

TOWN OF AVON CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared By:
Department of Finance

Director of Finance:
Margaret Colligan

TOWN OF AVON, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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PROBATE

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PUBLIC LIBRARY

281 Country Club Road
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PUBLIC WORKS

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TOWN CLERK

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TDD-HEARING IMPAIRED

Tel. (860) 409-4361

December 14, 2011

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, 2011.

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, 2011, 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, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the Town of Avon

Avon, formerly Northington, or North Parish of Farmington, was settled in 1645. In 1830, after the construction and opening of the Towpath Canal, Avon was incorporated as a separate Town and took its name from the Avon River in England. Avon is located approximately ten miles west of metropolitan Hartford, has a land area of 22.6 square miles and an estimated population of 18,400 according to figures provided by the Town Planner’s office.

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

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

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

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

Local Economy

Avon is a desirable low-density suburban community with excellent schools and a high standard of living. Avon, like many communities in Connecticut, continues to face a number of challenges such as significant decline in growth of new single family housing permits. First noticed four years ago, decline continued through fiscal year 2009-2010 with 14 single family home building permits. In fiscal year 2010-2011, the single family home building permits increased to over double last year's numbers to 32.

As of June 2011, the Town's unemployment rate of 5.7% compares favorably to the state's average of 9.1%. Avon's per capita personal income is \$51,706 versus the state's average, which is \$28,766.

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

The Town's central business district currently enjoys a 95% occupancy rate with a variety of specialty shops and commercial businesses. Presently, there are more than 1,000,000 square feet of existing retail space, 950,000 square feet of office space, and 600,000 square feet of manufacturing space primarily along U.S. Route 44, with traffic counts in the range of 30,000 vehicles per day. The Town estimates there are roughly 400,000 square feet of future expansion availability evenly split between office and industrial with about 150,000 square feet of possible future retail. There are nine bank branch offices located in Town including several national and community based banks. Avon is currently home to three championship golf courses, two private and one public. The Blue Fox Run Golf Course has been voted one of the nation's 10 best woman-friendly public courses. There is a wide array of medical services available in Town, including the Avon Wellness Center, a 75,000-square foot facility operated by Hartford Hospital, Saint Francis Hospital Medical Center housed in a 25,000 square foot facility, and the 20,000 square feet Helen and Harry Gray Cancer Treatment Center operated by Hartford Hospital. Recently completed was the construction of Peachtree Village, a 103 unit elderly housing complex. Several developers are looking into the potential reuse of existing sites and development in the central business district with hopes of creating a small town center incorporating existing businesses with new housing, retail, and educational facilities.

The October 1, 2009 Grand List grew by \$12,378,610 to \$2,618,153,660, or an increase of 0.48%, from the 2008 Grand List of \$2,605,775,050. Real estate increased \$11,807,640, or 0.50%, which was due to the effects of the revaluation as the Grand List growth was relatively flat. Building permits issued for 2010-2011 indicate a total value of new work of \$15,258,874. As the Town physically matures, and growth begins to slow, the emphasis will change from accommodating growth through the expansion of Town and School facilities, to maintenance and upkeep of existing facilities. The current mix of 72% single-family homes and 28% multi-family homes has served the Town well. This ratio has provided opportunities for buyers and renters with varying levels of income as well as age. Avon is recognized as a desirable community in which to live. Hartford Magazine, in its June 2011 issue "Best Towns," ranked Avon first as the most desirable community

among the 15,000 to 30,000 population category. In its November 2005 issue “Rating the Suburbs”, Avon ranked first within the 12,500 to 25,000 population category and in 2008, ranked Avon second in the same category; however, it was ranked number 1 in the economy sub-category. Connecticut Magazine, in its November 2006 issue, ranked Avon fifth overall in the 15,000 to 25,000 population category within Connecticut, on the combined data of education, economy, cost of living, crime and leisure/culture, areas that seem to be important to most people. In July 2005, a national media source, CNN Money, ranked Avon as one of the safest places in the United States to live.

Families with children continue to seek access to Avon’s premier school system, and an increasing number of older active adults anxious to take advantage of Avon’s lifestyle and amenities, have kept housing prices relatively stable. A number of citizens have expressed concern over the rapid development of the Town and its impact on Town services. The fact is that the rate of population growth in terms of the percent increase has actually been declining since the peak during the 1950’s (66% increase from the 1950 population of 3,171 to 5,273 in 1960). The gain in population over the past fifty-five years has been relatively stable, averaging about 2,500 per decade, with the estimated current population in 2011 being 18,400. The impact of this growth on Town services has been gradual, predictable, and manageable. What is not often calculated into the cost of Town services are the transient populations that visit Avon - the commuters passing through Avon, the employees of our businesses, the patrons of our stores, health facilities, tourists and professional offices. This inflow and outflow results in more traffic, additional demands for services and increased use of our municipal infrastructure. Expenditure growth in two functions exceeds the growth of Town expenditures as a whole. For a ten-year period, expenditures in the public works function grew at 56.24%, due to increased demands for services, expenditures for health and social services function grew at 62.71% due to an increase of client services, and expenditures for the Board of Education function grew at 72.17%, due to increased school enrollment, all compared with a 48.39% increase in total Town expenditures.

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

In 2011, Hartford Magazine named Avon High School the number one public high school in Hartford County for the second year in a row. In November 2009 Connecticut Magazine ranked Avon High School as one of Connecticut’s top five public high schools. US News and World Report awarded the school a silver medal in its ranking of America’s Best High Schools in 2009. Newsweek magazine recently ranked Avon High School 281 in a poll of the top 1100 schools in the nation. Avon’s educational system continues to be regarded as one of the best in the State of Connecticut. During the 2010-2011 school year the Avon Public School students scored among the highest in the state in every grade level on the Connecticut Mastery Test (Grades 3-8) and Connecticut Academic Performance Test (Grade 10). In mathematics, the percent of students at/above proficient level exceeded the numbers from the previous year. In reading, scores continued high with grades 4 and 8 showing increases. In writing, students in grades 3, 4, 5, and 8 showed increases from the previous year. In science, students showed increases in grades 5 and 8 and a slight drop in grade 10. In reading, the scores ranged from 87.3% at/above proficient level in grade 3 to 97.9% in grade 8. In mathematics, the scores ranged from 95% at/above proficient level grade 3 to 98.9% in grades 6 and 7. In writing, the scores ranged from 94.7% in grade 7 to 96.8% in grade 4. In science (grades 5, 8 and 10 only), scores range from 96.3% in grade 8 to 98.0% in grade 5. The average SAT results for Avon High School continue to show high student performance with reading at 562, mathematics at 590 and writing at 565.

Long-Term Financial Planning

The Town has acted to establish policies regarding Fund Balance. On December 6, 2001, the Town Council adopted a policy to establish, as a long-term goal, a 10% Unreserved Undesignated General Fund Balance and to retain sufficient undesignated fund balances (10% or more) in the Special Revenue Funds. There was use of \$100,000 of Undesignated General Fund resources for the fiscal year 2010-2011 budget, the second time in five years, but well below the anticipated amount of \$500,000 usually used during the years of revaluation. Even in the face of increasing operating costs for the Town government, Avon has been able to maintain an adequate surplus in its General Fund. To further manage this surplus, the Board of Finance adopted a policy on the use of surplus funds in December of 2006. Use of the funds may be granted by the Board after receiving a showing of substantial support by the requesting authority and finding the “such use will meet an extraordinary need or unusual opportunity.”

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

Avon High School expansion project had highlighted the need for a realistic methodology to estimate changes in the Grand List and in individual property values that can be utilized to project tax impacts of additional town borrowings over various periods of time. The joint effort of the three boards, Town management and the financial advisor led to a “formula” in which residents and business can visit the town website, enter in their individual assessed values, which are also available on the website, and obtain an estimate of the additional tax payments that would be required on a monthly and annual basis to cover the cost of any proposed bonding projects. The Town expanded this methodology by creating a tax calculator that allows residents to view the impact of the revaluation of property when it occurs and for every proposed budget, including the 2010-2011 fiscal year.

The Town presented and adopted at an October 22, 2009 referendum, an appropriation of \$9,500,000, with authorization for the issuance of up to \$8,000,000 of notes and bonds, for the renovations and additions to the Avon Free Public Library. The Library expansion will double the square footage and significantly impact building operating and staff costs. Construction commenced in the winter of 2010, with the ceremonial groundbreaking in early January 2011. The planned improvements will allow the Library to expand its print and non-print collections and the programs offered to the public, which are projected to be needed for the Town’s build out population of 21,000. The Avon Free Public Library has received a \$1,000,000 Connecticut State Library construction grant, with the remainder of this approximately \$9,500,000 total construction project funded by notes, bonds, fundraisers, and donations. On November 2, 2010, the Town issued Bond Anticipation Notes in the amount of \$7,000,000, due November 1, 2011 at a rate of 1.50% for temporary financing for the expansion and renovations. The project is on budget and, despite record snows and a wet spring, generally on schedule with completion slated for the spring of 2012.

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

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

Relevant Financial Policies

The Town accepted \$52,833 in fees in lieu of deeded open space land from developers in 2010-2011 for the Open Space Fund, which is used for the acquisition of open space in other areas of Town. The Town is constantly looking to acquire open space when it makes sense and is reasonably priced. The Town demolished the 1948 Towpath School turning the site into additional green space for Avon center.

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

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

Major Initiatives

Avon is one of five municipalities that collectively applied for, and was awarded, a \$250,000 energy grant through the American Recovery and Reinvestment Act. Each town will have access to \$50,000 to perform energy related activities aimed at increasing efficiency and reducing dependency on fossil fuels.

During recent budget sessions there were many suggestions by a number of citizens that the Town undertake an administrative service review by an outside consultant. In response, the Town Council appointed a committee to hire a consultant, through an RFP process, to explore the combining of Town and Board of Education administrative and operational procedures relating to finance, facilities and human resources. The study is complete, and two administrative improvements resulting from the study are the introduction of time and attendance software and the upgrade to the Town's financial system. These investments will greatly improve the operational efficiency across departments.

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

The Town received several grants managed by the Department of Planning and Community Development. The first was a \$50,000 State grant to study ways of incorporating Low Impact Development, which is preserving and recreating natural landscape features, in land use regulations. Utilizing a \$45,000 State grant allowed the initial design work for an extension of the Farmington Valley Greenway through Avon Park South. Construction has been completed. Together these projects serve to improve pedestrian and bicycle circulation in and around the Town Center.

