

DEBT SERVICE

PROGRAM DESCRIPTION

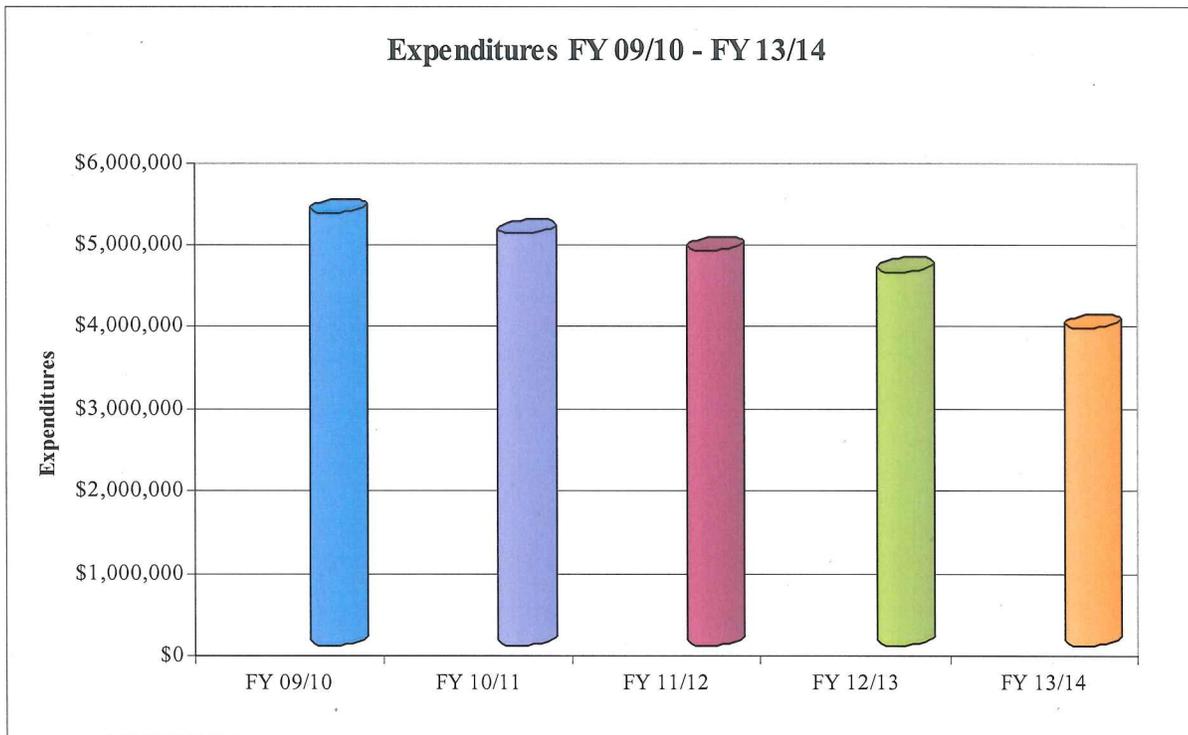
This series of accounts reflects those expenditures made by the Town for interest and principal payments for Short and Long-Term Debt.

PERSONNEL AND EXPENDITURES

The Director of Finance is responsible for monitoring the Town's Debt Service Program.

PROGRAM COMMENTARY

	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	\$ Inc/(Dec)	% Inc/-Dec
Expenditures	\$5,268,497	\$5,010,181	\$4,808,189	\$4,546,338	\$ 3,858,790	(\$687,548)	-15.12%



Debt Service reflects the pay down of existing debt from general obligation bond anticipation notes and bond issues for general purposes including previously approved school projects, including the Avon High School Renovation/Addition project, Town Hall Renovations, the replacement of the Avon Middle School Roof and related improvements, and the most recent Avon Free Public Library Renovations, Additions and Improvements project. The \$3,858,790 in Debt reflects \$3,858,790 in General Fund appropriations as the outstanding Special Revenue Fund (Fund 05 Sewers) Debt will be retired in fiscal year 2012/2013.

