

DEBT SERVICE

PROGRAM DESCRIPTION

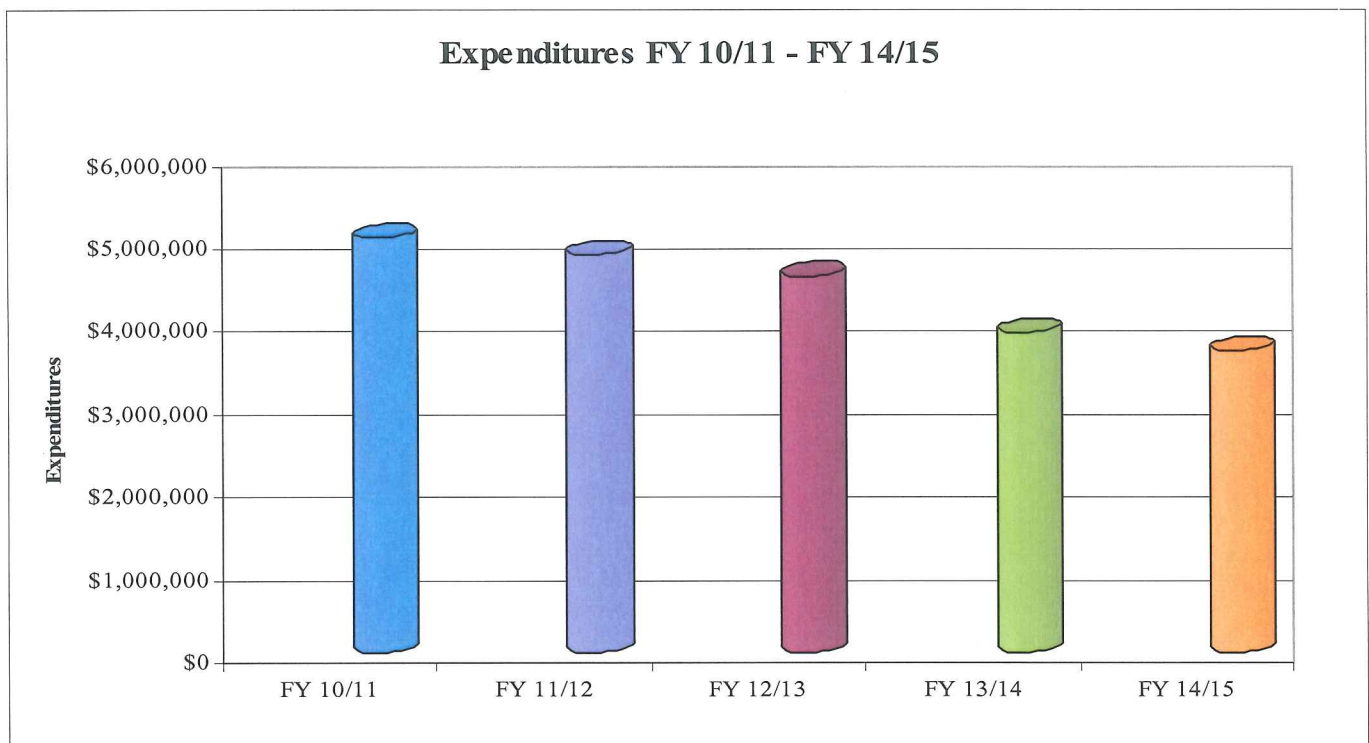
This series of accounts reflects those expenditures made by the Town for interest and principal payments for Short and Long-Term Debt.

PERSONNEL AND EXPENDITURES

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

PROGRAM COMMENTARY

	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	\$ Inc/(Dec)	% Inc/-Dec
Expenditures	\$5,010,181	\$4,808,189	\$4,546,338	\$ 3,858,790	\$3,647,490	(\$211,300)	-5.5%



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, Fisher Farms Open Space, 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 \$3,647,490 in Debt reflects \$3,647,490 in General Fund appropriations.

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.