Awards and Acknowledgements

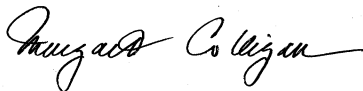
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Avon for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the twenty-sixth consecutive 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, 2011. This was the twenty-seventh consecutive year that the government has achieved this prestigious award. In order to receive this award a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Finance Department, in particular, Charles Lucas and Claudia Peltier. I would like to thank the audit team of Blum, Shapiro & Company, P.C. for their guidance and assistance. Due credit should also be given to the Town Manager, Superintendent of Schools, the Town Council, the Board of Finance, and the Board of Education for their interest and support in planning and conducting the operations of the government in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Margaret Colligan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Margaret Colligan, CPFO
Director of Finance

TOWN OF AVON, CONNECTICUT

PRINCIPAL OFFICIALS

AT JUNE 30, 2011

TOWN COUNCIL

Mark Zacchio, Chairman

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

BOARD OF FINANCE

Thomas F. Harrison, Chairman

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

BOARD OF EDUCATION

Margaret Roell, Chairperson

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

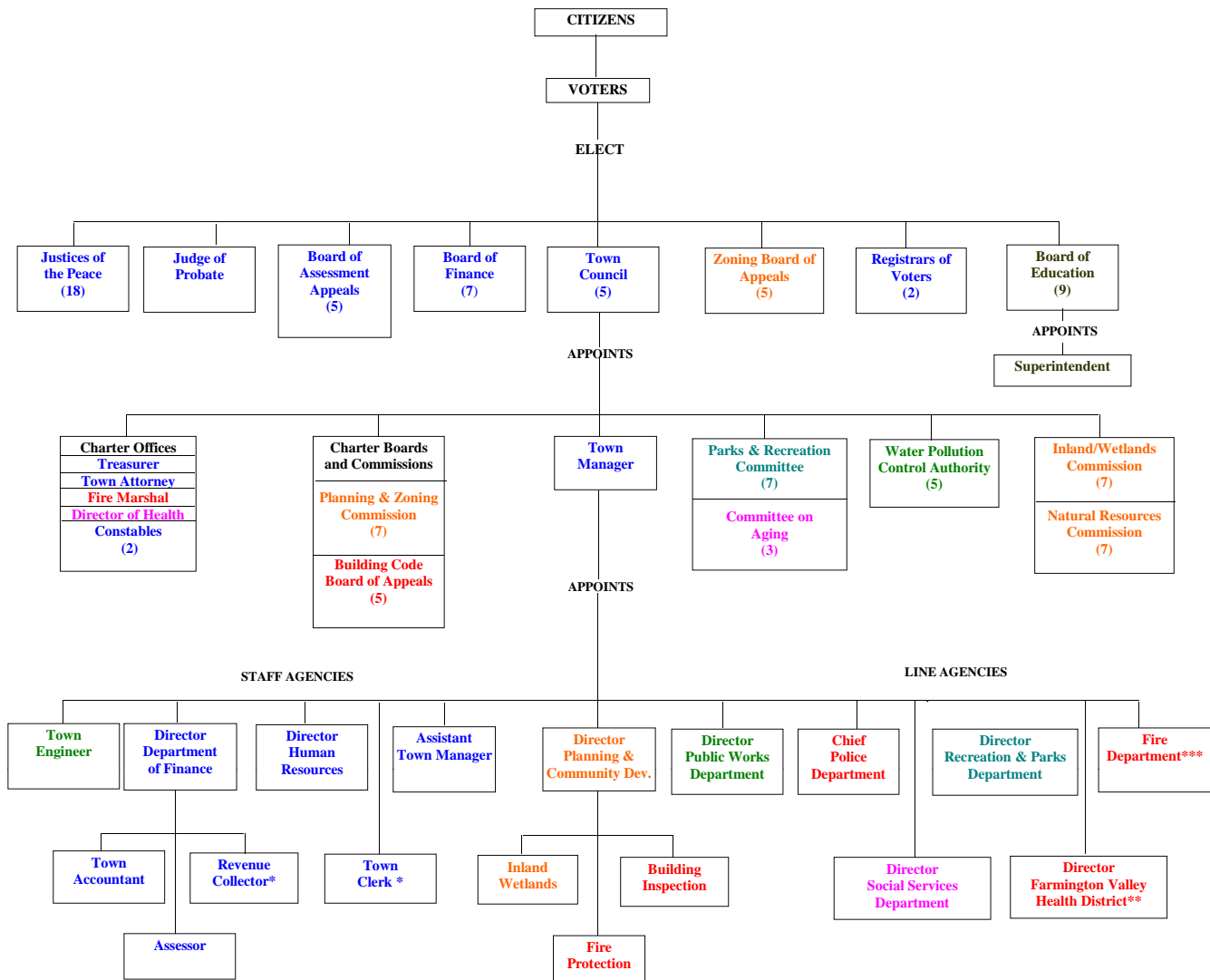
GENERAL GOVERNMENT

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

EDUCATION

Superintendent of Schools	Gary Mala
Director of Finance	Gary Franz

ORGANIZATIONAL CHART FOR THE TOWN OF AVON



* Recommended by Manager, approved by Council.

** The Town participates in a Regional Health District.

*** The Town funds the Avon Volunteer Fire Department.

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

Department of Finance

Director of Finance

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

Division of Accounting

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

Division of Revenue Collection

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

Division of Assessment

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Avon
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Davidson

President

Jeffrey R. Egan

Executive Director



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Avon, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Avon, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town of Avon, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Avon, Connecticut, as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011 on our consideration of the Town of Avon, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 13 and the required supplementary information on pages 56 and 58 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Avon, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and detailed schedule of long-term debt maturities have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Blum, Shapiro & Company, P.C.

December 14, 2011

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011. 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 2011 fiscal year by \$123,673,393 (net assets). Of this amount, \$16,205,739 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets increased by \$5,453,910 primarily due to favorable results in tax collections, intergovernmental revenues, charges for services (revenues exceeded budget appropriations), and return of unused expenditure appropriations.
- As of the close of the current fiscal year, governmental funds reported combining ending fund balances of \$10,885,579, a decrease of \$513,050 in comparison from last year's \$11,398,629. Of this total amount, \$139,024 is nonspendable (prepaid and inventory), \$128,262 use is restricted by governmental grants or other legal restriction, \$2,821,971 is committed by the Town Council (budget-making authority), \$1,786,555 is assigned and \$6,009,767 is unassigned. \$6,084,975 of General Fund and (\$75,208) in CIFA is available for spending at the government's discretion (unassigned fund balance). In CIFA (\$75,208) unassigned fund balance is a negative amount due to the issuance of bond anticipation notes that are reported as a fund liability until the notes are replaced with long-term debt.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,084,975 or 8.53% of total General Fund expenditures and transfers out of \$71,369,758, including the State's contribution and offsetting expenditures for teacher's retirement.
- Total debt decreased by \$3,680,571 or 9.90% to \$33,487,141 (including amortized bond premium) during the current fiscal year.

Overview of the Basic Financial Statement

This discussion and analysis is intended to serve as an introduction to the Town of Avon's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found on Exhibits I and II of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, a proprietary fund and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

Proprietary Fund. The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its self-insured medical benefits. These services benefit governmental functions, thus, they have been included within governmental activities in the government-wide financial statements.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibits IX and X of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 26-58 of this report.

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

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 59-79 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Avon, our assets exceeded liabilities by \$123,673,393 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets, \$107,467,654 (86.90%), 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, 2011 AND 2010

	Governmental Activities	
	2011	2010
Current assets	\$ 23,357,385	\$ 16,058,457
Capital assets	147,954,795	146,402,109
Noncurrent assets	261,469	354,642
Total assets	<u>171,573,649</u>	<u>162,815,208</u>
Long-term liabilities outstanding	33,490,536	36,735,403
Other liabilities	14,409,720	7,860,322
Total liabilities	<u>47,900,256</u>	<u>44,595,725</u>
Net assets:		
Invested in capital assets, net of related debt.	107,467,654	109,234,397
Unrestricted	<u>16,205,739</u>	<u>8,985,086</u>
Total Net Assets	<u>\$ 123,673,393</u>	<u>\$ 118,219,483</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 \$5,453,910 during the current fiscal year. Unrestricted net assets, the portion of net assets that may be used to meet the government's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation or other legal requirements is \$16,205,739. The Town generated net general revenues of \$66,347,885, which exceeded its net operating expenses for governmental activities of \$60,893,975 by the amount of the net asset increase. Gross expenses of \$74,582,906 were offset by \$5,899,335 in charges for services, \$7,603,548 in operating grants and contributions, and \$186,048 in capital grants and contributions. Of the net expenses, the largest amount was \$42,197,423, which was for the operating of the Town's school system. Net public safety expenses of \$7,929,153, public works net outlays of \$3,993,593, net general government costs of \$2,401,307, interest expense of \$1,072,513, and education-cultural (library) expenses of \$1,323,686 accounted for almost all net expenses. The majority of the Town's revenue was \$64,376,632 in property tax collections, \$13,688,931 in charges for services and grants, and \$1,971,253 in nonrestricted grants, investment income, miscellaneous and transfers.

Governmental Activities. Governmental activities increased the Town's net assets by \$5,453,910. Key elements of this increase are as follows:

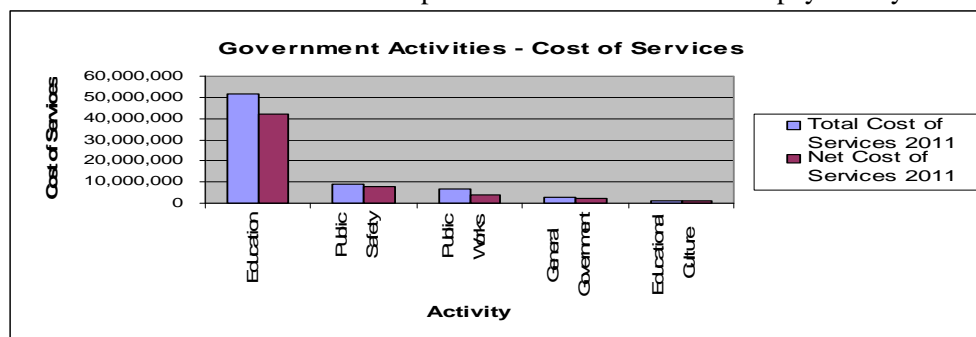
CHANGE IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010		
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 5,899,335	\$ 5,243,859
Operating grants and contributions	7,603,548	8,068,566
Capital grants and contributions	186,048	940,145
General revenues:		
Property taxes	64,376,632	61,214,157
Grants and contributions not restricted to specific programs	466,877	631,497
Investment income	259,529	231,295
Miscellaneous	1,244,847	471,241
Total revenues	80,036,816	76,800,760
Program Expenses:		
General government	2,997,029	3,363,784
Public safety	8,837,647	8,584,227
Public works	6,459,180	6,767,622
Health and social services	449,695	429,622
Recreation and parks	1,407,889	1,270,094
Educational - cultural	1,341,831	1,390,254
Conservation and development	621,526	495,403
Board of Education	51,384,252	50,168,747
Interest expense	1,083,857	1,847,632
Total program expenses	74,582,906	74,317,385
Increase in net assets	5,453,910	2,483,375
Net assets - Beginning of Year	118,219,483	115,736,108
Net Assets - End of Year	\$ 123,673,393	\$ 118,219,483

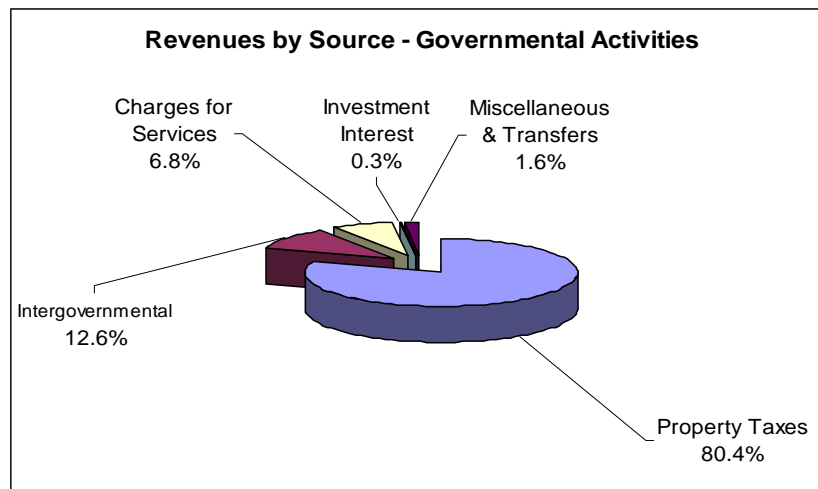
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

On the revenue side, Property taxes, which comprise 80.4% of Town revenues, increased by \$3,162,475 (5.17%) to \$64,376,632 due to high collections on the current levy (99%), prior levies, and on supplemental motor vehicle. Charges for services saw an increase overall of \$655,476. General government reported increased activity in recording and conveyance, public safety reported increased activity in building, structure and equipment permit activity; both directly related to improvements in the housing market and commercial growth. Education reported fees for various programs partially funded by parents, students, and interdistrict tuition payments. Operating grants and contributions and capital grants and contributions decreased \$1,119,115 primarily due to overall decreases in state grants-in-aid, the completion of phased-in public works projects funded by ARRA, STEAP, and DEP funds, completion of Board of Education capital projects for the high school and roof repair, funded in part with school construction grants, State Department of Education grants, and United States Department of Education grants passed through the State (ARAA). Investment income increased slightly from \$231,295 in 2010 to \$259,529 in 2011 and miscellaneous revenues increased \$773,606 due to one time revenues received for recycling rebate (CRRRA), FEMA payment (winter storm January 2011), energy incentives (CL&P), insurance payment (salt shed damage, CIRMA member's equity distribution), and cell phone tower rent.