PROGRAM COMMENTARY, continued

1. Ensure long-term debt will not exceed the Town's resources for repaying the debt;
2. Finance capital projects through the issuance of bonds for a period not to exceed the expected useful life of the project;
3. Maintain the Town's Aaa/AAA credit rating.

While the Town's Debt Service was reduced by over 50% between 1983 and 1988, a 1988 decision to move forward with a systematic plan to renovate all and add new school facilities to accommodate increases in school enrollment, and programmatic changes to the school curriculum, has resulted in a substantial increase in Debt Service over the past twenty years. The level of per capita debt peaked in 2010, and is not expected to level off until 2017. It is the Town's intent to keep its per capita debt at a level acceptable to municipal securities rating agencies and retire its debt rapidly. This strategy was confirmed in June 2005 when Standard & Poor's reaffirmed Avon's Aaa/AAA rating, in 2008 by Moody's and Standard & Poor's, in 2009 and in 2012 by Moody's and Standard & Poor's, when the Town issued bonds for Library Additions and Renovations Project. As previously mentioned, the Town's debt load increased significantly during the last twenty years as it has built infrastructure to handle an increasing population and a corresponding increase in demand for services.

Construction of a new Elementary School (Pine Grove) which was approved in February 1989 and opened in September 1991, a major addition to the Middle School, approved in April 1990 and completed in September 1992, a major addition and renovations to the Roaring Brook Elementary School, approved in June 1992 and completed in September 1994, renovations and additions to the High School approved in September 1996 and completed in 1998, the construction of Thompson Brook School approved in 1999 and opened in September 2002, and a further expansion and renovations of Avon High School, approved in 2004 and completed in September of 2008, have added significantly to the Town's debt load.

The graph on M. 214 illustrates the Town's debt history and future projected net debt load (after state grants).

The Tables on M. 207 reflect the Legal Debt Margin Information for the last ten fiscal years, and the Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita for the last ten years. The table on the following page illustrates the Schedule of Changes in Bonded Indebtedness for the year ended June 30, 2012. Page A. 28 lists statewide comparative debt figures and A. 29 compares Avon's debt and credit ratings to similar communities.

EFFECT OF EQUITY DEBT LEVEL ON ANNUAL AND FUTURE OPERATIONS

The Town has taken into consideration the budget impact of current and future debt levels on operations. This has been done in conjunction with the Capital Improvement Program (see R. 276 for a more detailed analysis). In the current fiscal year, the debt service program capacity from the retirement of debt has allowed the shift to Capital "pay as you go" line items to restore the Capital Improvement Program. The current and anticipated debt service program has been planned to minimize major impacts on year-to-year operations. As of the current fiscal year, including the bond issue for the Library Additions and Renovations project, debt retirement will be 38% retired in five years and 68% retired in ten years. The outlook for the Town is continued maintenance of its modest debt position.

TOWN OF AVON, CONNECTICUT

**SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2012**

Total Tax Collections (Including Interest and Lien Fees) Received by Treasurer for Current Fiscal Year.....	\$66,366,288
Total Tax Collections (Including Interest and Lien Fees) Received by Treasurers of All Other Taxing Districts Within Town For Current Fiscal Year.....	3,524,594
Reimbursement for Revenue Loss: Tax Relief for Elderly.....	<u>85,495</u>
BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$69,976,377</u>

	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
DEBT LIMITATION					
2-¼ times base.....	\$157,446,848	\$	\$	\$	\$
4 -½ times base.....		314,893,697			
3-¾ times base.....			262,411,414		
3-¼ times base.....				227,423,225	
3 times base.....					209,929,131
TOTAL DEBT LIMITATION:	157,446,848	314,893,697	262,411,414	227,423,225	209,929,131
INDEBTEDNESS:					
Bonds Payable.....	2,393,000	27,143,250	33,750		
Bond authorized but not issued...	11,405,000	14,493,000			
School building grants.....		(67,044)			
Sewer assessment receivable.....			(401,846)		
NET INDEBTEDNESS (1)	13,798,000	41,569,206	(368,096)		
DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT.....					
	<u>\$143,648,848</u>	<u>\$273,324,491</u>	<u>\$262,779,510</u>	<u>\$227,423,225</u>	<u>\$209,929,131</u>

