

TOWN OF AVON CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Prepared By:
Department of Finance

Director of Finance:
Margaret Colligan

TOWN OF AVON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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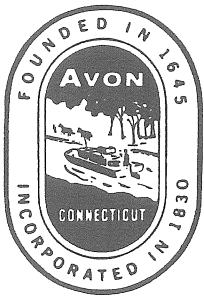
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TOWN OF AVON

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December 21, 2007

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ASSESSOR'S OFFICE
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BUILDING DEPARTMENT
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COLLECTOR OF REVENUE
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ENGINEERING DEPARTMENT
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LIBRARY
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PROBATE
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TOWN CLERK
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TDD HEARING IMPAIRED
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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, 2007.

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, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Avon's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's 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 fifth 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 and 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. Incorporated in 1830, Avon is located approximately ten miles west of metropolitan Hartford. The town has a land area of 22.6 square miles and an estimated population of 17,500 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

The Town currently enjoys a favorable economic environment, and local indicators such as new construction and new housing permits point to continued stability. Avon is a desirable low-density suburban community with excellent schools and a high standard of living. Residential growth declined in Avon in fiscal year 2006-2007 with 25 single family home building permits, down from last year's 88 single family home building permits. Avon, along with the rest of the nation, is experiencing a construction slowdown of new homes.

As of June 2007 the Town's unemployment rate of 3.1% compares favorably to the state's average of 4.6%. Avon has become a full service community with a varied tax base that promotes economic diversity. 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 Avon Manufacturing, manufacturers of concrete products, Connecticut-On-Line Computer Center, centralized computer facility for northeast banks, Pro Line Printing Company, Hartford Insurance Company Service Center, 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, Ceridian Employer Services, AUL Reinsurance Management, Ballentine Capital Management, Inc., Odyssey America Reinsurance, Apple Health Care, Magellan Health, Adams and Knight Advertising, and ERC Long-Term Care Solutions.

The Town's central business district is currently enjoying a more than 95% occupancy rate with a variety of specialty shops and commercial businesses. Presently, there is 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 excess of 30,000 vehicles per day. There are 14 bank branch offices located in Town with Sovereign Bank, Northwest Community Bank, and CitiBank having constructed new facilities within the past 2 years. The Blue Fox Run Golf Course, voted one of the nation's 10 best woman-friendly public courses, is presently expanding with the addition of a 9-hole executive course. 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.

The Town of Avon completed a general purpose revaluation of all property values for the October 1, 2004 Grand List, with the next revaluation occurring October 1, 2008. The October 1, 2005 Grand List grew by \$58,694,420 to \$2,187,594,990, or an increase of 2.76%, from the 2004 Grand List of \$2,128,900,570. Real estate increased \$49,294,620, or 2.60%, which was consistent with the increase in property values. Building permits issued for 2006-2007 indicate a total value of new work of \$12,092,591. 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. 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. Hartford Magazine, in its November 2005 issue, ranked the Town of Avon number 1 out of Hartford's 36 suburbs, in the 12,500 to 25,000-population category, as the most desirable community. In July 2005, a national media source, CNN Money, ranked Avon as one of the safest places in the United States to live.

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. 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 public safety calls to be answered and increased use of our municipal infrastructure. When coupled with the rapid growth in the towns west of Avon, this flow presents the appearance of a much larger level of growth than has actually occurred. Expenditure growth in three functions exceeds the growth of Town expenditures as a whole. For a ten-year period, expenditures in the educational-cultural (library) function grew at 75.19%, due to increased demands for services, expenditures for the conservation and development function grew at 76.81% due to demands caused by increased development activity, and expenditures for the Board of Education function grew at 87.63%, due to increased school enrollment, all compared with a 57.62% increase in total Town expenditures.

Long-Term Financial Planning

A long-term goal of the Town is to retain sufficient undesignated fund balances (10% or more) in the General Fund and Special Revenue Funds. No use of Undesignated General Fund resources had been included in the fiscal year 2006-2007 budget, and historically the Town uses a small portion to mitigate the impact of revaluation in those affected years. 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."

The December 2003 *Report on High School Facility Needs* showed that space utilization continued to increase proportionately as enrollment increased. A High School Facilities Committee was created to study the facilities needs 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. The Committee agreed to 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 but bids received in the following summer months showed that costs for materials and construction rose since the initial estimate was prepared. An additional \$4,700,000 was needed to cover the higher-than-expected construction costs for the expansion, which included adding 14 rooms, a new gymnasium and a cafeteria. The additional funding was approved at referendum on October 11, 2006. Notes, bonds, and state grant funds will finance 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 and an average annual increase of \$340,000 in education operating expenses.

Avon High School expansion project had highlighted the need for a realistic methodology to estimate changes in the Grand List and in individual property values that can be utilized to project tax impacts of additional town borrowings over various periods of time. The joint effort of the three boards, Town management and the financial advisor led to a "formula" in which residents and business can visit the town website, enter in their individual assessed values, which are also available on the

website, and obtain an estimate of the additional tax payments that would be required on a monthly and annual basis to cover the cost of any proposed bonding projects.

The Town, by resolution, presented at a June 14, 2007 Town-wide referendum, appropriated \$2,360,000 for renovations, additions and improvements to Buildings 5 and 6 at the Avon Town Hall campus, as identified in the Town Hall Master Plan, and authorized the issuance of notes and bonds to finance such project. Other than the Open Space acquisition of the 318 acre Fisher Farm in 2003, no general government project requiring an independent referendum vote had been placed before the voters since 1995. The renovations are expected to be completed in the spring of 2008. Future projects anticipated by the Town include the Library renovation and expansion, a replacement (Company Number 2 Secret Lake) Fire Station, a new fire training facility and additional athletic and recreational facilities. The Town Hall renovation program can be expected to impact costs, but they should be marginal, reflecting a total of more space, but less per unit heating costs as the buildings are renovated, insulated and gas heat is installed. The Library expansion will double the square footage and significantly impact building operating and staff costs. It may be necessary to acquire more land to meet the expanding functions of the Library and to meet the open space and parking requirements required by Zoning. Likely funding sources for the expansion may include bonds, notes, grants if available, and donations.

The Town is in the third year of a five-year renewable lease agreement with a telecommunications service provider and approved a permit for this provider to construct a tower on a small piece of Town-owned property, which will generate rental income for the Town, as well as providing additional antennae space for municipal communications.

Relevant Financial Policies

The Town accepted \$31,583 in fees in lieu of deeded open space land from developers was accepted in 2006-2007 Open Space Fund, 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.

Major Initiatives

The Avon Water Pollution Control Authority hired consultants (Fuss and O'Neill) to update the Town's Sewer Facilities Master Plan, first prepared in 1977. The Town accepted the draft and it was given to the State of Connecticut DEP for its review, which is expected to take about one year to complete. The Plan will address maintenance for current sewer users, future needs for residents, and any new development in Town. Sewer Use fees will generate the revenue.

The Town's first Plan of Development was adopted in 1956. Subsequent plans were adopted in 1968, 1979, 1991 and 2006. A Plan of Conservation and Development is required by Connecticut General Statutes to be updated every ten years. This plan presents a series of policies related to both the conservation and development of land in Avon. In connection with the Comprehensive Plan, the University of Connecticut conducted a survey, giving citizens the opportunity to participate in and to decide on what developmental issues in Avon should be retained or changed. The results indicated positive responses from Avon's residents when asked questions regarding the community and overall quality of life in Avon. The survey results also indicated that the business owners in Avon expressed a higher level of satisfaction with the Town than Connecticut business owners have expressed about the State's business climate. The positive feedback reinforced the Town's mission of continuing to upgrade and expand Town provided amenities, including high quality educational, recreational, and cultural facilities, while maintaining comparatively low tax rates.

A special study for Avon Center, which is part of the Town-wide Plan of Development, is proposing 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. This led to an amendment to the zoning regulations, which involved adoption of a regulation called Transfer of Development Rights. This concept would provide for a higher density in the more developed parts of Town (receiving areas) while preserving open space and farmland in the more rural parts (sending areas). Both the receiving and sending areas have been identified in the 2006 Plan of Conversation and Development.

The Town of Avon provides post employment healthcare benefits for retirees and their dependents. As of the end of the current fiscal year, there were 52 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. One notable initiative began four years ago that has been continued in fiscal year 2006-2007, is budgeting for a portion of the Town's future liability of post-retirement employee health benefits. The Town is in the process of compiling and updating the census, medical cost, asset and retiree medical cost sharing data in order for the actuarial firm to perform a 2007 valuation as the last valuation was performed in 2004.

Additional information on the Town of Avon pension arrangements and postemployment benefits can be found in the notes to the financial statements.

Awards and Acknowledgements

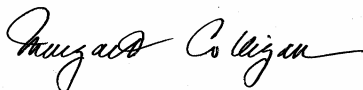
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Avon for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the twenty-second consecutive 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, 2007. This was the twenty-third 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 Town Accountant, Charles Lucas and Administrative Analysts, Kara Song and Denise Dwyer. 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, CONNECTICUT

PRINCIPAL OFFICIALS

AT JUNE 30, 2007

TOWN COUNCIL

John F. Carlson, Chairperson

Diane S. Hornaday
Joseph C. Woodford

William J. Shea, II
Mark W. Zacchio

BOARD OF FINANCE

Thomas F. Harrison, Chairperson

William R. Hooper, II
Catherine M. Durdan
Michael A. Monts

Thomas A. Gugliotti
Margaret Bratton
James E. Speich

BOARD OF EDUCATION

Peggy Roell, Chairperson

Bernadette R. Mayer
Douglas Evans
Susan M. Henneberry
Kenneth Notestine

Angela Shelton
Bill Stokesbury
Thomas C. McNeill, Jr.
Michael J. Eagan

GENERAL GOVERNMENT

Town Manager
Town Accountant
Town Attorney
Town Clerk
Deputy Town Engineer
Town Planner
Town Treasurer
Director of Finance
Director of Public Works
Director of Recreation
Director of Human Resources
Director of Social Services
Assessor
Building Official
Collector of Revenue
Librarian
Police Chief

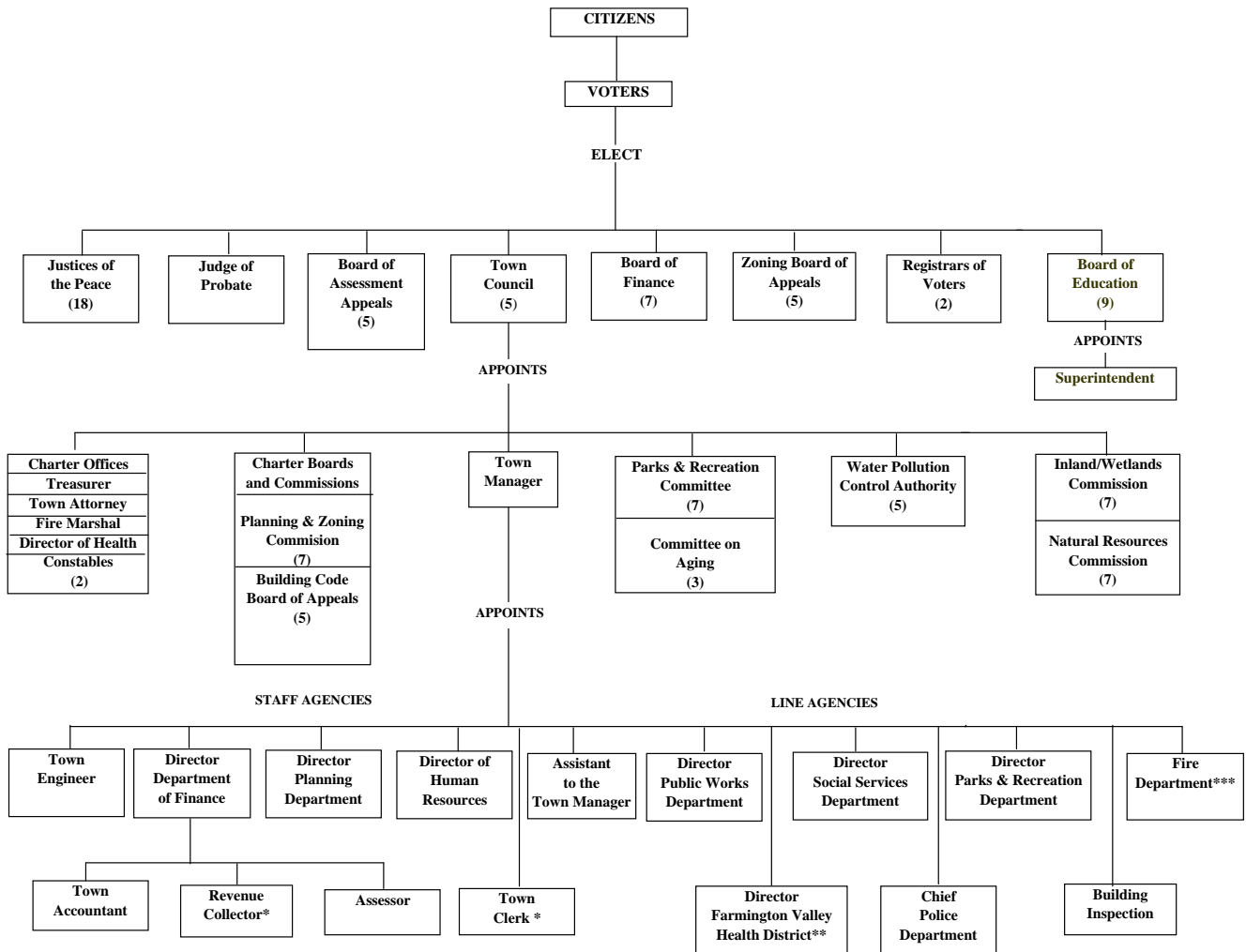
Philip K. Schenck, Jr.
Charles M. Lucas, Jr.
Dwight A. Johnson
Ann L. Dearstyne
Alan Slessler
Steven A. Kushner
James R. McCarthy
Margaret Colligan
Bruce Williams
Glenn M. Marston
William F. Vernile
Alan E. Rosenberg
Harry R. DerAsadourian
John Willnauer
Kathleen H. Roth
Virginia G. Vocelli
Mark Rinaldo

EDUCATION

Superintendent of Schools
Director of Finance

Richard Kisiel, Ed.D.
Gary Franzi

TOWN OF AVON, CONNECTICUT ORGANIZATIONAL CHART



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

TOWN OF AVON, CONNECTICUT

ORGANIZATIONAL CHART

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
9. Electronic/Automated Data Processing Operations

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, 2006

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director



Report of Independent Accountants

To the Board of Finance
Town of Avon
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, 2007, 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 the 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 basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Avon, Connecticut, as of June 30, 2007 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.

Management's discussion and analysis on pages 3 through 13 and the required supplementary information on pages 48 and 49 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 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2007 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 and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over compliance on the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Blum, Shapiro & Company, P.C.

December 21, 2007

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007**

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, 2007. 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 2007 fiscal year by \$101,718,011 (net assets). Of this amount, \$15,331,611 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets increased by \$5,390,527 due primarily to the addition of new capital assets in excess of depreciation expense and construction in progress costs for the Town high school of \$10,291,497.
- As of the close of the current fiscal year, governmental funds reported combining ending fund balances of (\$1,836,403), a decrease of \$8,638,132 in comparison from last year's \$6,801,729. \$3,760,315 of General Fund and \$2,143,916 of Other Governmental Funds is available for spending at the government's discretion (unreserved fund balance). In CIFA (\$8,571,242) unreserved fund balance is a negative amount due to the issuance of bond anticipation notes that are reported as a fund liability as the notes will not be replaced by debt one year beyond the date of the balance sheet. As of June 30, 2007, \$461,626 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 \$3,515,315, or 5.59% of total General Fund expenditures and transfers out of \$62,894,721.
- Total debt decreased by \$2,786,091 (12.86%) to \$18,884,829 (including amortized bond premium) during the current fiscal year.

Overview of the Basic Financial Statement

This discussion and analysis is intended to serve as an introduction to the Town of Avon's basic financial statements. The Town's basic financial statements comprise 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 pages 14 and 15 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 13 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 Fund (Capital Improvement Fund Account), both which are considered to be major funds. Data from the other 11 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 16-20 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 21-23 of this report.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 26-47 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 48-49 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 50-69 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 \$101,718,011 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets, \$86,386,400 (84.93%), 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, 2007 AND 2006			
		Governmental Activities	
		2007	2006
Current assets	\$	27,531,762	\$ 25,873,238
Capital assets		123,171,400	111,652,550
Noncurrent assets		1,133,104	1,566,280
Total assets		151,836,266	139,092,068
Long-term liabilities outstanding		21,367,053	24,157,872
Other liabilities		28,751,202	18,606,712
Total liabilities		50,118,255	42,764,584
Net assets:			
Invested in capital assets, net of related debt.		86,386,400	80,092,550
Unrestricted		15,331,611	16,234,934
Total Net Assets	\$	101,718,011	\$ 96,327,484

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.