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 renovations and additions to the Avon Free Public Library. Construction commenced in the winter of 2010, with the ceremonial groundbreaking in early January 2011. The Library expansion, which was completed in April 2012 (despite a difficult weather year with Storms Alfred and Irene) at a total cost of \$8.61 million (roughly \$900,000 under the original budget), doubled the square footage and significantly impacted building operating and staff costs. The improvements allowed the Library to expand its print and non-print collections and the programs offered to the public, which are projected to be needed for the Town's build-out population of 21,000. The Avon Free Public Library received a \$1,000,000 Connecticut State Library construction grant, with the remainder of this approximately \$9,500,000 total construction project funded by notes, bonds, fundraisers, and donations. On November 2, 2010, the Town issued Bond Anticipation Notes in the amount of \$7,000,000, due November 1, 2011, which was subsequently replaced with \$7,000,000 of Bond Anticipation Notes at a rate of 1.50% maturing October 30, 2012 for temporary financing for the expansion and renovations. On October 30, 2012, the Town issued General Obligation Bonds at a rate of 2% maturing June 15, 2028.

The graph on M.10 illustrates the Town's debt history and future projected net debt load (after state grants).

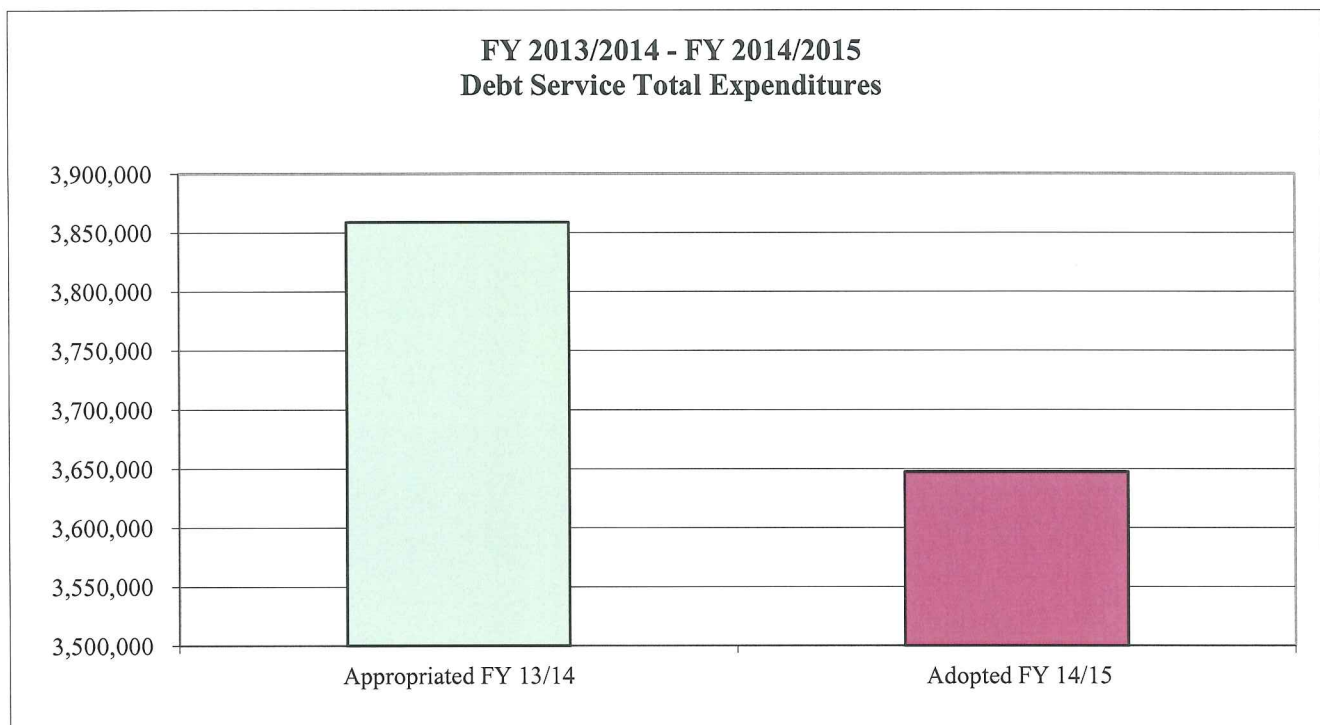
The Tables on M. 5 reflect the Legal Debt Margin Information for the last ten fiscal years, and the Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita for the last ten years. The table on the following page illustrates the Schedule of Changes in Bonded Indebtedness for the year ended June 30, 2013. Page A.21 lists statewide comparative debt figures and A.22 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. 7 for a more detailed analysis). 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 39% retired in five years and 72% retired in ten years. The outlook for the Town is continued maintenance of its modest debt position.