Major program expenses in 2011 were lower for general government, public works, and educational - cultural as these functions experienced retirements, vacancies, delays in hiring, position duties absorbed elsewhere, energy efficiencies realized, and sewer installations completed; overall functions experienced tighter budgets with mandatory freezes, and contractual services that were not utilized. Public safety costs were higher (\$253,420) due to overtime, hydrant and water usage costs, and parts and repairs on older equipment. Health and social services experienced client workload increase and increased funding (\$20,073) along with recreation and parks (\$137,795) due to program demands from the residents. Interest expense showed an expected decrease (\$763,775) due to favorable rates on note issuance and retired debt. The increase in the Board of Education program expenses, (\$1,215,505) is related to the additional intergovernmental, tuition, and program revenues received. There continues to be community expectations for a rate of tax growth that approximates inflation with accompanying requests for additional and higher quality services by our residents. In response to these trends, the Town's budget included a mix of initiatives, which are designed to reduce taxpayer costs in some areas, but also increase services where needed in others. Some examples are continued restructured staffing arrangements in Public Safety (Protection and Communication) continued cross training of staff in Conservation and Development (Department of Planning and Community Development), a continued shift of recreation activity and park maintenance costs from the General Fund to the Recreation Activities Fund (Special Revenue Fund), continued planning with area towns for shared services arrangements, and increased hours for part-time positions in the Library in an attempt to limit full-time personnel increases with the accompanying benefit costs. The Town has undertaken a conscious policy of trying to restrain the rate of growth in the number of people employed by the Town by seeking alternative methods of service delivery. This has been done by establishing contractual relationships for landscaping and custodial work, bidding snowplowing/sanding on some roads and contracting certain landfill recycling programs.

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 58% of the service charges, \$3,426,578, are generated by public works, public safety and general government. The Board of Education contributed \$1,970,112 or 33% in service fees as well. Avon has never been reliant on state and federal grants that, while helpful in keeping our overall costs down, do not contribute significantly to total revenues.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, our governmental funds reported combined ending fund balances of \$10,885,579, a decrease of \$513,050 in comparison with the prior year. Of this total amount, \$139,024 is nonspendable (prepaid and inventory), \$128,262 use is restricted by governmental grants or other legal restriction, \$2,821,971 is committed by the Town Council (budget-making authority), \$1,786,555 is assigned and \$6,009,767 is unassigned. \$6,084,975 of General Fund and (\$75,208) in CIFA is available for spending at the government's discretion (unassigned fund balance).

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,084,975, while total fund balance reached \$8,005,254. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8.53% of total General Fund expenditures and transfers out of \$71,369,758, while total General Fund balance represents 11.22% of that same amount.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The fund balance of Avon's General Fund increased by \$2,904,715 during the current fiscal year. Key factors contributing to this increase was implementation of GASB Statement No. 54, which required a special revenue fund to be reclassified to the General Fund as a substantial portion of the resources of the fund is restricted (\$1,083,387), management plan to return unused appropriations for consideration in capital requests for the 2013 budget, management plan to build fund balance for credit rating review in 2012 for Library debt issuance, management plan to fund compensated absences, and supplemental appropriations made during the year which required the use of \$30,416 of fund balance.

The Capital Improvement Fund Account (CIFA) is one of Avon's major governmental funds. Most of the Town's major capital expenditures are processed through this account. Bond anticipation note (BAN) and bond proceeds are also handled in the CIFA account. Fund balance decreased \$2,663,555 from (\$2,588,347) to (\$75,208) primarily due to the issuance of BANs that are reported as a fund liability until the notes were replaced with long term debt. The CIFA Fund Balance of (\$75, 208) that is available for future capital projects is negative due to the issuance of the BANs. The Town also accepted \$52,833 of open space fees in 2010-2011.

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

Unrestricted net assets of the Internal Service Fund at the end of the year amounted to \$1,847,630. The total change in net assets for the fund was an increase of \$1,043,524. Operating revenues for the fund, representing charges for services that are health insurance premiums paid by Town and Board of Education, amounted to \$8,266,533. Operating expenses for medical claims were \$7,223,009.

General Fund Budgetary Highlights

The original budget of \$67,834,793 increased \$719,151 during the year to \$68,553,944. The significant supplemental and additional appropriations are noted below:

Revenues

- \$500,000 appropriation from fund balance for funding Town employee retirement expenditures for accumulated vacation and/or sick time due employees;
- \$224,475 addition from CHOICE Special Education reimbursements for education expenses;
- (\$175,861) transfer of appropriation from the General Fund to be accounted for in State and Federal Grants Fund for American Recovery and Reinvestment fund pass through the State ECS entitlement;
- \$97,600 addition from charges for services revenues for user and program fees in education;
- \$30,416 appropriation of fund balance, which includes funding for temporary part-time position in building and fire marshal (\$10,000), funding for increased hours for permanent part-time position in fire prevention (\$7,916), and to fund Avon Middle Schools tennis courts (\$12,500);
- \$20,250 addition of a state revenue grant for Youth Services Program for health and social services;
- \$18,268 addition of revenue for program funding for animal control officer hours generated from an interlocal contractual arrangement with a valley town;
- \$3,000 addition of a State DEP grant for rain barrels at no cost to residents;
- \$1,003 addition of a private donation for public safety use;

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Expenditures

- \$500,000 for funding Town employee retirement expenditures for accumulated vacation and/or sick time due employees;
- \$224,475 for funding new financial system software, hardware and consulting services for education;
- (\$175,861) for Board of Education transfer of appropriation from General Fund operating budget to State and Federal Grants Fund operating budget to account for ARRA funds;
- \$97,600 for funding education expenditures incurred for SPED Interdistrict tuition activity;
- \$30,416 appropriation of fund balance, which includes funding for temporary part-time position in building and fire marshal (\$10,000), funding for increased hours for permanent part-time position in fire prevention (\$7,916), and to fund Avon Middle Schools tennis courts (\$12,500);
- \$20,250 for health and social services to fund the Youth Services Program;
- \$18,268 for public safety animal control officer hours generated from an interlocal contractual arrangement with a valley town;
- \$3,000 for conservation and development for rain barrels to residents at no cost;
- \$1,003 for public safety for funding mountain patrol bikes.

Of the increase, \$188,735 was funded out of miscellaneous increases in various grants, charges for services, one-time revenues, interlocal funding, transfers in from other line items, and reductions in other expenditures, detail as provided in the highlights above. The remaining \$530,416 was budgeted from available fund balance with the detail provided in the first and fifth bullet under General Fund Budgetary Highlights, Revenues.

Capital Asset and Debt Administration

Capital Assets. The Town of Avon's investment in capital assets for its governmental assets includes land, buildings and improvements, land improvements, equipment, vehicles and infrastructure (roads, sewer lines, storm drains). The total net increase in our investment in capital assets for the current fiscal year was \$1,552,686 (1.06%).

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

- AMS Boiler replacement has been completed for a total of \$241,060 in the current year.
- Phase II of Lighting Town Center has been completed in the amount of \$163,826.
- The Library Expansion Project; current year expenditures were \$2,482,534.
- Deepwood Drive Sewer Project; \$344,190 spent in the current year for initial costs of multi-year project.
- Department of Public Works Salt Shed Replacement commenced. Total expenditures during the year were \$93,199.
- Police Communication Center Upgrade continued; expenditures for the year of \$323,536.
- PGS Playground replacement primarily completed with funding from the capital budget, donations, and in-kind services; total amount of \$212,102.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- Financial system upgrade commenced, purchased a van and a milling machine for the Board of Education, a GPS unit for Engineering, and a sound system for the Senior Center.

CAPITAL ASSETS, NET OF DEPRECIATION JUNE 30, 2011 AND 2010

	Governmental Activities	
	2011	2010
Land	\$ 7,662,553	\$ 7,662,553
Construction in progress	54,474,809	51,682,002
Land improvements	1,508,372	1,206,778
Buildings and improvements	45,229,225	46,757,176
Equipment	2,637,770	1,953,285
Vehicles	2,195,436	2,441,027
Infrastructure	34,246,630	34,699,288
Total	\$ <u>147,954,795</u>	\$ <u>146,402,109</u>

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

Long-Term Debt. At the end of the current fiscal year, the Town of Avon had \$33,120,000 of long-term general obligation bonded debt issued and no bond anticipation notes outstanding. All of the Town's debt is general obligation and backed by the full faith and credit of the Town.

OUTSTANDING DEBT GENERAL OBLIGATION BONDS AND BOND ANTICIPATION NOTES JUNE 30, 2011

Bonds					Date of Fiscal Year Maturity
Date	Purpose	Rate %	Original Issue	Debt Outstanding	
9/15/97	High School Renovations	4.25-6.25	\$ 4,300,000	\$ 250,000	2012
9/15/97	Police Department Renovations	4.25-6.25	1,800,000	100,000	2012
1/15/98	High School Renovations	4.00-5.75	5,825,000	450,000	2012
7/15/98	High School Renovations	4.10-4.75	6,915,000	987,000	2013
7/15/98	Sewer Interceptor	4.10-4.75	550,000	78,000	2013
7/15/02	Fisher Farms Open Space	3.00-5.00	1,295,000	410,000	2016
7/15/02	Thompson Brook School	3.00-5.00	14,245,000	4,360,000	2016
10/15/09	Town Hall Renovations	2.00-3.25	2,295,000	2,180,000	2027
10/15/09	High School Renovations	2.00-3.25	23,218,000	22,055,000	2027
10/15/09	Avon Middle School Roof	2.00-3.25	2,372,000	2,250,000	2027
Total Bonds			\$ <u>62,815,000</u>	\$ <u>33,120,000</u>	
Notes					
11/2/10	Avon Free Public Library	1.50	\$ <u>7,000,000</u>	\$ <u>7,000,000</u>	2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The Town of Avon's total debt decreased by \$3,370,977 (8.26%) during the current fiscal year. The Town issued \$7,000,000 of BANs used to temporarily finance the renovations, additions and improvements to the Avon Free Public Library.

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

Avon has earned the highest credit rating possible, "Aaa" from Moody's Investors Service, Inc., and "AAA" from Standard & Poors for all of its general obligation debt. In September 2009, the Town's credit rating was affirmed by both Moody's and Standard & Poors.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collections plus interest and lien fees (seven times \$67,143,083). For June 30, 2011 the maximum amount of borrowing permitted under the formula would be \$470,001,581. With net borrowings of \$58,609,091 the Town of Avon's outstanding general obligation debt is \$411,392,490 below the maximum debt limitation (see "Schedule of Debt Limitation" on Table 13 of this report).