The Town's net assets increased by \$5,390,527 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

creditors without constraints established by debt covenants, enabling legislation or other legal requirements is \$15,331,611. The Town generated net general revenues of \$59,068,368, which exceeded its net operating expenses for governmental activities of \$53,677,841 by the amount of the net asset increase. Gross expenses of \$63,345,094 were offset by \$4,268,592 in charges for services, \$5,187,201 in operating grants and contributions, and \$211,460 in capital grants and contributions. Of the net expenses, the largest amount was \$37,003,292, which was for the operating of the Town's school system. Net public safety expenses of \$7,197,247, public works net outlays of \$3,621,688, net general government costs of \$1,939,079, interest expense of \$1,164,309, and education-cultural (library) expenses of \$1,246,797 accounted for almost all net expenses. The majority of the Town's revenue was \$54,985,721 in property tax collections, \$9,667,253 in charges for services and grants, donated assets, and \$2,641,343 in nonrestricted grants, investment income, miscellaneous and transfers.

Governmental Activities. Governmental activities increased the Town's net assets by \$5,390,527. Key elements of this increase are as follows:

CHANGE IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2007 AND 2006			
	2007		2006
Revenues:			
Program revenues:			
Charges for services	\$ 4,268,592	\$	4,744,462
Operating grants and contributions	5,187,201		4,703,647
Capital grants and contributions	211,460		45,436
General revenues:			
Property taxes	54,985,721		52,102,161
Grants and contributions not restricted to specific programs	471,823		420,814
Donated assets	1,441,304		150,882
Investment income	1,923,744		1,229,679
Miscellaneous	370,776		280,849
Transfers	(125,000)		
Total revenues	<u>68,735,621</u>		<u>63,677,930</u>
Program Expenses:			
General government	2,697,324		2,824,139
Public safety	7,752,887		7,844,237
Public works	5,615,483		5,768,387
Health and social services	339,011		335,363
Recreation and parks	1,192,893		1,231,112
Educational - cultural	1,271,577		1,252,539
Conservation and development	480,105		485,796
Board of Education	42,831,505		41,312,586
Interest expense	<u>1,164,309</u>		<u>976,068</u>
Total program expenses	<u>63,345,094</u>		<u>62,030,227</u>
Increase in net assets	5,390,527		1,647,703
Net assets - Beginning of Year	<u>96,327,484</u>		<u>94,679,781</u>
Net Assets - End of Year	<u>\$ 101,718,011</u>	<u>\$</u>	<u>96,327,484</u>

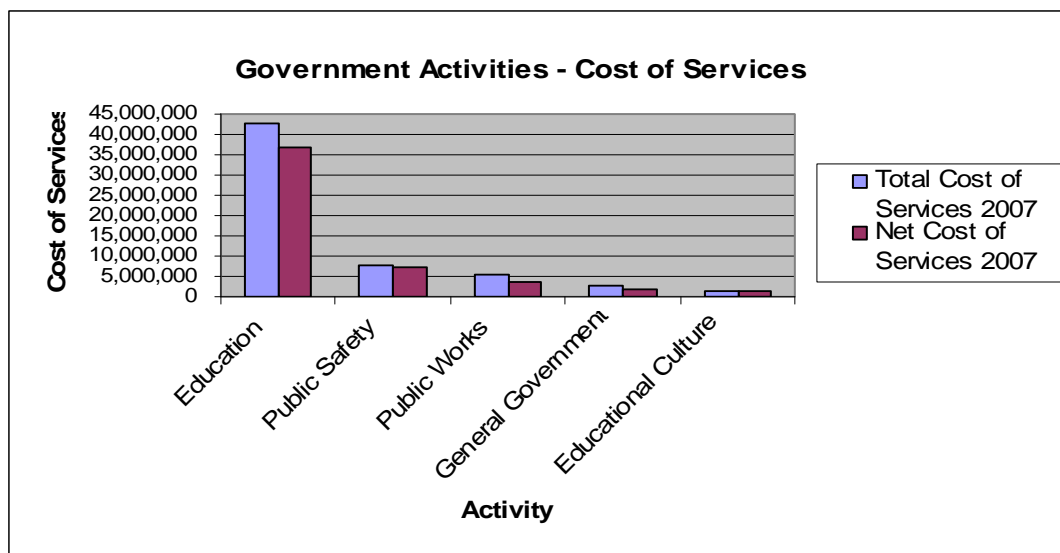
Property taxes increased by \$2,883,560 (5.53%) to \$54,985,721 and operating grants and contributions increased by \$483,554 (10.3%) from fiscal year 2006 to fiscal year 2007. Most of this increase was

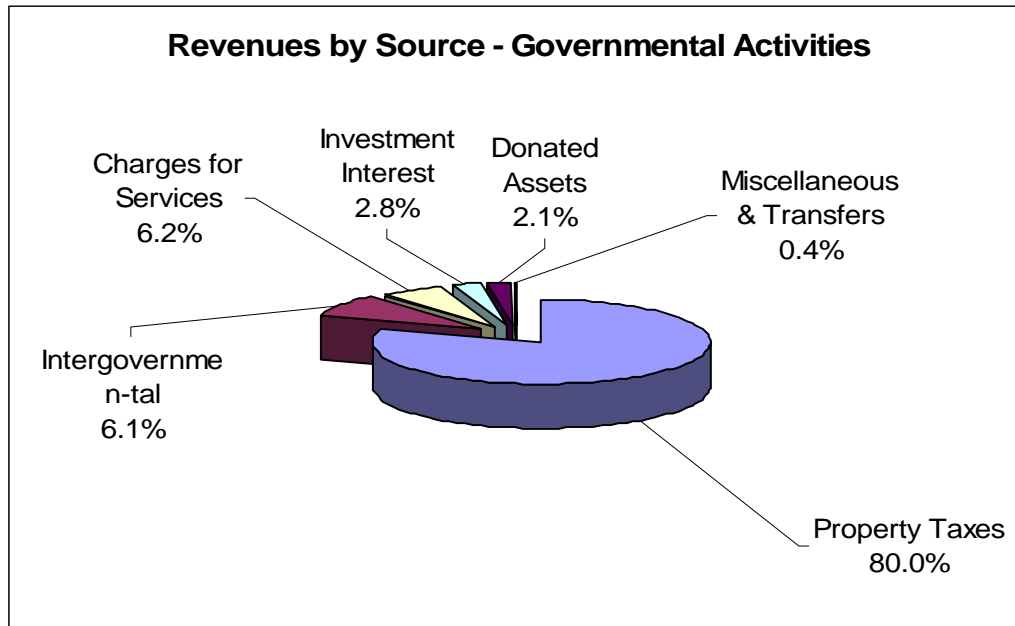
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

necessary to fund expected new costs in the Board of Education (\$1,518,919), interest expense (\$188,241) and educational – cultural (\$19,038), which, in total, was offset by reductions in general government (\$126,813), public safety (\$91,350), public works (\$152,904), health and social services (\$3,648), recreation and parks (\$38,219) and conservation and development (\$5,691) due to implementation of a discretionary spending freeze. 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 restructured staffing arrangements in the Police Department (Protection and Communication), the conversion of winter road maintenance material from a sand/salt mixture to 100% magnesium treated salt, improving trafficability and reducing street sweeping, catch basin cleaning, and environmental costs, 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.

On the revenue side, property taxes, which comprise 80% of Town revenues, exceeded the original budget due to high collections on the current levy (99%); supplemental motor vehicle exceeded the original budget as well. Charges for services saw a decline by \$475,870 even with the increase in the conveyance tax retained for recording fees for municipalities, the mortgage activity and mortgage refinancing. Building, structures and equipment permit activity dropped as expected along with other fee and permit activity that is directly related to the housing slowdown. Operating grants and contributions and unrestricted grants and contributions increased \$483,554 primarily in the Board of Education function due to receipt of additional funds from the State and Federal government. Donated assets consists of donated roads from developers along with the associated sewer infrastructure, miscellaneous was at an expected level, investment income increased due to higher than estimated interest rate activity and transfer out to post-retirement employee benefits.

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, \$2,831,489, are generated by public works, the police and general government. The Board of Education contributed over \$900,000 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 (\$1,836,403), a decrease of \$8,638,132 in comparison with the prior year. Of this total amount, (\$2,667,011) 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 \$447,017; and 2) to contribute to the payment of compensated absences (debt service fund) in the amount of \$383,591.

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 \$3,515,315, while total fund balance reached \$3,777,433. 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 5.59% of total General Fund expenditures and transfers out of \$62,894,721, while total General Fund balance represents 6.01% of that same amount.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The fund balance of Avon's General Fund decreased by \$529,274 during the current fiscal year. Key factors contributing to this drawdown were supplemental appropriations made during the year which required the use of \$795,550 of fund balance to fund capital asset replacement, to fund medical claims draw down, to fund other postemployment benefits, to fund future accumulated vacation and sick payments to employees at retirement, and to fund emergency and unanticipated capital expenditures for general government, recreation and parks and Board of Education.

The Capital Improvement Fund Account (CIFA) is Avon's other major governmental fund. Most of the Town's major capital expenditures are processed through this account. Bond anticipation note (BAN) and bond proceeds are also handled in the CIFA account. Fund balance decreased \$8,469,071 from (\$102,171) to (\$8,571,242) primarily due to the issuance of bond anticipation notes that are reported as a fund liability because they will not be replaced by debt one year beyond the date of the balance sheet. The CIFA Fund Balance is (\$8,571,242) due to the issuance of the bond anticipation notes. The Town also accepted \$31,583 of open space fees in 2006-2007.

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 \$291,916. The total change in net assets for the fund was an increase of \$90,423. Operating revenues for the fund, representing charges for services that are health insurance premiums paid by Town and Board of Education, amounted to \$5,867,178. Operating expenses for medical claims were \$5,851,755. The General Fund increased its contributions into the Internal Service Fund by \$75,000 through an appropriation of fund balance. This was done in order in accordance with Town policy, which states that the net assets in the Internal Service Fund should be the goal of 10% of the next year's projected expenses.

General Fund Budgetary Highlights

The original budget of \$59,202,601 increased \$1,019,133 during the year to \$60,221,734. The significant additional appropriations are noted below:

Revenues

- \$65,369 for outside police services reimbursement, which was used for increased police program expenditures;
- \$795,550 appropriation of fund balance, which includes funding Board of Education oil tank replacements at 2 schools along with a chiller unit at one of them (\$126,050), funding architect fees for town hall renovations (\$50,000), funding a handicapped accessible playground (\$119,500), funding other post employment benefits (\$125,000), funding future payouts of accumulated leave time to employees (\$300,000), and to fund Medical reserve equity (\$75,000);
- \$10,329 addition of State revenue grant for DUI Enforcement for public safety;
- \$14,792 addition of insurance proceeds applied to offset funding for an oil storage tank project at a school;
- \$6,030 donation from Neighborhood Assistance Act to purchase eyewitness in-car video system for public safety.

Expenditures

- \$65,369 for Public Safety for police service outside jobs/construction/traffic monitoring;
- \$30,674 for Contingency from insurance proceeds and completed project balances transferred to capital projects;

- \$127,063 for Public Safety to cover the water rate increases and hydrant costs.

Of the increase, \$223,583 was funded out of miscellaneous increases in various grants, transfers in from other line items, and reductions in other expenditures. The remaining \$795,550 was budgeted from available fund balance.

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 \$11,518,851 (10.32%).

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

- The Avon High School Renovations and Additions Capital Project has completed selective demolition activities, construction activities are progressing and finish trades have started for a total of \$10,291,497.
- This year, the Town accepted \$1,441,304 for contractor-provided roads and associated sewer infrastructure.
- The Town completed the Master Sewage Facilities Plan (\$125,801), completed a roof replacement for one of the fire stations (\$103,800), purchased a dump truck for public works (\$158,260), are in the initial phase of a generator purchase for public works to be used in emergency management (\$68,375), purchased three vehicles for public safety (\$62,553), completed a fire alarm installation for the middle school (\$221,500) and performed of renovations in Town Hall (\$71,910).
- The Recreation and Parks Department spent \$226,643 on Buckingham Road Athletic Fields and \$572,960 for completing the demolition on Towpath School.

CAPITAL ASSETS, NET OF DEPRECIATION JUNE 30, 2007 AND 2006

	Governmental Activities	
	2007	2006
Land	\$ 6,622,223	\$ 6,622,223
Construction in progress	36,453,958	24,231,197
Land improvements	114,946	121,763
Buildings and improvements	43,408,907	44,787,995
Equipment	1,271,702	1,452,129
Vehicles	2,197,940	2,365,168
Infrastructure	33,101,725	32,072,075
Total	\$ <u>123,171,401</u>	\$ <u>111,652,550</u>

Additional information on the Town of Avon's capital assets can be found in Note 3C on page 36 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Long-Term Debt. At the end of the current fiscal year, the Town of Avon had \$18,785,000 of long-term general obligation bonded debt issued and \$18,000,000 of 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, 2007

Bonds					Date of Fiscal Year Maturity
Date	Purpose	Rate %	Original Issue	Debt Outstanding	
1/15/94	Roaring Brook Elem. Renovations	4.00-5.00	\$ 5,670,000	\$ 800,000	2009
9/15/97	High School Renovations	4.25-6.25	4,300,000	1,445,000	2012
9/15/97	Police Department Renovations	4.25-6.25	1,800,000	605,000	2012
1/15/98	High School Renovations	4.00-5.75	5,825,000	2,250,000	2012
7/15/98	High School Renovations	4.10-4.75	6,915,000	3,210,000	2013
7/15/98	Sewer Interceptor	4.10-4.75	550,000	255,000	2013
7/15/02	Fisher Farms Open Space	3.00-5.00	1,295,000	811,000	2016
7/15/02	Thompson Brook School	3.00-5.00	14,245,000	8,809,000	2016
5/01/10	MH Rhodes Property	3.60	600,000	600,000	2010
Total Bonds			\$ 41,200,000	\$ 18,785,000	
Notes					
10/27/05	High School Renovations	3.70	18,000,000	18,000,000	2008
			\$ 18,000,000	\$ 18,000,000	

The Town of Avon's total debt decreased by \$2,786,091 (12.86%) during the current fiscal year. The Town retired \$1,000,000 of BANs used to fund the purchase of the MH Rhodes property during the year, paid down principal of \$400,000 and issued a \$600,000 General Obligation Serial note. 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.

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 \$57,720,905). For June 30, 2007 the maximum amount of borrowing permitted under the formula would be \$404,046,335. With net borrowings of \$76,853,667, the Town of Avon's outstanding general obligation debt is \$327,192,668 below the maximum debt limitation (see "Schedule of Debt Limitation" on page 86 of this report).

Additional information on the Town's long-term debt can be found in Note 3F on pages 38-40 of this document.

Economic Factors and Next Year's Budget and Rates

- As part of the budget process, the Board of Finance established nonbinding spending targets that the boards adhered to. The budget was approved by a 68% to 32% margin.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- At a June 2007 referendum vote, citizens voted to approve a \$2,360,000 bond issue for building code required renovations and other needed improvements on Buildings 5 and 6 of the Town Hall Campus. Other than the Open Space acquisition of Fisher Farm in 2003, no general government project requiring an independent referendum vote had been place before the voters since 1995. This change in focus comes as the Town completes twenty years of needed, well-planned, sequential improvements to our educational facilities.
- Grand list is expected to be approximately 1.8%.
- Property tax collections will exceed 99% and the reserve for uncollectible is reduced to \$600,000.
- Assessment appeals and tax refunds will approximate 1% of tax revenues.
- The Town will continue to experience population growth, leading to steady residential and commercial growth. The goal will be to upgrade and expand Town-provided amenities such as quality educational, recreational and cultural facilities while maintaining comparatively low tax rates.
- Discretionary grant revenues are expected to remain the same or decline based on State of Connecticut budget issues. However, because Avon receives such a small portion of its revenues from state grants, they should have only a marginal effect 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 increase to \$275 and \$300 in the subsequent year.
- Construction grants will decline in the education construction reimbursement area, reflecting the State's change to progress payments versus reimbursements.
- The Town has projected investment income to rise from \$830,000 to \$1,165,761, an increase of 40.45%.
- Personal services (salary and benefits) growth will amount to \$569,252 (71.70%) of the Town budget increase, 71.70% of the Town operating expenditures) reflecting hourly increases for nonorganized personnel, classification adjustments, increased overtime, additional positions and step increases.
- Increased health insurance premium sharing (11% to 13%) by Public Works employees hired prior to January 1, 1997 and increased health insurance premium (13% to 15%) by Public Works employees hired after January 1, 2007, covered under the AFSCME contract.
- Virtually the entire Board of Education increase relates to teacher salary and benefit increases.
- The Town is budgeting for 16% of the recommended annual funding for post-retiree benefits.
- Renewed arrangements with the Town of Canton to provide Assessing, Social Services, and Animal Control Officer Services for a fee.
- A 50% reduction to future retiree health benefits in the Department of Public Works and for non-organized employees hired after January 1, 2007 in an effort to further reduce other post-employment benefits liability.
- Across the board impact of increased energy costs (17.4%).
- New program to be implemented of the Youth Services Bureau with 50% paid by the State and to be contracted with the Town of Farmington.
- At the close of the 2007 fiscal year, unreserved fund balance in the General Fund amounted to \$3,515,315. No use of General Fund undesignated fund balance is included in the 2007-2008 budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