(1) The total of the above net indebtedness amounts to: \$ 54,999,110

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$489,834,639

**TOWN OF AVON, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a % of Debt Limit	Debt Limit as a % of Assessed Value
2003	327,027,981	30,318,112	296,709,869	9.27%	20.23%
2004	348,473,195	27,397,166	321,076,029	7.86%	20.92%
2005	364,104,930	59,039,437	305,065,493	16.21 %	17.62%
2006	383,690,160	64,909,268	318,780,892	16.92 %	18.02%
2007	404,046,335	76,853,667	327,192,668	19.02%	18.47%
2008	422,652,293	82,135,050	340,517,243	19.43%	18.98%
2009	442,469,867	84,129,441	358,340,426	19.01%	19.56%
2010	448,646,527	62,217,044	386,429,483	13.87%	17.22%
2011	470,001,581	58,609,091	411,392,490	12.47%	17.95%
2012	489,236,174	54,999,110	434,237,064	11.24%	18.54%

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.

**RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA
Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt		% of Actual Taxable Value of Property	Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Other Bonds				
2003	32,005,000	0	1.1205%	32,005,000	3.79%	1,960
2004	28,560,000	0	0.9146%	28,560,000	3.31%	1,709
2005	24,860,000	0	0.7877%	24,860,000	2.81%	1,455
2006	21,560,000	0	0.6076%	21,560,000	2.38%	1,232
2007	18,785,000	0	0.4766%	18,785,000	2.08%	1,073
2008	15,285,000	0	0.3702%	15,285,000	1.66%	859
2009	12,185,000	0	0.2907%	12,185,000	1.32%	685
2010	36,770,000	0	0.9172%	36,770,000	3.93%	2,031
2011	33,120,000	0	0.8391%	33,120,000	3.48%	1,800
2012	29,570,000	0	0.7901%	29,570,000	3.06%	1,581

**DEBT OBLIGATIONS
FISCAL YEAR 2013/2014**

BONDS AND BOND ANTICIPATION NOTES

PROGRAM DESCRIPTION

This account shows the expenditures of principal and interest payments on all outstanding and anticipated debt issues for Town and School purposes.

PROGRAM COMMENTARY

The total debt service for fiscal year 2013/2014 is \$3,858,790. The bond payments are budgeted in the General Fund; the Sewer Fund debt was retired in FY 2012/2013. Currently there are no notes outstanding.

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Description</u>	<u>Original Issue</u>	<u>Principal Obligation</u>	<u>Interest Obligation</u>	<u>2013/2014 Debt Service</u>
General Purposes:						
Bonds:						
July 15, 2002	3.00 - 5.00%	Fisher Farms Open Space	1,295,000	82,000	10,845	92,845
October 15, 2009	2.00 - 3.25%	Town Hall Renovations	2,295,000	115,000	56,807	171,807
October 30, 2012	2.00%	AFPL Renovations, Additions, Imp.	7,100,000	475,000	142,000	617,000
Total General Purposes:			<u>10,690,000</u>	<u>672,000</u>	<u>209,652</u>	<u>881,652</u>
Schools:						
Bonds:						
July 15, 2002	3.00 - 5.00%	Thompson Brook School	14,245,000	918,000	121,405	1,039,405
October 15, 2009	2.00 - 3.25%	Avon High School Renovations	23,218,000	1,180,000	574,195	1,754,195
October 15, 2009	2.00 - 3.25%	Avon Middle School Roof	2,372,000	125,000	58,538	183,538
Total Schools			<u>39,835,000</u>	<u>2,223,000</u>	<u>754,138</u>	<u>2,977,138</u>
Grand Total - All Debt			<u>\$50,525,000</u>	<u>\$2,895,000</u>	<u>\$963,790</u>	<u>\$3,858,790</u>