Additional information on the Town's long-term debt can be found in Note 3F on pages 40-42 of this document.

Economic Factors and Next Year's Budget and Rates

- Grand list growth is expected to increase by .782%.
- Property tax collections will exceed 99% with the reserve for uncollectible at \$665,565.
- Assessment appeals and tax refunds will approximate 1% of tax revenues.
- Anticipating slow growth in new single family housing permits as the Town matures. However, housing prices have remained relatively stable.
- Declining revenues from recording and conveyance fees based on current sales of existing properties and current mortgage interest rates.
- Discretionary grant revenues are expected to decrease in some areas and remain essentially the same in others. The Town's adopted budget for 2012 reflects a total reduction in State aid of \$236,752 as compared to 2011. The State's adopted budget reflects an increase of \$276,171 when compared to the local adopted. Although Avon receives such a small portion of its revenues from state grants, reductions in these grants may have an impact on Town services.
- Avon intends that user fees cover the majority of costs of certain services such as sewer use, sewer connection, landfill and recreational programs. These fees are reviewed annually and reset according to expected usage and inflation. Sewer charges will remain at \$300 per year and landfill fees are anticipated to decrease slightly as a result of less bulky waste revenues due to E-waste recycling.
- Construction grants continue to decline in the education construction reimbursement area, reflecting the State's change to progress payments versus reimbursements.
- The Town has projected investment income to decline \$200,000 to \$150,000, due to historically low interest rates pushed down to nearly zero.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- Personal services (salary and benefits) increase (not including sewers) will amount to \$454,031 (72.37%) of the Town General Fund expenditures. Overall wages increased by \$140,595 as compared to 2011. The Town operating expenditures reflect hourly increases for nonorganized personnel, classification adjustments, step increases and a net increase of one full-time position. Conversion, reassignments and re-alignments account for a decrease in funded full time position from 106 to 105.
- Increased insurance premium sharing by employees. All current employees contribute 15% - 20%; all new hires for Police, Dispatch, Non-Organized and Public works contribute 20% toward both health and dental care.
- Employee benefits have increased by \$320,440 (5.83%). The increase is caused by a number of factors including increased contribution to the defined benefit plan (\$68,967 or 3.42%), increased contribution for dental, workers compensation, life/long term disability insurance largely due to market experience and increased funding of the actuarially determined OPEB contribution (\$125,000).
- The Board of Education's criteria that was used to shape the budget was to evenly distribute the impact of reductions, budget the necessary instructional materials, fund required program needs per Federal and State special education legislation, meet employment contractual obligations, adequately fund utilities, maintenance, and transportation and level fund or reduce budget by prioritizing needs without impacting teaching and learning for any student.
- Virtually the entire Board of Education increase relates to teacher salary and benefit increases.
- Continue cooperative ventures regionally, and with the Town and Board of Education. Renewed arrangements with the Town of Canton to provide Assessing and Animal Control Officer Services for a fee.
- Fund larger multi-year capital projects on a phased-in basis, with \$420,000 of the cash CIP projects funded from the Sewer Fund Special Revenue Fund.
- At the close of the 2011 fiscal year, unassigned fund balance in the General Fund amounted to \$6,084,975. The Board of Finance has decided no use of General Fund unassigned fund balance to mitigate the tax impact of the October 1, 2009 revaluation in the 2011-2012 budget.

All of these factors were considered in preparing the budget for the 2012 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, 2011

	Governmental Activities
Assets:	
Current assets:	
Cash and cash equivalents	\$ 21,489,717
Investments	1,075,571
Receivables, net of allowance for uncollectibles	644,943
Other current assets and deferred charges	147,154
Total current assets	<u>23,357,385</u>
Noncurrent assets:	
Receivables, net of allowance for uncollectibles	175,184
Net pension asset	67,530
Deferred charges	18,755
Capital assets, nondepreciable	62,137,362
Capital assets, net of accumulated depreciation	85,817,433
Total noncurrent assets	<u>148,216,264</u>
Total assets	<u>171,573,649</u>
Liabilities:	
Current liabilities:	
Bank overdraft	12,115
Accounts payable	1,745,635
Accrued liabilities	830,927
Unearned revenue	637,302
Bond anticipation notes	7,000,000
Due to fiduciary funds	13,310
Other current liabilities	230,005
Noncurrent liabilities, due within one year	3,940,426
Total current liabilities	<u>14,409,720</u>
Noncurrent liabilities:	
Due in more than one year	33,490,536
Total liabilities	<u>47,900,256</u>
Net Assets:	
Invested in capital assets, net of related debt	107,467,654
Unrestricted	16,205,739
Total Net Assets	<u>\$ 123,673,393</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, 2011

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	\$ 2,997,029	\$ 595,722	\$	\$	\$ (2,401,307)
Public safety	8,837,647	870,941	37,553		(7,929,153)
Public works	6,459,180	1,959,915	341,846	163,826	(3,993,593)
Health and social services	449,695	21,318			(428,377)
Recreation and parks	1,407,889	450,498	16,459		(940,932)
Educational - cultural	1,341,831	16,294	1,851		(1,323,686)
Conservation and development	621,526	14,535			(606,991)
Board of Education	51,384,252	1,970,112	7,205,839	10,878	(42,197,423)
Interest on long term debt	1,083,857			11,344	(1,072,513)
Total Governmental Activities	<u>\$ 74,582,906</u>	<u>\$ 5,899,335</u>	<u>\$ 7,603,548</u>	<u>\$ 186,048</u>	<u>(60,893,975)</u>
General Revenues:					
Property taxes					64,376,632
Grants and contributions not restricted to specific programs					466,877
Investment income					259,529
Miscellaneous					1,244,847
Total general revenues					<u>66,347,885</u>
Change in net assets					5,453,910
Net Assets at Beginning of Year					<u>118,219,483</u>
Net Assets at End of Year					<u>\$ 123,673,393</u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 20,774,034	\$ 526,759	\$ 188,924	\$ 21,489,717
Investments	1,075,571			1,075,571
Receivables, net	190,969	7,500	360,850	559,319
Due from other funds	133,830	7,110,954	3,119,964	10,364,748
Other	133,724		8,930	142,654
Total Assets	<u>\$ 22,308,128</u>	<u>\$ 7,645,213</u>	<u>\$ 3,678,668</u>	<u>\$ 33,632,009</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Bank overdraft	\$ 12,115	\$	\$	\$ 12,115
Accounts payable	762,512	720,421	262,702	1,745,635
Accrued liabilities	286,448			286,448
Due to other funds	12,636,337		133,830	12,770,167
Deferred revenue	560,462		326,603	887,065
Bond anticipation notes payable		7,000,000		7,000,000
Other liabilities	45,000			45,000
Total liabilities	<u>14,302,874</u>	<u>7,720,421</u>	<u>723,135</u>	<u>22,746,430</u>
Fund balances:				
Nonspendable	133,724		5,300	139,024
Restricted			128,262	128,262
Committed			2,821,971	2,821,971
Assigned	1,786,555			1,786,555
Unassigned	6,084,975	(75,208)		6,009,767
Total fund balances	<u>8,005,254</u>	<u>(75,208)</u>	<u>2,955,533</u>	<u>10,885,579</u>
Total Liabilities and Fund Balances	<u>\$ 22,308,128</u>	<u>\$ 7,645,213</u>	<u>\$ 3,678,668</u>	<u>\$ 33,632,009</u>

(Continued on next page)

TOWN OF AVON, CONNECTICUT

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

JUNE 30, 2011

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

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

Total fund balance (Exhibit III)	\$ 10,885,579
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets	190,926,615
Accumulated depreciation	(42,971,820)

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	14,878
Property tax and sewer assessment receivable - accrual basis change	249,763
School building grant receivable	256,000
Allowance for doubtful accounts	(10,070)
Bond issue costs	23,255
Net pension asset	67,530

Internal service funds are used by management to charge the cost of medical insurance to individual departments. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,847,630
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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	(33,120,000)
Compensated absences	(1,802,130)
Net other post employment benefit obligation	(1,751,691)
Landfill postclosure liability	(390,000)
Bond premium	(367,141)
Accrued interest payable	(185,005)

Net Assets of Governmental Activities (Exhibit I)	\$ <u>123,673,393</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, 2011

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 64,340,735	\$	\$	\$ 64,340,735
Intergovernmental	5,710,137	174,705	2,524,261	8,409,103
Charges for services	1,945,466		3,953,869	5,899,335
Investment income	180,754	78,535	240	259,529
Other local revenues	957,290	196,143	140,833	1,294,266
Total revenues	<u>73,134,382</u>	<u>449,383</u>	<u>6,619,203</u>	<u>80,202,968</u>
Expenditures:				
Current:				
Town Council:				
General government	3,039,974		226,018	3,265,992
Public safety	7,839,706		318,875	8,158,581
Public works	3,768,746		1,764,182	5,532,928
Health and social services	427,990		710	428,700
Recreation and parks	825,565		396,625	1,222,190
Educational - cultural	1,376,613		35,832	1,412,445
Conservation and development	524,858			524,858
Miscellaneous	257,016			257,016
Total town council	<u>18,060,468</u>	<u>-</u>	<u>2,742,242</u>	<u>20,802,710</u>
Board of Education	46,977,726		3,647,893	50,625,619
Debt service	4,776,412			4,776,412
Capital outlay		4,305,190	206,087	4,511,277
Total expenditures	<u>69,814,606</u>	<u>4,305,190</u>	<u>6,596,222</u>	<u>80,716,018</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,319,776</u>	<u>(3,855,807)</u>	<u>22,981</u>	<u>(513,050)</u>
Other Financing Sources (Uses):				
Transfers in		1,262,252	626,400	1,888,652
Transfers out	<u>(1,555,152)</u>	<u>(70,000)</u>	<u>(263,500)</u>	<u>(1,888,652)</u>
Net other financing sources (uses)	<u>(1,555,152)</u>	<u>1,192,252</u>	<u>362,900</u>	<u>-</u>
Net Change in Fund Balances	1,764,624	(2,663,555)	385,881	(513,050)
Fund Balances at Beginning of Year, as Restated	<u>6,240,630</u>	<u>2,588,347</u>	<u>2,569,652</u>	<u>11,398,629</u>
Fund Balances at End of Year	<u>\$ 8,005,254</u>	<u>\$ (75,208)</u>	<u>\$ 2,955,533</u>	<u>\$ 10,885,579</u>

(Continued on next page)

TOWN OF AVON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (513,050)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	4,229,646
Depreciation expense	(2,649,481)
Loss on disposal of capital assets	(27,479)

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

School building grant receipts	(188,956)
Increase in property tax and assessments receivable - accrual basis change	177,874
Increase in property tax interest and lien revenue	4,380
Increase in property tax and sewer use allowance for doubtful accounts	(4,986)
Net pension asset	(523)

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	16,484
Principal payments	3,650,000
Amortization of bond issue costs	(4,500)
Amortization of bond premiums	30,571

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

Change in long-term compensated absences	130,551
Increase in other post employment benefit obligation	(470,145)
Landfill postclosure payments	30,000