All of these factors were considered in preparing the budget for the 2008 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, 2007

	Governmental Activities
Assets:	
Current assets:	
Cash	\$ 1,150
Investments	26,800,414
Receivables:	
Property taxes	145,272
Assessments	5,257
Intergovernmental	501,935
Accounts	68,096
Other current assets and deferred charges	9,638
Total current assets	<u>27,531,762</u>
Noncurrent assets:	
Receivables, net:	
Assessments	664
Intergovernmental	1,003,933
Net pension asset	91,752
Deferred charges	36,754
Capital assets, nondepreciable	43,076,181
Capital assets, net of accumulated depreciation	80,095,220
Total noncurrent assets	<u>124,304,504</u>
Total assets	<u>151,836,266</u>
Liabilities:	
Current liabilities:	
Bank overdraft	386,942
Accounts payable	3,323,876
Accrued liabilities	538,823
Accrued interest payable	173,430
Unearned revenue	6,203,131
Bond anticipation notes	18,000,000
Due to other funds	125,000
Total current liabilities	<u>28,751,202</u>
Noncurrent liabilities:	
Due within one year	3,924,445
Due in more than one year	17,442,608
Total liabilities	<u>50,118,255</u>
Net Assets:	
Invested in capital assets, net of related debt	86,386,400
Unrestricted	<u>15,331,611</u>
Total Net Assets	<u>\$ 101,718,011</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, 2007

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	\$ 2,697,324	\$ 758,245	\$ 10,329	\$	\$ (1,939,079)
Public safety	7,752,887	545,311			(7,197,247)
Public works	5,615,483	1,527,933	260,702	205,160	(3,621,688)
Health and social services	339,011	8,869			(330,142)
Recreation and parks	1,192,893	467,982		6,300	(718,611)
Educational - cultural	1,271,577	22,965	1,815		(1,246,797)
Conservation and development	480,105	23,429			(456,676)
Board of Education	42,831,505	913,858	4,914,355		(37,003,292)
Interest expense	1,164,309				(1,164,309)
Total Governmental Activities	\$ <u>63,345,094</u>	\$ <u>4,268,592</u>	\$ <u>5,187,201</u>	\$ <u>211,460</u>	<u>(53,677,841)</u>
General Revenues:					
Property taxes					54,985,721
Grants and contributions not restricted to specific programs					471,823
Investment income					1,923,744
Donated assets					1,441,304
Miscellaneous					370,776
Transfers					(125,000)
Total general revenues					<u>59,068,368</u>
Change in net assets					5,390,527
Net Assets at Beginning of Year					<u>96,327,484</u>
Net Assets at End of Year					\$ <u><u>101,718,011</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 1,150	\$	\$	\$ 1,150
Investments	16,088,123	10,658,590	53,701	26,800,414
Receivables:				
Property taxes	134,632			134,632
Sewer assessments/use charges			6,042	6,042
Intergovernmental	4,599		137,936	142,535
Accounts	60,719			60,719
Due from other funds	79,212	1,616,693	3,315,977	5,011,882
Other			5,139	5,139
	<u>16,368,435</u>	<u>12,275,283</u>	<u>3,518,795</u>	<u>32,162,513</u>
Total Assets	\$ 16,368,435	\$ 12,275,283	\$ 3,518,795	\$ 32,162,513
LIABILITIES AND FUND BALANCES				
Liabilities				
Bank overdraft	\$ 386,942	\$	\$	\$ 386,942
Accounts payable	397,875	2,846,525	79,477	3,323,877
Accrued liabilities	171,994			171,994
Due to other funds	5,709,039		79,212	5,788,251
Deferred revenue	5,925,152		402,700	6,327,852
Bond anticipation notes payable		18,000,000		18,000,000
Total liabilities	<u>12,591,002</u>	<u>20,846,525</u>	<u>561,389</u>	<u>33,998,916</u>
Fund balances:				
Reserved for:				
Encumbrances	17,118		429,899	447,017
Debt service			383,591	383,591
Unreserved, reported in:				
General fund	3,760,315			3,760,315
Special revenue funds			1,850,540	1,850,540
Capital projects funds		(8,571,242)	293,376	(8,277,866)
Total fund balances	<u>3,777,433</u>	<u>(8,571,242)</u>	<u>2,957,406</u>	<u>(1,836,403)</u>
Total Liabilities and Fund Balances	\$ 16,368,435	\$ 12,275,283	\$ 3,518,795	\$ 32,162,513

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT
RECONCILIATION OF FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

JUNE 30, 2007

Amounts reported for governmental activities in the statement of net asset (page 14) are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balance (page 16)	\$ (1,836,403)
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets	156,333,501
Accumulated depreciation	(33,162,100)

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	105,987
Property tax and sewer assessment receivable - accrual basis change	124,721
School building grant receivable	1,363,333
Allowance for doubtful accounts	(95,468)
Bond issue costs	41,255
Net pension asset	91,752

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.	291,916
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(18,785,000)
Compensated absences	(1,972,224)
Landfill postclosure liability	(510,000)
Bond premium	(99,829)
Accrued interest payable	(173,430)

Net Assets of Governmental Activities (page 14)	\$ <u>101,718,011</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 54,940,024	\$	\$	\$ 54,940,024
Intergovernmental	4,265,347	205,160	1,753,076	6,223,583
Charges for services	1,703,237		2,565,407	4,268,644
Contributions		6,300		6,300
Investment income	1,173,629	747,320	2,795	1,923,744
Other local revenues	283,210	31,583	55,983	370,776
Total revenues	<u>62,365,447</u>	<u>990,363</u>	<u>4,377,261</u>	<u>67,733,071</u>
Expenditures:				
Current:				
Town Council:				
General government	2,459,573		74,980	2,534,553
Public safety	7,376,765		115,264	7,492,029
Public works	3,642,010		1,324,487	4,966,497
Health and social services	337,024		2,031	339,055
Recreation and parks	769,431		345,158	1,114,589
Educational - cultural	1,247,606		2,357	1,249,963
Conservation and development	480,232			480,232
Miscellaneous	244,096			244,096
Total town council	<u>16,556,737</u>	<u>-</u>	<u>1,864,277</u>	<u>18,421,014</u>
Board of Education	38,966,040		2,484,573	41,450,613
Debt service	4,575,704			4,575,704
Capital outlay		12,232,313	91,559	12,323,872
Total expenditures	<u>60,098,481</u>	<u>12,232,313</u>	<u>4,440,409</u>	<u>76,771,203</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,266,966</u>	<u>(11,241,950)</u>	<u>(63,148)</u>	<u>(9,038,132)</u>
Other Financing Sources (Uses):				
Issuance of bond		600,000		600,000
Transfers in		2,186,240	480,075	2,666,315
Transfers out	(2,796,240)	(13,361)	(56,714)	(2,866,315)
Net other financing sources (uses)	<u>(2,796,240)</u>	<u>2,772,879</u>	<u>423,361</u>	<u>400,000</u>
Net Change in Fund Balances	(529,274)	(8,469,071)	360,213	(8,638,132)
Fund Balances at Beginning of Year	<u>4,306,707</u>	<u>(102,171)</u>	<u>2,597,193</u>	<u>6,801,729</u>
Fund Balances at End of Year	\$ <u><u>3,777,433</u></u>	\$ <u><u>(8,571,242)</u></u>	\$ <u><u>2,957,406</u></u>	\$ <u><u>(1,836,403)</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances - total governmental funds (page 18) \$ (8,638,132)

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	13,815,924
Depreciation expense	(2,283,558)
Loss on disposal of capital assets	(13,515)

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	(359,399)
Increase in property tax and assessments receivable - accrual basis change	37,010
Increase in property tax interest and lien revenue	8,635
Decrease in property tax and sewer use allowance for doubtful accounts	(13,712)

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	29,803
Principal payments	3,375,000
Bond issuance	(600,000)
Amortization of bond issue costs	(4,500)
Amortization of bond premiums	11,091

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	(25,272)
Landfill postclosure payments	30,000
Net pension asset	(69,271)

The net income of the internal service funds is reported with the governmental activities. 90,423

Change in Net Assets of Governmental Activities (page 15) \$ 5,390,527

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 54,873,263	\$ 54,873,263	\$ 54,940,024	\$ 66,761
Intergovernmental	1,750,530	1,760,859	1,732,842	(28,017)
Charges for services	1,590,150	1,655,519	1,703,237	47,718
Investment income	830,000	957,063	1,173,629	216,566
Other local revenues	158,658	179,480	283,210	103,730
Total revenues	<u>59,202,601</u>	<u>59,426,184</u>	<u>59,832,942</u>	<u>406,758</u>
Expenditures:				
Current:				
Town Council:				
General government	2,413,563	2,399,192	2,399,192	-
Public safety	7,155,507	7,347,517	7,347,517	-
Public works	3,546,724	3,632,873	3,632,873	-
Health and social services	342,463	335,738	335,738	-
Recreation and parks	731,836	766,608	766,608	-
Educational - cultural	1,237,152	1,246,477	1,246,477	-
Conservation and development	493,783	462,647	462,647	-
Miscellaneous	290,350	241,973	241,973	-
Total town council	<u>16,211,378</u>	<u>16,433,025</u>	<u>16,433,025</u>	<u>-</u>
Board of Education	36,424,390	36,424,390	36,424,390	-
Debt service	4,580,935	4,568,079	4,568,079	-
Total expenditures	<u>57,216,703</u>	<u>57,425,494</u>	<u>57,425,494</u>	<u>-</u>
Excess of Revenues over Expenditures	<u>1,985,898</u>	<u>2,000,690</u>	<u>2,407,448</u>	<u>406,758</u>
Other Financing Sources (Uses):				
Appropriation of fund balance		795,550		(795,550)
Transfers out	(1,985,898)	(2,796,240)	(2,796,240)	-
Net other financing uses	<u>(1,985,898)</u>	<u>(2,000,690)</u>	<u>(2,796,240)</u>	<u>(795,550)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(388,792)	<u>\$ (388,792)</u>
Fund Balance at Beginning of Year			<u>4,215,253</u>	
Fund Balance at End of Year			<u>\$ 3,826,461</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

JUNE 30, 2007

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Asset:	
Current assets:	
Accounts receivable	\$ 7,377
Due from other funds	<u>651,369</u>
Total current assets	658,746
Liabilities:	
Current liabilities:	
Claims payable	<u>366,830</u>
Total Net Assets	\$ <u><u>291,916</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, 2007

	Governmental Activities
	Internal Service Fund
Operating revenues:	
Charges for services:	
Town	\$ 1,706,963
Board of Education	4,160,215
Total operating revenues	<u>5,867,178</u>
Operating expenses:	
Medical claims:	
Town	1,768,906
Board of Education	4,082,849
Total operating expenses	<u>5,851,755</u>
Operating Income Before Transfers	15,423
Transfers In	<u>75,000</u>
Changes in Net Assets	90,423
Net Assets at Beginning of Year	<u>201,493</u>
Net Assets at End of Year	<u>\$ 291,916</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, 2007

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 5,913,756
Claims paid	(5,913,756)
Net cash provided by operating activities	<u>-</u>
Net Increase in Cash	-
Cash at Beginning of Year	<u>-</u>
Cash at End of Year	\$ <u><u>-</u></u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating income	\$ 15,423
Adjustments to reconcile operating income to net	
cash provided by operating activities:	
Decrease in due from other funds	46,578
Decrease in claims payable	<u>(62,001)</u>
Net Cash Provided by Operating Activities	\$ <u><u>-</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2007

	Pension* and Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash	\$ <u> </u>	\$ <u>205,083</u>
Investments, at fair value:		
Guaranteed interest contract	1,744,952	
Money market mutual funds	10,125,123	
Small/mid capitalization equity mutual funds	915,921	
International equity mutual funds	1,431,664	
Core equity mutual funds	11,119,349	
Total investments	<u>25,337,009</u>	<u>-</u>
Accounts receivable:		
Employer	252,988	
Employee	156,381	
Total accounts receivable	<u>409,369</u>	<u>-</u>
Due from other funds	<u>125,000</u>	<u>28,568</u>
Total assets	25,871,378	233,651
Liabilities:		
Fiduciary deposits	<u> </u>	<u>233,651</u>
Net Assets:		
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ <u><u>25,871,378</u></u>	\$ <u><u>-</u></u>

* Pension and employee benefit trust funds are reported at December 31, 2006.

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, 2007

	Pension * and Employee Benefit Trust Funds
Additions:	
Contributions:	
Employer	\$ 1,868,700
Plan members	798,761
Total contributions	<u>2,667,461</u>
Investment income:	
Net appreciation in fair value of investments	1,551,818
Interest and dividends	883,059
Total investment income	<u>2,434,877</u>
Less investment expenses	147,568
Net investment income	<u>2,287,309</u>
Total additions	<u>4,954,770</u>
Deductions:	
Benefits	2,519,855
Administration	9,122
Total deductions	<u>2,528,977</u>
Transfer In	<u>125,000</u>
Changes in Net Assets	2,550,793
Net Assets at Beginning of Year	<u>23,320,585</u>
Net Assets at End of Year	<u><u>\$ 25,871,378</u></u>

* Pension and employee benefit trust funds are reported at December 31, 2006.

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, 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 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 accounting principles generally accepted in the United States of America (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 *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. Investments

Investments for the Town are reported at fair value.

D. 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).

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

E. 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, 2007 and are calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, 2007, 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.

F. 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.

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

Assets	Years
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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

G. Net Pension Assets

The net pension asset represents the cumulative difference between the annual pension cost and the Town's contributions to the plans. This amount is calculated on an actuarial basis and is recorded as a noncurrent asset in the government-wide financial statements.

H. 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.

I. 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.

J. 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).

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

K. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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 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 \$795,550 and additional appropriations of \$223,583 funded by revised revenue estimates were made during the year in the General Fund. These adjustments were presented for approval to the Town Council on December 6, 2007 and to the Board of Finance on December 17, 2007.

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

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

	<u>Revenues</u>	<u>Expenditures and Transfers</u>	<u>Fund Balance</u>
Balance, budgetary basis - June 30, 2007	\$ 59,832,942	\$ 60,221,734	\$ 3,826,459
Encumbrances outstanding at June 30, 2006 liquidated during the year ended June 30, 2007		130,420	
Encumbrances outstanding at June 30, 2006 still outstanding at June 30, 2007			17,118
Change in accrued payroll		10,062	(66,144)
State Teachers' Retirement on-behalf payment	<u>2,532,505</u>	<u>2,532,505</u>	
Balance, GAAP Basis, - June 30, 2007	<u>\$ 62,365,447</u>	<u>\$ 62,894,721</u>	<u>\$ 3,777,433</u>

B. Capital Projects Authorizations

The following is a summary of capital projects at June 30, 2007:

<u>Capital Project</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2007</u>
Capital and nonrecurring CIFA:	\$ 3,743,301	\$ 91,559	\$ 3,461,141	\$ 282,160
General government	13,387,713	1,483,584	10,035,466	3,352,247
Board of Education	<u>52,788,277</u>	<u>10,748,729</u>	<u>31,340,490</u>	<u>21,447,787</u>
Total	<u>\$ 69,919,291</u>	<u>\$ 12,323,872</u>	<u>\$ 44,837,097</u>	<u>\$ 25,082,194</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits 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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$287,356 of the Town's bank balance of \$487,356 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 238,620
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>48,736</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 287,356</u>

Investments

As of June 30, 2007, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Mutual Funds:					
Money market	A	\$ 1,389,427	\$	1,389,427	\$
Money market	A-2/P-2	355,525	355,525		
Money market	P-1/A-1	348,584	348,584		
Money market	Aa2	9,017,568		9,017,568	
Money market	n/a	43,358	43,358		
Treasury Index Fund	AAA	604,025		604,025	
Equity Index Fund	n/a	516,285	516,285		
Small Mid Capitalization	n/a	510,478	510,478		
International equity	n/a	1,431,664	1,431,664		
Core equity	n/a	11,008,507	11,008,507		
Corporate bond fund	A2/BBB+	111,587		111,587	
MBIA Class Plus	AAA	26,800,414	26,800,414		
Total		\$ 52,137,422	\$ 41,014,815	\$ 11,122,607	\$ -

Investment Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value if its investment or collateral securities that are in the possession of an outside party.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Credit Risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State statutes governing investments in obligations of any state or political subdivision or in obligations of the State of Connecticut or political subdivision.

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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.