DEBT SERVICE

BONDS AND BOND ANTICIPATION NOTES, continued

SCHEDULE OF PROJECTED SCHOOL CONSTRUCTION REIMBURSEMENTS

FISCAL YEAR	REIMBURSABLE PRINCIPAL	REIMBURSABLE INTEREST	TOTAL
2013/2014	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0

Pursuant to Public Act No 97-11, the State of Connecticut will provide proportional progress payment for eligible school construction expenses on projects approved after July 1, 1996. Debt service reimbursement will continue under the prior program for all projects approved prior to July 1, 1996. Under the prior program, the State of Connecticut will reimburse the Town for principal and interest costs for eligible school construction projects over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund school projects.

As of July 1, 2013 and future fiscal years the Town expects to receive principal grant reimbursements under the prior program in an aggregate amount of \$0.00.

A listing of all State and Federal reimbursement grants is found on page B. 45.

BOARD OF FINANCE BUDGET-SUMMARY
TOWN OF AVON
BUDGET FOR 2014 AS OF 1 JULY 2013
BONDS & NOTES

ACCOUNT NUMBER	SPENT FY 2012	APPROP FY 2013	SPENT YEAR TO DATE	ESTIMATED FY 2013	DEPT REQ FY 2014	MANAGER APPROV	COUNCIL APPROV	FINANCE APPROV	INC/ DEC	%
SERVICES & SUPPLIES -----										
CONTRACTUAL SERVICES & PRINT	4658237	4511052	10578.75	4511052	3858790	3858790	3858790	3858790	-652262	-14
TOTAL SERVICES & SUPPLIES	4658237	4511052	10578.75	4511052	3858790	3858790	3858790	3858790	-652262	-14
TOTALS FOR BONDS & NOTES	4658237	4511052	10578.75	4511052	3858790	3858790	3858790	3858790	-652262	-14

BOARD OF FINANCE BUDGET-DETAIL
TOWN OF AVON
BUDGET FOR 2014 AS OF 1 JULY 2013
BONDS & NOTES

ACCOUNT NUMBER	SPENT FY 2012	APPROP FY 2013	SPENT YEAR TO DATE	ESTIMATED FY 2013	DEPT REQ FY 2014	MANAGER APPROV	COUNCIL APPROV	FINANCE APPROV	INC/ DEC	%
SERVICES & SUPPLIES -----										
CONTRACTUAL SERVICES & PRINTIN										
01 9101 52189 SERVICES - OTHER PER BOND DEBT SERVICE SCHEDULES 7/1/13-6/30/14, \$3,858,790 FOR EXISTING DEBT INC AFPL RENOVATIONS GEN FUND (01) \$3,858,790 SEWER FUND (05) \$0 DEBT RETIRED IN 12/13	4658237	4511052	10578.75	4511052	3858790	3858790	3858790	3858790	-652262	-14

TOTAL SERVICES & SUPPLIES	4658237	4511052	10578.75	4511052	3858790	3858790	3858790	3858790	-652262	-14

TOTALS FOR BONDS & NOTES	4658237	4511052	10578.75	4511052	3858790	3858790	3858790	3858790	-652262	-14

BOARD OF FINANCE BUDGET-SUMMARY
TOWN OF AVON
BUDGET FOR 2014 AS OF 1 JULY 2013
BONDS & NOTES

ACCOUNT NUMBER	SPENT FY 2012	APPROP FY 2013	SPENT YEAR TO DATE	ESTIMATED FY 2013	DEPT REQ FY 2014	MANAGER APPROV	COUNCIL APPROV	FINANCE APPROV	INC/ DEC	%
SERVICES & SUPPLIES -----										
CONTRACTUAL SERVICES & PRINT	47776	35286	.00	35286	0	0	0	0	-35286	-100

