\$ 5,100,539

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

B. Capital Projects Authorizations

The following is a summary of capital projects at June 30, 2010:

<u>Capital Project</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2010</u>
Capital and nonrecurring CIFA:	\$ 1,349,807	\$ 330,733	\$ 1,081,311	\$ 268,496
General government	18,406,365	1,688,516	7,820,149	10,586,216
Board of Education	<u>33,691,235</u>	<u>2,739,258</u>	<u>33,136,507</u>	<u>554,728</u>
Total	<u>\$ 53,447,407</u>	<u>\$ 4,758,507</u>	<u>\$ 42,037,967</u>	<u>\$ 11,409,440</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 \$521,731 was exposed to custodial credit risk.

Cash Equivalents

At June 30, 2010, the Town's cash equivalents amounted to \$13,520,468. 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.

	Standard and Poor's
SBT Investment Services*	
Webster Investments*	
Cutwater Asset Management	
CT CLASS Plus	AAAm

*Not rated

Investments

As of June 30, 2010, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Guaranteed Investment Certificate	A	\$ 1,305,449	\$	\$ 1,305,449	\$
Guaranteed Investment Certificate	A-2/P-2	535,532	535,532		
Mutual Fund	N/A	18,286,346	18,286,346		
		\$ 20,127,327	\$ 18,821,878	\$ 1,305,449	\$ -

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.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2010, 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.

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2010, including the applicable allowances for collection losses, are as follows:

	General	CIFA	Nonmajor and Other Funds	Total
Property taxes	\$ 131,310	\$	\$	\$ 131,310
Assessments			7,484	7,484
Intergovernmental	32,218	567,534	124,613	724,365
Accounts	22,107		112,543	134,650
Gross receivables	185,635	567,534	244,640	997,809
Allowances	(43,100)			(43,100)
Net receivables	\$ 142,535	\$ 567,534	\$ 244,640	\$ 954,709

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:

	Unavailable	Unearned
General Fund:		
Delinquent property taxes receivable	\$ 64,405	\$
Property taxes collected in advance		481,100
Nonmajor Funds:		
Special assessments not yet due	7,484	
Special assessments collected in advance		14,322
Education revenues collected in advance		48,948
Grant draw downs prior to meeting eligibility requirements		209,307
	\$ 71,889	\$ 753,677

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,662,553	\$	\$	\$ 7,662,553
Construction in progress	<u>53,883,967</u>	<u>4,054,768</u>	<u>6,256,733</u>	<u>51,682,002</u>
Total capital assets not being depreciated	<u>61,546,520</u>	<u>4,054,768</u>	<u>6,256,733</u>	<u>59,344,555</u>
Capital assets being depreciated:				
Land improvements	1,575,534	15,000		1,590,534
Buildings and improvements	63,275,399	5,925,136		69,200,535
Equipment	6,799,595	285,082		7,084,677
Vehicles	5,211,398	196,231	131,722	5,275,907
Infrastructure	<u>43,953,361</u>	<u>350,000</u>		<u>44,303,361</u>
Total capital assets being depreciated	<u>120,815,287</u>	<u>6,771,449</u>	<u>131,722</u>	<u>127,455,014</u>
Less accumulated depreciation for:				
Land improvements	285,955	97,801		383,756
Buildings and improvements	21,036,835	1,406,524		22,443,359
Equipment	4,859,077	272,315		5,131,392
Vehicles	2,731,454	231,148	127,722	2,834,880
Infrastructure	<u>9,153,952</u>	<u>450,121</u>		<u>9,604,073</u>
Total accumulated depreciation	<u>38,067,273</u>	<u>2,457,909</u>	<u>127,722</u>	<u>40,397,460</u>
Total capital assets being depreciated, net	<u>82,748,014</u>	<u>4,313,540</u>	<u>4,000</u>	<u>87,057,554</u>
Governmental Activities Capital Assets, Net	<u>\$ 144,294,534</u>	<u>\$ 8,368,308</u>	<u>\$ 6,260,733</u>	<u>\$ 146,402,109</u>

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

Governmental activities:	
General government	\$ 115,422
Public safety	288,123
Public works	576,288
Recreation and parks	143,424
Educational - cultural	17,246
Board of Education	<u>1,317,406</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,457,909</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, 2010 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 305,884
CIFA	General Fund	1,769,079
Nonmajor Governmental Funds	General Fund	2,624,508
Internal Service Fund	General Fund	1,210,296
Other Post Employment Benefit Fund	General Fund	<u>213,655</u>
		<u>\$ 6,123,422</u>

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

A summary of interfund transfers as of June 30, 2010 is as follows:

	<u>General Fund</u>	<u>CIFA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Transfers In</u>
Transfers:				
General Fund	\$ 931,882	\$ 285,809	\$ 50,000	\$ 335,809
CIFA	261,860		376,762	1,308,644
Nonmajor Governmental Funds			<u>169,766</u>	<u>431,626</u>
Total Transfers Out	<u>\$ 1,193,742</u>	<u>\$ 285,809</u>	<u>\$ 596,528</u>	<u>\$ 2,076,079</u>

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2010 was as follows:

<u>Type of Obligation</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>
Bond Anticipation Notes:				
Town Hall Renovations - interest rate +/- 3.50%, matures October 22, 2009	\$ 2,360,000	\$	\$ 2,360,000	\$ -
Avon High School Renovations - interest rate +/- 3.50%, matures October 22, 2009	23,437,000		23,437,000	-
Avon Middle School Roof - interest rate +/- 1.00%, matures October 22, 2009	<u>2,515,000</u>		<u>2,515,000</u>	<u>-</u>
	<u>\$ 28,312,000</u>	<u>\$ -</u>	<u>\$ 28,312,000</u>	<u>\$ -</u>

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 \$444,956 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%	\$ 2,975,000
Sewer:		
General obligation - improvement	4.1-4.75%	122,250
School:		
School - improvement	2-6.25%	<u>33,672,750</u>
Total Outstanding		<u>\$ 36,770,000</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Annual debt service requirements to maturity for general obligation bonds are as follows:

	General Obligation Bonds	
	Principal	Interest
2011	\$ 3,650,000	\$ 1,176,181
2012	3,550,000	1,051,305
2013	3,365,000	922,247
2014	2,420,000	821,789
2015	2,300,000	739,989
2016-2020	9,835,000	2,554,870
2021-2025	8,250,000	1,197,037
2026-2027	3,400,000	110,502
Total	\$ 36,770,000	\$ 8,573,920

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 12,185,000	\$ 27,885,000	\$ 3,300,000	\$ 36,770,000	\$ 3,650,000
Plus deferred amounts:					
Issuance premium on refunding	77,647	350,636	30,571	397,712	
Total bonds payable	12,262,647	28,235,636	3,330,571	37,167,712	3,650,000
Compensated absences	1,831,458	753,231	652,008	1,932,681	386,536
Other post retirement benefits obligation	424,000	2,384,546	1,527,000	1,281,546	
Landfill post-closure costs	450,000		30,000	420,000	30,000
Total Governmental Activities Long-Term Liabilities	\$ 14,968,105	\$ 31,373,413	\$ 5,539,579	\$ 40,801,939	\$ 4,066,536

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:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 144,207,812	\$ 14,380,000	\$ 129,827,812
Schools	288,415,625	47,720,794	240,694,831
Sewers	240,346,354	116,250	240,230,104
Urban renewal	208,300,173		208,300,173
Pension deficit	192,277,083		192,277,083

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$448,646,527.

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 receivable of \$444,956 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 14 years at \$30,000 per year are \$420,000. This amount is based on estimates that are subject to change due to inflation, technology or applicable laws and regulations.

Authorized/Unissued Bonds

At June 30, 2010, the amount of authorized, unissued bonds for general purposes is \$11,405,000 and \$14,493,000 for school purposes.

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.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2009 for Police, Public Works, Nonorganized and Dispatchers. The last actuarial valuation relevant to the plan year was January 1, 2008 for the Board of Education.

Classes of Employees Covered

	Police	Public Works	Non-Organized	Board of Education	Dispatchers
Retirees and beneficiaries currently receiving benefits	29	13	38	29	2
Terminated employees entitled to benefits but not yet receiving them		2	2	13	1
Current active employees	6	4	19	91	1
Total	35	19	59	133	4

Benefit Provisions

Required employee contributions under the plans are as follows:

Police	Public Works	Non-Organized	Board of Education	Dispatchers
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.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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						
12/31/2004	\$ 523,683	\$ 523,683	100.0%	\$ 522,394	100.2%	\$ (7,839)
12/31/2005	476,216	476,216	100.0%	476,218	100.0%	(7,837)
12/31/2006	531,162	531,162	100.0%	531,187	100.0%	(7,812)
12/31/2007	647,809	647,809	100.0%	647,791	100.0%	(7,830)
6/30/2008	647,809	647,809	100.0%	647,791	100.0%	(7,848)
6/30/2009	789,719	789,719	100.0%	789,728	100%	(7,839)
Public Works						
12/31/2004	212,076	212,076	100.0%	212,160	100.0%	(716)
12/31/2005	199,939	199,939	100.0%	199,939	100.0%	(716)
12/31/2006	216,922	216,922	100.0%	216,924	100.0%	(714)
12/31/2007	259,686	259,686	100.0%	259,684	100.0%	(716)
6/30/2008	259,686	259,686	100.0%	259,684	100.0%	(718)
6/30/2009	274,338	274,338	100.0%	274,339	100.0%	(717)
Nonorganized						
12/31/2004	444,532	444,532	100.0%	445,508	99.8%	(13,807)
12/31/2005	424,493	424,493	100.0%	424,497	100.8%	(13,803)
12/31/2006	433,205	433,205	100.0%	433,249	100.0%	(13,759)
12/31/2007	609,472	609,472	100.0%	609,440	100.0%	(13,791)
6/30/2008	609,472	609,472	100.0%	609,440	100.0%	(13,823)
6/30/2009	677,793	677,793	100.0%	677,809	100.0%	(13,807)
Board of Education						
12/31/2004	25,000	63,062	39.64%	96,603	25.8%	(135,966)
12/31/2005	32,000	34,088	94.00%	34,126	99.9%	(133,840)
12/31/2006	76,088	144,845	52.5%	145,272	52.4%	(64,656)
12/31/2007	182,860	222,572	82.1%	222,995	82.0%	(24,521)
12/31/2008	227,962	210,811	108.1%	211,063	108.0%	(41,420)
12/31/2009	210,811	210,811	100.0%	211,236	99.8%	(40,995)
Dispatchers						
12/31/2004	34,668	34,668	100.0%	33,832	102.5%	(4,829)
12/31/2005	23,501	23,501	100.0%	23,503	100.0%	(4,827)
12/31/2006	20,220	20,220	100.0%	20,236	99.9%	(4,811)
12/31/2007	14,022	14,022	100.0%	14,053	99.8%	(4,780)
6/30/2008	14,022	14,022	100.0%	14,054	99.8%	(4,748)
6/30/2009	16,657	16,657	100.0%	16,710	99.7%	(4,695)

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 plans as of July 1, 2009, the most recent actuarial valuation date, and the funded status of the Board of Education plan as of January 1, 2008, 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	\$ 9,531,801	\$ 17,747,165	\$ (8,215,364)	53.7%	\$ 784,302	(1,047.5)%
Public Works	2,859,985	5,611,114	(2,751,129)	51.0%	321,026	(857.0)%
Nonorganized	8,496,756	14,118,092	(5,621,334)	60.2%	1,660,858	(338.5)%
BOE	3,477,901	3,983,460	(505,559)	87.3%	3,485,185	(14.5)%
Dispatchers	584,157	724,297	(140,140)	80.7%	58,302	(240.4)%

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, 2009	July 1, 2009	July 1, 2009	July 1, 2008	July 1, 2009
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)	20	20	20	20	20
Asset Valuation Method	*	*	*	*	*
Investment Return Rate	8.00%	8.00%	8.00%	8.25%	8.00%
Projected Salary Increases:					
Merit	1.75%	1.75%	1.75%	1.75%	1.75%
Inflation	1.75%	1.75%	1.75%	1.75%	1.75%

*75% of the expected reported value of plan assets plus 25% of the actual reported value, with the result constrained to within plus/minus 20% of the actual reported value.