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

B. Receivables

Receivables as of year end for the Town's government-wide financial statements by type, including the applicable allowances for uncollectibles, are as follows:

	Property Taxes			Sewer Assessments
	Taxes	Interest and Lien Fees	Total	
Current portion	\$ 89,099	\$ 56,173	\$ 145,272	\$ 5,257
Long-term portion	\$ 4,162	\$ 49,814	\$ 53,976	\$ 785
Less allowance for uncollectibles	4,162	49,814	53,976	121
Total	\$ -	\$ -	\$ -	\$ 664

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	\$ 118,679	\$
Property taxes collected in advance		5,806,473
Nonmajor Funds:		
Special assessments not yet due	6,042	
Special assessments collected in advance		339,426
Education revenues collected in advance		32,201
Grant draw downs prior to meeting eligibility requirements		25,031
	\$ 124,721	\$ 6,203,131

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,622,223	\$	\$	\$ 6,622,223
Construction in progress	<u>24,231,197</u>	<u>12,222,761</u>		<u>36,453,958</u>
Total capital assets not being depreciated	<u>30,853,420</u>	<u>12,222,761</u>	<u>-</u>	<u>43,076,181</u>
Capital assets being depreciated:				
Land improvements	160,764			160,764
Buildings and improvements	61,677,675			61,677,675
Equipment	5,575,136	89,305	41,831	5,622,610
Vehicles	4,435,011	62,553	66,000	4,431,564
Infrastructure	<u>39,923,402</u>	<u>1,441,305</u>		<u>41,364,707</u>
Total capital assets being depreciated	<u>111,771,988</u>	<u>1,593,163</u>	<u>107,831</u>	<u>113,257,320</u>
Less accumulated depreciation for:				
Land improvements	39,001	6,817		45,818
Buildings and improvements	16,889,680	1,379,088		18,268,768
Equipment	4,123,007	262,050	34,149	4,350,908
Vehicles	2,069,843	223,948	60,167	2,233,624
Infrastructure	<u>7,851,327</u>	<u>411,655</u>		<u>8,262,982</u>
Total accumulated depreciation	<u>30,972,858</u>	<u>2,283,558</u>	<u>94,316</u>	<u>33,162,100</u>
Total capital assets being depreciated, net	<u>80,799,130</u>	<u>(690,395)</u>	<u>13,515</u>	<u>80,095,220</u>
Governmental Activities Capital Assets, Net	<u>\$ 111,652,550</u>	<u>\$ 11,532,366</u>	<u>\$ 13,515</u>	<u>\$ 123,171,401</u>

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

Governmental activities:	
General government	\$ 69,258
Public safety	256,112
Public works	537,318
Recreation and parks	95,953
Educational - cultural	20,619
Board of Education	<u>1,304,298</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,283,558</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, 2007 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 79,212
CIFA	General Fund	1,616,693
Other Governmental Funds	General Fund	3,315,977
Internal Service Fund	General Fund	651,369
Employee Benefit Trust Fund	General Fund	125,000
		<u>\$ 5,788,251</u>

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

A summary of interfund transfers as of June 30, 2007 is as follows:

	<u>Transfers Out</u>			<u>Total</u>
	<u>General Fund</u>	<u>CIFA Fund</u>	<u>Other Governmental Funds</u>	<u>Transfers In</u>
Transfers in:				
CIFA	\$ 2,146,240	\$	\$ 40,000	\$ 2,186,240
Other Governmental Funds	450,000	13,361	16,714	480,075
Internal Service Fund	75,000			75,000
Employee Benefit Trust Fund	125,000			125,000
Total Transfers Out	<u>\$ 2,796,240</u>	<u>\$ 13,361</u>	<u>\$ 56,714</u>	<u>\$ 2,866,315</u>

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

E. Short-Term Obligations - Bond Anticipation Notes

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Short-term obligation activity for the year ended June 30, 2007 was as follows:

Type of Obligation	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007
Bond Anticipation Notes:				
MH Rhodes open space - interest rate 3.00%, matured May 4, 2007	\$ 1,000,000	\$	\$ 1,000,000	\$
Avon High School Renovations - interest rate +/- 3.00%, matures October 26, 2007	9,000,000	18,000,000	9,000,000	18,000,000
	\$ 10,000,000	\$ 18,000,000	\$ 10,000,000	\$ 18,000,000

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. The original amount of general obligation bonds issued in prior years was \$41,200,000.

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 \$1,363,333 will be used to repay a portion of the respective debt; however, the Town is liable for all outstanding bonds.

On June 14, 2007, there was a referendum held that approved borrowing of \$2,360,000 for renovations, additions and improvements to buildings five and six at Town Hall.

General obligation bonds currently outstanding are as follows:

Description	Interest Rate (%)	Amount
General purpose:		
General obligation - improvement	3-6.25%	\$ 2,016,000
Sewer:		
General obligation - improvement	4.1-4.75%	255,000
School:		
School - improvement	3-6.25%	16,514,000
Total Outstanding		\$ 18,785,000

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
2008	\$ 3,500,000	\$ 795,012
2009	3,100,000	653,942
2010	3,300,000	521,792
2011	2,250,000	385,743
2012	2,170,000	288,667
2013 - 2016	<u>4,465,000</u>	<u>465,909</u>
Total	<u>\$ 18,785,000</u>	<u>\$ 3,111,065</u>

Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 21,560,000	\$ 600,000	\$ 3,375,000	\$ 18,785,000	\$ 3,500,000
Plus deferred amounts:					
Issuance premium					
on refunding	<u>110,920</u>		<u>11,091</u>	<u>99,829</u>	
Total bonds payable	<u>21,670,920</u>	<u>600,000</u>	<u>3,386,091</u>	<u>18,884,829</u>	<u>3,500,000</u>
Compensated absences	<u>1,946,952</u>	<u>868,603</u>	<u>843,331</u>	<u>1,972,224</u>	<u>394,445</u>
Landfill post-closure costs	<u>540,000</u>		<u>30,000</u>	<u>510,000</u>	<u>30,000</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 24,157,872</u>	<u>\$ 1,468,603</u>	<u>\$ 4,259,422</u>	<u>\$ 21,367,053</u>	<u>\$ 3,924,445</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Statutory Debt Limitations

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 129,872,036	\$ 6,216,000	\$ 123,656,036
Schools	259,744,073	70,388,667	189,355,406
Sewers	216,453,394	249,000	216,204,394
Urban renewal	187,592,941		187,592,941
Pension deficit	173,162,715		173,162,715

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$404,046,335.

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 \$1,363,333 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 17 years at \$30,000 per year are \$510,000. This amount is based on estimates which are subject to change due to inflation, technology or applicable laws and regulations.

Authorized/Unissued Bonds

At June 30, 2007, the amount of authorized, unissued bonds for general purposes is \$4,200,000 and \$37,238,000 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 OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Town's defined contribution plan. The plans are considered to be part of the Town's financial reporting entity and, therefore, are included in the Town's financial reports as pension trust funds. Separate, stand-alone financial reports are not issued by the pension plans.

Plan Description

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

Summary of Significant Accounting Policies and Plan Asset Matters

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

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

Classes of Employees Covered

	<u>Police</u>	<u>Public Works</u>	<u>Non-Organized</u>	<u>Board of Education</u>	<u>Dispatchers</u>
Retirees and beneficiaries currently receiving benefits	25	8	34	31	2
Terminated employees entitled to benefits but not yet receiving them		1	2	18	1
Current active employees	<u>10</u>	<u>9</u>	<u>24</u>	<u>84</u>	<u>1</u>
Total	<u>35</u>	<u>18</u>	<u>60</u>	<u>133</u>	<u>4</u>

Benefit Provisions

Required employee contributions under the plans are as follows:

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Schedule of Employer Contributions and Net Pension Obligation

<u>Year Ended December 31</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						
2001	\$ 314,950	\$ 314,950	100.0%	\$ 313,933	100.3%	\$ (4,249)
2002	419,886	419,883	100.0%	418,782	100.3%	(5,353)
2003	588,606	588,601	100.0%	587,409	100.2%	(6,550)
2004	523,683	523,683	100.0%	522,394	100.2%	(7,839)
2005	476,216	476,216	100.0%	476,218	100.0%	(7,837)
2006	531,162	531,162	100.0%	531,187	100.0%	(7,812)
Public Works						
2001	221,862	221,862	100.0%	221,928	100.0%	(947)
2002	267,786	267,785	100.0%	267,857	100.0%	(876)
2003	281,502	281,500	100.0%	281,578	100.0%	(800)
2004	212,076	212,076	100.0%	212,160	100.0%	(716)
2005	199,939	199,939	100.0%	199,939	100.0%	(716)
2006	216,922	216,922	100.0%	216,924	100.0%	(714)
Nonorganized						
2001	381,996	381,996	100.0%	382,389	99.9%	221
2002	474,435	458,105	103.6%	458,530	103.5%	(15,684)
2003	548,058	548,057	100.0%	548,959	99.8%	(14,783)
2004	444,532	444,532	100.0%	445,508	99.8%	(13,807)
2005	424,493	424,493	100.0%	424,497	100.8%	(13,803)
2006	433,205	433,205	100.0%	433,249	100.0%	(13,759)
Board of Education						
2001	118,668	77,959	152.2%	86,821	136.7%	(140,035)
2002	143,004	87,709	163.0%	102,135	125.5%	(180,904)
2003	93,000	42,392	219.4%	66,335	140.2%	(207,569)
2004	25,000	63,062	39.64%	96,603	25.8%	(135,966)
2005	32,000	34,088	94.00%	34,126	99.9%	(133,840)
2006	76,088	144,845	52.5%	145,272	52.4%	(64,656)
Dispatchers						
2001	32,756	32,756	100.0%	32,097	102.1%	(2,504)
2002	35,838	35,837	100.0%	35,123	102.0%	(3,219)
2003	38,802	38,801	100.0%	38,028	102.0%	(3,993)
2004	34,668	34,668	100.0%	33,832	102.5%	(4,829)
2005	23,501	23,501	100.0%	23,503	100.0%	(4,827)
2006	20,220	20,220	100.0%	20,236	100.0%	(4,811)

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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:

	<u>Police</u>	<u>Public Works</u>	<u>Non-Organized</u>	<u>Board of Education</u>	<u>Dispatchers</u>
Valuation Date	January 1, 2007	January 1, 2007	January 1, 2007	January 1, 2007	January 1, 2007
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)	11	12	11	2	12
Asset Valuation Method	*	*	*	*	*
Investment Return Rate	8.25%	8.25%	8.25%	8.25%	8.25%
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.

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	\$ 531,162	\$ 216,922	\$ 433,205	\$ 144,845	\$ 20,220
Interest on net pension obligation	(647)	(59)	(1,139)	(11,042)	(398)
Adjustment to annual required contribution	672	61	1,183	11,469	414
Annual pension cost	531,187	216,924	433,249	145,272	20,236
Contribution made	531,162	216,922	433,205	76,088	20,220
Decrease in net pension obligation	25	2	44	69,184	16
Net pension asset at beginning of year	(7,837)	(716)	(13,803)	(133,840)	(4,827)
Net Pension Asset at End of Year	\$ <u>(7,812)</u>	\$ <u>(714)</u>	\$ <u>(13,759)</u>	\$ <u>(64,656)</u>	\$ <u>(4,811)</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Financial statements for each individual pension plan as of and for the year ended December 31, 2006 are as follows:

	Police	Public Works	Non- Organized	Board of Education	Dispatchers	Total Pension Trust Funds
Assets:						
Investments, at fair value:						
Guar. investment contract	\$ 354,833	\$ 69,118	\$ 327,722	\$ 987,587	\$ 5,692	\$ 1,744,952
Mutual funds:						
Money market	3,994,457	1,053,349	3,253,296	833,579	231,471	9,366,152
Small/mid cap equity	224,811	54,861	170,022	47,256	13,529	510,479
International equity	625,130	156,110	482,146	133,287	34,991	1,431,664
Core equity	4,743,587	1,238,316	3,809,319	942,075	275,210	11,008,507
Total investments	9,942,818	2,571,754	8,042,505	2,943,784	560,893	24,061,754
Accounts receivable (payable)	373		(373)	156,381		156,381
 Total assets	 9,943,191	 2,571,754	 8,042,132	 3,100,165	 560,893	 24,218,135
 Net Assets:						
Held in Trust for Pension Benefits and Other Purposes	\$ 9,943,191	\$ 2,571,754	\$ 8,042,132	\$ 3,100,165	\$ 560,893	\$ 24,218,135
 Additions:						
Contributions:						
Employer	\$ 531,162	\$ 216,922	\$ 433,205	\$ 76,088	\$ 20,220	\$ 1,277,597
Plan members	184,104	41,854	233,413	335,454	3,936	798,761
Total contributions	715,266	258,776	666,618	411,542	24,156	2,076,358
 Investment income:						
Net appreciation in fair value of investments	654,805	162,600	506,333	127,877	37,174	1,488,789
Interest and dividends	338,753	83,868	269,050	132,745	18,575	842,991
Total investment income	993,558	246,468	775,383	260,622	55,749	2,331,780
Less investment expenses	58,820	14,536	46,808	24,139	3,240	147,543
 Net investment income	 934,738	 231,932	 728,575	 236,483	 52,509	 2,184,237
 Total additions	 1,650,004	 490,708	 1,395,193	 648,025	 76,665	 4,260,595
 Deductions:						
Benefits	1,194,067	213,833	499,574	240,963	33,303	2,181,740
Administration	2,071	1,103	2,254	3,636	58	9,122
Total deductions	1,196,138	214,936	501,828	244,599	33,361	2,190,862
 Net change in net assets	 453,866	 275,772	 893,365	 403,426	 43,304	 2,069,733
 Net assets at beginning of year	 9,489,325	 2,295,982	 7,148,767	 2,696,739	 517,589	 22,148,402
 Net Assets at End of Year	 \$ 9,943,191	 \$ 2,571,754	 \$ 8,042,132	 \$ 3,100,165	 \$ 560,893	 \$ 24,218,135

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

B. Defined Contribution Plans

Plan Description

The Town maintains two single-employer, defined contribution pension plans, the Avon 401(a) Management Money Purchase Plan and the Avon 401(a) Full-Time Employees' Plan.

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

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 Plan and Full-Time Employees' Plan during the year ended June 30, 2007 were \$30,086 and \$285,986, respectively. Members of the Management 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 \$30,086 and \$285,986, respectively.

C. State Teachers Retirement - On-Behalf Payments

The amount recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on behalf of the Town's teachers to the Connecticut State Teachers' Retirement System was \$2,532,505.

5. 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.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Town established an internal service fund, the medical claims fund, to account for and finance the retained risk of loss for the Town's medical benefits claims. A third party administers the medical insurance plan for which the Town pays a fee. The medical claims fund provides coverage for regular full-time Town employees. The fund is substantially funded by the Town's General Fund through annual appropriations. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

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

	<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:				
2005-2006	\$ 314,030	\$ 5,313,044	\$ 5,198,243	\$ 428,831
2006-2007	428,831	5,851,755	5,913,756	366,830

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.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

C. Other Postemployment Benefits

In addition to providing pension benefits, the Town provides certain health care benefits for retirees who meet requirements of the Town's personnel policy or requirements defined by collective bargaining agreements. The cost of these benefits is funded on an annual basis by General Fund appropriations. Presently, a total of 52 retirees qualify for benefits under one of three arrangements. Of these retirees, 12 are covered under a Medicare supplemental group insurance plan for which the Town paid \$52,779 during fiscal year ended June 30, 2007. The other 40 retirees are covered under the Town's self-insurance plan. Of these 40 retirees, 24 individuals, under age 65, are required to contribute a portion of the actuarially estimated cost of their coverage. The net estimated cost for the Town for this group during the year was \$172,470. The other 16 individuals, over age 65, are not required to contribute toward the cost of their coverage. The estimated cost for the Town for this group during the year was \$117,181.

The Town has created a post-employment healthcare fund to set aside assets to fund these benefits. Net assets available for future benefits at June 30, 2007 were \$1,528,243.

D. Subsequent Events

On October 26, 2007, the Town issued bond anticipation notes of \$26,422,000 bearing an average interest rate at 3.96%, maturing on October 23, 2008 to pay off existing bond anticipation notes of \$18,000,000 and to temporarily help finance the design and construction of renovations and additions to Avon High School and to temporarily finance renovations, additions and improvements to town buildings five and six at the Avon Town Hall Campus.