TOTAL SERVICES & SUPPLIES	47776	35286	.00	35286	0	0	0	0	-35286	-100

TOTALS FOR BONDS & NOTES	47776	35286	.00	35286	0	0	0	0	-35286	-100

BOARD OF FINANCE BUDGET-DETAIL
TOWN OF AVON
BUDGET FOR 2014 AS OF 1 JULY 2013
BONDS & NOTES

ACCOUNT NUMBER	SPENT FY 2012	APPROP FY 2013	SPENT YEAR TO DATE	ESTIMATED FY 2013	DEPT REQ FY 2014	MANAGER APPROV	COUNCIL APPROV	FINANCE APPROV	INC/ DEC	%
SERVICES & SUPPLIES -----										
CONTRACTUAL SERVICES & PRINTIN										
05 9101 52189 SERVICES - OTHER \$0 DEBT SERVICE 13/14 RETIRED IN 12/13 THE REMAINING DEBT SVC IS PAID IN THE GENERAL FUND AS FOLLOWS: \$3,858,790	47776	35286		35286					-35286	-100

TOTAL SERVICES & SUPPLIES	47776	35286	.00	35286	0	0	0	0	-35286	-100

TOTALS FOR BONDS & NOTES	47776	35286	.00	35286	0	0	0	0	-35286	-100

**TOWN OF AVON
GENERAL LONG-TERM DEBT OBLIGATIONS
SCHEDULE OF CHANGES IN BONDED INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2012**

DATE OF ISSUE	INTEREST RATE	DESCRIPTION	ORIGINAL ISSUE	OUTSTANDING JULY 1, 2011	ISSUED	REDEEMED	OUTSTANDING JUNE 30, 2012
GENERAL PURPOSES:							
BONDS:							
July 15, 1998	4.10-4.75%	Improvement Bond	550,000	78,000		44,250	33,750
July 15, 2002	3.0%-5.0%	Improvement Bond	1,295,000	410,000		82,000	328,000
October 15,2009	2.0-3.25%	Town Hall Renovations	2,295,000	2,180,000		115,000	2,065,000
TOTAL GENERAL PURPOSES			4,140,000	2,668,000	-	241,250	2,426,750
SCHOOLS							
BONDS:							
July 15, 1998	4.10-4.75%	School Construction- Avon High School Renovations	6,915,000	987,000		555,750	431,250
July 15, 2002	3.0-5.0%	School Construction- Thompson Brook School	14,245,000	4,360,000		688,000	3,672,000
October 15,2009	2.0-3.25%	School Construction- Avon High School Renovations	23,218,000	22,055,000		1,150,000	20,905,000
October 15,2009	2.0-3.25%	School Construction- Avon Middle School Roof	2,372,000	2,250,000		115,000	2,135,000
TOTAL SCHOOLS.....			46,750,000	29,652,000	-	2,508,750	27,143,250
GRAND TOTAL-ALL BONDED DEBT.....			50,890,000	32,320,000	-	2,750,000	29,570,000
BOND ANTICIPATION NOTES.....				7,000,000	7,000,000	7,000,000	7,000,000
TOTAL BONDS AND NOTES.....			\$50,890,000	\$39,320,000	\$7,000,000	\$9,750,000	\$36,570,000