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	\$ 789,719	\$ 274,338	\$ 677,793	\$ 210,811	\$ 16,657
Interest on net pension obligation	(628)	(57)	(1,106)	(3,417)	(380)
Adjustment to annual required contribution	637	58	1,122	3,842	433
Annual pension cost	789,728	274,339	677,809	211,236	16,710
Contribution made	789,719	274,338	677,793	210,811	16,657
Decrease in net pension obligation	9	1	16	425	53
Net pension asset at beginning of year	(7,848)	(718)	(13,823)	(41,420)	(4,748)
Net Pension Asset at End of Year	\$ (7,839)	\$ (717)	\$ (13,807)	\$ (40,995)	\$ (4,695)

Financial statements for each individual pension plan as of and for the year ended June 30, 2010 are as follows:

	<u>Pension Trust Funds</u>					<u>Total Pension Trust Funds</u>
	<u>Police</u>	<u>Public Works</u>	<u>Non-Organized</u>	<u>Board of Education</u>	<u>Dispatchers</u>	
Assets:						
Cash and cash equivalents	\$ 68,563	\$ 7,960	\$ 21,983	\$ 51,939	\$ 1,036	\$ 151,481
Investments, at fair value:						
Guaranteed investment contract	402,135	116,696	335,492	973,416	13,241	1,840,980
Mutual funds:	5,605,811	1,574,797	6,199,049	2,545,888	390,490	16,316,035
Total investments	6,007,946	1,691,493	6,534,541	3,519,304	403,731	18,157,015
Total assets	6,076,509	1,699,453	6,556,524	3,571,243	404,767	18,308,496
Net Assets:						
Held in Trust for Pension Benefits and Other Purposes	\$ 6,076,509	\$ 1,699,453	\$ 6,556,524	\$ 3,571,243	\$ 404,767	\$ 18,308,496

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	\$ 789,719	\$ 274,338	\$ 677,793	\$ 210,811	\$ 16,657	\$ 1,969,318
Plan members	36,876	27,679	154,425	223,451	854	443,285
Total contributions	<u>826,595</u>	<u>302,017</u>	<u>832,218</u>	<u>434,262</u>	<u>17,511</u>	<u>2,412,603</u>
Other financing sources:						
Transfers in			2,611			2,611
Total other financing sources	-	-	<u>2,611</u>	-	-	<u>2,611</u>
Investment income (loss):						
Net depreciation in						
fair value of investments	433,081	116,416	402,999	144,001	29,371	1,125,868
Interest and dividends	155,169	43,301	164,236	112,841	10,027	485,574
Total investment income	588,250	159,717	567,235	256,842	39,398	1,611,442
Less investment expenses	9,236	2,700	10,013	13,376	528	35,853
Net investment loss	<u>579,014</u>	<u>157,017</u>	<u>557,222</u>	<u>243,466</u>	<u>38,870</u>	<u>1,575,589</u>
Total additions (reductions)	<u>1,405,609</u>	<u>459,034</u>	<u>1,392,051</u>	<u>677,728</u>	<u>56,381</u>	<u>3,990,803</u>
Deductions:						
Benefits	1,617,241	469,727	895,124	260,001	53,703	3,295,796
Transfers out					2,611	2,611
Administration	2,597	1,773	2,981	4,333	226	11,910
Total deductions	<u>1,619,838</u>	<u>471,500</u>	<u>898,105</u>	<u>264,334</u>	<u>56,540</u>	<u>3,310,317</u>
Net change in net assets	(214,229)	(12,466)	493,946	413,394	(159)	680,486
Net assets at beginning of year	<u>6,290,738</u>	<u>1,711,919</u>	<u>6,062,578</u>	<u>3,157,849</u>	<u>404,926</u>	<u>17,628,010</u>
Net Assets at End of Year	<u>\$ 6,076,509</u>	<u>\$ 1,699,453</u>	<u>\$ 6,556,524</u>	<u>\$ 3,571,243</u>	<u>\$ 404,767</u>	<u>\$ 18,308,496</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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

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, 2010 were \$29,727 and \$386,505, 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 \$29,727 and \$386,505, 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, 2010, teachers of the Town contributed \$1,660,756 to the plan, and covered payroll for the year was \$22,906,979. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2010 was \$3,543,584 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, 2008, plan membership consisted of the following:

	Other Post Employment Benefits Program	
	Town	Board of Education
Retired members	60	46
Spouses of retired members	32	37
Active plan members	90	379
Total Participants	<u>182</u>	<u>462</u>

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 OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Town Employees

<u>2008-2009 Monthly COBRA Premiums</u>	<u>Employee</u>	<u>Spouse</u>
Medical - Groups 046, 047 Pre 65	\$ 538.40	\$ 617.68
Medical - Groups 046, 047 Post 65	493.14	565.74
Medical - Group 023 Post 65	431.51	431.50
Dental - All Groups	42.39	59.97

Board of Education Employees

<u>2008-2009 Monthly COBRA Premiums</u>	<u>Employee</u>	<u>Spouse</u>
Medical	\$ 463.85	\$ 502.85
Dental	44.31	62.69

For the year ended June 30, 2010, 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 \$1,527,000 were made in accordance with actuarially determined requirements, including \$215,000 to fund future benefits.

The Town has created a post-employment healthcare fund, a special revenue fund, to set aside assets to fund these benefits in the future. Net assets available for future benefits at June 30, 2010 were \$1,140,091. 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)	\$ 1,294,000	\$ 1,093,000
Interest on net OPEB obligation	-	16,960
Adjustment to annual required contribution	-	19,414
Annual OPEB cost (expense)	1,294,000	1,090,546
Contributions made	863,000	664,000
Increase in net OPEB obligation	431,000	426,546
Net OPEB obligation, beginning of year	-	424,000
Net OPEB Obligation, End of Year	\$ 431,000	\$ 850,546

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, 2010 is presented below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/09	\$ 2,285,000	\$ 1,861,000	81.4%	\$ 424,000
6/30/10	2,384,546	1,527,000	64.0%	1,281,546

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$24,517,000 (\$14,353,000 Town and \$10,164,000 BOE) and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$24,517,000. 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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

In the July 1, 2008 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 a 4% investment rate of return for 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, 2010 was 24 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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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:

	<u>Balance July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance June 30</u>
Medical Claims Fund:				
2009-2010	479,148	7,184,379	7,257,337	406,190
2008-2009	\$ 469,886	\$ 6,996,030	\$ 6,986,768	\$ 479,148

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.

C. Subsequent Event

On November 2, 2010, the Town issued \$7,000,000 of general obligation bond anticipation notes to temporarily finance the design and construction of renovations, additions, and improvements to the Avon Free Public Library, in anticipation of issuance of general obligation bonds to permanently finance these activities. The notes bear interest of 1.5% and mature on November 1, 2011.

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

JUNE 30, 2010

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,						
2003	\$ 8,908,623	\$ 12,719,461	\$ (3,810,838)	70.0%	\$ 1,520,098	(250.7)%
2004	8,570,406	13,548,473	(4,978,067)	63.3%	1,450,828	(343.1)%
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)%
2008	9,531,801	17,747,165	(8,215,364)	53.7%	784,302	(1047.5)%

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,						
2003	1,786,229	3,777,332	\$ (1,991,103)	47.3%	523,155	(380.6)%
2004	1,901,704	3,930,724	(2,029,020)	48.4%	573,530	(353.8)%
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)%

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,						
2003	5,501,941	8,156,346	\$ (2,654,405)	67.5%	\$ 1,752,242	(151.5)%
2004	5,710,713	9,166,831	(3,456,118)	62.3%	1,914,087	(180.6)%
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)%
2008	8,496,758	14,118,092	(5,621,334)	60.2%	1,660,858	(338.5)%

(Continued on next page)

TOWN OF AVON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (CONTINUED)
AVON RETIREMENT SYSTEM

JUNE 30, 2010

Board of Education

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarially Accrued Liability (AAL) Projected Unit Credit</u>	<u>Over (Under) Funded AAL</u>	<u>Funded AAL Ratio</u>	<u>Covered Payroll</u>	<u>Over/Under Funded AAL as a Percentage of Covered Payroll</u>
January 1,						
2003	\$ 2,339,865	\$ 2,299,112	\$ 40,753	101.8%	\$ 1,547,146	2.6%
2004	2,416,425	2,529,991	(113,566)	95.5%	1,671,965	(6.8)%
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)%

Dispatchers

<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>
January 1,						
2003	394,427	594,804	\$ (200,377)	66.3%	\$ 141,187	(141.9)%
2004	421,699	697,007	(275,308)	60.5%	109,766	(250.8)%
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)%
2008	584,157	724,297	(140,140)	80.7%	58,302	(240.4)%

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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 12,838,242	\$ 8,674,421
Investments	28,544	
Receivables:		
Property taxes	88,210	84,245
Intergovernmental	32,218	23,428
Accounts	22,107	95,582
Due from other funds	92,229	2,103,843
Other	67,453	39,203
	<u>13,169,003</u>	<u>11,020,722</u>
Total Assets	\$ <u>13,169,003</u>	\$ <u>11,020,722</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Bank overdraft	\$ 847,306	\$ 1,225,939
Accounts payable	781,175	369,489
Accrued liabilities	255,595	235,305
Due to other funds	5,603,883	3,233,642
Deferred revenue:		
Unavailable	64,405	39,907
Collected in advance	481,100	662,918
Other	35,000	
Total liabilities	<u>8,068,464</u>	<u>5,767,200</u>
Fund Balance:		
Unreserved:		
Designated for payroll	150,000	150,000
Designated for post employment benefits	100,000	100,000
Designated for pension	180,000	180,000
Designated for capital asset replacement	18,442	33,942
Undesignated	4,652,097	4,789,580
Total fund balance	<u>5,100,539</u>	<u>5,253,522</u>
Total Liabilities and Fund Balance	\$ <u>13,169,003</u>	\$ <u>11,020,722</u>