The net income of the internal service funds is reported with the governmental activities.	<u>1,043,524</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 5,453,910</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 64,027,285	\$ 64,027,285	\$ 64,340,735	\$ 313,450
Intergovernmental	1,902,000	1,749,389	2,016,671	267,282
Charges for services	1,334,620	1,432,220	2,263,001	830,781
Investment income	200,000	200,000	60,526	(139,474)
Other local revenues	270,888	514,634	615,951	101,317
Total revenues	<u>67,734,793</u>	<u>67,923,528</u>	<u>69,296,884</u>	<u>1,373,356</u>
Expenditures:				
Current:				
Town Council:				
General government	2,853,913	2,966,015	2,852,721	113,294
Public safety	8,146,875	8,108,197	7,825,445	282,752
Public works	4,011,956	3,948,198	3,774,328	173,870
Health and social services	419,259	436,307	426,634	9,673
Recreation and parks	837,582	829,099	826,355	2,744
Educational - cultural	1,404,889	1,390,839	1,375,107	15,732
Conservation and development	543,816	541,049	524,463	16,586
Miscellaneous	307,894	488,213	257,131	231,082
Total town council	<u>18,526,184</u>	<u>18,707,917</u>	<u>17,862,184</u>	<u>845,733</u>
Board of Education	43,530,019	43,451,758	43,451,758	-
Debt service	4,960,413	4,839,117	4,776,412	62,705
Total expenditures	<u>67,016,616</u>	<u>66,998,792</u>	<u>66,090,354</u>	<u>908,438</u>
Excess of Revenues over Expenditures	<u>718,177</u>	<u>924,736</u>	<u>3,206,530</u>	<u>2,281,794</u>
Other Financing Sources (Uses):				
Appropriation of fund balance	100,000	630,416		(630,416)
Transfers out	(818,177)	(1,555,152)	(1,555,152)	-
Net other financing uses	<u>(718,177)</u>	<u>(924,736)</u>	<u>(1,555,152)</u>	<u>(630,416)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1,651,378	<u>\$ 1,651,378</u>
Fund Balance at Beginning of Year			<u>5,250,287</u>	
Fund Balance at End of Year			<u>\$ 6,901,665</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

JUNE 30, 2011

	Governmental Activities
	Internal Service Fund
Asset:	
Current assets:	
Due from other funds	\$ <u>2,392,109</u>
Liabilities:	
Current liabilities:	
Claims payable	<u>544,479</u>
Total Net Assets	\$ <u><u>1,847,630</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, 2011

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Operating revenues:	
Charges for services:	
Town	\$ 2,362,358
Board of Education	5,904,175
Total operating revenues	<u>8,266,533</u>
Operating expenses:	
Medical claims:	
Town	2,259,708
Board of Education	4,963,301
Total operating expenses	<u>7,223,009</u>
Operating Income	1,043,524
Net Assets at Beginning of Year	<u>804,106</u>
Net Assets at End of Year	<u>\$ 1,847,630</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, 2011

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 7,084,720
Claims paid	(7,084,720)
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	\$ 1,043,524
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in due from other funds	(1,181,813)
Increase in claims payable	<u>138,289</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, 2011

	<u>Pension</u>	<u>Other Post Employment Benefit Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ <u>363,914</u>	\$ <u>43,922</u>	\$ <u>321,340</u>
Investments, at fair value:			
Guaranteed interest contract	1,908,918		
Mutual funds	<u>18,427,964</u>	<u>1,354,533</u>	
Total investments	<u>20,336,882</u>	<u>1,354,533</u>	<u>-</u>
Accounts receivable:			
Employer		<u>25,000</u>	
Total accounts receivable	<u>-</u>	<u>25,000</u>	<u>-</u>
Due from other funds		<u>13,310</u>	
Total assets	<u>20,700,796</u>	<u>1,436,765</u>	\$ <u><u>321,340</u></u>
Liabilities:			
Fiduciary deposits			\$ <u><u>321,340</u></u>
Net Assets:			
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ <u><u>20,700,796</u></u>	\$ <u><u>1,436,765</u></u>	

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Pension</u>	<u>Other Post Employment Benefit Fund</u>
Additions:		
Contributions:		
Employer	\$ 2,249,862	\$ 987,264
Plan members	554,393	
Total contributions	<u>2,804,255</u>	<u>987,264</u>
Investment income:		
Net appreciation in fair value of investments	2,828,110	
Interest and dividends	504,082	194,041
Total investment income	<u>3,332,192</u>	<u>194,041</u>
Less investment expenses	26,501	648
Net investment income	<u>3,305,691</u>	<u>193,393</u>
Total additions	<u>6,109,946</u>	<u>1,180,657</u>
Deductions:		
Benefits	3,704,540	636,937
Administration	13,106	345
Total deductions	<u>3,717,646</u>	<u>637,282</u>
Changes in Net Assets	2,392,300	543,375
Net Assets at Beginning of Year	<u>18,308,496</u>	<u>893,390</u>
Net Assets at End of Year	<u>\$ 20,700,796</u>	<u>\$ 1,436,765</u>

The accompanying notes are an integral part of the financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

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

TOWN OF AVON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included as part of the program expense reported for individual funds and activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

The Town reports the following major governmental funds:

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

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

C. Cash Equivalents

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

D. Investments

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

F. Property Taxes and Other Receivables

In the government-wide financial statements, all trade, property tax, sewer use, sewer assessment and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2% to 47% of outstanding receivable balances at June 30, 2011 and are calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, 2011, which have not been collected within 60 days of June 30, have been recorded as deferred revenue, since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60-day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

I. Compensated Absences

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

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

K. Fund Equity and Net Assets

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

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

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

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

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

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

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council).

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

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

L. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The Town established a Town-wide budget in accordance with provisions of its Charter and the Connecticut General Statutes. Budgets for the General Fund, Sewer Fund, State and Federal Education Grants Fund, School Cafeteria Fund, Recreational Activities Fund, Local Capital Improvement Program Fund, Forest Park Management Fund, Town Aid Road Fund, Police Special Services Fund and Use of School Facilities Fund are legally adopted annually at the Annual Town Meeting. Transfers and supplemental appropriations were approved during the year in accordance with provisions of its Charter and the Connecticut General Statutes. There were \$719,151 of additional appropriations during the year in the General Fund.

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

	<u>Revenues</u>	<u>Expenditures and Transfers</u>	<u>Fund Balance</u>
Balance, budgetary basis - June 30, 2011	\$ 69,296,884	\$ 67,645,506	\$ 6,901,665
Encumbrances outstanding June 30, 2011 charged to budgetary expenditures during the year ended June 30, 2011		(200,803)	200,803
Change in accrued payroll		30,849	(180,597)
State Teachers' Retirement on-behalf payment	3,693,466	3,693,466	
Revenues and expenditures of OPEB Special Revenue, combined with General Fund for GASB 54	<u>144,032</u>	<u>200,740</u>	<u>1,083,383</u>
Balance, GAAP basis - June 30, 2011	<u>\$ 73,134,382</u>	<u>\$ 71,369,758</u>	<u>\$ 8,005,254</u>

B. Capital Projects Authorizations

The following is a summary of capital projects at June 30, 2011:

<u>Capital Project</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2011</u>
Capital and nonrecurring CIFA:				
General government	\$ 1,311,138	\$ 206,087	\$ 1,099,611	\$ 211,527
Board of Education	<u>15,697,208</u>	<u>3,815,278</u>	<u>8,162,230</u>	<u>7,534,978</u>
	<u>31,437,585</u>	<u>489,912</u>	<u>30,791,193</u>	<u>646,392</u>
Total	<u>\$ 48,445,931</u>	<u>\$ 4,511,277</u>	<u>\$ 40,053,034</u>	<u>\$ 8,392,897</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

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

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$-0- of the Town’s bank balance of \$1,706,900 was exposed to custodial credit risk at June 30, 2011.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Cash Equivalents

At June 30, 2011, the Town's cash equivalents amounted to \$21,488,567. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

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

*Not rated

Investments

As of June 30, 2011, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Guaranteed Investment Certificate	A	\$ 1,277,447	\$	\$ 1,277,447	\$
Guaranteed Investment Certificate	A-2/P-2	631,471	631,471		
Mutual Fund	N/A	20,858,069	20,858,069		
		\$ 22,766,987	\$ 21,489,540	\$ 1,277,447	\$

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2011, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Fund receivables as of June 30, 2011, including the applicable allowances for collection losses, are as follows:

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Property taxes	\$ 196,631	\$	\$	\$ 196,631
Assessments			153,841	153,841
Intergovernmental	15,490	7,500	137,673	160,663
Accounts	<u>33,948</u>		<u>69,336</u>	<u>103,284</u>
Gross receivables	246,069	7,500	360,850	614,419
Allowances	<u>(55,100)</u>			<u>(55,100)</u>
Net Receivables	\$ <u>190,969</u>	\$ <u>7,500</u>	\$ <u>360,850</u>	\$ <u>559,319</u>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 95,922	\$
Property taxes collected in advance		464,540
Nonmajor Funds:		
Special assessments not yet due	153,841	
Special assessments collected in advance		10,838
Education revenues collected in advance		48,414
Grant draw downs prior to meeting eligibility requirements		<u>113,510</u>
	\$ <u>249,763</u>	\$ <u>637,302</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,662,553	\$	\$	\$ 7,662,553
Construction in progress	<u>51,682,002</u>	<u>3,881,494</u>	<u>1,088,687</u>	<u>54,474,809</u>
Total capital assets not being depreciated	<u>59,344,555</u>	<u>3,881,494</u>	<u>1,088,687</u>	<u>62,137,362</u>
Capital assets being depreciated:				
Land improvements	1,590,534	399,395		1,989,929
Buildings and improvements	69,200,535	84,346		69,284,881
Equipment	7,084,677	947,148	40,832	7,990,993
Vehicles	5,275,907	5,950	61,768	5,220,089
Infrastructure	<u>44,303,361</u>	<u>1,436,839</u>	<u>102,600</u>	<u>44,303,361</u>
Total capital assets being depreciated	<u>127,455,014</u>	<u>1,436,839</u>	<u>102,600</u>	<u>128,789,253</u>
Less accumulated depreciation for:				
Land improvements	383,756	97,801		481,557
Buildings and improvements	22,443,359	1,612,297		24,055,656
Equipment	5,131,392	253,923	32,092	5,353,223
Vehicles	2,834,880	232,802	43,029	3,024,653
Infrastructure	<u>9,604,073</u>	<u>452,658</u>	<u>75,121</u>	<u>10,056,731</u>
Total accumulated depreciation	<u>40,397,460</u>	<u>2,649,481</u>	<u>75,121</u>	<u>42,971,820</u>
Total capital assets being depreciated, net	<u>87,057,554</u>	<u>(1,212,642)</u>	<u>27,479</u>	<u>85,817,433</u>
Governmental Activities Capital Assets, Net	<u>\$ 146,402,109</u>	<u>\$ 2,668,852</u>	<u>\$ 1,116,166</u>	<u>\$ 147,954,795</u>

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

Governmental Activities:	
General government	\$ 238,560
Public safety	272,964
Public works	591,929
Recreation and parks	142,553
Educational - cultural	17,246
Board of Education	<u>1,386,229</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,649,481</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, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 133,830
CIFA	General Fund	7,110,954
Nonmajor Governmental Funds	General Fund	3,119,964
Internal Service Fund	General Fund	2,392,109
Other Post-Employment Benefit Fund	General Fund	<u>13,310</u>
		<u>\$ 12,770,167</u>

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

A summary of interfund transfers as of June 30, 2011 is as follows:

	<u>General Fund</u>	<u>CIFA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Transfers In</u>
Transfers Out:				
CIFA	\$ 998,752	\$ -	\$ 263,500	\$ 1,262,252
Nonmajor Governmental Funds	<u>556,400</u>	<u>70,000</u>		<u>626,400</u>
Total Transfers Out	<u>\$ 1,555,152</u>	<u>\$ 70,000</u>	<u>\$ 263,500</u>	<u>\$ 1,888,652</u>

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

E. Short-Term Obligations - Bond Anticipation Notes

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

Short-term obligation activity for the year ended June 30, 2011 was as follows:

<u>Type of Obligation</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>
Bond Anticipation Notes:				
Avon Free Public Library - interest rate +/- 1.50%, matures November 1, 2011	\$ -	\$ 7,000,000	\$ -	\$ 7,000,000
	<u>\$ -</u>	<u>\$ 7,000,000</u>	<u>\$ -</u>	<u>\$ 7,000,000</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

F. Long-Term Debt

General Obligation Bonds

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

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. These bonds generally are issued as 15-year serial bonds with varying annual principal payments. School building grants of \$256,000 will be used to repay a portion of the respective debt; however, the Town is liable for all outstanding bonds.