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

JUNE 30, 2007

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,							
2002	\$ 9,458,208	\$ 11,918,407	\$ (2,460,199)	79.4%	\$ 1,243,885	(197.8)%	
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)%	
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,							
2002	\$ 1,705,634	\$ 3,623,247	\$ (1,917,613)	47.1%	\$ 576,358	(332.7)%	
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)%	
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,							
2002	\$ 5,451,711	\$ 7,470,470	\$ (2,018,759)	73.0%	\$ 1,419,460	(142.2)%	
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)%	

(Continued on next page)

TOWN OF AVON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS (CONTINUED)
AVON RETIREMENT SYSTEM**

JUNE 30, 2007

Board of Education

Actuarial Valuation Date	Actuarial Value of Assets	Actuarially Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over/Under Funded AAL as a Percentage of Covered Payroll
January 1,						
2002	\$ 2,285,844	\$ 2,345,685	\$ (59,841)	97.4%	\$ 1,330,788	(4.5)%
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)%

Dispatchers

Actuarial Valuation Date	Actuarial Value of Assets	Actuarially Accrued Liability (AAL) Projected Unit Credit	Under Funded AAL	Funded AAL Ratio	Covered Payroll	Under Funded AAL as a Percentage of Covered Payroll
January 1,						
2002	\$ 367,565	\$ 524,025	\$ (156,460)	70.1%	\$ 172,049	(90.9)%
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)%

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, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 1,150	\$ 1,100
Investments	16,088,123	16,068,168
Receivables:		
Property taxes	134,632	106,087
Intergovernmental	4,599	67,931
Accounts	60,719	80,011
Due from other funds	<u>79,212</u>	<u>112,143</u>
Total Assets	<u>\$ 16,368,435</u>	<u>\$ 16,435,440</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Bank overdraft	\$ 386,942	\$ 735,681
Accounts payable	397,875	677,493
Accrued liabilities	171,994	161,943
Due to other funds	5,709,039	4,881,973
Deferred revenue:		
Unavailable	118,679	81,617
Collected in advance	<u>5,806,473</u>	<u>5,590,026</u>
Total liabilities	<u>12,591,002</u>	<u>12,128,733</u>
Fund Balance:		
Reserved for encumbrances	17,118	147,535
Unreserved:		
Designated for payroll	100,000	50,000
Designated for pension	100,000	100,000
Designated for capital asset replacement	45,000	25,000
Undesignated	<u>3,515,315</u>	<u>3,984,172</u>
Total fund balance	<u>3,777,433</u>	<u>4,306,707</u>
Total Liabilities and Fund Balance	<u>\$ 16,368,435</u>	<u>\$ 16,435,440</u>

TOWN OF AVON, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2007

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	2007					2006
	Original Budget	Supplemental Appropriations	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:						
Property taxes:						
Current levy	\$ 53,749,736	\$	\$ 53,749,736	\$ 53,970,485	\$ 220,749	\$ 51,009,993
Supplemental real estate	285,000		285,000	195,448	(89,552)	225,198
Supplemental MV	425,000		425,000	512,112	87,112	538,861
Prior levies	120,000		120,000	24,126	(95,874)	58,779
Interest and penalties	100,000		100,000	128,065	28,065	115,425
Telephone gross receipts	193,527		193,527	109,788	(83,739)	106,120
Total property taxes	<u>54,873,263</u>	<u>-</u>	<u>54,873,263</u>	<u>54,940,024</u>	<u>66,761</u>	<u>52,054,376</u>
Intergovernmental:						
State grants-in aid:						
Adult education	865		865	1,164	299	1,063
Equalized cost sharing (ECS)	778,703		778,703	790,712	12,009	788,530
Transportation	3,288		3,288	26,396	23,108	4,387
Schools building construction	505,282		505,282	415,441	(89,841)	492,669
PILOT - mfg. mach./equipment	299,458		299,458	285,885	(13,573)	260,907
Pequot funds	25,008		25,008	23,812	(1,196)	25,843
PILOT- colleges and hospitals	10,408		10,408	15,162	4,754	10,884
Public library	1,880		1,880	1,815	(65)	1,875
Property tax relief - elderly	57,500		57,500	84,882	27,382	59,703
FEMA storm assistance						104,419
DUI Enf. Veh Fed		10,329	10,329	10,329	-	-
Grants in lieu of taxes	63,138		63,138	69,969	6,831	70,913
Veteran reimbursements	4,000		4,000	3,370	(630)	3,448
Law Enforcement Block Grant					-	6,500
Bulletproof vest partnership act					-	4,365
Miscellaneous State grant receipts				3,905	3,905	
Federal grants-in aid:						
Mass transportation	<u>1,000</u>	<u></u>	<u>1,000</u>	<u></u>	<u>(1,000)</u>	<u>-</u>
Total intergovernmental	<u>1,750,530</u>	<u>10,329</u>	<u>1,760,859</u>	<u>1,732,842</u>	<u>(28,017)</u>	<u>1,835,506</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, 2007

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	2007					2006
	Original Budget	Supplemental Appropriations	Final Budget	Actual	Variance with Final Budget	Actual
Charges for Services:						
General government:						
Hunting and fishing	\$ 700	\$	\$ 700	\$ 1,007	\$ 307	\$ 936
Recording and conveyance	500,000		500,000	720,614	220,614	794,449
Sale of maps and publications	32,000		32,000	22,403	(9,597)	23,745
PA 05-228 Local CAP Recording Fee	10,000		10,000	13,563	3,563	10,920
Court	1,600		1,600	710	(890)	755
Rents - Towpath School					-	9,583
Public safety:						
Police services	61,800	65,369	127,169	127,169	-	188,612
Accident reports and photos	1,700		1,700	1,350	(350)	1,610
Alarm system	5,000		5,000	5,744	744	2,586
Animal pound fees	1,800		1,800	1,890	90	177
Police protection	1,200		1,200	1,112	(88)	685
Blds. struct. and equipment	550,000		550,000	397,067	(152,933)	731,292
Animal licenses	5,500		5,500	10,979	5,479	9,953
Public works:						
Sale of publications	3,700		3,700		(3,700)	
Landfill - residential fees	100,000		100,000	120,152	20,152	120,618
Landfill - bulky waste	35,000		35,000	40,043	5,043	35,088
Sewer connections	23,000		23,000		(23,000)	23,000
Sewer assessments	33,350		33,350	23,254	(10,096)	31,377
Lakeview Water Main Extension	37,000		37,000	36,215	(785)	30,344
West Avon Water Main Assessment						
Water main interest				4,503	4,503	5,719
Street and curb	3,500		3,500	1,220	(2,280)	3,290
Health and social services:						
Vital statistics	12,500		12,500	8,869	(3,631)	8,401
Recreation and parks:						
Swim fees	72,000		72,000	79,771	7,771	65,416
Recreation fees	3,500		3,500	4,102	602	3,520
Fisher Meadow lease	400		400	400	-	400
Organized summer programs	23,500		23,500	34,706	11,206	28,832
Educational - cultural:						
Library	21,000		21,000	22,965	1,965	22,491
Conservation and development	50,400		50,400	23,429	(26,971)	55,233
Total charges for services	<u>1,590,150</u>	<u>65,369</u>	<u>1,655,519</u>	<u>1,703,237</u>	<u>47,718</u>	<u>2,209,032</u>
Investment Income	<u>830,000</u>	<u>127,063</u>	<u>957,063</u>	<u>1,173,629</u>	<u>216,566</u>	<u>909,690</u>
Other Local Revenues:						
Refunds and reimbursements	110,848	14,792	125,640	225,737	100,097	99,434
Miscellaneous	4,810		4,810	1,021	(3,789)	1,802
Rents and reimbursements	18,000		18,000	28,588	10,588	14,955
Donations from private source		6,030	6,030	6,030	-	12,060
Sale of property	25,000		25,000	21,834	(3,166)	
Total other local revenues	<u>158,658</u>	<u>20,822</u>	<u>179,480</u>	<u>283,210</u>	<u>103,730</u>	<u>128,251</u>
Total revenues	<u>59,202,601</u>	<u>223,583</u>	<u>59,426,184</u>	<u>59,832,942</u>	<u>406,758</u>	<u>57,136,855</u>
Other Financing Sources:						
Appropriation of fund balance		<u>795,550</u>	<u>795,550</u>		<u>(795,550)</u>	
Total Revenues and Other Financing Sources	<u>\$ 59,202,601</u>	<u>\$ 1,019,133</u>	<u>\$ 60,221,734</u>	<u>\$ 59,832,942</u>	<u>\$ (388,792)</u>	<u>\$ 57,136,855</u>

TOWN OF AVON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2007

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	2007				Variance with Final Budget	2006
	Original Budget	Supplemental Appropriations and Transfers	Final Budget	Actual		Actual
Expenditures:						
Town Council:						
General Government:						
Legislative - Town Council	\$ 71,636	\$ (11,072)	\$ 60,564	\$ 60,564	\$ -	\$ 66,307
Executive - Town Manager	342,100	2,302	344,402	344,402	-	327,524
Judicial - probate	7,590	(822)	6,768	6,768	-	4,609
Elections	92,470	(9,822)	82,648	82,648	-	71,912
Legal services	125,000	14,605	139,605	139,605	-	103,382
Recording and reporting	323,388	7,982	331,370	331,370	-	321,398
Office building - Town hall	152,509	25,847	178,356	178,356	-	156,939
Human resources	133,278	(102)	133,176	133,176	-	124,984
Finance	1,165,592	(43,289)	1,122,303	1,122,303	-	1,100,837
Total general government	2,413,563	(14,371)	2,399,192	2,399,192	-	2,277,892
Public Safety:						
Police protection	4,810,982	43,544	4,854,526	4,854,526	-	4,805,103
Fire protection	1,286,059	218,975	1,505,034	1,505,034	-	1,232,022
Central communications	568,312	(61,881)	506,431	506,431	-	493,591
Protective inspection	352,435	(15,880)	336,555	336,555	-	323,744
Other protection	137,719	7,252	144,971	144,971	-	182,074
Total public safety	7,155,507	192,010	7,347,517	7,347,517	-	7,036,534
Public Works:						
Administration	199,609	(1,266)	198,343	198,343	-	181,394
Highways	1,354,371	(59,599)	1,294,772	1,294,772	-	1,340,403
Sanitation	459,312	71,535	530,847	530,847	-	458,887
Machinery and equipment	388,330	5,064	393,394	393,394	-	345,417
Building and grounds	832,370	82,528	914,898	914,898	-	870,679
Engineering	312,732	(12,113)	300,619	300,619	-	294,034
Total public works	3,546,724	86,149	3,632,873	3,632,873	-	3,490,814
Health and Social Services:						
Conservation of health	95,700	2,170	97,870	97,870	-	95,152
Social services	246,763	(8,895)	237,868	237,868	-	225,339
Total health and social services	342,463	(6,725)	335,738	335,738	-	320,491
Recreation and Parks:						
Recreation	430,267	19,207	449,474	449,474	-	419,775
Parks	192,407	1,752	194,159	194,159	-	199,162
Senior citizens	45,420	8,741	54,161	54,161	-	58,152
Community activities	63,742	5,072	68,814	68,814	-	53,120
Total recreation and parks	731,836	34,772	766,608	766,608	-	730,209
Educational-Cultural:						
Library	1,237,152	9,325	1,246,477	1,246,477	-	1,169,174

(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, 2007

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	2007					2006
	Original Budget	Supplemental Appropriations and Transfers	Final Budget	Actual	Variance with Final Budget	Actual
Conservation and Development:						
Planning and zoning	\$ 368,461	\$ (20,723)	\$ 347,738	\$ 347,738	\$ -	\$ 327,392
Conservation of natural resources	125,322	(10,413)	114,909	114,909	-	114,281
Total conservation and development	493,783	(31,136)	462,647	462,647	-	441,673
Miscellaneous:						
Claims and losses	22,500	(2,145)	20,355	20,355	-	1,017
Municipal insurance	193,350	(15,407)	177,943	177,943	-	192,899
Intergovernmental expenditure	34,500	(4,193)	30,307	30,307	-	33,999
Contingency	40,000	(26,632)	13,368	13,368	-	22,528
Total miscellaneous	290,350	(48,377)	241,973	241,973	-	250,443
Total Town Council	16,211,378	221,647	16,433,025	16,433,025	-	15,717,230
Board of Education:						
Administration	672,260		672,260	910,722	(238,462)	679,989
Instruction	24,203,088		24,203,088	24,229,902	(26,814)	22,736,129
Health services	237,790		237,790	256,145	(18,355)	272,481
Transportation	1,525,995		1,525,995	1,472,020	53,975	1,775,449
Operation of plant	2,545,146		2,545,146	2,964,858	(419,712)	2,555,505
Maintenance of plant	1,082,449		1,082,449	928,006	154,443	892,108
Fixed charges	4,716,996		4,716,996	4,445,072	271,924	4,121,315
Student body activities	606,252		606,252	492,095	114,157	481,669
Capital outlay	35,049		35,049	30,050	4,999	68,645
Expenditure to other schools	799,365		799,365	695,520	103,845	752,604
Total Board of Education	36,424,390	-	36,424,390	36,424,390	-	34,335,894
Debt service:						
Bonds and bond anticipation notes	4,580,935	(12,856)	4,568,079	4,568,079	-	4,323,498
Total expenditures	57,216,703	208,791	57,425,494	57,425,494		54,376,622
Transfers out	1,985,898	810,342	2,796,240	2,796,240	-	2,219,211
Total Expenditures and Other Financing Uses	\$ 59,202,601	\$ 1,019,133	\$ 60,221,734	\$ 60,221,734	\$ -	\$ 56,595,833

TOWN OF AVON, CONNECTICUT

GENERAL FUND

REPORT OF THE PROPERTY TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2007

Grand List Date	Uncollected Taxes July 1, 2005	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections					Uncollected Taxes June 30, 2007
			Additions	Deductions			Taxes Collected	Refunds	Net Taxes Collected	Interest and Fees	Total Collections	
1993	\$ 624	\$	\$ 262	\$ 321	\$	\$ 565	\$ 546	\$	\$ 546	\$ 362	\$ 908	\$ 19
1994	645		225			870	870		870	1,290	2,160	-
1995	748					748	663		663	1,208	1,871	85
1996	770		132			902	815		815	1,120	1,935	87
1997	1,061			108		953	592		592	1,022	1,614	361
1998	1,081					1,081	713		713	912	1,625	368
1999	1,435					1,435	1,000		1,000	1,089	2,089	435
2000	1,321					1,321	861		861	786	1,647	460
2001	1,466			93		1,373	814		814	664	1,478	559
2002	1,519			134		1,385	806		806	518	1,324	579
2003	4,279		898	15,172	1,316	3,319	2,323		2,323	991	3,314	996
2004	91,138		1,630	24,365	7,178	61,225	58,230	23,591	34,639	11,109	45,748	26,586
Tax settlements								14,629	(14,629)		(14,629)	-
Suspense												
collections			4,141			4,141	4,141		4,141	1,007	5,148	-
Total Prior Years	106,087	-	7,288	40,193	8,494	79,318	72,374	38,220	34,154	22,078	56,232	30,535
2005		<u>54,892,485</u>	<u>249,552</u>	<u>347,211</u>	<u>14,194</u>	<u>54,780,632</u>	<u>54,714,263</u>	<u>37,728</u>	<u>54,676,535</u>	<u>105,987</u>	<u>54,782,522</u>	<u>104,097</u>
TOTAL	<u>\$ 106,087</u>	<u>\$ 54,892,485</u>	<u>\$ 256,840</u>	<u>\$ 387,404</u>	<u>\$ 22,688</u>	<u>\$ 54,859,950</u>	<u>\$ 54,786,637</u>	<u>\$ 75,948</u>	<u>\$ 54,710,689</u>	<u>\$ 128,065</u>	<u>\$ 54,838,754</u>	<u>\$ 134,632</u>
Grand List of October 1, 2006						\$ 2,226,999,410						
Taxes Receivable on Grand List of October 1, 2006, due July 1, 2007						\$ 56,899,843						

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, 2007**

	<u>Project Appropriations July 1, 2006</u>	<u>Additions (Reductions)</u>	<u>Project Appropriations June 30, 2007</u>	<u>Expenditures Incurred to July 1, 2006</u>	<u>Current Year Expenditures</u>	<u>Expenditures Incurred to June 30, 2007</u>	<u>Unexpended Appropriations June 30, 2007</u>
General Government:							
Addition Town Clerk's Office	\$ 5,000	\$	\$ 5,000	\$ 412	\$	\$ 412	\$ 4,588
Aerial mapping	85,000		85,000	77,404		77,404	7,596
Fisher Open Space	2,235,000		2,235,000	2,159,933		2,159,933	75,067
AVFD Co. #1 Kitchen	43,008		43,008	35,560	6,729	42,289	719
Buckingham Rd. Area Playground		269,500	269,500		226,643	226,643	42,857
Lighting Town Center	30,300	6,300	36,600		27,086	27,086	9,514
Senior Center Repairs		44,346	44,346				44,346
Buckingham Rd. Athletic Field	383,001		383,001	380,611	2,338	382,949	52
Sewer Pump Station Replacement	40,000		40,000				40,000
Master Sewage Facilities	334,000		334,000	207,116	125,801	332,917	1,083
Avon Co #01 Roof Replacement	85,000	18,800	103,800		103,800	103,800	-
Recreation & Athletic Facilities Master Plan	20,000		20,000		17,000	17,000	3,000
Road Drainage and Overlay Program	3,252,047		3,252,047	2,590,377	106,321	2,696,698	555,349
Thompson Old Farms Redesign	167,176		167,176	128,812	1,350	130,162	37,014
Town CIP - Facil/Town Hall		2,360,000	2,360,000				2,360,000
Generator	40,000		40,000		91	91	39,909
Dump Truck	254,089	18,770	272,859	113,298	158,260	271,558	1,301
CAD Dispatching System	260,645		260,645	237,956	22,689	260,645	-
Fire SCBA (RPL)	450,000		450,000	423,886	15,971	439,857	10,143
Vehicles	34,000		34,000		33,923	33,923	77
Roadside Mower	110,407		110,407	107,421	1,980	109,401	1,006
DPW Generator	187,000		187,000	18,975	49,400	68,375	118,625
MH Rhodes Open Space	1,500,000		1,500,000	1,489,948	10,052	1,500,000	-
Towpath School Demolition	107,790	475,957	583,747	10,786	572,960	583,746	1
Library Expansion	283,794	(24,842)	258,952	258,357	595	258,952	-
267 Country Club Road Purchase	368,700	(57,075)	311,625	311,030	595	311,625	-
Total General Government	<u>10,275,957</u>	<u>3,111,756</u>	<u>13,387,713</u>	<u>8,551,882</u>	<u>1,483,584</u>	<u>10,035,466</u>	<u>3,352,247</u>
Board of Education							
BOE CIP Facilities							
RBS Bathroom Renovations	21,000		21,000	18,664		18,664	2,336
AHS Boiler #2 Leak		12,965	12,965		12,965	12,965	-
AMS Hot Water Tank Repl		40,080	40,080		40,080	40,080	-
RBS Underground Fuel Tank		82,241	82,241		32,941	32,941	49,300
TBS Compressor Failure		9,550	9,550		9,550	9,550	-
TBS Underground Fuel Tank		42,800	42,800		42,800	42,800	-
RBS Roof Repair/Replacement	188,195	(6,794)	181,401	73,902	16,859	90,761	90,640
AHS Track Resurfacing	40,000		40,000		37,775	37,775	2,225
Pine Grove Roof Repair/Replacement	598,000		598,000	592,487		592,487	5,513
Telephone System (AMS RBS)	43,740		43,740		43,740	43,740	-
Fire Alarm	233,500		233,500	12,000	221,500	233,500	-
Grade 5/6 Elementary School	20,785,000		20,785,000	18,450,945		18,450,945	2,334,055
AHS Renovations and Additions	25,998,000	4,700,000	30,698,000	1,443,763	10,290,519	11,734,282	18,963,718
Total Board of Education	<u>47,907,435</u>	<u>4,880,842</u>	<u>52,788,277</u>	<u>20,591,761</u>	<u>10,748,729</u>	<u>31,340,490</u>	<u>21,447,787</u>
Total	<u>\$ 58,183,392</u>	<u>\$ 7,992,598</u>	<u>\$ 66,175,990</u>	<u>\$ 29,143,643</u>	<u>\$ 12,232,313</u>	<u>\$ 41,375,956</u>	<u>\$ 24,800,034</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.