TOWN OF AVON, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010				Variance with Final Budget	2009
	Original Budget	Supplemental Appropriations	Final Budget	Actual		Actual
Revenues:						
Property taxes:						
Current levy	\$ 60,350,629	\$	\$ 60,350,629	\$ 60,492,646	\$ 142,017	\$ 59,559,475
Supplemental real estate	130,800		130,800	79,448	(51,352)	82,017
Supplemental MV	425,000		425,000	393,167	(31,833)	532,563
Prior levies	80,000		80,000	75,644	(4,356)	49,510
Interest and penalties	125,000		125,000	148,772	23,772	133,113
Telephone gross receipts	180,000		180,000	61,472	(118,528)	87,306
Total property taxes	<u>61,291,429</u>	<u>-</u>	<u>61,291,429</u>	<u>61,251,149</u>	<u>(40,280)</u>	<u>60,443,984</u>
Intergovernmental:						
State grants-in aid:						
Adult education	1,419		1,419		(1,419)	-
Equalized cost sharing (ECS)	1,232,688	(175,861)	1,056,827	932,050	(124,777)	1,243,373
Transportation	34,155		34,155	12,130	(22,025)	20,815
Schools building construction	216,937		216,937	216,937	-	386,959
Education program grants		74,292	74,292	170,961	96,669	386,959
PILOT - mfg. mach./equipme	261,000		261,000	255,797	(5,203)	260,170
Pequot funds	33,822		33,822	15,581	(18,241)	34,073
PILOT- colleges and hospitals	10,919		10,919	9,202	(1,717)	10,984
Public library	1,880		1,880	1,820	(60)	1,897
Property tax relief - elderly	60,000		60,000	63,910	3,910	61,866
DUI Enf. Veh Fed						12,682
Grants in lieu of taxes	70,236		70,236	63,803	(6,433)	70,468
Veteran reimbursements	3,000		3,000	3,180	180	4,033
Youth services grant		20,250	20,250	20,250		24,405
State reimb for roof						8,565
Homeland security				15,894	15,894	5,367
School heating assistance						42,994
Miscellaneous State grant receipts	7,400	6,263	13,663	41,870	28,207	28,270
Total intergovernmental	<u>1,933,456</u>	<u>(75,056)</u>	<u>1,858,400</u>	<u>1,823,385</u>	<u>(35,015)</u>	<u>2,603,880</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, 2010

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010				Variance with Final Budget	2009
	Original Budget	Supplemental Appropriations	Final Budget	Actual		Actual
Charges for Services:						
General government:						
Hunting and fishing	\$ 700	\$	\$ 700	\$ 128	\$ (572)	\$ 166
Recording and conveyance	569,911		569,911	492,991	(76,920)	438,313
Sale of maps and publications	27,000		27,000	24,393	(2,607)	21,721
PA 05-228 Local CAP Recording Fee	10,000		10,000	12,385	2,385	12,097
Court	1,600		1,600	465	(1,135)	700
Public safety:						
Police services						598,872
Accident reports and photos	1,700		1,700	2,723	1,023	1,355
Alarm system	5,000		5,000	3,512	(1,488)	5,894
Animal pound fees	1,800		1,800	1,820	20	2,033
Police protection	1,200		1,200	3,155	1,955	2,085
Blds. struct. and equipment	450,000		450,000	529,223	79,223	313,655
Animal licenses	5,500		5,500	12,392	6,892	13,127
Public works:						
Sale of publications			-	1,753	1,753	
Landfill - residential fees	200,000		200,000	160,705	(39,295)	171,606
Landfill - bulky waste	57,700		57,700	44,774	(12,926)	50,072
Sewer connections	13,000		13,000	13,000		13,000
Sewer assessments			-			
Lakeview water main extension	25,000		25,000	13,403	(11,597)	15,819
Water main interest			-	1,534	1,534	3,018
Street and curb	3,500		3,500	1,100	(2,400)	750
Health and social services:						
Vital statistics	12,500		12,500	19,755	7,255	14,330
Recreation and parks:						
Swim fees	72,000		72,000	69,729	(2,271)	63,707
Recreation fees	3,750		3,750	3,672	(78)	3,946
Fisher Meadow lease	400		400		(400.00)	400
Organized summer programs	26,500		26,500	29,693	3,193	38,324
Educational - cultural:						
Library	32,249		32,249	15,953	(16,296)	17,000
Conservation and development	40,000		40,000	11,651	(28,349)	37,162
Total charges for services	<u>1,561,010</u>	<u>-</u>	<u>1,561,010</u>	<u>1,469,909</u>	<u>(91,101)</u>	<u>1,839,152</u>
Investment Income	<u>700,000</u>	<u>-</u>	<u>700,000</u>	<u>61,407</u>	<u>(638,593)</u>	<u>190,766</u>
Other Local Revenues:						
Refunds and reimbursements	110,848		110,848	38,930	(71,918)	255,564
Miscellaneous	4,445		4,445	5,869	1,424	70
Rents and reimbursements	30,000		30,000	43,411	13,411	38,888
Salvage and demolition sales			-	10,063	10,063	6,640
Interlocal program funding	112,205	8,900	121,105	95,342	(25,763)	
Sale of property	25,000		25,000	13,084	(11,916)	2,709
Total other local revenues	<u>282,498</u>	<u>8,900</u>	<u>291,398</u>	<u>206,699</u>	<u>(84,699)</u>	<u>303,871</u>
Total revenues	<u>65,768,393</u>	<u>(66,156)</u>	<u>65,702,237</u>	<u>64,812,549</u>	<u>(889,688)</u>	<u>65,381,653</u>
Other Financing Sources:						
Appropriation of fund balance	148,076	46,675	194,751		(194,751)	
Transfers in		335,809	335,809	335,809		1,350,678
Total other financing sources	<u>148,076</u>	<u>382,484</u>	<u>530,560</u>	<u>335,809</u>	<u>(194,751)</u>	<u>1,350,678</u>
Total Revenues and Other Financing Sources	<u>\$ 65,916,469</u>	<u>\$ 316,328</u>	<u>\$ 66,232,797</u>	<u>\$ 65,148,358</u>	<u>\$ (1,084,439)</u>	<u>\$ 66,732,331</u>

TOWN OF AVON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010				2009	
	Original Budget	Supplemental Appropriations and Transfers	Final Budget	Actual	Variance with Final Budget	Actual
Expenditures:						
Town Council:						
General Government:						
Legislative - Town Council	\$ 49,940	\$ 12,262	\$ 62,202	\$ 53,940	\$ 8,262	\$ 130,894
Executive - Town Manager	448,922	(1,255)	447,667	429,922	17,745	416,848
Judicial - probate	7,425	(74)	7,351	5,929	1,422	6,099
Elections	96,026	(959)	95,067	87,650	7,417	93,469
Legal services	140,000	53,685	193,685	193,685	-	178,538
Recording and reporting	329,125	(1,939)	327,186	309,760	17,426	321,374
Office building - Town hall	186,182	(1,863)	184,319	179,205	5,114	181,304
Human resources	204,023	(2,038)	201,985	201,718	267	190,850
Finance	1,308,756	(8,846)	1,299,910	1,248,546	51,364	1,267,534
Total general government	<u>2,770,399</u>	<u>48,973</u>	<u>2,819,372</u>	<u>2,710,355</u>	<u>109,017</u>	<u>2,786,910</u>
Public Safety:						
Police protection	5,323,012	(108,951)	5,214,061	5,113,431	100,630	5,515,732
Fire protection	1,571,922	(14,239)	1,557,683	1,542,443	15,240	1,567,361
Central communications	611,931	3,255	615,186	578,304	36,882	532,577
Protective inspection	287,387	(3,803)	283,584	279,817	3,767	266,092
Other protection	225,305	10,241	235,546	222,907	12,639	211,792
Total public safety	<u>8,019,557</u>	<u>(113,497)</u>	<u>7,906,060</u>	<u>7,736,902</u>	<u>169,158</u>	<u>8,093,554</u>
Public Works:						
Administration	319,343	6,619	325,962	318,073	7,889	302,148
Highways	1,436,757	(39,721)	1,397,036	1,317,833	79,203	1,566,382
Sanitation	497,696	(898)	496,798	459,433	37,365	427,659
Machinery and equipment	363,480	18,581	382,061	368,350	13,711	339,281
Building and grounds	1,003,591	(5,164)	998,427	969,841	28,586	901,818
Engineering	291,321	(1,908)	289,413	276,394	13,019	281,660
Total public works	<u>3,912,188</u>	<u>(22,491)</u>	<u>3,889,697</u>	<u>3,709,924</u>	<u>179,773</u>	<u>3,818,948</u>
Health and Social Services:						
Conservation of health	111,170		111,170	111,165	5	109,469
Social services	293,747	27,624	321,371	319,550	1,821	299,570
Total health and social services	<u>404,917</u>	<u>27,624</u>	<u>432,541</u>	<u>430,715</u>	<u>1,826</u>	<u>409,039</u>
Recreation and Parks:						
Recreation	466,760	(5,611)	461,149	460,970	179	428,925
Parks	196,778	(12,644)	184,134	184,053	81	195,237
Senior citizens	47,440	6,521	53,961	53,958	3	58,973
Community activities	83,317		83,317	80,099	3,218	84,481
Total recreation and parks	<u>794,295</u>	<u>(11,734)</u>	<u>782,561</u>	<u>779,080</u>	<u>3,481</u>	<u>767,616</u>
Educational-Cultural:						
Library	<u>1,372,488</u>	<u>(3,251)</u>	<u>1,369,237</u>	<u>1,361,648</u>	<u>7,589</u>	<u>1,307,314</u>