TOWN OF AVON, CONNECTICUT

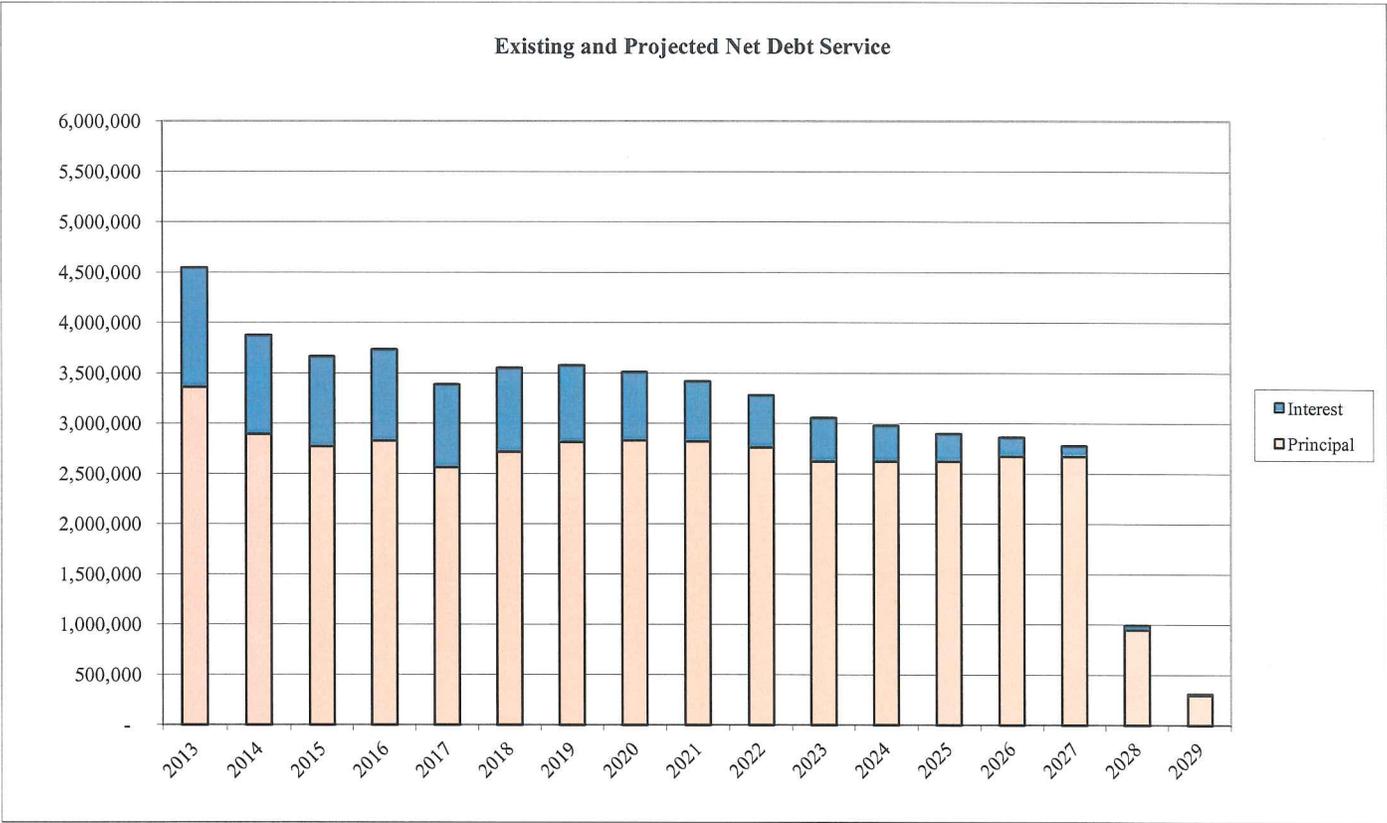
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2012

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Overlapping District	\$0	0%	\$ 0
Town of Avon Direct Debt	\$ 29,570,000	100%	\$ 29,570,000
Total Direct and Overlapping Debt	\$ 29,570,000	100%	\$ 29,570,000

Sources: CAFR June 30, 2012

Notes: The Town of Avon has no overlapping debt.



* This graph is for all Existing and Projected Debt Financing including the following:

- \$ 5,000,000 Fire Station/Training
- \$ 1,200,000 Fisher Meadows

Projected Debt is subject to revision.