ADOPTED BUDGET SUMMARY DEBT SERVICE

	Appropriated FY 2013/2014	Requested FY 2014/2015	Adopted FY 2014/2015	Inc/(Dec) \$	Inc-/Dec %
Bonds and Notes					
Expenditures	\$3,858,790	\$3,647,490	\$3,647,490	(\$211,300)	-5.5%



TOWN OF AVON, CONNECTICUT

**SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2013**

Total Tax Collections (Including Interest and Lien Fees) Received by Treasurer for Current Fiscal Year.....	\$68,852,152
Total Tax Collections (Including Interest and Lien Fees) Received by Treasurers of All Other Taxing Districts Within Town For Current Fiscal Year.....	3,149,409
Reimbursement for Revenue Loss: Tax Relief for Elderly.....	<u>83,932</u>
BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$72,085,493</u>

	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
DEBT LIMITATION					
2-¼ times base.....	\$162,192,359	\$	\$	\$	\$
4 -½ times base.....		324,384,719			
3-¾ times base.....			270,320,599		
3-¼ times base.....				234,277,852	
3 times base.....					216,256,479
TOTAL DEBT LIMITATION:	162,192,359	324,384,719	270,320,599	234,277,852	216,256,479
INDEBTEDNESS:					
Bonds Payable.....	9,256,000	24,049,000			
Bond authorized but not issued...	2,400,000				
School building grants.....		(68,020)			
Sewer assessment receivable.....			(324,925)		
NET INDEBTEDNESS (1)	11,656,000	23,980,980	(324,925)		
DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT.....					
	<u>\$150,536,359</u>	<u>\$300,403,739</u>	<u>\$270,645,524</u>	<u>\$234,277,852</u>	<u>\$216,256,479</u>

(1) The total of the above net indebtedness amounts to: \$ 35,312,055

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$504,598,451

**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
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%
2013	507,235,687	58,734,110	448,501,577	11.58%	19.01%

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				
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
2013	33,542,000	0	0.8951%	33,542,000	3.41%	1,761

**DEBT OBLIGATIONS
FISCAL YEAR 2014/2015**

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 2014/2015 is \$3,647,490. The bond payments are budgeted in the General Fund; the Sewer Fund debt was retired in fiscal year 2012/2013. Currently there are no notes outstanding.

			2014/2015			
Date of Issue	Interest Rate	Description	Original Issue	Principal Obligation	Interest Obligation	Debt Service
General Purposes:						
Bonds:						
July 15, 2002	3.00 - 5.00%	Fisher Farms Open Space	1,295,000	82,000	7,482	89,483
October 15, 2009	2.00 - 3.25%	Town Hall Renovations	2,295,000	100,000	53,582	153,582
October 30, 2012	2.00%	AFPL Renovations, Additions, Imp.	7,100,000	475,000	132,500	607,500
Total General Purposes:			10,690,000	657,000	183,564	850,565
Schools:						
Bonds:						
July 15, 2002	3.00 - 5.00%	Thompson Brook School	14,245,000	918,000	83,748	1,001,768
October 15, 2009	2.00 - 3.25%	Avon High School Renovations	23,218,000	1,100,000	539,994	1,639,994
October 15, 2009	2.00 - 3.25%	Avon Middle School Roof	2,372,000	100,000	55,163	155,163
Total Schools:			39,835,000	2,118,000	678,905	2,796,925
Grand Total - All Debt			\$50,525,000	\$2,775,000	\$862,469	\$3,647,490

DEBT SERVICE

BONDS AND BOND ANTICIPATION NOTES, continued

PROJECTED SCHOOL CONSTRUCTION REIMBURSEMENTS

Pursuant to Public Act No. 97-11, the State of Connecticut provided proportional progress payments 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 reimbursed 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. 4.