(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, 2010

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2009				Variance with Final Budget	2009
	Original Budget	Supplemental Appropriations and Transfers	Final Budget	Actual		Actual
Conservation and Development:						
Planning and zoning	\$ 376,963	\$ (517)	\$ 376,446	\$ 367,253	\$ 9,193	\$ 360,865
Conservation of natural resources	130,811	(2,258)	128,553	126,366	2,187	123,326
Total conservation and development	507,774	(2,775)	504,999	493,619	11,380	484,191
Miscellaneous:						
Claims and losses	43,182	16,920	60,102	60,101	1	54,748
Municipal insurance	197,360	(3,726)	193,634	181,531	12,103	184,571
Intergovernmental expenditure	57,050		57,050	45,723	11,327	28,991
Contingency	25,000	167,545	192,545	6,258	186,287	19,846
Total miscellaneous	322,592	180,739	503,331	293,613	209,718	288,156
Total Town Council	18,104,210	103,588	18,207,798	17,515,856	691,942	17,955,728
Board of Education:						
Administration	884,465	142,911	1,027,376	1,027,376	-	1,005,429
Instruction	21,332,876	5,379,827	26,712,703	26,708,872	3,831.00	26,695,415
Health services	299,663	25,505	325,168	325,168	-	263,529
Transportation	1,321,939	622,879	1,944,818	1,944,818	-	1,755,356
Operation of plant	3,530,390	(428,385)	3,102,005	3,102,005	-	3,216,661
Maintenance of plant	942,904	(194,814)	748,090	748,090	-	960,347
Fixed charges	6,134,312	197,870	6,332,182	6,332,182	-	5,640,858
Student body activities	404,684	(37,029)	367,655	367,655	-	383,783
Capital outlay	72,685	(955)	71,730	71,730	-	34,378
Expenditure to other schools	21,800	837,162	858,962	862,793	(3,831.00)	811,198
Special education	6,646,540	(6,646,540)	-	-	-	-
Total Board of Education	41,592,258	(101,569)	41,490,689	41,490,689	-	40,766,954
Debt service:						
Bonds and bond anticipation notes	5,216,759	285,809	5,502,568	5,242,764	259,804	5,363,189
Total expenditures	64,913,227	287,828	65,201,055	64,249,309	951,746	64,085,871
Transfers out	1,003,242	28,500	1,031,742	1,031,742	-	1,671,625
Total Expenditures and Other Financing Uses	\$ 65,916,469	\$ 316,328	\$ 66,232,797	\$ 65,281,051	\$ 951,746	\$ 65,757,496

TOWN OF AVON, CONNECTICUT
GENERAL FUND
REPORT OF THE PROPERTY TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2010

Grand List Date	Uncollected Taxes July 1, 2009	Current Year Levy	Lawful Corrections		Transfers to Suspense	Transfers from Suspense	Adjusted Taxes Collectible	Collections				Refunds on PY Collections	Total Collections	Uncollected Taxes June 30, 2010
			Additions	Deductions				Taxes Collected	Refunds	Net Taxes Collected	Interest and Fees			
1995														
1996	\$ 172	\$	\$	\$	\$	\$ 50	\$ 222	\$ 50	\$	\$ 50	\$ 118	\$	\$ 168	\$ 172
1997	361					22	383	22		22	48		70	361
1998	368					145	513	145		145	270		415	368
1999	445		37			159	641	207		207	273	103	377	434
2000	703		39				742	282		282	84	109	257	460
2001	486		546			200	1,232	241		241	276	115	402	991
2002	503		325			204	1,032	529		529	240	119	650	503
2003	417		270	17		122	792	375		375	102	123	354	417
2004	429		314			567	1,310	881		881	481	127	1,235	429
2005	441		613			556	1,610	1,169		1,169	384	130	1,423	441
2006	10,016		204		1,173	736	9,783	7,720		7,720	2,558	134	10,144	2,063
2007	112,956		1,375	8,200	6,418	1,909	101,622	91,972	6,342	85,630	16,346	139	101,837	15,992
Tax settlements				216		242	26	26		26	67		93	-
Suspense collections														-
Total Prior Years	127,297		3,723	8,433	7,591	4,912	119,908	103,619	6,342	97,277	21,247	1,099	117,425	22,631
2008	-	61,611,639	102,424	634,025	6,476	377	61,073,939	61,011,398	46,138	60,965,260	127,525		61,092,785	108,679
TOTAL	\$ 127,297	\$ 61,611,639	\$ 106,147	\$ 642,458	\$ 14,067	\$ 5,289	\$ 61,193,847	\$ 61,115,017	\$ 52,480	\$ 61,062,537	\$ 148,772	\$ 1,099	\$ 61,210,210	\$ 131,310

Grand List of October 1, 2009 \$ 2,618,153,660

Taxes Receivable on Grand List of October 1, 2009, due July 1, 2010 \$ 63,987,675

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, 2010**

	Project Appropriations July 1, 2009	Additions (Reductions)	Project Appropriations June 30, 2010	Expenditures Incurred to July 1, 2009	Current Year Expenditures	Expenditures Incurred to June 30, 2010	Unexpended Appropriations June 30, 2010
General Government:							
Underground Storage Tank	\$ 50,000		\$ 50,000			-	\$ 50,000
Addition Town Clerk's Office	44,000		44,000	41,993		41,993	2,007
Deepwood Drive Sewer	225,000	106,762	331,762		185,428	185,428	146,334
DPW Salt Shed Replacement	200,000		200,000		100,738	100,738	99,262
Lighting Town Center	64,458	284,937	349,395	55,063	292,973	348,036	1,359
Senior Center Repairs	44,346		44,346	25,777	15,181	40,958	3,388
Police Communications Center	563,165		563,165	52,967	97,538	150,505	412,660
Town Center Lighting - Phase II		20,263	20,263		20,263	20,263	-
Police Emergency Operations Center	38,000		38,000	34,443	3,557	38,000	-
Sewer Pump Station Replacement	70,000		70,000		1,874	1,874	68,126
Verville Road Sewer	245,000		245,000	244,234	766	245,000	-
Road Drainage and Overlay Program	3,694,474		3,694,474	2,683,620	561,446	3,245,066	449,408
Town CIP - Facil/Town Hall	2,360,000		2,360,000	2,266,524	33,917	2,300,441	59,559
Fisher Meadows Complex	6,031		6,031		6,031	6,031	-
Fire SCBA (RPL)	448,545		448,545	447,968	577	448,545	-
1/2 Ton Pick-up 1995 (Replacement)	48,000		48,000	41,499	2,554	44,053	3,947
Vibratory Compactor	28,500		28,500		28,500	28,500	-
Auto External Defibrillator	30,000		30,000		30,000	30,000	-
Replace Ford F250 P-U Truck	45,000		45,000		44,143	44,143	857
DPW Generator	238,945		238,945	237,545		237,545	1,400
Library Expansion	9,500,000		9,500,000		212,091	212,091	9,287,909
PW Garage Doors - State Grant		50,939	50,939		50,939	50,939	-
Total General Government	<u>17,943,464</u>	<u>462,901</u>	<u>18,406,365</u>	<u>6,131,633</u>	<u>1,688,516</u>	<u>7,820,149</u>	<u>10,586,216</u>
Board of Education:							
Boiler Replacement	18,435		18,435		18,435	18,435	-
ADA Code Compliance Plan		27,900	27,900		9,800	9,800	18,100
AMS Roof Repair Design	2,950,800		2,950,800	204,629	2,606,597	2,811,226	139,574
Pick Up Truck	24,000		24,000		24,000	24,000	-
AHS Renovations and Additions	30,698,000	(27,900)	30,670,100	30,192,620	80,426	30,273,046	397,054
Total Board of Education	<u>33,691,235</u>	<u>(27,900)</u>	<u>33,691,235</u>	<u>30,397,249</u>	<u>2,739,258</u>	<u>33,136,507</u>	<u>554,728</u>
Total	<u>\$ 51,634,699</u>	<u>\$ 462,901</u>	<u>\$ 52,097,600</u>	<u>\$ 36,528,882</u>	<u>\$ 4,427,774</u>	<u>\$ 40,956,656</u>	<u>\$ 11,140,944</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.

Postemployment Healthcare Fund - To provide funding for the actuarially determined share of the Town's liability for postretirement employee medical costs for qualified Police, Public Works, Non-organized and Dispatchers, and to fund all or part of such liability on an annual basis using revenues generated by the fund. Costs for management of the fund shall include, but not be limited to, direct administrative, actuarial and investment management costs.

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, 2010

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	\$	\$	\$	\$	\$	\$	\$	\$
Investments								
Receivables	7,484		19,395	11,604	105,218			
Due from other funds	1,521,458	214,110	259,353	44,395		16,903	63,621	15,232
Other			4,836	3,855				
Total Assets	\$ 1,528,942	\$ 214,110	\$ 283,584	\$ 59,854	\$ 105,218	\$ 16,903	\$ 63,621	\$ 15,232
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 62,989	\$ 4,803	\$	\$ 2,647	\$ 490	\$	\$	\$
Due to other funds					102,552			
Unearned revenue	21,806	209,307	48,948					
Total liabilities	84,795	214,110	48,948	2,647	103,042	-	-	-
Fund Balances:								
Reserved for encumbrances	46,004			3,145				
Reserved for debt service								
Total reserved	46,004	-	-	3,145	-	-	-	-
Unreserved:								
Unreserved and undesignated	1,398,143		234,636	54,062	2,176	16,903	63,621	15,232
Total fund balances	1,444,147	-	234,636	57,207	2,176	16,903	63,621	15,232
Total Liabilities and Fund Balances	\$ 1,528,942	\$ 214,110	\$ 283,584	\$ 59,854	\$ 105,218	\$ 16,903	\$ 63,621	\$ 15,232

(Continued on next page)

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

JUNE 30, 2010

	<u>Special Revenue Funds</u>					<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Fisher Meadow Maintenance Fund</u>	<u>Postemployment Healthcare Fund</u>	<u>Police Special Services Fund</u>	<u>Student Athletic Activities Fund</u>	<u>Total</u>		<u>Capital and Nonrecurring Expenditures Fund</u>	
ASSETS								
Cash and cash equivalents	\$ 152,628	\$ 57,515	\$	\$	\$ 210,143	\$	\$	\$ 210,143
Investments		1,285,908			1,285,908			1,285,908
Receivables	10,219		90,720		244,640			244,640
Due from other funds			136,871	19,420	2,291,363	60,696	272,449	2,624,508
Other					8,691			8,691
⊗ Total Assets	<u>\$ 162,847</u>	<u>\$ 1,343,423</u>	<u>\$ 227,591</u>	<u>\$ 19,420</u>	<u>\$ 4,040,745</u>	<u>\$ 60,696</u>	<u>\$ 272,449</u>	<u>\$ 4,373,890</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$	\$	\$ 3,320	\$	\$ 74,249	\$	\$ 3,953	\$ 78,202
Due to other funds		203,332			305,884			305,884
Unearned revenue					280,061			280,061
Total liabilities	<u>-</u>	<u>203,332</u>	<u>3,320</u>	<u>-</u>	<u>660,194</u>	<u>-</u>	<u>3,953</u>	<u>664,147</u>
Fund Balances:								
Reserved for encumbrances					49,149			49,149
Reserved for debt service						60,696		60,696
Total reserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,149</u>	<u>60,696</u>	<u>-</u>	<u>109,845</u>
Unreserved:								
Unreserved and undesignated	<u>162,847</u>	<u>1,140,091</u>	<u>224,271</u>	<u>19,420</u>	<u>3,331,402</u>		<u>268,496</u>	<u>3,599,898</u>
Total fund balances	<u>162,847</u>	<u>1,140,091</u>	<u>224,271</u>	<u>19,420</u>	<u>3,380,551</u>	<u>60,696</u>	<u>268,496</u>	<u>3,709,743</u>
Total Liabilities and Fund Balances	<u>\$ 162,847</u>	<u>\$ 1,343,423</u>	<u>\$ 227,591</u>	<u>\$ 19,420</u>	<u>\$ 4,040,745</u>	<u>\$ 60,696</u>	<u>\$ 272,449</u>	<u>\$ 4,373,890</u>