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

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.

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.

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, 2007

	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	Town Aid Road Fund
ASSETS							
Investments	\$	\$	\$	\$	\$	\$	\$
Receivables:							
Sewer assessments	6,042						
Intergovernmental		15,204	14,352		102,083		
Due from other funds	2,392,568	23,612	88,292	53,521		28,661	39,755
Other			3,530	1,609			
Total Assets	\$ 2,398,610	\$ 38,816	\$ 106,174	\$ 55,130	\$ 102,083	\$ 28,661	\$ 39,755
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 15,730	\$ 40	\$	\$ 13,690	\$ 20,695	\$ 4,266	\$ 24,523
Due to other funds					79,212		
Unearned revenue	345,468	25,031	32,201				
Total liabilities	361,198	25,071	32,201	13,690	99,907	4,266	24,523
Fund Balances:							
Reserved for encumbrances	426,754			3,145			
Reserved for debt service							
Total reserved	426,754	-	-	3,145	-	-	-
Unreserved:							
Unreserved and undesignated	1,610,658	13,745	73,973	38,295	2,176	24,395	15,232
Total fund balances	2,037,412	13,745	73,973	41,440	2,176	24,395	15,232
Total Liabilities and Fund Balances	\$ 2,398,610	\$ 38,816	\$ 106,174	\$ 55,130	\$ 102,083	\$ 28,661	\$ 39,755

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

JUNE 30, 2007

	Special Revenue Funds				Capital Projects Fund	
	Use of School Facilities Fund	Fisher Meadow Maintenance Fund	Total	Debt Service Fund	Capital and Nonrecurring Expenditures Fund	Total Nonmajor Governmental Funds
ASSETS						
Investments	\$	\$ 53,701	\$ 53,701	\$	\$	\$ 53,701
Receivables:						
Sewer assessments			6,042			6,042
Intergovernmental			131,639		6,298	137,937
Due from other funds	18,365		2,644,774	383,591	287,611	3,315,976
Other			5,139			5,139
58 Total Assets	\$ 18,365	\$ 53,701	\$ 2,841,295	\$ 383,591	\$ 293,909	\$ 3,518,795
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$	\$	\$ 78,944	\$	\$ 533	\$ 79,477
Due to other funds			79,212			79,212
Unearned revenue			402,700			402,700
Total liabilities	-	-	560,856	-	533	561,389
Fund Balances:						
Reserved for encumbrances			429,899			429,899
Reserved for debt service			-	383,591		383,591
Total reserved	-	-	429,899	383,591	-	813,490
Unreserved:						
Unreserved and undesignated	18,365	53,701	1,850,540		293,376	2,143,916
Total fund balances	18,365	53,701	2,280,439	383,591	293,376	2,957,406
Total Liabilities and Fund Balances	\$ 18,365	\$ 53,701	\$ 2,841,295	\$ 383,591	\$ 293,909	\$ 3,518,795

TOWN OF AVON, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2007

	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	Town Aid Road Fund
Revenues:							
Intergovernmental	\$	\$ 1,375,136	\$ 117,238	\$	\$ 102,083	\$	\$ 152,321
Charges for services	1,302,546		913,858	349,003			
Investment income							
Other local revenues						5,353	
Total revenues	<u>1,302,546</u>	<u>1,375,136</u>	<u>1,031,096</u>	<u>349,003</u>	<u>102,083</u>	<u>5,353</u>	<u>152,321</u>
Expenditures:							
Current:							
General government							
Public safety							
Public works	1,076,329				102,083		138,053
Recreation and parks				335,109		10,049	
Education		1,374,743	1,081,248				
Capital outlay							
Total expenditures	<u>1,076,329</u>	<u>1,374,743</u>	<u>1,081,248</u>	<u>335,109</u>	<u>102,083</u>	<u>10,049</u>	<u>138,053</u>
Excess (Deficiency) of Revenues over Expenditures	<u>226,217</u>	<u>393</u>	<u>(50,152)</u>	<u>13,894</u>	<u>-</u>	<u>(4,696)</u>	<u>14,268</u>
Other Financing Sources (Uses):							
Transfers in							
Transfers out	(16,714)						
Net other financing sources (uses)	<u>(16,714)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	209,503	393	(50,152)	13,894	-	(4,696)	14,268
Fund Balances at Beginning of Year	<u>1,827,909</u>	<u>13,352</u>	<u>124,125</u>	<u>27,546</u>	<u>2,176</u>	<u>29,091</u>	<u>964</u>
Fund Balances at End of Year	\$ 2,037,412	\$ 13,745	\$ 73,973	\$ 41,440	\$ 2,176	\$ 24,395	\$ 15,232

(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, 2007

	Special Revenue Funds				Capital Projects Fund	
	Use of School Facilities Fund	Fisher Meadow Maintenance Fund	Total	Debt Service Fund	Capital and Nonrecurring Expenditures Fund	Total Nonmajor Governmental Funds
Revenues:						
Intergovernmental	\$	\$	\$ 1,746,778	\$	\$ 6,298	\$ 1,753,076
Charges for services			2,565,407			2,565,407
Investment income		2,795	2,795			2,795
Other local revenues	44,264	6,366	55,983			55,983
Total revenues	<u>44,264</u>	<u>9,161</u>	<u>4,370,963</u>	<u>-</u>	<u>6,298</u>	<u>4,377,261</u>
Expenditures:						
Current:						
General government			-	74,980		74,980
Public safety			-	115,264		115,264
Public works			1,316,465	8,022		1,324,487
Health and social services			-	2,031		2,031
Education-cultural			-	2,357		2,357
Recreation and parks			345,158			345,158
Education	28,582		2,484,573			2,484,573
Capital outlay			-		91,559	91,559
Total expenditures	<u>28,582</u>	<u>-</u>	<u>4,146,196</u>	<u>202,654</u>	<u>91,559</u>	<u>4,440,409</u>
Excess (Deficiency) of Revenues over Expenditures	<u>15,682</u>	<u>9,161</u>	<u>224,767</u>	<u>(202,654)</u>	<u>(85,261)</u>	<u>(63,148)</u>
Other Financing Sources (Uses):						
Transfers in			-	300,000	180,075	480,075
Transfers out	(40,000)		(56,714)			(56,714)
Net other financing sources (uses)	<u>(40,000)</u>	<u>-</u>	<u>(56,714)</u>	<u>300,000</u>	<u>180,075</u>	<u>423,361</u>
Net Change in Fund Balances	(24,318)	9,161	168,053	97,346	94,814	360,213
Fund Balances at Beginning of Year	<u>42,683</u>	<u>44,540</u>	<u>2,112,386</u>	<u>286,245</u>	<u>198,562</u>	<u>2,597,193</u>
Fund Balances at End of Year	<u>\$ 18,365</u>	<u>\$ 53,701</u>	<u>\$ 2,280,439</u>	<u>\$ 383,591</u>	<u>\$ 293,376</u>	<u>\$ 2,957,406</u>

TOWN OF AVON, CONNECTICUT

SEWER FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	2007			Variance with Final Budget	2006
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Sewer assessments	\$ 6,500	\$ 6,500	\$ 6,500	\$ -	\$ 6,500
Sewer connections	38,250	38,250	29,000	(9,250)	45,756
Sewer use charges	1,156,518	1,156,518	1,255,183	98,665	1,232,517
Permits and inspections	2,500	2,500	4,500	2,000	7,772
Interest and lien fees	1,000	1,000	7,363	6,363	6,575
Other local revenues				-	650
Total revenues	<u>1,204,768</u>	<u>1,204,768</u>	<u>1,302,546</u>	<u>97,778</u>	<u>1,299,770</u>
Expenditures:					
Current:					
Public works	1,147,366	1,147,366	979,044	168,322	1,061,101
Debt service	57,402	57,402	57,402	-	59,238
Total expenditures	<u>1,204,768</u>	<u>1,204,768</u>	<u>1,036,446</u>	<u>168,322</u>	<u>1,120,339</u>
Excess of Revenues over Expenditures			<u>266,100</u>	<u>266,100</u>	<u>179,431</u>
Other Financing Sources (Uses):					
Transfers in (out)		<u>16,714</u>	<u>(16,714)</u>	<u>(33,428)</u>	<u>(334,000)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 16,714</u>	<u>249,386</u>	<u>\$ 232,672</u>	<u>(154,569)</u>
Fund Balances at Beginning of Year			<u>1,361,273</u>		<u>1,515,842</u>
Fund Balances at End of Year			<u>\$ 1,610,659</u>		<u>\$ 1,361,273</u>

Reconciliation to GAAP Basis

	Expenditures	Fund Balance
Balance, Budgetary Basis - June 30, 2007	\$ 1,036,446	\$ 1,610,659
Encumbrances outstanding at June 30, 2006, liquidated during the year ended June 30, 2007	39,883	
Encumbrances outstanding at June 30, 2006, still outstanding at June 30, 2007		<u>426,753</u>
Balance, GAAP Basis - June 30, 2007	<u>\$ 1,076,329</u>	<u>\$ 2,037,412</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, 2007

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	<u>2007</u>				<u>2006</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:					
Intergovernmental	\$ 425,000	\$ 1,374,743	\$ 1,375,136	\$ 393	\$ 1,260,519
Expenditures:					
Education	<u>425,000</u>	<u>1,374,743</u>	<u>1,374,743</u>	<u>-</u>	<u>1,247,167</u>
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	393	\$ <u>393</u>	13,352
Fund Balances at Beginning of Year			<u>13,352</u>		<u>-</u>
Fund Balances at End of Year			\$ <u>13,745</u>		\$ <u>13,352</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, 2007

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	2007				2006
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental	\$ 35,994	\$ 79,401	\$ 117,238	\$ 37,837	\$ 90,790
Charges for services	<u>481,103</u>	<u>910,825</u>	<u>913,858</u>	<u>3,033</u>	<u>880,104</u>
Total revenues	517,097	990,226	1,031,096	40,870	970,894
Expenditures:					
Education	<u>517,097</u>	<u>1,081,248</u>	<u>1,081,248</u>		<u>917,015</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>-</u>	\$ <u>(91,022)</u>	(50,152)	\$ <u>40,870</u>	53,879
Fund Balances at Beginning of Year			<u>124,125</u>		<u>70,246</u>
Fund Balances at End of Year			\$ <u>73,973</u>		\$ <u>124,125</u>

TOWN OF AVON, CONNECTICUT

RECREATIONAL ACTIVITIES FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	<u>2007</u>			<u>Variance</u>	<u>2006</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>with</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>		<u>Final</u>	
				<u>Budget</u>	
Revenues:					
Charges for services	\$ 357,433	\$ 357,433	\$ 349,003	\$ (8,430)	\$ 346,799
Expenditures:					
Recreation and parks	<u>357,433</u>	<u>357,433</u>	<u>334,173</u>	<u>23,260</u>	<u>358,229</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>14,830</u>	<u>14,830</u>	<u>(11,430)</u>
Other Financing Sources (Uses):					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>14,830</u>	<u>\$ 14,830</u>	<u>(16,430)</u>
Fund Balances at Beginning of Year			<u>23,465</u>		<u>39,895</u>
Fund Balances at End of Year			<u>\$ 38,295</u>		<u>\$ 23,465</u>

Reconciliation to GAAP Basis

	<u>Expenditures</u>	<u>Fund Balance</u>
Balance, Budgetary Basis - June 30, 2007	\$ 334,173	\$ 38,295
Encumbrances outstanding at June 30, 2006, liquidated during the year ended June 30, 2007	936	
Encumbrances outstanding at June 30, 2006, still outstanding at June 30, 2007	<u>-</u>	<u>3,145</u>
Balance, GAAP Basis - June 30, 2007	<u>\$ 335,109</u>	<u>\$ 41,440</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, 2007

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	<u>2007</u>				<u>2006</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:					
Intergovernmental	\$ 98,842	\$ 102,083	\$ 102,083	\$ -	\$ 101,018
Expenditures:					
Public works	<u>98,842</u>	<u>102,083</u>	<u>102,083</u>	<u>-</u>	<u>98,842</u>
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	2,176
Fund Balances at Beginning of Year			<u>2,176</u>		<u>-</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 ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2007

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	<u>2007</u>				<u>2006</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:					
Other local revenues	\$	\$	\$ 5,353	\$ 5,353	\$ 8,242
Expenditures:					
Recreation and parks	<u>15,500</u>	<u>15,500</u>	<u>10,049</u>	<u>5,451</u>	<u>2,312</u>
Excess (Deficiency) of Revenues over Expenditures	(15,500)	(15,500)	(4,696)	10,804	5,930
Other Financing Sources:					
Appropriation of fund balance	<u>15,500</u>	<u>15,500</u>	<u>-</u>	<u>(15,500)</u>	<u>-</u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	(4,696)	\$ <u>(4,696)</u>	5,930
Fund Balances at Beginning of Year			<u>29,091</u>		<u>23,161</u>
Fund Balances at End of Year			\$ <u>24,395</u>		\$ <u>29,091</u>

TOWN OF AVON, CONNECTICUT

TOWN AID ROAD FUND

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

**FOR THE YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)**

	<u>2007</u>				<u>2006</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:					
Intergovernmental	\$ 124,578	\$ 139,863	\$ 152,321	\$ 12,458	\$ 140,502
Expenditures:					
Public works	<u>124,578</u>	<u>139,863</u>	<u>138,053</u>	<u>1,810</u>	<u>139,538</u>
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	14,268	\$ <u>14,268</u>	964
Fund Balances at Beginning of Year			<u>964</u>		<u>-</u>
Fund Balances at End of Year			\$ <u>15,232</u>		\$ <u>964</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, 2007
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)**

	<u>2007</u>				<u>2006</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:					
Other local revenues	\$ 12,500	\$ 28,582	\$ 44,264	\$ 15,682	\$ 51,477
Expenditures:					
Education	<u>12,500</u>	<u>28,582</u>	<u>28,582</u>	<u>-</u>	<u>31,516</u>
Excess of Revenues over Expenditures	-	-	15,682	15,682	19,961
Other Financing Uses:					
Transfer out	<u>-</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>(40,000)</u>	(24,318)	\$ <u>15,682</u>	19,961
Fund Balances at Beginning of Year			<u>42,683</u>		<u>22,722</u>
Fund Balances at End of Year			\$ <u>18,365</u>		\$ <u>42,683</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, 2007

	<u>Project Appropriations July 1, 2006</u>	<u>Additions (Reductions)</u>	<u>Project Appropriations June 30, 2007</u>	<u>Expenditures Incurred to July 1, 2006</u>	<u>Current Year Expenditures</u>	<u>Expenditures Incurred to June 30, 2007</u>	<u>Unexpended Appropriations June 30, 2007</u>
General Government:							
Sidewalks	\$ 50,000	\$	\$ 50,000	\$	\$	\$	\$ 50,000
Revaluation (2003)	270,030	13,361	283,391	270,030	13,361	283,391	-
Thomson Old Farms Redesign	15,000		15,000				15,000
Farmington River Trail		6,298	6,298		6,288	6,288	10
Old Farms Road/Thomson Rd DE	85,000		85,000	2,626		2,626	82,374
Town Hall Renovations	746,755	16,714	763,469	734,898	28,571	763,469	-
Lakeview Water Ext	378,000		378,000	360,563		360,563	17,437
Ⓔ Secret Lake Drainage	30,000		30,000				30,000
Town Hall Renovations Bld		50,000	50,000		43,339	43,338	6,662
Deercliff/Old Farms/Thompson	20,000		20,000				20,000
Design Sycamore Bathhouse	604,900		604,900	604,883		604,883	17
150 Thompson Road Property	381,486		381,486	381,486		381,486	-
Old Farms Bridge Project 04-116	305,370		305,370	257,614		257,614	47,756
Country Club Road - Reconstruction	<u>491,901</u>		<u>491,901</u>	<u>479,170</u>		<u>479,170</u>	<u>12,731</u>
Total Capital and Nonrecurring	<u>\$ 3,656,928</u>	<u>\$ 86,373</u>	<u>\$ 3,743,301</u>	<u>\$ 3,369,583</u>	<u>\$ 91,559</u>	<u>\$ 3,461,141</u>	<u>\$ 282,160</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.