General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Amount</u>
General purpose:		
General obligation improvement	2-6.25%	\$ 2,690,000
Sewer:		
General obligation improvement	4.1-4.75%	78,000
School:		
School improvement	2-6.25%	<u>30,352,000</u>
Total Outstanding		<u>\$ 33,120,000</u>

Future maturities for outstanding bonds are as follows:

<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>
2012	\$ 3,550,000	\$ 1,051,305
2013	3,365,000	922,247
2014	2,420,000	821,789
2015	2,300,000	739,989
2016	2,420,000	657,939
2017-2021	9,065,000	2,236,370
2021-2026	8,300,000	940,474
2027	<u>1,700,000</u>	<u>27,626</u>
Total	<u>\$ 33,120,000</u>	<u>\$ 7,397,739</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 36,770,000	\$	\$ 3,650,000	\$ 33,120,000	\$ 3,550,000
Plus deferred amounts:					
Issuance premium on refunding	397,712		30,571	367,141	
Total bonds payable	37,167,712	-	3,680,571	33,487,141	3,550,000
Compensated absences	1,932,681	704,768	835,319	1,802,130	360,426
Other post retirement benefits obligation	1,281,546	470,145		1,751,691	
Landfill post-closure costs	420,000		30,000	390,000	30,000
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 40,801,939</u>	<u>\$ 1,174,913</u>	<u>\$ 4,545,890</u>	<u>\$ 37,430,962</u>	<u>\$ 3,940,426</u>

Statutory Debt Limitations

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 151,071,937	\$ 14,095,000	\$ 136,976,937
Schools	302,143,874	44,589,000	257,554,874
Sewers	251,786,561	(74,909)	251,861,470
Urban renewal	218,215,020		218,215,020
Pension deficit	201,429,249		201,429,249

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$470,001,581.

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 \$256,000 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 13 years at \$30,000 per year are \$390,000. This amount is based on estimates that are subject to change due to inflation, technology or applicable laws and regulations.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Authorized/Unissued Bonds

At June 30, 2011, the amount of authorized, unissued bonds for general purposes is \$11,405,000 and \$14,493,000 for school purposes.

G. Fund Balance

The components of fund balance for the governmental funds at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$ 133,724	\$	\$ 5,300	\$ 139,024
Restricted:				
Fisher Meadow donations			128,262	128,262
Committed to:				
Public safety			370,969	370,969
Public works			1,520,457	1,520,457
Recreation and parks			106,525	106,525
Education			362,415	362,415
Capital projects			281,526	281,526
Debt service			180,079	180,079
Assigned to:				
General government obligations	680,803			680,803
Capital asset purchase	22,369			22,369
Other Post-Employment Benefits	1,083,383			1,083,383
Unassigned	<u>6,084,975</u>	<u>(75,208)</u>		<u>6,009,767</u>
Total Fund Balances	<u>\$ 8,005,254</u>	<u>\$ (75,208)</u>	<u>\$ 2,955,533</u>	<u>\$ 10,885,579</u>

Significant encumbrances at June 30, 2011 are contained in the above table in the assigned category of the General Fund and the committed category of the Nonmajor Governmental Funds.

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

entrants effective July 1, 1997. All new employees of the above classes become part of the Town's defined contribution plan. The plans are considered to be part of the Town's financial reporting entity and, therefore, are included in the Town's financial reports as pension trust funds. Separate, stand-alone financial reports are not issued by the pension plans.

Plan Description

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

Summary of Significant Accounting Policies and Plan Asset Matters

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

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

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

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	29	13	39	32	2
Terminated employees entitled to benefits but not yet receiving them		2	2	13	1
Current active employees	<u>6</u>	<u>4</u>	<u>19</u>	<u>103</u>	<u>1</u>
Total	<u>35</u>	<u>19</u>	<u>60</u>	<u>148</u>	<u>4</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Benefit Provisions

Required employee contributions under the plans are as follows:

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

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

Schedule of Employer Contributions and Net Pension Obligation (Asset)

	<u>Year Ended</u>	<u>Actual Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
Police							
	6/30/2009	\$ 647,809	\$ 647,809	100.0%	\$ 647,791	100.0%	\$ (7,848)
	6/30/2010	789,719	789,719	100.0%	789,728	100.0%	(7,839)
	6/30/2011	894,260	894,260	100.0%	894,292	100.0%	(7,807)
Public Works							
	6/30/2009	259,686	259,686	100.0%	259,684	100.0%	(718)
	6/30/2010	274,338	274,338	100.0%	274,339	100.0%	(717)
	6/30/2011	322,597	322,597	100.0%	322,600	100.0%	(714)
Non-organized							
	6/30/2009	609,472	609,472	100.0%	609,440	100.0%	(13,823)
	6/30/2010	677,793	677,793	100.0%	677,809	100.0%	(13,807)
	6/30/2011	731,670	731,670	100.0%	731,726	100.0%	(13,751)
Board of Education							
	6/30/2009	227,962	210,811	108.1%	211,063	108.0%	(41,420)
	6/30/2010	210,811	210,811	100.0%	211,236	99.8%	(40,995)
	6/30/2011	283,000	283,245	99.9%	283,419	99.9%	(40,582)
Dispatchers							
	6/30/2009	14,022	14,022	100.0%	14,054	99.8%	(4,748)
	6/30/2010	16,657	16,657	100.0%	16,710	99.7%	(4,695)
	6/30/2011	18,335	18,335	100.0%	18,354	99.9%	(4,676)

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Funded Status and Funding Progress - Pension Plans

The funded status of the Police, Public Works, Nonorganized and Dispatchers and Board of Education plans as of July 1, 2009, the most recent actuarial valuation date, are as follows:

Plan	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Police	\$ 8,771,018	\$ 18,279,098	\$ 9,508,080	48.0%	\$ 560,064	1697.7%
Public Works	2,519,123	5,878,996	3,359,873	42.8%	276,889	1213.4%
Non-Organized	8,403,336	14,919,613	6,516,277	56.3%	1,582,583	411.7%
BOE	3,687,949	4,728,413	1,040,464	78.0%	3,754,830	27.7%
Dispatchers	564,378	745,179	180,801	75.7%	62,266	290.4%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial Assumptions

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

	Police	Public Works	Non- Organized	Board of Education	Dispatchers
Valuation Date	July 1, 2009	July 1, 2009	July 1, 2009	July 1, 2009	July 1, 2009
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	Level	Level	Level	Level	Level
	Percent	Percent	Percent	Percent	Percent
Remaining Amortization					
Period (closed)	18	18	18	18	18
Asset Valuation Method	*	*	*	*	*
Investment Return Rate	8.0%	8.0%	8.0%	8.5%	8.0%
Projected Salary Increases	3.5%	3.5%	3.5%	3.5%	3.5%

*Investment gains/losses are recognized over 5 years.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Annual Pension Cost and Net Pension Asset (NPA)

	<u>Police</u>	<u>Public Works</u>	<u>Non-Organized</u>	<u>Board of Education</u>	<u>Dispatchers</u>
Annual required contribution	\$ 894,260	\$ 322,597	\$ 731,670	\$ 283,245	\$ 18,335
Interest on net pension obligation	(627)	(57)	(1,105)	(3,280)	(376)
Adjustment to annual required contribution	659	60	1,161	3,448	395
Annual pension cost	894,292	322,600	731,726	283,413	18,354
Contribution made	894,260	322,597	731,670	283,000	18,335
Decrease in net pension asset	32	3	56	413	19
Net pension asset at beginning of year	(7,839)	(717)	(13,807)	(40,995)	(4,695)
Net Pension Asset at End of Year	<u>\$ (7,807)</u>	<u>\$ (714)</u>	<u>\$ (13,751)</u>	<u>\$ (40,582)</u>	<u>\$ (4,676)</u>

Financial statements for each individual pension plan as of and for the year ended June 30, 2011 are as follows:

	<u>Pension Trust Funds</u>					<u>Total Pension Trust Funds</u>
	<u>Police</u>	<u>Public Works</u>	<u>Non-Organized</u>	<u>Board of Education</u>	<u>Dispatchers</u>	
Assets:						
Cash and cash equivalents	\$ 158,726	\$ 56,386	\$ 75,886	\$ 63,963	\$ 8,953	\$ 363,914
Investments, at fair value:						
Guaranteed investment contract	403,465	133,348	392,019	969,632	10,454	1,908,918
Mutual funds	5,968,882	1,534,645	7,207,195	3,312,309	404,933	18,427,964
Total investments	6,372,347	1,667,993	7,599,214	4,281,941	415,387	20,336,882
Total assets	6,531,073	1,724,379	7,675,100	4,345,904	424,340	20,700,796
Net Assets:						
Held in Trust for Pension Benefits	<u>\$ 6,531,073</u>	<u>\$ 1,724,379</u>	<u>\$ 7,675,100</u>	<u>\$ 4,345,904</u>	<u>\$ 424,340</u>	<u>\$ 20,700,796</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	Pension Trust Funds					Total Pension Trust Funds
	Police	Public Works	Non- Organized	Board of Education	Dispatchers	
Additions:						
Contributions:						
Employer	\$ 894,260	\$ 322,597	\$ 731,670	\$ 283,000	\$ 18,335	\$ 2,249,862
Plan members	26,328	10,522	248,030	269,513		554,393
Total contributions	<u>920,588</u>	<u>333,119</u>	<u>979,700</u>	<u>552,513</u>	<u>18,335</u>	<u>2,804,255</u>
Investment income:						
Net appreciation in fair value of investments	967,735	272,884	1,080,373	443,082	64,036	2,828,110
Interest and dividends	154,297	41,036	174,932	124,239	9,578	504,082
Total investment income	<u>1,122,032</u>	<u>313,920</u>	<u>1,255,305</u>	<u>567,321</u>	<u>73,614</u>	<u>3,332,192</u>
Less investment expenses	<u>5,599</u>	<u>1,698</u>	<u>6,746</u>	<u>12,199</u>	<u>259</u>	<u>26,501</u>
Net investment income	<u>1,116,433</u>	<u>312,222</u>	<u>1,248,559</u>	<u>555,122</u>	<u>73,355</u>	<u>3,305,691</u>
Total additions	<u>2,037,021</u>	<u>645,341</u>	<u>2,228,259</u>	<u>1,107,635</u>	<u>91,690</u>	<u>6,109,946</u>
Deductions:						
Benefits	1,579,966	618,434	1,105,804	328,396	71,940	3,704,540
Administration	<u>2,491</u>	<u>1,981</u>	<u>3,879</u>	<u>4,578</u>	<u>177</u>	<u>13,106</u>
Total deductions	<u>1,582,457</u>	<u>620,415</u>	<u>1,109,683</u>	<u>332,974</u>	<u>72,117</u>	<u>3,717,646</u>
Net change in net assets	454,564	24,926	1,118,576	774,661	19,573	2,392,300
Net assets at beginning of year	<u>6,076,509</u>	<u>1,699,453</u>	<u>6,556,524</u>	<u>3,571,243</u>	<u>404,767</u>	<u>18,308,496</u>
Net Assets at End of Year	<u>\$ 6,531,073</u>	<u>\$ 1,724,379</u>	<u>\$ 7,675,100</u>	<u>\$ 4,345,904</u>	<u>\$ 424,340</u>	<u>\$ 20,700,796</u>

B. Defined Contribution Plans

Plan Description

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Summary of Plan Provisions

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

Contribution Requirements and Contributions Made

The total Town contributions for the Management Money Purchase Plan and Full-Time Employees' Plan during the year ended June 30, 2011 were \$23,541 and \$430,018, respectively. Members of the Management Money Purchase Plan are required to contribute 2.5% of their annual earnings, and members of the Full-Time Employees' Plan are required to contribute 7.5% of their annual earnings. The employees' contributions to each plan were \$23,541 and \$430,018, respectively.