TOWN OF AVON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Funds</u>							
	<u>Sewer Fund</u>	<u>State and Federal Education Grants Fund</u>	<u>School Cafeteria Fund</u>	<u>Recreational Activities Fund</u>	<u>Local Capital Improvement Program Fund</u>	<u>Forest Park Management Fund</u>	<u>Use of School Facilities Fund</u>	<u>Town Aid Road Fund</u>
Revenues:								
Intergovernmental	\$ 165,221	\$ 2,343,107	\$ 133,053	\$	\$ 105,218	\$	\$	\$ 153,837
Charges for services	1,588,606		1,070,144	319,409				
Investment income (loss)							53,469	
Other local revenues								
Total revenues	<u>1,753,827</u>	<u>2,343,107</u>	<u>1,203,197</u>	<u>319,409</u>	<u>105,218</u>	<u>-</u>	<u>53,469</u>	<u>153,837</u>
Expenditures:								
Current:								
General government								
Public safety								
Public works	1,527,746				105,218			153,837
Recreation and parks				326,220		15,699		
Education		2,343,107	1,169,043				10,000	
Capital outlay								
Total expenditures	<u>1,527,746</u>	<u>2,343,107</u>	<u>1,169,043</u>	<u>326,220</u>	<u>105,218</u>	<u>15,699</u>	<u>10,000</u>	<u>153,837</u>
Excess (Deficiency) of Revenues over Expenditures	<u>226,081</u>	<u>-</u>	<u>34,154</u>	<u>(6,811)</u>	<u>-</u>	<u>(15,699)</u>	<u>43,469</u>	<u>-</u>
Other Financing Sources (Uses):								
Transfers in								
Transfers out	(546,528)							
Net other financing sources (uses)	<u>(546,528)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(320,447)	-	34,154	(6,811)	-	(15,699)	43,469	-
Fund Balances at Beginning of Year	<u>1,764,594</u>	<u>-</u>	<u>200,482</u>	<u>64,018</u>	<u>2,176</u>	<u>32,602</u>	<u>20,152</u>	<u>15,232</u>
Fund Balances at End of Year	<u>\$ 1,444,147</u>	<u>\$ -</u>	<u>\$ 234,636</u>	<u>\$ 57,207</u>	<u>\$ 2,176</u>	<u>\$ 16,903</u>	<u>\$ 63,621</u>	<u>\$ 15,232</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, 2009

	<u>Special Revenue Funds</u>				<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Fisher Meadow Maintenance Fund</u>	<u>Postemployment Healthcare Fund</u>	<u>Police Special Services Fund</u>	<u>Student Athletic Activities Fund</u>		<u>Total</u>	
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$
Charges for services		17,375	522,178	255,468	2,900,436	25,000	2,925,436
Investment income (loss)	313	138,213			3,773,180		3,773,180
Other local revenues	35,545				138,526		138,526
Total revenues	<u>35,858</u>	<u>155,588</u>	<u>522,178</u>	<u>255,468</u>	<u>6,901,156</u>	<u>25,000</u>	<u>6,926,156</u>
Expenditures:							
Current:							
General government		207,310			207,310	3,794	211,104
Public safety			297,907		297,907	25,351	323,258
Public works					1,786,801	62,493	1,849,294
Education-cultural					-	17,051	17,051
Recreation and parks					341,919		341,919
Education				236,048	3,758,198		3,758,198
Capital outlay					-	330,733	330,733
Total expenditures	<u>-</u>	<u>207,310</u>	<u>297,907</u>	<u>236,048</u>	<u>6,392,135</u>	<u>108,689</u>	<u>6,831,557</u>
Excess (Deficiency) of Revenues over Expenditures	<u>35,858</u>	<u>(51,722)</u>	<u>224,271</u>	<u>19,420</u>	<u>509,021</u>	<u>(108,689)</u>	<u>94,599</u>
Other Financing Sources (Uses):							
Transfers in					-	51,980	431,626
Transfers out					(546,528)	(50,000)	(596,528)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(546,528)</u>	<u>1,980</u>	<u>(164,902)</u>
Net Change in Fund Balances	35,858	(51,722)	224,271	19,420	(37,507)	(106,709)	(70,303)
Fund Balances at Beginning of Year	<u>126,989</u>	<u>1,191,813</u>	<u>-</u>	<u>-</u>	<u>3,418,058</u>	<u>167,405</u>	<u>3,780,046</u>
Fund Balances at End of Year	<u>\$ 162,847</u>	<u>\$ 1,140,091</u>	<u>\$ 224,271</u>	<u>\$ 19,420</u>	<u>\$ 3,380,551</u>	<u>\$ 60,696</u>	<u>\$ 3,709,743</u>

TOWN OF AVON, CONNECTICUT

SEWER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010			Variance with Final Budget	2009
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Sewer assessments	\$ 22,500	\$ 22,500	\$ 3,699	\$ (18,801)	\$ 8,000
Sewer connections	38,250	38,250	89,658	51,408	21,180
Sewer use charges	1,493,005	1,493,005	1,481,108	(11,897)	1,514,747
Permits and inspections	2,500	2,500	3,615	1,115	4,710
Interest and lien fees	1,000	1,000	10,526	9,526	10,242
Intergovernmental			165,221	165,221	
Total revenues	<u>1,557,255</u>	<u>1,557,255</u>	<u>1,753,827</u>	<u>196,572</u>	<u>1,558,879</u>
Expenditures:					
Current:					
Public works	1,614,254	1,614,254	1,448,216	166,038	1,815,564
Debt service	51,738	51,738	51,738	-	53,660
Total expenditures	<u>1,665,992</u>	<u>1,665,992</u>	<u>1,499,954</u>	<u>166,038</u>	<u>1,869,224</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(108,737)</u>	<u>(108,737)</u>	<u>253,873</u>	<u>362,610</u>	<u>(310,345)</u>
Other Financing Sources (Uses):					
Transfers out		(546,528)	(546,528)		(255,000)
Appropriation of fund balance	108,737	655,265		(655,265)	
Net other financing sources (uses)	<u>108,737</u>	<u>108,737</u>	<u>(546,528)</u>	<u>(655,265)</u>	<u>(255,000)</u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	(292,655)	\$ <u>(292,655)</u>	(565,345)
Fund Balances at Beginning of Year			1,690,798		2,256,143
Fund Balances at End of Year			\$ <u>1,398,143</u>		\$ <u>1,690,798</u>
<u>Reconciliation to GAAP Basis</u>					
		<u>Expenditures</u>	<u>Fund Balance</u>		
Balance, Budgetary Basis - June 30, 2010		\$ 1,499,954	\$ 1,398,143		
Encumbrances outstanding at June 30, 2009, still outstanding at June 30, 2010			25,129		
Prior year encumbrances paid		48,667			
Current year encumbrances		<u>(20,875)</u>	<u>20,875</u>		
Balance, GAAP Basis - June 30, 2010		\$ <u>1,527,746</u>	\$ <u>1,444,147</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, 2010

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010			Variance with Final Budget	2009
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ 1,365,253	\$ 2,594,190	\$ 2,343,107	\$ (251,083)	\$ 1,529,326
Expenditures:					
Education	<u>1,365,253</u>	<u>2,594,190</u>	<u>2,343,107</u>	<u>251,083</u>	<u>1,529,326</u>
Excess of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	
Fund Balances at Beginning of Year			<u>-</u>		<u>-</u>
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, 2010
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010			Variance with Final Budget	2009
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ 90,000	\$ 90,000	\$ 111,846	\$ 21,846	\$ 120,182
Charges for services	<u>884,792</u>	<u>1,057,836</u>	<u>1,070,144</u>	<u>12,308</u>	<u>1,016,858</u>
Total revenues	974,792	1,147,836	1,181,990	34,154	1,137,040
Expenditures:					
Education	<u>974,792</u>	<u>1,147,836</u>	<u>1,147,836</u>		<u>1,050,722</u>
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	34,154	\$ <u>34,154</u>	86,318
Fund Balances at Beginning of Year			<u>200,482</u>		<u>114,164</u>
Fund Balances at End of Year			\$ <u>234,636</u>		\$ <u>200,482</u>

TOWN OF AVON, CONNECTICUT

RECREATIONAL ACTIVITIES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010			Variance with Final Budget	2009
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental revenue	\$	\$	\$	\$ -	\$ 5,000
Charges for services	<u>386,813</u>	<u>386,813</u>	<u>319,409</u>	<u>(67,404)</u>	<u>309,043</u>
Total Revenues	<u>386,813</u>	<u>386,813</u>	<u>319,409</u>	<u>(67,404)</u>	<u>314,043</u>
Expenditures:					
Recreation and parks	<u>386,813</u>	<u>386,813</u>	<u>306,320</u>	<u>80,493</u>	<u>311,543</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>13,089</u>	<u>13,089</u>	<u>2,500</u>
Other Financing Sources (Uses):					
Transfers in				-	20,000
Transfers out				-	
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>13,089</u>	<u>\$ 13,089</u>	<u>22,500</u>
Fund Balances at Beginning of Year			<u>40,973</u>		<u>18,473</u>
Fund Balances at End of Year			<u>\$ 54,062</u>		<u>\$ 40,973</u>
<u>Reconciliation to GAAP Basis</u>					
		<u>Expenditures</u>	<u>Fund Balance</u>		
Balance, Budgetary Basis - June 30, 2010		\$ 306,320	\$ 54,062		
Encumbrances outstanding at June 30, 2009 still outstanding at June 30, 2010			3,145		
Prior year encumbrances spent		<u>19,900</u>	<u>-</u>		
Balance, GAAP Basis - June 30, 2010		<u>\$ 326,220</u>	<u>\$ 57,207</u>		

TOWN OF AVON, CONNECTICUT

LOCAL CAPITAL IMPROVEMENT PROGRAM FUND

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

FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010			Variance with Final Budget	2009
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ 104,219	\$ 105,218	\$ 105,218	\$ -	\$ 104,219
Expenditures:					
Public works	<u>104,219</u>	<u>105,218</u>	<u>105,218</u>	<u>-</u>	<u>104,219</u>
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	-
Fund Balances at Beginning of Year			<u>2,176</u>		<u>2,176</u>
Fund Balances at End of Year			\$ <u>2,176</u>		\$ <u>2,176</u>

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, 2010
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010			Variance with Final Budget	2009
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Other local revenues	\$ 9,600	\$ 9,600	\$	\$ (9,600)	\$ 4,248
Expenditures:					
Recreation and parks	<u>9,600</u>	<u>9,600</u>	<u>5,699</u>	<u>3,901</u>	<u>10,301</u>
Deficiency of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	(5,699)	<u>\$ (5,699)</u>	(6,053)
Fund Balances at Beginning of Year			<u>22,602</u>		<u>28,655</u>
Fund Balances at End of Year			<u>\$ 16,903</u>		<u>\$ 22,602</u>