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, Nonorganized 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.

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

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2007

	Pension Trust Funds*							Total Pension and Employee Benefit Trust Funds
	Police	Public Works	Non- Organized	Board of Education	Dispatchers	Total Pension Trust Funds	Postemployment Healthcare Fund	
ASSETS								
Investments, at fair value:								
Pooled fixed income						-		-
Guaranteed interest contract	\$ 354,833	\$ 69,118	\$ 327,722	\$ 987,587	\$ 5,692	\$ 1,744,952	\$	\$ 1,744,952
Money market mutual funds	3,994,457	1,053,349	3,253,296	833,579	231,471	9,366,152	758,971	10,125,123
Small/mid capitalization equity mutual funds	224,811	54,861	170,022	47,256	13,529	510,479	405,442	915,921
International equity mutual funds	625,130	156,110	482,146	133,287	34,991	1,431,664		1,431,664
Core equity mutual funds	4,743,587	1,238,316	3,809,319	942,075	275,210	11,008,507	110,842	11,119,349
Total investments	<u>9,942,818</u>	<u>2,571,754</u>	<u>8,042,505</u>	<u>2,943,784</u>	<u>560,893</u>	<u>24,061,754</u>	<u>1,275,255</u>	<u>25,337,009</u>
Accounts receivable:								
Employer						-	252,988	252,988
Employee	373		(373)	156,381		156,381		156,381
Total accounts receivable	<u>373</u>	<u>-</u>	<u>(373)</u>	<u>156,381</u>	<u>-</u>	<u>156,381</u>	<u>252,988</u>	<u>409,369</u>
Due from other funds						-	125,000	125,000
NET ASSETS								
Net Assets Held in Trust for Pension Benefits and Other Purposes	<u>\$ 9,943,191</u>	<u>\$ 2,571,754</u>	<u>\$ 8,042,132</u>	<u>\$ 3,100,165</u>	<u>\$ 560,893</u>	<u>\$ 24,218,135</u>	<u>\$ 1,653,243</u>	<u>\$ 25,871,378</u>

* Pension and employee benefit trust funds are reported at December 31, 2006.

TOWN OF AVON, CONNECTICUT

FIDUCIARY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

	Pension Trust Funds *					Total Pension Trust Funds	Postemployment Healthcare Fund	Total Pension and Employee Benefit Trust Funds
	Police	Public Works	Non-Organized	Board of Education	Dispatchers			
Additions:								
Contributions:								
Employer	\$ 531,162	\$ 216,922	\$ 433,205	\$ 76,088	\$ 20,220	\$ 1,277,597	\$ 591,103	\$ 1,868,700
Plan members	184,104	41,854	233,413	335,454	3,936	798,761		798,761
Total contributions	<u>715,266</u>	<u>258,776</u>	<u>666,618</u>	<u>411,542</u>	<u>24,156</u>	<u>2,076,358</u>	<u>591,103</u>	<u>2,667,461</u>
Investment income:								
Net appreciation in fair value of investments	654,805	162,600	506,333	127,877	37,174	1,488,789	63,029	1,551,818
Interest and dividends	338,753	83,868	269,050	132,745	18,575	842,991	40,068	883,059
Total investment income	<u>993,558</u>	<u>246,468</u>	<u>775,383</u>	<u>260,622</u>	<u>55,749</u>	<u>2,331,780</u>	<u>103,097</u>	<u>2,434,877</u>
Less investment expenses	<u>58,820</u>	<u>14,536</u>	<u>46,808</u>	<u>24,139</u>	<u>3,240</u>	<u>147,543</u>	<u>25</u>	<u>147,568</u>
Net investment income	<u>934,738</u>	<u>231,932</u>	<u>728,575</u>	<u>236,483</u>	<u>52,509</u>	<u>2,184,237</u>	<u>103,072</u>	<u>2,287,309</u>
Total additions	<u>1,650,004</u>	<u>490,708</u>	<u>1,395,193</u>	<u>648,025</u>	<u>76,665</u>	<u>4,260,595</u>	<u>694,175</u>	<u>4,954,770</u>
Deductions:								
Benefits	1,194,067	213,833	499,574	240,963	33,303	2,181,740	338,115	2,519,855
Administration	2,071	1,103	2,254	3,636	58	9,122		9,122
Total deductions	<u>1,196,138</u>	<u>214,936</u>	<u>501,828</u>	<u>244,599</u>	<u>33,361</u>	<u>2,190,862</u>	<u>338,115</u>	<u>2,528,977</u>
Transfers In							<u>125,000</u>	<u>125,000</u>
Changes in Net Assets	453,866	275,772	893,365	403,426	43,304	2,069,733	481,060	2,550,793
Net Assets at Beginning of Year	<u>9,489,325</u>	<u>2,295,982</u>	<u>7,148,767</u>	<u>2,696,739</u>	<u>517,589</u>	<u>22,148,402</u>	<u>1,172,183</u>	<u>23,320,585</u>
Net Assets at End of Year	<u>\$ 9,943,191</u>	<u>\$ 2,571,754</u>	<u>\$ 8,042,132</u>	<u>\$ 3,100,165</u>	<u>\$ 560,893</u>	<u>\$ 24,218,135</u>	<u>\$ 1,653,243</u>	<u>\$ 25,871,378</u>

* Pension and employee benefit trust funds are reported for the year ended December 31, 2006.

TOWN OF AVON, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
ASSETS				
Cash:				
High school student activity fund	\$ 101,083	\$ 521,897	\$ 499,897	\$ 123,083
Middle school student activity fund	20,318	119,750	106,840	33,228
Roaring Brook student activity fund	4,013	24,018	23,658	4,373
Pine Grove student activity fund	32,380	15,736	14,948	33,168
Thompson Brook student activity fund	8,349	44,909	42,027	11,231
Total cash	<u>166,143</u>	<u>726,310</u>	<u>687,370</u>	<u>205,083</u>
Due from Other Funds:				
Board of Education special programs	<u>453,618</u>	<u>1,413,688</u>	<u>1,838,738</u>	<u>28,568</u>
Total Assets	<u>\$ 619,761</u>	<u>\$ 2,139,998</u>	<u>\$ 2,526,108</u>	<u>\$ 233,651</u>
LIABILITIES				
Accounts Payable:				
High school student activity fund	\$ 101,083	\$ 521,897	\$ 499,897	\$ 123,083
Middle school student activity fund	20,318	119,750	106,840	33,228
Roaring Brook student activity fund	4,013	24,018	23,658	4,373
Pine Grove student activity fund	32,380	15,736	14,948	33,168
Thompson Brook student activity fund	8,349	44,909	42,027	11,231
Board of Education special programs	<u>453,618</u>	<u>1,413,688</u>	<u>1,838,738</u>	<u>28,568</u>
Total Liabilities	<u>\$ 619,761</u>	<u>\$ 2,139,998</u>	<u>\$ 2,526,108</u>	<u>\$ 233,651</u>

TOWN OF AVON, CONNECTICUT
LONG-TERM DEBT OBLIGATIONS
SCHEDULE OF BOND MATURITIES
JUNE 30, 2007

Description	Original Issue		Year Ending			
	Amount	Date	June 30,	Principal	Interest	Total
General Purposes:						
Bonds:						
Avon Police Department	\$ 1,800,000	9-15-97	2008	\$ 135,000	\$ 29,710	\$ 164,710
Renovations			2009	135,000	23,298	158,298
Interest payable March 15			2010	135,000	16,750	151,750
and September 15 of each			2011	100,000	10,000	110,000
year at 4.25-6.25%;			2012	100,000	5,000	105,000
principal payable - March						
				605,000	84,758	689,758
Sewer Interceptor	\$ 550,000	7-15-98	2008	44,250	11,292	55,542
Interest payable January 15			2009	44,250	9,412	53,662
and July 15 of each			2010	44,250	7,488	51,738
year at 4.10-4.75%;			2011	44,250	5,518	49,768
principal payable - January			2012	44,250	3,526	47,776
			2013	33,750	1,536	35,286
				255,000	38,772	293,772
Fisher Farms Open Space	\$ 1,295,000	7-15-02	2008	131,000	31,868	162,868
Interest payable December 15			2009	100,000	27,283	127,283
and June 15 of each			2010	100,000	23,533	123,533
year at 3.0-5.0%;			2011	70,000	19,783	89,783
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	82,000	4,100	86,100
				811,000	156,094	967,094
M H Rhodes Property	\$ 600,000	5-04-07	2008		21,420	21,420
Interest payable November 1			2009		21,600	21,600
and May 1 of each			2010	600,000	21,600	621,600
year at 3.60%;				600,000	64,620	664,620
principal payable						
May 1, 2010						
Total General Purposes				2,271,000	344,244	2,615,244

(Continued on next page)

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

JUNE 30, 2007

Description	Original Issue		Year Ending June 30,	Principal	Interest	Total
	Amount	Date				
Schools:						
Bonds:						
School Construction - Roaring Brook Elementary School	\$ 5,670,000	1-15-94	2008	\$ 400,000	\$ 38,000	\$ 438,000
Renovations			2009	400,000	19,200	419,200
Interest payable June 15 and December 15 of each year at 4.0-5.0%; principal payable - June				800,000	57,200	857,200
School Construction - Avon High School	\$ 4,300,000	9-15-97	2008	315,000	70,990	385,990
Renovations			2009	315,000	56,028	371,028
Interest payable March 15 and September 15 of each year at 4.25-6.25%; principal payable - March			2010	315,000	40,750	355,750
			2011	250,000	25,000	275,000
			2012	250,000	12,500	262,500
				1,445,000	205,268	1,650,268
School Construction - Avon High School	\$ 5,825,000	1-15-98	2008	450,000	103,050	553,050
Renovations			2009	450,000	83,475	533,475
Interest payable January 15 and July 15 of each year at 4.0-5.75%; principal payable - January			2010	450,000	63,450	513,450
			2011	450,000	43,200	493,200
			2012	450,000	22,500	472,500
				2,250,000	315,675	2,565,675
School Construction - Avon High School	\$ 6,915,000	7-15-98	2008	555,750	142,164	697,914
Renovations			2009	555,750	118,546	674,296
Interest payable January 15 and July 15 of each year at 4.10-4.75%; principal payable - January			2010	555,750	94,370	650,120
			2011	555,750	69,640	625,390
			2012	555,750	44,630	600,380
			2013	431,250	19,622	450,872
				3,210,000	488,972	3,698,972
School Construction - Thompson Brook School	\$ 14,245,000	7-15-02	2008	1,469,000	346,517	1,815,517
Interest payable December 15 and June 15 of each year at 3.0-5.0%; principal payable - June			2009	1,100,000	295,102	1,395,102
			2010	1,100,000	253,852	1,353,852
			2011	780,000	212,602	992,602
			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
				8,809,000	1,699,706	10,508,706
Total Schools				16,514,000	2,766,821	19,280,821
Grand Total - All Bonded Debt				\$ 18,785,000	\$ 3,111,065	\$ 21,896,065

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.

Contents	Page
Financial Trends	75-78
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	79-81
These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	
Debt Capacity	82-86
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	87-88
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	
Operating Information	89-91
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

TOWN OF AVON, CONNECTICUT

NET ASSETS BY COMPONENT

**SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)**

	FISCAL YEAR				
	2003	2004	2005	2006	2007
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
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>
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>
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
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>
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>

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
Expenses:					
Governmental activities:					
General government	\$ 2,350,087	\$ 2,520,267	\$ 2,506,909	\$ 2,824,138	\$ 2,697,324
Public safety	6,481,170	6,783,676	6,810,733	7,844,237	7,752,887
Public works	5,163,486	5,596,299	5,610,986	5,768,387	5,615,483
Health and social services	290,106	297,004	312,488	335,363	339,011
Recreation and parks	1,019,021	1,159,712	1,173,172	1,231,112	1,192,893
Educational cultural	1,145,107	1,182,875	1,165,935	1,252,539	1,271,577
Conservation and development	489,625	480,149	475,086	485,796	480,105
Board of Education	33,056,208	35,157,771	36,861,285	41,312,587	42,831,505
Interest expense	1,804,113	1,220,937	1,049,650	976,068	1,164,309
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>
Program Revenues:					
Governmental activities:					
Charges for services	4,007,310	4,368,055	4,750,233	4,744,462	4,268,592
Operating grants and contributions	2,809,001	2,858,754	2,942,406	4,703,647	5,187,201
Capital grants and contributions	3,974,876	1,791,485	264,316	45,436	211,460
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>
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>
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
Grants and contributions not restricted to specific programs	388,628	396,446	447,711	420,814	471,823
Unrestricted investment earnings	273,327	177,347	430,329	1,229,679	1,923,744
Miscellaneous	100,334	173,665	117,250	280,849	370,776
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>
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>

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)

	FISCAL YEAR									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund:										
Reserved	\$ 672,049	\$ 1,075,561	\$ 856,803	\$ 508,753	\$ 653,454	\$ 758,851	\$ 862,630	\$ 908,877	\$ 147,535	\$ 17,118
Unreserved	<u>3,249,466</u>	<u>3,411,487</u>	<u>3,517,575</u>	<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>
Total General Fund	<u>\$ 3,921,515</u>	<u>\$ 4,487,048</u>	<u>\$ 4,374,378</u>	<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>
All other governmental funds:										
Reserved	\$ 619,284	\$ 500,017	\$ 493,796	\$ 12,981,333	\$ 634,249	\$ 534,749	\$ 860,651	\$ 627,941	\$ 756,962	\$ 813,490
Unreserved, reported in:										
Special revenue funds	352,436	763,140	944,101	766,854	803,078	1,420,380	1,675,926	1,892,462	1,641,669	1,850,540
Capital projects funds	<u>6,224,203</u>	<u>2,703,834</u>	<u>2,215,368</u>	<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>
Total All Other Governmental Funds	<u>\$ 7,195,923</u>	<u>\$ 3,966,991</u>	<u>\$ 3,653,265</u>	<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>