C. State Teachers Retirement - On-Behalf Payments

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

All certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings. The Board of Education does not contribute to the plan. Prior to July 1, 1989, teachers were vested in their contributions up to 5% of their earnings prior to five years of service. After five years of service, teachers were fully vested in their own contributions. After 10 years of service, teachers are fully vested and entitled to a monthly pension benefit that is payable at the age of 60. The State of Connecticut contributes amounts based on the actuarial reserve basis described in C.G.S. Sections 10-183b(7). For the year ended June 30, 2011, teachers of the Town contributed \$1,684,543 to the plan, and covered payroll for the year was \$23,235,076. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2011 was \$3,693,466 and is recognized in the governmental funds GAAP-basis income statement.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. POSTEMPLOYMENT HEALTHCARE PLAN - OTHER POST EMPLOYMENT BENEFITS PROGRAM

Summary of Significant Accounting Policies

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

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

Plan Description

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

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

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

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

Funding Policy

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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Town Employees

<u>2010-2011 Monthly COBRA Premiums</u>	<u>Employee</u>	<u>Spouse</u>
Medical - Groups 046, 047 Pre 65	\$ 619.19	\$ 710.36
Medical - Groups 046, 047 Post 65	553.05	634.46
Medical - Group 023 Post 65	404.77	404.77
Dental - All Groups	47.18	66.75

Board of Education Employees

<u>2010-2011 Monthly COBRA Premiums</u>	<u>Employee</u>	<u>Spouse</u>
Medical	\$ 532.08	\$ 576.70
Dental	49.92	70.63

For the year ended June 30, 2011, plan members contributed \$0. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

Employer contributions to the plan of \$1,754,000 were made in accordance with actuarially determined requirements, including \$350,000 to fund future benefits.

The Town has assigned a portion of general fund fund balance to fund these benefits in the future. Net assets available for future benefits at June 30, 2011 were \$1,083,383. The Town plans on transferring these monies into the OPEB Trust Fund in the future.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligations

The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

	Other Post-Employment Benefits Program	
	Town	Board of Education
Annual required contribution (ARC)	\$ 1,389,000	\$ 825,000
Interest on net OPEB obligation	34,480	68,045
Adjustment to annual required contribution	<u>(31,069)</u>	<u>(61,311)</u>
Annual OPEB cost (expense)	1,392,411	831,734
Contributions made	<u>1,040,000</u>	<u>714,000</u>
Increase in net OPEB obligation	352,411	117,734
Net OPEB obligation, beginning of year	<u>431,000</u>	<u>850,546</u>
Net OPEB Obligation, End of Year	<u><u>\$ 783,411</u></u>	<u><u>\$ 968,280</u></u>

Three-Year Trend Information

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2011 is presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
Town				
6/30/2009	\$ 1,233,000	\$ 1,233,000	100.0%	\$ -
6/30/2010	1,294,000	863,000	66.7%	431,000
6/30/2011	1,392,411	1,040,000	74.7%	783,411
Board of Education				
6/30/2009	\$ 1,052,000	\$ 628,000	59.7%	\$ 424,000
6/30/2010	1,090,546	664,000	60.9%	850,546
6/30/2011	831,734	714,000	85.8%	968,280

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include an 8% investment rate of return for the Town and the Board of Education, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 7.1% initially, reduced by decrements to an ultimate rate of 4.5% after 52 years. Projected salary increases were 3.5%. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011 was 25 years.

6. OTHER INFORMATION

A. Risk Management

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

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:

	Balance	Current	Claims	Balance
	July 1	Year Claims	Payments	June 30
		and Changes		
		in Estimates		
Medical Claims Fund:				
2010-2011	\$ 406,190	\$ 7,223,009	\$ 7,084,720	\$ 544,479
2009-2010	479,148	7,184,379	7,257,337	406,190

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)

D. Subsequent Events

Storm Alfred

On Saturday, November 5, 2011, the Town issued an emergency Invitation for Bid (IFB) to firms specializing in storm-debris management. This was to assist with the estimated 100,000 cubic yards of storm debris strewn throughout the community by Winter Storm Alfred that occurred on October 29, 2011. Our IFB was developed based on guidance from FEMA, and was reviewed by Murtha Cullina.

Pursuant to Charter Section 9.5.1(g), the Town Council and Board of Finance could approve emergency appropriations up to 4% of the current year tax levy (\$2,643,822 in Fiscal Year 2011-2012). On November 9, 2011, the Town Council and Board of Finance approved emergency appropriations in the amount of \$1,476,190. The Town Council authorized the Town Manager to execute a contract with Michael's Tree & Loader Services for storm debris removal. An additional appropriation of \$850,000 was approved on November 23, 2011 to complete the storm debris removal work, and brought the total emergency appropriation for the Winter Storm Alfred work to \$2,326,190; up to 75% of which is anticipated to qualify for reimbursement under FEMA.

The Town decided to collect storm related debris in Secret Lake and Lakeview, and along non-association private roadways. This was not part of the original bidding process or budget estimate. This expansion of scope was responsible for some of the revised cost estimates included in the \$850,000 additional appropriation. State- maintained roadways (Routes 10, 44, 167, 177, and 202) had storm debris collected by AshBritt (the State of Connecticut's contractor).

Bond Issuance

On November 1, 2011, the Town issued \$7,000,000 of general obligation bond anticipation notes to temporarily finance the design and construction of renovations, additions, and improvements to the Avon Free Public Library, in anticipation of issuance of general obligation bonds to permanently finance these activities. The notes bear interest of 1.5% and mature on October 30, 2012.

7. PRIOR PERIOD ADJUSTMENTS

During the year, the Town implemented GASB Statement No. 54. This required the Town to review its special revenue funds and determine if they have a revenue source that is restricted or committed for a specific purpose. This revenue source also needs to constitute a substantial portion of the resources in the fund. As a result, one special revenue fund did not meet those requirements and is now reported as part of the General Fund.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The beginning fund balances for the following funds were restated as follows:

	General Fund	Postemployment Healthcare Fund
	<u> </u>	<u> </u>
Balance June 30, 2010	\$ 5,100,539	\$ 1,140,091
Reclassify to General Fund	<u>1,140,091</u>	<u>(1,140,091)</u>
Restated Fund Balance, July 1, 2010	\$ <u><u>6,240,630</u></u>	\$ <u><u>-</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF AVON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS
AVON RETIREMENT SYSTEM

JUNE 30, 2011

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,						
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)%
July 1,						
2008	9,531,801	17,747,165	(8,215,364)	53.7%	784,302	(1047.5)%
2009	8,771,018	18,279,098	(9,508,080)	48.0%	560,064	(1697.7)%
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,						
2004	\$ 1,901,704	\$ 3,930,724	\$ (2,029,020)	48.4%	\$ 573,530	(353.8)%
2005	2,217,515	4,051,406	(1,833,891)	54.7%	542,871	(337.8)%
2006	2,351,521	4,397,134	(2,045,613)	53.5%	611,625	(334.5)%
2007	2,572,578	5,196,224	(2,623,646)	49.5%	568,978	(461.1)%
2008	2,859,985	5,611,114	(2,751,129)	51.0%	321,026	(857.0)%
2009	2,519,123	5,878,996	(3,359,873)	42.8%	276,889	(1213.4)%
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,						
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)%
July 1,						
2008	8,496,758	14,118,092	(5,621,334)	60.2%	1,660,858	(338.5)%
2009	8,403,336	14,919,613	(6,516,277)	56.3%	1,582,583	(411.7)%

(Continued on next page)

TOWN OF AVON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (CONTINUED)
AVON RETIREMENT SYSTEM

JUNE 30, 2011

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,						
2004	\$ 2,416,425	\$ 2,529,991	\$ (113,566)	95.5%	\$ 1,671,965	(6.8)%
2005	2,599,242	2,516,806	82,436	103.3%	2,147,958	3.8%
2006	2,742,769	3,105,729	(362,960)	88.3%	2,506,058	(14.5)%
2007	3,076,069	3,663,003	(586,934)	84.0%	3,132,908	(18.7)%
2008	3,477,901	3,983,460	(505,559)	87.3%	3,485,158	(14.5)%
July 1,						
2009	3,687,949	4,728,413	(1,040,464)	78.0%	3,754,830	(27.7)%

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,						
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)%
July 1,						
2008	584,157	724,297	(140,140)	80.7%	58,302	(240.4)%
2009	564,378	745,179	(180,801)	75.7%	62,266	(290.4)%

TOWN OF AVON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS PROGRAM

JUNE 30, 2011

Town

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

Board of Education

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

N/A - Covered payroll is not available

GENERAL FUND

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

TOWN OF AVON, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEETS

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 20,774,034	\$ 12,838,242
Investments	1,075,571	\$28,544
Receivables (net of allowance for uncollectibles of \$55,000 in 2011 \$43,100 in 2010)	190,969	142,535
Due from other funds	133,830	92,229
Other	<u>133,724</u>	<u>67,453</u>
Total Assets	<u>\$ 22,308,128</u>	<u>\$ 13,169,003</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Bank overdraft	\$ 12,115	\$ 847,306
Accounts payable	762,512	781,175
Accrued liabilities	286,448	255,595
Due to other funds	12,636,337	5,603,883
Deferred revenue:		
Unavailable	95,922	64,405
Collected in advance	464,540	481,100
Other	<u>45,000</u>	<u>35,000</u>
Total liabilities	<u>14,302,874</u>	<u>8,068,464</u>
Fund Balance:		
Nonspendable	133,724	67,453
Assigned	1,786,555	448,442
Unassigned	<u>6,084,975</u>	<u>4,584,644</u>
Total fund balance	<u>8,005,254</u>	<u>5,100,539</u>
Total Liabilities and Fund Balance	<u>\$ 22,308,128</u>	<u>\$ 13,169,003</u>