Reconciliation to GAAP Basis

	<u>Expenditures</u>	<u>Fund Balance</u>
Balance, Budgetary Basis - June 30, 2010	\$ 5,699	\$ 16,903
Prior year encumbrances paid	10,000	
Current year encumbrances	<u> </u>	<u> </u>
Balance, GAAP Basis - June 30, 2010	<u>\$ 15,699</u>	<u>\$ 16,903</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, 2010
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010			Variance with Final Budget	2009
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ 153,115	\$ 153,837	\$ 153,837	\$ -	\$ 153,671
Expenditures:					
Public works	<u>153,115</u>	<u>153,837</u>	<u>153,837</u>	<u>-</u>	<u>153,671</u>
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	-
Fund Balances at Beginning of Year			<u>15,232</u>		<u>15,232</u>
Fund Balances at End of Year			\$ <u>15,232</u>		\$ <u>15,232</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, 2010

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010			Variance with Final Budget	2009
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Other local revenues	\$ 10,000	\$ 10,000	\$ 53,469	\$ 43,469	\$ 46,043
Expenditures:					
Education	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>30,141</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	43,469	<u>\$ 43,469</u>	15,902
Fund Balances at Beginning of Year			<u>20,152</u>		<u>4,250</u>
Fund Balances at End of Year			<u>\$ 63,621</u>		<u>\$ 20,152</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, 2010

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010			Variance with Final Budget	2009
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Other local revenues	\$ 31,185	\$ 297,907	\$ 522,178	\$ 224,271	\$ -
Expenditures:					
Public safety	<u>31,185</u>	<u>297,907</u>	<u>297,907</u>	<u>-</u>	<u>-</u>
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	224,271	\$ <u>224,271</u>	-
Fund Balances at Beginning of Year			<u>-</u>		<u>-</u>
Fund Balances at End of Year			\$ <u>224,271</u>		\$ <u>-</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, 2010

	<u>Project Appropriations July 1, 2009</u>	<u>Additions (Reductions)</u>	<u>Project Appropriations June 30, 2010</u>	<u>Expenditures Incurred to July 1, 2009</u>	<u>Current Year Expenditures</u>	<u>Expenditures Incurred to June 30, 2010</u>	<u>Unexpended Appropriations June 30, 2010</u>
General Government:							
Sidewalks	\$ 10,000		\$ 10,000			\$ -	\$ 10,000
Revaluation (2008)	213,165	(10,000)	203,165	113,184	37,599	150,782	52,383
Secret Lake Drainage	30,000		30,000	9,050		9,050	20,950
Library Addition	70,000		70,000	37,122	32,878	70,000	-
South Road Pump Station		117,786	117,786		117,786	117,786	-
OFB Project 04-116-Design Fees Reimt	345,370	75,000	420,370	257,614		257,614	162,756
Old Farms Rd/Thompson Recon 4-98	363,486	100,000	463,486	333,608	112,992	446,600	16,886
Low Impact Design Farm River Enhan.		25,000	25,000		19,478	19,478	5,522
Revaluation - Current		10,000	10,000		10,000	10,000	-
Total Capital and Nonrecurring	\$ <u>1,032,021</u>	\$ <u>317,786</u>	\$ <u>1,349,807</u>	\$ <u>750,578</u>	\$ <u>330,733</u>	\$ <u>1,081,310</u>	\$ <u>268,497</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.

Board of Education Special Programs Fund - To account for transfer payments received by the Board of Education for various programs.

TOWN OF AVON, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
ASSETS				
Cash:				
High school student activity fund	\$ 165,905	\$ 472,345	471,949	\$ 166,301
Middle school student activity fund	43,550	84,078	72,583	55,045
Roaring Brook student activity fund	6,135	24,497	23,607	7,025
Pine Grove student activity fund	32,558	22,329	18,805	36,082
Thompson Brook student activity fund	<u>9,698</u>	<u>45,894</u>	<u>45,272</u>	<u>10,320</u>
Total Assets	<u>\$ 257,846</u>	<u>\$ 649,143</u>	<u>\$ 632,216</u>	<u>\$ 274,773</u>
LIABILITIES				
Fiduciary Deposits:				
High school student activity fund	\$ 165,905	\$ 472,345	471,949	\$ 166,301
Middle school student activity fund	43,550	84,078	72,583	55,045
Roaring Brook student activity fund	6,135	24,497	23,607	7,025
Pine Grove student activity fund	32,558	22,329	18,805	36,082
Thompson Brook student activity fund	<u>9,698</u>	<u>45,894</u>	<u>45,272</u>	<u>10,320</u>
Total Liabilities	<u>\$ 257,846</u>	<u>\$ 649,143</u>	<u>\$ 632,216</u>	<u>\$ 274,773</u>

DETAILED SCHEDULE OF LONG-TERM DEBT OBLIGATIONS

TOWN OF AVON, CONNECTICUT
LONG-TERM DEBT OBLIGATIONS
SCHEDULE OF BOND MATURITIES
JUNE 30, 2010

Description	Original Issue		Year Ending June 30,	Principal	Interest	Total
	Amount	Date				
General Purposes:						
Bonds:						
Avon Police Department Renovations	\$ 1,800,000	9-15-97	2011	\$ 100,000	\$ 10,000	\$ 110,000
Interest payable March 15 and September 15 of each year at 4.25-6.25%; principal payable - March			2012	<u>100,000</u>	<u>5,000</u>	<u>105,000</u>
				<u>200,000</u>	<u>15,000</u>	<u>215,000</u>
Sewer Interceptor	\$ 550,000	7-15-98	2011	44,250	5,518	49,768
Interest payable January 15 and July 15 of each year at 4.10-4.75%; principal payable - January			2012	44,250	3,526	47,776
			2013	<u>33,750</u>	<u>1,536</u>	<u>35,286</u>
				<u>122,250</u>	<u>10,580</u>	<u>132,830</u>
Fisher Farms Open Space	\$ 1,295,000	7-15-02	2011	70,000	19,783	89,783
Interest payable December 15 and June 15 of each year at 3.0-5.0%; principal payable - June			2012	82,000	17,158	99,158
			2013	82,000	14,042	96,042
			2014	82,000	10,845	92,845
			2015	82,000	7,482	89,482
			2016	<u>82,000</u>	<u>4,100</u>	<u>86,100</u>
				<u>480,000</u>	<u>73,410</u>	<u>553,410</u>
Town Hall Renovations	\$ 2,295,000	10-15-09	2011	115,000	65,070	180,070
Interest payable October 15 and April 15 of each year at 2.0-3.25%; principal payable-October			2012	115,000	62,782	177,782
			2013	155,000	60,082	215,082
			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	<u>140,000</u>	<u>2,275</u>	<u>142,275</u>
				<u>2,295,000</u>	<u>617,570</u>	<u>2,912,570</u>
Total General Purposes				<u>3,097,250</u>	<u>716,560</u>	<u>3,813,810</u>

(Continued on next page)

TOWN OF AVON, CONNECTICUT
LONG-TERM DEBT OBLIGATIONS
SCHEDULE OF BOND MATURITIES (CONTINUED)
JUNE 30, 2010

Description	Original Issue		Year Ending June 30,	Principal	Interest	Total
	Amount	Date				
Schools:						
Bonds:						
School Construction - Avon High School	\$ 4,300,000	9-15-97	2011	\$ 250,000	\$ 25,000	\$ 275,000
Renovations			2012	250,000	12,500	262,500
Interest payable March 15 and September 15 of each year at 4.25-6.25%; principal payable - March				500,000	37,500	537,500
School Construction - Avon High School	\$ 5,825,000	1-15-98	2011	450,000	43,200	493,200
Renovations			2012	450,000	22,500	472,500
Interest payable January 15 and July 15 of each year at 4.0-5.75%; principal payable - January				900,000	65,700	965,700
School Construction - Avon High School	\$ 6,915,000	7-15-98	2011	555,750	69,640	625,390
Renovations			2012	555,750	44,630	600,380
Interest payable January 15 and July 15 of each year at 4.10-4.75%; principal payable - January			2013	431,250	19,622	450,872
				1,542,750	133,892	1,676,642
School Construction - Thompson Brook School	\$ 14,245,000	7-15-02	2011	780,000	212,602	992,602
Interest payable December 15 and June 15 of each year at 3.0-5.0%; principal payable - June			2012	688,000	183,352	871,352
			2013	918,000	157,208	1,075,208
			2014	918,000	121,405	1,039,405
			2015	918,000	83,768	1,001,768
			2016	918,000	45,900	963,900
				5,140,000	804,235	5,944,235
School Construction Avon High School	\$ 23,218,000	10-15-09	2011	1,163,000	658,148	1,821,148
Renovations			2012	1,150,000	634,994	1,784,994
Interest payable October 15 and April 15 of each year at 2.0-3.25%; principal payable - October			2013	1,580,000	607,694	2,187,694
			2014	1,180,000	574,194	1,754,194
			2015	1,100,000	539,994	1,639,994
			2016	1,195,000	505,569	1,700,569
			2017	1,590,000	463,794	2,053,794
			2018	1,570,000	416,394	1,986,394
			2019	1,570,000	369,294	1,939,294
			2020	1,490,000	323,394	1,813,394
			2021	1,375,000	280,419	1,655,419
			2022	1,370,000	239,244	1,609,244
			2023	1,350,000	198,444	1,548,444
			2024	1,355,000	157,022	1,512,022
			2025	1,360,000	113,750	1,473,750
			2026	1,410,000	68,738	1,478,738
			2027	1,410,000	22,913	1,432,913
				23,218,000	6,173,999	29,391,999

(Continued on next page)

TOWN OF AVON, CONNECTICUT
LONG-TERM DEBT OBLIGATIONS
SCHEDULE OF BOND MATURITIES (CONTINUED)
JUNE 30, 2010

Description	Original Issue		Year Ending June 30,	Principal	Interest	Total
	Amount	Date				
School Construction	\$ 2,372,000	10-15-09	2011	\$ 122,000	\$ 67,220	\$ 189,220
Avon Middle School			2012	115,000	64,863	179,863
Roof			2013	165,000	62,063	227,063
Interest payable October 15			2014	125,000	58,538	183,538
and April 15 of each			2015	100,000	55,163	155,163
year at 2.0-3.25%;			2016	110,000	52,013	162,013
principal payable - October			2017	150,000	48,113	198,113
			2018	150,000	43,613	193,613
			2019	150,000	39,113	189,113
			2020	150,000	34,613	184,613
			2021	140,000	30,263	170,263
			2022	145,000	25,988	170,988
			2023	150,000	21,563	171,563
			2024	150,000	16,969	166,969
			2025	150,000	12,188	162,188
			2026	150,000	7,313	157,313
			2027	150,000	2,438	152,438
				<u>2,372,000</u>	<u>642,034</u>	<u>3,014,034</u>
Total Schools				<u>33,672,750</u>	<u>7,857,360</u>	<u>41,530,110</u>
Grand Total-All Bonded Debt				<u>\$ 36,770,000</u>	<u>\$ 8,573,920</u>	<u>\$ 45,343,920</u>

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

SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)

	FISCAL YEAR							
	2003	2004	2005	2006	2007	2008	2009	2010
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
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>
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>
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
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>
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>

NOTE: The Town began to report accrual information when it implemented GASB Statement No. 34 during fiscal year June 30, 2003.