BOARD OF FINANCE BUDGET-SUMMARY
TOWN OF AVON
BUDGET FOR 2015 AS OF 1 JULY 2014
BONDS & NOTES

ACCOUNT NUMBER	SPENT FY 2013	APPROP FY 2014	SPENT YEAR TO DATE	ESTIMATED FY 2014	DEPT REQ FY 2015	MANAGER APPROV	COUNCIL APPROV	FINANCE APPROV	INC/ DEC	%
SERVICES & SUPPLIES										
CONTRACTUAL SERVICES & PRINT	4332613	3858790	.00	3858790	3647490	3647490	3647490	3647490	-211300	-5
TOTAL SERVICES & SUPPLIES	4332613	3858790	.00	3858790	3647490	3647490	3647490	3647490	-211300	-5
TOTALS FOR BONDS & NOTES	4332613	3858790	.00	3858790	3647490	3647490	3647490	3647490	-211300	-5

BOARD OF FINANCE BUDGET-DETAIL
TOWN OF AVON
BUDGET FOR 2015 AS OF 1 JULY 2014
BONDS & NOTES

ACCOUNT NUMBER	SPENT FY 2013	APPROP FY 2014	SPENT YEAR TO DATE	ESTIMATED FY 2014	DEPT REQ FY 2015	MANAGER APPROV	COUNCIL APPROV	FINANCE APPROV	INC/ DEC	%
SERVICES & SUPPLIES -----										
CONTRACTUAL SERVICES & PRINTIN										
01 9101 52189 SERVICES - OTHER	4332613	3858790		3858790	3647490	3647490	3647490	3647490	-211300	-5
PER BOND DEBT SERVICE										
SCHEDULES 7/1/14-6/30/15,										
\$3,647,490 FOR EXISTING										
DEBT INC AFPL RENOVATIONS										
GEN FUND (01) \$3,647,490										
SEWER FUND (05) \$0										
DEBT RETIRED IN 12/13										

TOTAL SERVICES & SUPPLIES	4332613	3858790	.00	3858790	3647490	3647490	3647490	3647490	-211300	-5

TOTALS FOR BONDS & NOTES	4332613	3858790	.00	3858790	3647490	3647490	3647490	3647490	-211300	-5

**TOWN OF AVON
GENERAL LONG-TERM DEBT OBLIGATIONS
SCHEDULE OF CHANGES IN BONDED INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2013**

DATE OF ISSUE	INTEREST RATE	DESCRIPTION	ORIGINAL ISSUE	OUTSTANDING JULY 1, 2012	ISSUED	REDEEMED	OUTSTANDING JUNE 30, 2013
GENERAL PURPOSES:							
BONDS:							
July 15, 1998	4.10-4.75%	Improvement Bond	550,000	33,750		33,750	
July 15, 2002	3.0%-5.0%	Improvement Bond	1,295,000	328,000		82,000	246,000
October 15, 2009	2.0-3.25%	Town Hall Renovations	2,295,000	2,065,000		155,000	1,910,000
October 30, 2012	2.0%	AFPL Renovations, Additions, Imp.	7,100,000	-		-	7,100,000
TOTAL GENERAL PURPOSES			11,240,000	2,426,750	-	270,750	9,256,000
SCHOOLS							
BONDS:							
January 15, 1998	4.0-5.75%	School Construction-Avon High School Renovations	6,915,000	431,250		431,250	-
July 15, 2002	3.0-5.0%	School Construction-Thompson Brook School	14,245,000	3,672,000		918,000	2,754,000
October 15, 2009	2.0-3.25%	School Construction-Avon High School Renovations	23,218,000	20,905,000		1,158,000	19,325,000
October 15, 2009	2.0-3.25%	School Construction-Avon Middle School Roof	2,372,000	2,135,000		165,000	1,970,000
TOTAL SCHOOLS.....			46,750,000	27,143,250	-	2,672,250	24,049,000
GRAND TOTAL-ALL BONDED DEBT.....			57,990,000	29,570,000		2,943,000	33,305,000
BOND ANTICIPATION NOTES.....				7,000,000		7,000,000	
TOTAL BONDS AND NOTES.....			\$57,990,000	\$36,570,000	-	\$9,943,000	\$33,305,000