TOWN OF AVON, CONNECTICUT

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

	FISCAL YEAR									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues:										
Property taxes	\$ 32,065,683	\$ 33,452,558	\$ 35,684,384	\$ 37,492,652	\$ 41,342,284	\$ 44,995,486	\$ 48,012,671	\$ 49,213,013	\$ 52,054,364	\$ 54,940,024
Intergovernmental (state and federal grants)*	3,154,269	3,547,972	853,371	1,134,131	1,253,894	5,498,502	4,082,975	4,537,713	5,908,147	6,223,583
Licenses, fees and permits	939,095	1,005,863	3,923,772	6,091,563	5,843,727					
Charges for services	1,475,407	1,553,502	1,660,960	1,823,483	2,061,259	4,144,002	4,462,440	4,754,726	4,735,059	4,268,644
Contributions**						324,293	25,620	45,850	30,300	6,300
Investment income	1,263,991	938,129	1,034,919	1,542,114	689,389	273,327	177,347	430,329	1,229,679	1,923,744
Other local revenues	252,476	334,116	819,260	229,825	162,529	109,187	173,665	165,404	280,849	370,776
Total revenues	<u>39,150,921</u>	<u>40,832,140</u>	<u>43,976,666</u>	<u>48,313,768</u>	<u>51,353,082</u>	<u>55,344,797</u>	<u>56,934,718</u>	<u>59,147,035</u>	<u>64,238,398</u>	<u>67,733,071</u>
Expenditures:										
Town Council:										
General government	1,874,443	1,857,736	1,733,294	1,866,029	2,179,856	2,049,196	2,214,074	2,275,478	2,332,582	2,534,553
Public safety	4,746,221	4,884,038	4,983,579	5,423,148	5,550,091	5,935,154	6,354,328	6,597,926	7,190,774	7,492,029
Public works	2,970,092	3,378,923	3,435,013	3,644,754	3,541,216	4,045,432	4,596,663	4,766,751	4,676,353	4,966,497
Health and social services	246,311	236,083	234,459	254,475	263,479	280,654	292,929	312,136	321,193	339,055
Recreation and parks	584,272	665,311	804,119	792,616	879,885	932,564	994,752	1,075,531	1,104,495	1,114,589
Educational - cultural	713,479	793,025	850,268	923,399	975,163	1,089,118	1,147,023	1,141,214	1,171,991	1,249,963
Conservation and development	271,607	280,984	292,154	320,328	312,057	396,219	471,433	473,635	452,072	480,232
Miscellaneous	296,642	271,310	241,387	361,028	317,050	994,769	468,377	262,733	258,642	244,096
Total Town Council	<u>11,703,067</u>	<u>12,367,410</u>	<u>12,574,273</u>	<u>13,585,777</u>	<u>14,018,797</u>	<u>15,723,106</u>	<u>16,539,579</u>	<u>16,905,404</u>	<u>17,508,102</u>	<u>18,421,014</u>
Board of Education	22,092,182	22,611,556	25,212,620	27,539,305	29,404,265	31,531,774	33,580,967	35,704,437	39,657,600	41,450,613
Debt service:										
Principal	2,460,000	2,425,000	2,775,000	3,075,000	2,800,000	2,500,000	3,445,000	3,655,000	3,255,750	3,330,750
Interest	1,099,583	1,416,585	1,312,533	1,158,507	1,429,183	1,869,062	1,255,887	1,167,048	1,059,348	1,244,954
Capital improvements	11,350,322	5,224,988	2,528,636	6,923,572	14,650,674	6,376,491	2,007,365	1,823,880	3,911,318	12,323,872
Total expenditures	<u>48,705,154</u>	<u>44,045,539</u>	<u>44,403,062</u>	<u>52,282,161</u>	<u>62,302,919</u>	<u>58,000,433</u>	<u>56,828,798</u>	<u>59,255,769</u>	<u>65,392,118</u>	<u>76,771,203</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(9,554,233)</u>	<u>(3,213,399)</u>	<u>(426,396)</u>	<u>(3,968,393)</u>	<u>(10,949,837)</u>	<u>(2,655,636)</u>	<u>105,920</u>	<u>(108,734)</u>	<u>(1,153,720)</u>	<u>(9,038,132)</u>
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	5,825,000				14,245,000	1,295,000				600,000
Bond/BAN issue premium	6,915,000	550,000				155,284				
Loan Proceeds										
Operating transfers in	752,119	1,361,927	2,576,821	2,796,983	2,665,368	1,345,587	2,435,591	1,604,920	2,524,174	2,666,315
Operating transfers out	(752,119)	(1,361,927)	(2,576,821)	(2,470,281)	(2,177,362)	(1,311,491)	(2,514,633)	(1,604,920)	(2,624,174)	(2,866,315)
Total other financing sources (uses)	<u>12,740,000</u>	<u>550,000</u>	<u>-</u>	<u>997,612</u>	<u>14,733,006</u>	<u>1,691,380</u>	<u>(67,512)</u>	<u>250,000</u>	<u>(100,000)</u>	<u>400,000</u>
Net Change in Fund Balances	3,185,767	(2,663,399)	(426,396)	(2,970,781)	3,783,169	(964,256)	38,408	141,266	(1,253,720)	(8,638,132)
Fund Balance at Beginning of Year	<u>7,931,671</u>	<u>11,117,438</u>	<u>8,454,039</u>	<u>8,027,643</u>	<u>5,056,862</u>	<u>8,840,031</u>	<u>7,875,775</u>	<u>7,914,183</u>	<u>8,055,449</u>	<u>6,801,729</u>
Fund Balance at End of Year	<u>\$ 11,117,438</u>	<u>\$ 8,454,039</u>	<u>\$ 8,027,643</u>	<u>\$ 5,056,862</u>	<u>\$ 8,840,031</u>	<u>\$ 7,875,775</u>	<u>\$ 7,914,183</u>	<u>\$ 8,055,449</u>	<u>\$ 6,801,729</u>	<u>\$ (1,836,403)</u>
Debt Service as a Percentage to Noncapital Expenditures	9.53%	9.90%	9.76%	9.33%	8.88%	8.46%	8.57%	8.40%	7.02%	7.10%

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

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

**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						
1998	\$ 1,072,289,590	\$ 232,759,910	\$ 97,048,670	\$ 58,618,810	\$ 92,294,920	\$ 1,460,716,980	21.45	% \$	1,839,543,824	79.4 %
1999	1,093,289,920	235,406,160	100,118,660	58,508,020	93,091,880	1,487,322,760	22.00		1,952,188,866	76.2
2000	1,134,385,780	241,922,500	107,708,510	62,497,370	93,234,790	1,546,514,160	22.42		2,168,057,942	71.3
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

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

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Two Fifty Five West Main LLC	\$ 11,385,620	1	0.51 %	\$		%
Connecticut Light & Power	11,109,530	2	0.50	6,074,500	8	0.41
Jackson, Inc.	9,541,040	3	0.43	7,479,120	6	0.50
Connecticut On-Line Computer	9,442,680	4	0.42			
Nod Brook LLC	9,199,920	5	0.41			
G. David Lattizori	9,131,600	6	0.41	7,534,230	5	0.51
Avon Marketplace Ltd.	8,648,600	7	0.39	6,809,740	7	0.46
Ensign Bickford Realty	8,434,310	8	0.38	14,247,440	1	0.96
Avon Water Company	8,124,110	9	0.36	5,959,150	9	0.40
Avonplace Associates LLC	7,859,940	10	0.35			
Avon Associates Ltd.				11,963,800	2	0.80
Silvio Brighenti				8,709,280	4	0.59
Howard Juster, et. al.				9,047,700	3	0.61
City Club of Hartford, Inc.				5,844,530	10	0.39
	<u>\$ 92,877,350</u>		<u>4.16 %</u>	<u>\$ 83,669,490</u>		<u>5.63 %</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
1998	\$	31,659	\$ 31,391	99.15 %	0.85 %	\$ 415	\$ 31,805	100.46 %
1999		33,192	32,973	99.34	0.66	315	33,288	100.29
2000		35,235	35,073	99.55	0.45	347	35,420	100.52
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	n/a	54,711	99.81

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

TOWN OF AVON, CONNECTICUT

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

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property(1)	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
1998	\$ 22,575,000	1.2272 %	\$ 22,575,000	4.40 %	\$ 1,505
1999	27,615,000	1.4146	27,615,000	5.21	1,782
2000	24,840,000	1.1457	24,840,000	4.60	1,572
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

(1) See Page 79 for taxable property value data.

(2) See Page 87 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

TOWN OF AVON, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 237,850,529	\$ 247,941,225	\$ 263,109,532	\$ 275,888,844	\$ 302,480,185	\$ 327,027,981	\$ 348,473,195	\$ 364,104,930	\$ 383,690,160	\$ 404,046,335
Total net debt applicable to limit	<u>30,179,297</u>	<u>28,304,297</u>	<u>25,360,560</u>	<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>
Legal Debt Margin	<u>\$ 207,671,232</u>	<u>\$ 219,636,928</u>	<u>\$ 237,748,972</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	12.69%	11.42%	9.64%	9.75%	10.17%	9.27%	7.86%	16.21%	16.92%	19.02%

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 2006 debt limit can be found on page 87 of this report.

TOWN OF AVON, CONNECTICUT

**DEBT STATEMENT
AS OF JUNE 30, 2007**

Long-Term Debt:

Bonds:

General public improvement	\$ 2,016,000
School	16,514,000
Sewer	<u>255,000</u>
Total bonds	18,785,000

Short-Term Debt:

Bond anticipation notes	<u>18,000,000</u>
Total direct debt	36,785,000

Less Amount due from State of Connecticut (a)

Existing school bonds	<u>(1,363,333)</u>
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Total Net Direct Debt	<u><u>\$ 35,421,667</u></u>
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(a) For school construction projects approved prior to July 1, 1996, state reimbursement grants are receivable in substantially equal installments over the life of outstanding school bonds. For school building projects approved after July 1, 1996, the State will reimburse the Town for eligible costs at a rate of 25.71% on a progress payment basis during the construction phase.

TOWN OF AVON, CONNECTICUT

CURRENT DEBT RATIOS AS OF JUNE 30, 2007

Population (a)	17,500 (est.)
Net Taxable Grand List (October 1, 2006) (b)	\$ 2,226,999,410
Estimated Full Value (70%)	\$ 3,181,427,728
Equalized Net Taxable Grand List (2005) (c)	\$ 3,909,626,628
Income per Capita (2000) (d)	\$ 51,706

	<u>Total Direct Debt</u>	<u>Total Net Direct Debt</u>	<u>Total Overall Net Debt</u>
	\$ 36,785,000	\$ 35,421,667	\$ 35,421,667
Per Capita	\$ 2,102	\$ 2,024	\$ 2,024
Ratio to Net Taxable Grand List	1.65%	1.59%	1.59%
Ratio to Estimated Full Value	1.16%	1.11%	1.11%
Ratio to Equalized Net Taxable Grand List	0.94%	0.91%	0.91%
Debt per Capita to Income per Capita	4.07%	3.91%	3.91%

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

(b) Revalued October 1, 2003, Town of Avon Division of Assessing

(c) Official Statement, Town of Avon BAN Issue of October 26, 2007

(d) State of Connecticut, Department of Labor

TOWN OF AVON, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2007

Total tax collections (including interest and lien fees) received by Treasurer for current fiscal year	\$ 54,838,754
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>\$ 57,720,905</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	\$ 129,872,036	\$	\$	\$	\$
4-1/2 times base		259,744,073			
3-3/4 times base			216,453,394		
3-1/4 times base				187,592,941	
3 times base					173,162,715
Total debt limitation	<u>129,872,036</u>	<u>259,744,073</u>	<u>216,453,394</u>	<u>187,592,941</u>	<u>173,162,715</u>
Indebtedness:					
Bonds payable	2,016,000	16,514,000	255,000		
Bond anticipation notes payable		18,000,000			
Bond authorized but unissued	4,200,000	37,238,000			
School building grants		(1,363,333)			
Sewer assessment receivable			(6,000)		
Net indebtedness (1)	<u>6,216,000</u>	<u>70,388,667</u>	<u>249,000</u>		
Debt Limitation in Excess of Outstanding Debt	<u>\$ 123,656,036</u>	<u>\$ 189,355,406</u>	<u>\$ 216,204,394</u>	<u>\$ 187,592,941</u>	<u>\$ 173,162,715</u>

(1) The total of the above net indebtedness amounts to: \$ 76,853,667

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 404,046,335

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)
1998	15,000	\$ 513,060	\$ 34,204	40.0	16	2,411	1.8 %
1999	15,500	530,162	34,204	40.0	16	2,512	1.7
2000	15,800	540,423	34,204	37.7	16	2,717	1.1
2001	15,832	541,518	34,204	37.7	16	2,914	1.7
2002	15,832	818,609	51,706	37.7	16	2,984	2.6
2003	16,332	844,462	51,706	37.7	16	3,071	3.2
2004	16,707	863,852	51,706	37.7	16	3,245	3.4
2005	17,082	883,242	51,706	37.7	16	3,319	2.9
2006	17,500	904,855	51,706	37.7	16	3,446	2.7
2007	17,500	904,855	51,706	37.7	16	3,519	3.1

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	2007			1998		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Avon	520	1	0.06 %			
Connecticut On-Line Computer Center	320	2	0.04	212	2	0.03 %
Wal-Mart	220	3	0.02			
Women's Health USA	210	4	0.02			
Big Y Supermarket	195	5	0.02	203	3	0.03
Avon Health Center, Inc.	186	6	0.02			
O.F.S. Fital LLC	177	7	0.02			
Hartford Life & Accident Insurance Co.	158	8	0.02	155	5	0.02
Legere Group	155	9	0.02			
Swiss RE Insurance	140	10	0.02			
Security-Connecticut Life Ins. Co.				440	1	0.06
Eastern Color Printing				158	4	0.02
Spectran Specialty Optics Company				145	6	0.02
A. Rotondo & Sons				124	7	0.02
Caldor, Inc.				104	8	0.01
M.H. Rhodes, Inc.				101	9	0.01
Reflexite Corp.				88	10	0.01
	<u>2,281</u>		<u>0.25 %</u>	<u>1,730</u>		<u>0.25 %</u>

Source: Town of Avon, Official Statements

TOWN OF AVON, CONNECTICUT

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

JUNE 30, 2007

	FISCAL YEAR									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
<u>General Government</u>										
Manager	2.3	2.3	2.3	2.3	2.3	2.0	3.0	3.0	3.0	3.0
Finance	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.0	1.0
Planning	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.5	3.5
Building	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Other	12.7	12.7	12.7	12.7	12.7	12.0	11.0	11.0	11.0	11.0
<u>Public Safety</u>										
Officers	43.0	43.0	42.0	41.0	40.0	39.0	39.0	39.0	39.0	39.0
<u>Public Works</u>	30.0	29.0	29.0	29.0	28.0	29.0	28.0	29.0	29.0	28.0
<u>Parks and Recreation</u>	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
<u>Public Library</u>	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0	5.0
<u>Human Services</u>	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5
<u>Board of Education</u>										
Certified	<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>	<u>312.0</u>	<u>303.0</u>	<u>290.5</u>
Total	<u>505.0</u>	<u>496.0</u>	<u>492.0</u>	<u>506.0</u>	<u>479.0</u>	<u>449.0</u>	<u>423.0</u>	<u>414.0</u>	<u>404.0</u>	<u>390.5</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, 2007

	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<u>General Government</u>										
Marriage licenses issued	125	213	156	174	145	183	176	178	185	152
Civil Unions Recorded (new in 06/07)	2	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Birth certificates issued	137	154	158	153	150	164	155	175	165	166
Death certificates issued	158	194	166	182	181	167	157	155	154	155
<u>Boards and Agencies</u>										
Registered voters	11,087	11,100	11,348	10,488	10,341	10,685	10,564	9,871	10,025	10,025
Elections and referenda	3	3	3	5	3	2	2	4	4	
<u>Planning and Development</u>										
Building permits issued	562	700	750	732	654	600	607	675	667	715
Building inspections conducted	2,524	3,700	3,750	3,984	2,535	2,500	2,500	2,500	2,475	2,208
Value of building permits	24,586,378	23,358,000	51,801,012	36,897,500	49,938,726	33,243,701	53,307,370	26,926,405	40,587,937	39,971,195
<u>Public Safety</u>										
Arrests	292	350	346	351	318	263	250	286	358	221
Parking violations	78	67	101	146	200	203	255	285	307	290
Traffic violations	5,992	5173	5,476	4,982	4,240	4,177	3,095	3,926	5,216	3,860
Emergency responses	1,265	3323	3,136	3,420	4,278	3,871	3,612	3,376	3,576	2,982
Fires extinguished	15	18	17	22	26	22	27	N/A	N/A	N/A
Inspections/fire prevention	1,369	1,488	1,460	1,404	1,540	1,360	1,297	1,244	1,125	993
Calls for service	23,846	30,885	28,940	25,525	31,000	28,140	26,800	29,005	29,506	23,971
Citations issued	4,230	4,014	4,388	3,810	2,594	2,489	2,433	2,993	4,040	3,188
<u>Public Works</u>										
Miles of roads maintained	103	102	100.58	100.13	97.26	96.27	94.95	N/A	93.63	N/A
Refuse collected (tons per year)	1,065	N/A	1,107	1,095	N/A	N/A	N/A	N/A	N/A	N/A
Recyclables collected (tons per year)	933	N/A	809	719	N/A	N/A	N/A	N/A	N/A	N/A
<u>Parks and Recreation</u>										
Total park reservations	4,399	2,934	1,581	1,553	1,413	1,023	998	975	981	970
Total day camp registrations	554	486	467	286	285	290	357	347	288	279
Total swim memberships	530	507	495	447	415	508	574	612	554	498
Pool attendance	17,539	18,009	19,434	12,527	11,155	19,159	20,409	19,768	18,337	19,648
<u>Public Library</u>										
Volumes in collection	80,174	80,000	79,138	80,032	81,758	78,600	73,871	72,345	72,290	69,500
Items circulated	316,758	306,070	300,069	299,178	295,300	238,000	235,246	231,990	227,671	238,718
<u>Human Services</u>										
Senior mini-bus trips	3,601	3,833	3,279	2,950	2,515	2,454	2,663	2,194	2,236	2,310
Households provided energy assistance	49	35	30	30	57	89	104	129	156	164
Households provided food bank assistance	73	75	70	65	65	65	60	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	0	0	0	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, 2007

	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<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	25	20	17	22	25	23	31	28	26	21
Fire vehicles	13	12	12	12	17	15	16	14	14	14
<u>Public Works</u>										
Miles of town roads	104.00	102.00	100.39	100.23	96.57	95.18	94.87	96.00	95.00	94.00
Linear feet of sidewalks	49465	100	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Streetlights	802	787	781	773	760	756	707	688	686	673
Traffic signals	12	12	12	11	11	11	9	9	9	9
Public works vehicles	33	33	32	33	34	31	31	30	29	28
<u>Parks and Recreation</u>										
Acreage (parks only)	1,158	1,155	1,155	1,155	1,155	1,122	807	791	791	779
Parks and greens	14	14	14	14	14	13	11	11	11	10
Athletic fields (includes Board of Education)	30	30	27	27	27	27	25	23	23	23
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	4	4	4	4	4
<u>Water</u>										
Fire hydrant rentals	684	614	595	579	579	573	573	491	491	491
<u>Sewer</u>										
Sanitary sewers (miles)	70.58	68.46	68.07	64.47	61.23	59.6	57.1	57.42	56.97	55.92
Storm sewers (miles)	39.59	38.43	28.23	37.21	34.79	33.63	33.46	33.24	33.24	33.24

Source(s): Various Town Departments

Note: No capital asset indicator is available for the conservation and development function.