TOWN OF AVON, CONNECTICUT

CHANGES IN NET ASSETS

SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)

	FISCAL YEAR							
	2003	2004	2005	2006	2007	2008	2009	2010
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
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
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
Health and social services	290,106	297,004	312,488	335,363	339,011	418,457	409,643	429,622
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
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
Conservation and development	489,625	480,149	475,086	485,796	480,105	470,631	493,509	495,403
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
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
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>
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
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
Capital grants and contributions	3,974,876	1,791,485	264,316	45,436	211,460	7,676,918	1,192,219	940,145
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>
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>
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
Grants and contributions not restricted to specific programs	388,628	396,446	447,711	420,814	471,823	484,160	451,350	631,497
Unrestricted investment earnings	273,327	177,347	430,329	1,229,679	1,923,744	1,361,187	469,404	231,295
Miscellaneous	100,334	173,665	117,250	280,849	370,776	988,047	446,082	471,241
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>
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>

NOTE: The Town began to report accrual information when it implemented GASB Statement No. 34 during fiscal year June 30, 2003.

TOWN OF AVON, CONNECTICUT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund:										
Reserved	\$ 508,753	\$ 653,454	\$ 758,851	\$ 862,630	\$ 908,877	\$ 147,535	\$ 17,118	\$	\$	\$
Unreserved	<u>3,850,307</u>	<u>4,153,303</u>	<u>4,245,984</u>	<u>3,941,547</u>	<u>3,657,223</u>	<u>4,159,172</u>	<u>3,760,315</u>	<u>4,676,227</u>	<u>5,253,522</u>	<u>5,100,539</u>
Total General Fund	<u>\$ 4,359,060</u>	<u>\$ 4,806,757</u>	<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>
All other governmental funds:										
Reserved	\$ 12,981,333	\$ 634,249	\$ 534,749	\$ 860,651	\$ 627,941	\$ 756,962	\$ 813,490	\$ 562,053	\$ 453,686	\$ 109,845
Unreserved, reported in:										
Special revenue funds	766,854	803,078	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	<u>(13,050,385)</u>	<u>2,595,947</u>	<u>915,811</u>	<u>573,429</u>	<u>968,946</u>	<u>96,391</u>	<u>(8,277,866)</u>	<u>(21,972,030)</u>	<u>(23,536,240)</u>	<u>2,856,843</u>
Total All Other Governmental Funds	<u>\$ 697,802</u>	<u>\$ 4,033,274</u>	<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>

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Property taxes	\$ 37,492,652	\$ 41,342,284	\$ 44,995,486	\$ 48,012,671	\$ 49,213,013	\$ 52,054,364	\$ 54,940,024	\$ 57,607,095	\$ 60,443,984	\$ 61,251,149
Intergovernmental (state and federal grants)*	1,134,131	1,253,894	5,498,502	4,082,975	4,537,713	5,908,147	6,223,583	25,960,589	8,029,848	9,479,811
Licenses, fees and permits	6,091,563	5,843,727								
Charges for services	1,823,483	2,061,259	4,144,002	4,462,440	4,754,726	4,735,059	4,268,644	4,585,785	5,253,901	5,243,089
Contributions**			324,293	25,620	45,850	30,300	6,300			3,200
Investment income	1,542,114	689,389	273,327	177,347	430,329	1,229,679	1,923,744	1,361,187	469,404	231,295
Other local revenues	229,825	162,529	109,187	173,665	165,404	280,849	370,776	980,682	446,082	477,976
Total revenues	48,313,768	51,353,082	55,344,797	56,934,718	59,147,035	64,238,398	67,733,071	90,495,338	74,643,219	76,686,520
Expenditures:										
Town Council:										
General government	1,866,029	2,179,856	2,049,196	2,214,074	2,275,478	2,332,582	2,534,553	2,934,699	4,071,003	2,923,516
Public safety	5,423,148	5,550,091	5,935,154	6,354,328	6,597,926	7,190,774	7,492,029	7,943,996	8,180,761	8,062,495
Public works	3,644,754	3,541,216	4,045,432	4,596,663	4,766,751	4,676,353	4,966,497	5,177,018	5,995,535	5,565,831
Health and social services	254,475	263,479	280,654	292,929	312,136	321,193	339,055	418,279	407,956	431,181
Recreation and parks	792,616	879,885	932,564	994,752	1,075,531	1,104,495	1,114,589	1,114,355	1,058,239	1,126,505
Educational - cultural	923,399	975,163	1,089,118	1,147,023	1,141,214	1,171,991	1,249,963	1,325,488	1,312,882	1,381,486
Conservation and development	320,328	312,057	396,219	471,433	473,635	452,072	480,232	461,474	485,868	494,145
Miscellaneous	361,028	317,050	994,769	468,377	262,733	258,642	244,096	279,276	288,255	293,613
Total Town Council	13,585,777	14,018,797	15,723,106	16,539,579	16,905,404	17,508,102	18,421,014	19,654,585	21,800,499	20,278,772
Board of Education	27,539,305	29,404,265	31,531,774	33,580,967	35,704,437	39,657,600	41,450,613	57,087,590	46,822,998	48,902,814
Debt service:										
Principal	3,075,000	2,800,000	2,500,000	3,445,000	3,655,000	3,255,750	3,330,750	3,500,000	3,100,000	3,300,000
Interest	1,158,507	1,429,183	1,869,062	1,255,887	1,167,048	1,059,348	1,244,954	1,460,243	1,638,189	1,780,764
Total Debt Service	4,233,507	4,229,183	4,369,062	4,700,887	4,822,048	4,315,098	4,575,704	4,960,243	4,738,189	5,080,764
Capital improvements	6,923,572	14,650,674	6,376,491	2,007,365	1,823,880	3,911,318	12,323,872	21,097,420	3,340,246	4,758,505
Total expenditures	52,282,161	62,302,919	58,000,433	56,828,798	59,255,769	65,392,118	76,771,203	102,799,838	76,701,932	79,020,855
Excess (Deficiency) of Revenues over Expenditures	(3,968,393)	(10,949,837)	(2,655,636)	105,920	(108,734)	(1,153,720)	(9,038,132)	(12,304,500)	(2,058,713)	(2,334,335)
Other Financing Sources (Uses):										
Proceeds from sale of land/capital assets			207,000	11,530	250,000					
Capital lease proceeds	670,910									
Bond/BAN issue proceeds		14,245,000	1,295,000							27,885,000
Bond/BAN issue premium			155,284							350,636
Loan Proceeds							600,000			
Operating transfers in	2,796,983	2,665,368	1,345,587	2,435,591	1,604,920	2,524,174	2,666,315	4,346,550	4,032,303	2,076,079
Operating transfers out	(2,470,281)	(2,177,362)	(1,311,491)	(2,514,633)	(1,604,920)	(2,624,174)	(2,866,315)	(4,346,550)	(4,032,303)	(2,076,079)
Total other financing sources (uses)	997,612	14,733,006	1,691,380	(67,512)	250,000	(100,000)	400,000	-	-	28,235,636
Net Change in Fund Balances	(2,970,781)	3,783,169	(964,256)	38,408	141,266	(1,253,720)	(8,638,132)	(12,304,500)	(2,058,713)	25,901,301
Fund Balance at Beginning of Year ***	8,027,643	5,056,862	8,840,031	7,875,775	7,914,183	8,055,449	6,801,729	(139,457)	(12,443,959)	(14,502,672)
Fund Balance at End of Year	\$ 5,056,862	\$ 8,840,031	\$ 7,875,775	\$ 7,914,183	\$ 8,055,449	\$ 6,801,729	\$ (1,836,403)	\$ (12,443,957)	\$ (14,502,672)	\$ 11,398,629
Debt Service as a Percentage to Noncapital Expenditures	9.33%	8.88%	8.69%	8.72%	8.58%	7.00%	7.27%	6.16%	6.52%	6.82%
Total Debt Service	4,233,507	4,229,183	4,369,062	4,700,887	4,822,048	4,315,098	4,575,704	4,960,243	4,738,189	5,080,764
Non capital expenditures	45,358,589	47,652,245	50,254,788	53,892,204	56,189,168	61,685,584	62,955,279	80,545,635	72,716,201	74,451,371

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					
2001	\$ 1,096,224,910	\$ 226,491,370	\$ 120,495,420	\$ 72,284,680	\$ 93,934,960	\$ 1,515,496,380	24.50	\$ 2,192,380,257	69.1 %
2002	1,138,255,700	229,372,310	128,024,660	73,230,960	104,381,370	1,568,883,630	25.90	2,625,333,686	59.8
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

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 Debt Service	Total Direct	State	County
2001	22.08	2.42	24.50	N/A	N/A
2002	23.53	2.37	25.90	N/A	N/A
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

TOWN OF AVON, CONNECTICUT

TABLE 7

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

89

Taxpayer	2010			2001		
	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	\$ 13,934,790	1	0.53 %			
64 Avonwood Rd. Assoc. LLC	13,647,330	2	0.52			
Two Fifty-Five West Main LLC	13,179,390	3	0.50	\$ 8,973,950	3	0.57 %
Connecticut Light & Power	12,171,490	4	0.46	8,136,440	5	0.52
Ensign Bickford Realty Corp.	11,261,660	5	0.43	9,421,770	2	0.60
Avon Marketplace Investors	10,813,240	6	0.41			
Riverdale Farms LLC	9,963,070	7	0.38			
Nod Brook LLC	8,157,080	8	0.31	8,158,930	4	0.52
Family Wellness Center	8,895,050	9	0.34			
Avon Water Company	9,123,580	10	0.35			
Connecticut On-Line Computer				7,981,330	6	0.51
Avon Associates, Ltd				7,529,590	10	0.48
Jackson, Inc.				9,469,020	1	0.60
G. David Lattizori				7,674,270	9	0.49
Village Developers				7,746,030	8	0.49
Silvio Brighenti, et al				7,921,570	7	0.50
	\$ <u>111,146,680</u>		<u>4.23 %</u>	\$ <u>83,012,900</u>		<u>5.28 %</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
2001	\$ 37,419	\$ 37,234	99.51 %	0.49 %	\$ 132	\$ 37,366	99.86 %
2002	41,200	41,026	99.58	0.42	149	41,174	99.94
2003	44,718	44,568	99.66	0.34	96	44,664	99.88
2004	47,681	47,591	99.81	0.19	139	47,730	100.10
2005	48,900	48,851	99.90	0.10	114	48,965	100.13
2006	51,865	51,774	99.82	0.18	42	51,815	99.90
2007	54,781	54,677	99.81	0.19	34	54,711	99.87
2008	57,350	57,311	99.93	0.07	60	57,371	100.04
2009	60,287	60,174	99.81	0.19	21	60,174	99.81
2010	61,074	60,965	99.82	0.18	n/a	60,965	99.82

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property(1)</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
2001	\$ 21,765,000	0.9928 %	21,765,000	4.02 %	\$ 1,375
2002	18,965,000	0.7224	18,965,000	2.32	1,198
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

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

(2) See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

TOWN OF AVON, CONNECTICUT

TABLE 10

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 275,888,844	\$ 302,480,185	\$ 327,027,981	\$ 348,473,195	\$ 364,104,930	\$ 383,690,160	\$ 404,046,335	\$ 422,652,293	\$ 442,469,867	\$ 448,646,527
Total net debt applicable to limit	<u>26,905,186</u>	<u>30,750,062</u>	<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>
Legal Debt Margin	<u>\$ 248,983,658</u>	<u>\$ 271,730,123</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	9.75%	10.17%	9.27%	7.86%	16.21%	16.92%	19.02%	19.43%	19.01%	13.87%

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 2009 debt limit can be found on Table 12 of this report.