TOWN OF AVON, CONNECTICUT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

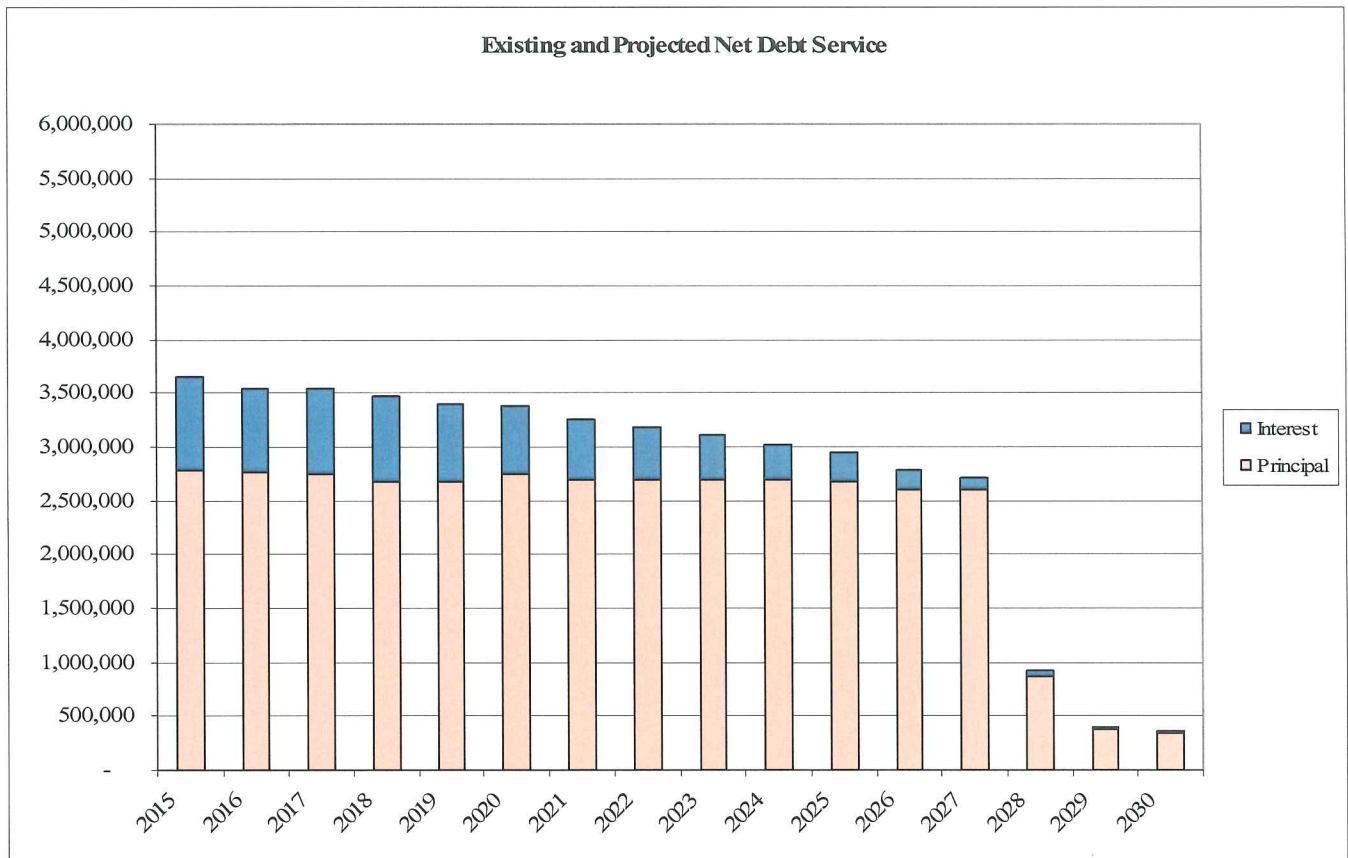
JUNE 30, 2013

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Overlapping District	\$ 0	0%	\$ 0
Town of Avon Direct Debt	\$ 33,305,000	100%	\$ 33,305,000
Total Direct and Overlapping Debt	\$ 33,305,000	100%	\$ 33,305,000

Sources: CAFR June 30, 2013

Notes: The Town of Avon has no overlapping debt.

Existing and Projected Net Debt Service



* 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.