TOWN OF AVON, CONNECTICUT

DEBT STATEMENT

AS OF JUNE 30, 2010

Long-Term Debt:	
Bonds:	
General public improvement	\$ 2,975,000
School	33,672,750
Sewer	122,250
Total bonds	<u>36,770,000</u>
Short-Term Debt:	
Bond anticipation notes	
Total direct debt	<u>36,770,000</u>
Less Amount due from State of Connecticut (a)	
Existing school bonds	<u>(444,956)</u>
Total Net Direct Debt	<u><u>\$ 36,325,044</u></u>

(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, 2010

Population (a)	18,100 (est.)
Net Taxable Grand List (October 1, 2008) (b)	\$ 2,605,775,050
Estimated Full Value (70%)	\$ 3,722,535,786
Equalized Net Taxable Grand List (2008) (c)	\$ 3,744,303,900
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>36,770,000</u>	\$ <u>36,325,044</u>	\$ <u>36,325,044</u>
Per Capita	\$ 2,031	\$ 2,007	\$ 2,007
Ratio to Net Taxable Grand List	1.41%	1.39%	1.39%
Ratio to Estimated Full Value	0.99%	0.98%	0.98%
Ratio to Equalized Net Taxable Grand List	0.98%	0.97%	0.97%
Debt per Capita to Income per Capita	3.93%	3.88%	3.88%

(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 BAN Issue of November 2, 2010

(d) State of Connecticut, Department of Labor

TOWN OF AVON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2010

Total tax collections (including interest and lien fees) received by Treasurer for current fiscal year	\$ 61,210,210
Total tax collections (including interest and lien fees) received by Treasurers of all other taxing districts within Town for current fiscal year	<u>2,882,151</u>
Base for Debt Limitation Computation	<u>\$ 64,092,361</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	\$ 144,207,812	\$	\$	\$	\$
4-1/2 times base		288,415,625			
3-3/4 times base			240,346,354		
3-1/4 times base				208,300,173	
3 times base					192,277,083
Total debt limitation	<u>144,207,812</u>	<u>288,415,625</u>	<u>240,346,354</u>	<u>208,300,173</u>	<u>192,277,083</u>
Indebtedness:					
Bonds payable	2,975,000	33,672,750	122,250		
Bond anticipation notes payable					
Bond authorized but unissued	11,405,000	14,493,000			
School building grants		(444,956)			
Sewer assessment receivable			(6,000)		
Net indebtedness (1)	<u>14,380,000</u>	<u>47,720,794</u>	<u>116,250</u>		
Debt Limitation in Excess of Outstanding Debt	<u>\$ 129,827,812</u>	<u>\$ 240,694,831</u>	<u>\$ 240,230,104</u>	<u>\$ 208,300,173</u>	<u>\$ 192,277,083</u>

(1) The total of the above net indebtedness amounts to: \$ 62,217,044

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 448,646,527

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)
2001	15,832	541,518	34,204	42.0	16	2,914	1.7
2002	15,832	818,609	51,706	42.0	16	2,984	2.6
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

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

TOWN OF AVON, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2010			2001		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Avon	549	1	6.86 %	433	1	5.74 %
Connecticut On-Line Computer Center	320	2	4.00	277	3	3.67
Wal-Mart	220	3	2.75	220	4	2.92
Women's Health USA	210	4	2.62			0.00
Big Y Supermarket	195	5	2.44	195	5	2.59
Avon Health Center, Inc.	186	6	2.32	186	6	2.47
O.F.S Fitel LLC	177	7	2.21			
Legere Group	155	8	1.94			
Reflexite Tech Center	91	9	1.14			
Petroleum Meter and Pump	68	10	0.85			
Reliastar Security-Connecticut Life Ins. Co.				299	2	3.97
Hartford Insurance				158	7	2.10
Eastern Color Printing				126	9	1.67
Lucent Technologies				153	8	2.03
Apple Health Care, Inc				130	10	1.72
	<u>2,171</u>		<u>27.13 %</u>	<u>2,177</u>		<u>28.88 %</u>

Source: Town of Avon, Official Statements

TOWN OF AVON, CONNECTICUT
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
JUNE 30, 2010

	FISCAL YEAR									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>General Government</u>										
Manager	3.0	3.0	3.0	2.3	2.3	2.3	2.3	2.3	2.0	3.0
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	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Building	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Other	11.0	14.0	13.0	12.7	12.7	12.7	12.7	12.7	12.0	11.0
<u>Public Safety</u>										
Officers	44.0	43.0	43.0	43.0	43.0	42.0	41.0	40.0	39.0	39.0
<u>Public Works</u>										
	26.0	30.0	30.0	30.0	29.0	29.0	29.0	28.0	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	7.0	7.0	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	<u>288.5</u>	<u>289.0</u>	<u>302.0</u>	<u>395.0</u>	<u>387.0</u>	<u>384.0</u>	<u>399.0</u>	<u>374.0</u>	<u>346.0</u>	<u>321.0</u>
Total	<u><u>393.5</u></u>	<u><u>400.0</u></u>	<u><u>413.0</u></u>	<u><u>505.0</u></u>	<u><u>496.0</u></u>	<u><u>492.0</u></u>	<u><u>506.0</u></u>	<u><u>479.0</u></u>	<u><u>449.0</u></u>	<u><u>423.0</u></u>

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, 2010

	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<u>General Government</u>										
Marriage licenses issued	122	119	128	125	213	156	174	145	183	176
Civil Unions Recorded (new in 06/07)	0	1	2	2	6	N/A	N/A	N/A	N/A	N/A
Birth certificates issued	105	129	126	137	154	158	153	150	164	155
Death certificates issued	155	185	192	158	194	166	182	181	167	157
<u>Boards and Agencies</u>										
Registered voters	11,852	11,943	11,297	11,087	11,100	11,348	10,488	10,341	10,685	10,564
Elections and referenda	4	4	5	3	3	3	5	3	2	2
<u>Planning and Development</u>										
Building permits issued	561	525	635	562	700	750	732	654	600	607
Building inspections conducted	1,919	1,961	2,546	2,524	3,700	3,750	3,984	2,535	2,500	2,500
Value of building permits	27,942,971	17,946,028	24,403,569	24,586,378	23,358,000	51,801,012	36,897,500	49,938,726	33,243,701	53,307,370
<u>Public Safety</u>										
Arrests	246	281	289	292	350	346	351	318	263	250
Parking violations	51	69	72	78	67	101	146	200	203	255
Traffic violations	2,937	5,078	6,337	5,992	5,173	5,476	4,982	4,240	4,177	3,095
Emergency responses	1,313	1,247	1,307	1,265	3,323	3,136	3,420	4,278	3,871	3,612
Fires extinguished	11	8	28	15	18	17	22	26	22	27
Inspections/fire prevention	279	392	620	1,369	1,488	1,460	1,404	1,540	1,360	1,297
Calls for service	22,094	27,398	25,389	23,846	30,885	28,940	25,525	31,000	28,140	26,800
Citations issued	2,169	3,945	4,421	4,230	4,014	4,388	3,810	2,594	2,489	2,433
<u>Public Works</u>										
Miles of roads maintained	108	108	104	103	102	100.58	100.13	97.26	96.27	94.95
Refuse collected (tons per year)	900	950	1,029	1,065	N/A	1,107	1,095	N/A	N/A	N/A
Recyclables collected (tons per year)	650	726	931	933	N/A	809	719	N/A	N/A	N/A
<u>Parks and Recreation</u>										
Total park reservations	1,977	2,026	2,767	4,399	2,934	1,581	1,553	1,413	1,023	998
Total day camp registrations	527	659	612	554	486	467	286	285	290	357
Total swim memberships	415	403	437	530	507	495	447	415	508	574
Pool attendance	14,759	10,593	13,254	17,539	18,009	19,434	12,527	11,155	19,159	20,409
<u>Public Library</u>										
Volumes in collection	85,258	82,067	80,085	80,174	80,000	79,138	80,032	81,758	78,600	73,871
Items circulated	292,349	294,443	305,843	317,900	307,661	300,069	299,178	295,300	238,000	235,246
<u>Human Services</u>										
Senior mini-bus trips	2,708	3,507	3,472	3,601	3,833	3,279	2,950	2,515	2,454	2,663
Households provided energy assistance	30	35	27	49	35	30	30	57	89	104
Households provided food bank assistance	88	89	74	73	75	70	65	65	65	60
<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	0	0
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

TOWN OF AVON, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

JUNE 30, 2010

	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<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	29	28	25	20	17	22	25	23	31
Fire vehicles	14	14	13	13	12	12	12	17	15	16
<u>Public Works</u>										
Miles of town roads	108	108	105	104	102	100.39	100.23	96.57	95.18	94.87
Linear feet of sidewalks (See Note)	49465	49465	49465	49465	100	N/A	N/A	N/A	N/A	N/A
Streetlights	836	836	792	802	787	781	773	760	756	707
Traffic signals	18	12	12	12	12	12	11	11	11	9
Public works vehicles	33	33	33	33	33	32	33	34	31	31
<u>Parks and Recreation</u>										
Acreage (parks only)	1155	1155	1155	1155	1155	1155	1155	1155	1122	807
Parks and greens	14	14	14	14	14	14	14	14	13	11
Athletic fields (includes Board of Education)	30	30	30	30	30	27	27	27	27	25
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	4	4
<u>Water</u>										
Fire hydrant rentals	710	709	684	684	614	595	579	579	573	573
<u>Sewer</u>										
Sanitary sewers (miles)	76.43	76.36	72.75	70.58	68.46	67.74	64.47	61.23	59.6	57.1
Storm sewers (miles)	45	43.12	41.62	39.59	38.43	38.23	37.21	34.79	33.63	33.46

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