TOWN OF AVON, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

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

	2011					2010
	Original Budget	Supplemental Appropriations	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:						
Property taxes:						
Current levy	\$ 63,322,110	\$	\$ 63,322,110	\$ 63,459,087	\$ 136,977	\$ 60,492,646
Supplemental real estate	60,525		60,525	95,770	35,245	79,448
Supplemental MV	351,150		351,150	461,721	110,571	393,167
Prior levies	65,000		65,000	116,899	51,899	75,644
Interest and penalties	125,000		125,000	149,259	24,259	148,772
Telephone gross receipts	103,500		103,500	57,999	(45,501)	61,472
Total property taxes	<u>64,027,285</u>	<u>-</u>	<u>64,027,285</u>	<u>64,340,735</u>	<u>313,450</u>	<u>61,251,149</u>
Intergovernmental:						
State grants-in aid:						
Adult education	1,543		1,543		(1,543)	
Equalized cost sharing (ECS)	1,232,688	(175,861)	1,056,827	1,051,601	(5,226)	932,050
Transportation	20,569		20,569	12,019	(8,550)	12,130
Schools building construction	200,300		200,300	200,299	(1)	216,937
Education program grants				238,565	238,565	170,961
PILOT - mfg. mach./equipme	261,000		261,000	213,211	(47,789)	255,797
Pequot funds	14,251		14,251	14,968	717	15,581
PILOT- colleges and hospitals	7,256		7,256	7,284	28	9,202
Public library	1,880		1,880	1,851	(29)	1,820
Property tax relief - elderly	60,000		60,000	83,249	23,249	63,910
FEMA storm assistance				45,515	45,515	
Grants in lieu of taxes	92,113		92,113	92,641	528	63,803
Veteran reimbursements	3,000		3,000	4,266	1,266	3,180
Youth services grant		20,250	20,250	20,250	-	20,250
Homeland security				8,664	8,664	15,894
Miscellaneous State grant receipts	7,400	3,000	10,400	22,288	11,888	41,870
Total intergovernmental	<u>1,902,000</u>	<u>(152,611)</u>	<u>1,749,389</u>	<u>2,016,671</u>	<u>267,282</u>	<u>1,823,385</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, 2011

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

	2011				Variance with Final Budget	2010
	Original Budget	Supplemental Appropriations	Final Budget	Actual		Actual
Charges for Services:						
General government:						
Hunting and fishing	\$ 700	\$	\$ 700	\$ 74	\$ (626)	\$ 128
Recording and conveyance	500,000		500,000	532,417	32,417	492,991
Sale of maps and publications	27,000		27,000	25,290	(1,710)	24,393
PA 05-228 Local CAP Recording Fee	11,000		11,000	13,617	2,617	12,385
Court	1,000		1,000	520	(480)	465
Public safety:						
Police services :						
Accident reports and photos	1,700		1,700	1,399	(301)	2,723
Alarm system	5,500		5,500	5,554	54	3,512
Animal pound fees	2,000		2,000	1,995	(5)	1,820
Police protection	2,000		2,000	2,250	250	3,155
Blds. struct. and equipment	350,000		350,000	448,561	98,561	529,223
Animal licenses	5,500		5,500	13,411	7,911	12,392
Public works:						
Sale of publications				504	504	1,753
Landfill - residential fees	172,000		172,000	150,644	(21,356)	160,705
Landfill - bulky waste	35,000		35,000	33,870	(1,130)	44,774
Sewer connections	13,000		13,000		(13,000)	13,000
Lakeview water main extension	25,000		25,000	12,330	(12,670)	13,403
Water main interest				1,654	1,654	1,534
Street and curb	1,780		1,780	2,550	770	1,100
Health and social services:						
Vital statistics	16,000		16,000	21,318	5,318	19,755
Recreation and parks:						
Swim fees	68,000		68,000	60,783	(7,217)	69,729
Recreation fees	4,000		4,000	4,000		3,672
Fisher Meadow lease	400		400		(400.00)	
Organized summer programs	30,000		30,000	25,265	(4,735)	29,693
Educational - cultural:						
Library	23,040		23,040	16,294	(6,746)	15,953
Conservation and development	40,000		40,000	14,535	(25,465)	11,651
Education		97,600	97,600	874,166	776,566	
Total charges for services	<u>1,334,620</u>	<u>97,600</u>	<u>1,432,220</u>	<u>2,263,001</u>	<u>830,781</u>	<u>1,469,909</u>
Investment Income	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>60,526</u>	<u>(139,474)</u>	<u>61,407</u>
Other Local Revenues:						
Refunds and reimbursements	134,375	224,475	358,850	470,641	111,791	38,930
Miscellaneous	6,253	1,003	7,256	4,302	(2,954)	5,869
Rents and reimbursements	35,000		35,000	52,524	17,524	43,411
Salvage and demolition sales				13,142	13,142	10,063
Interlocal program funding	70,260	18,268	88,528	71,415	(17,113)	95,342
Sale of property	25,000		25,000	3,927	(21,073)	13,084
Total other local revenues	<u>270,888</u>	<u>243,746</u>	<u>514,634</u>	<u>615,951</u>	<u>101,317</u>	<u>206,699</u>
Total revenues	<u>67,734,793</u>	<u>188,735</u>	<u>67,923,528</u>	<u>69,296,884</u>	<u>1,373,356</u>	<u>64,812,549</u>
Other Financing Sources:						
Appropriation of fund balance	100,000	530,416	630,416		(630,416)	
Transfers in						335,809
Total other financing sources	<u>100,000</u>	<u>530,416</u>	<u>630,416</u>	<u>-</u>	<u>(630,416)</u>	<u>335,809</u>
Total Revenues and Other Financing Sources	<u>\$ 67,834,793</u>	<u>\$ 719,151</u>	<u>\$ 68,553,944</u>	<u>\$ 69,296,884</u>	<u>\$ 742,940</u>	<u>\$ 65,148,358</u>

TOWN OF AVON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

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

	2011					2010
	Original Budget	Supplemental Appropriations and Transfers	Final Budget	Actual	Variance with Final Budget	Actual
Expenditures:						
Town Council:						
General Government:						
Legislative - Town Council	\$ 58,163	\$ (812)	\$ 57,351	\$ 48,739	\$ 8,612	\$ 53,940
Executive - Town Manager	424,483	(4,245)	420,238	411,826	8,412	429,922
Judicial - probate	10,100		10,100	2,367	7,733	5,929
Elections	103,829	(1,264)	102,565	88,391	14,174	87,650
Legal services	155,000	119,746	274,746	274,746	-	193,685
Recording and reporting	348,148	(3,643)	344,505	328,890	15,615	309,760
Office building - Town hall	188,273	8,777	197,050	193,762	3,288	179,205
Human resources	214,169	(2,501)	211,668	209,339	2,329	201,718
Finance	1,351,748	(3,956)	1,347,792	1,294,661	53,131	1,248,546
Total general government	2,853,913	112,102	2,966,015	2,852,721	113,294	2,710,355
Public Safety:						
Police protection	5,428,712	(71,709)	5,357,003	5,106,773	250,230	5,113,431
Fire protection	1,606,193	17,346	1,623,539	1,619,585	3,954	1,542,443
Central communications	633,639		633,639	620,470	13,169	578,304
Protective inspection	255,563	(5,185)	250,378	235,306	15,072	279,817
Other protection	222,768	20,870	243,638	243,311	327	222,907
Total public safety	8,146,875	(38,678)	8,108,197	7,825,445	282,752	7,736,902
Public Works:						
Administration	415,964	(36,913)	379,051	334,944	44,107	318,073
Highways	1,428,686	115,990	1,544,676	1,504,471	40,205	1,317,833
Sanitation	447,750	(60,250)	387,500	373,276	14,224	459,433
Machinery and equipment	427,241	(781)	426,460	412,485	13,975	368,350
Building and grounds	978,887	(78,000)	900,887	848,676	52,211	969,841
Engineering	313,428	(3,804)	309,624	300,476	9,148	276,394
Total public works	4,011,956	(63,758)	3,948,198	3,774,328	173,870	3,709,924
Health and Social Services:						
Conservation of health	111,170		111,170	111,144	26	111,165
Social services	308,089	17,048	325,137	315,490	9,647	319,550
Total health and social services	419,259	17,048	436,307	426,634	9,673	430,715
Recreation and Parks:						
Recreation	493,918	(10,832)	483,086	481,100	1,986	460,970
Parks	208,765	(1,351)	207,414	207,414	-	184,053
Senior citizens	47,910	4,100	52,010	52,010	-	53,958
Community activities	86,989	(400)	86,589	85,831	758	80,099
Total recreation and parks	837,582	(8,483)	829,099	826,355	2,744	779,080
Educational-Cultural:						
Library	1,404,889	(14,050)	1,390,839	1,375,107	15,732	1,361,648

(Continued on next page)

TOWN OF AVON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011				Variance with Final Budget	2010
	Original Budget	Supplemental Appropriations and Transfers	Final Budget	Actual		Actual
Conservation and Development:						
Planning and zoning	\$ 399,510	\$ (3,637)	\$ 395,873	\$ 383,855	\$ 12,018	\$ 367,253
Conservation of natural resources	144,306	870	145,176	140,608	4,568	126,366
Total conservation and development	543,816	(2,767)	541,049	524,463	16,586	493,619
Miscellaneous:						
Claims and losses	22,500	16,621	39,121	39,121	-	60,101
Municipal insurance	203,344	(12,945)	190,399	187,472	2,927	181,531
Intergovernmental expenditure	57,050	(571)	56,479	29,173	27,306	45,723
Contingency	25,000	177,214	202,214	1,365	200,849	6,258
Total miscellaneous	307,894	180,319	488,213	257,131	231,082	293,613
Total Town Council	18,526,184	181,733	18,707,917	17,862,184	845,733	17,515,856
Board of Education:						
Administration	981,412	114,040	1,095,452	1,095,452	-	1,027,376
Instruction	28,304,474	(768,485)	27,535,989	27,535,989	-	26,708,872
Health services	271,865	61,118	332,983	332,983	-	325,168
Transportation	1,845,748	232,558	2,078,306	2,078,306	-	1,944,818
Operation of plant	3,333,909	(286,559)	3,047,350	3,047,350	-	3,102,005
Maintenance of plant	965,354	(72,140)	893,214	893,214	-	748,090
Fixed charges	6,601,468	294,830	6,896,298	6,896,298	-	6,332,182
Student body activities	371,057	(45,819)	325,238	325,238	-	367,655
Capital outlay	77,286	89,801	167,087	167,087	-	71,730
Expenditure to other schools	777,446	302,395	1,079,841	1,079,841	-	862,793
Total Board of Education	43,530,019	(78,261)	43,451,758	43,451,758	-	41,490,689
Debt service:						
Bonds and bond anticipation notes	4,960,413	(121,296)	4,839,117	4,776,412	62,705	5,242,764
Total expenditures	67,016,616	(17,824)	66,998,792	66,090,354	908,438	64,249,309
Transfers out	818,177	736,975	1,555,152	1,555,152	-	1,031,742
Total Expenditures and Other Financing Uses	\$ 67,834,793	\$ 719,151	\$ 68,553,944	\$ 67,645,506	\$ 908,438	\$ 65,281,051

TOWN OF AVON, CONNECTICUT

GENERAL FUND

REPORT OF THE PROPERTY TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2011

Grand List Date	Uncollected Taxes July 1, 2010	Current Year Levy	Lawful Corrections		Transfers to Suspense	Transfers from Suspense	Adjusted Taxes Collectible	Collections					Uncollected Taxes June 30, 2011
			Additions	Deductions				Taxes Collected	Refunds	Net Taxes Collected	Interest and Fees	Total Collections	
1996	\$ 172	\$	\$	\$	\$	\$ 234	\$ 406	\$ 234	\$	\$ 234	\$ 322	\$ 556	\$ 172
1997	361						361			-		-	361
1998	368						368			-		-	368
1999	434						434			-		-	434
2000	460		39				499	39		39		39	460
2001	991		41			152	1,184	698		698	239	937	486
2002	503		42			159	704	202		202	227	429	502
2003	417		35			66	518	101		101	83	184	417
2004	429		36			21	486	57		57	20	77	429
2005	441		184	176		652	1,101	790	130	660	483	1,143	441
2006	2,063		78	134		871	2,878	1,004	134	870	551	1,421	2,008
2007	15,992		543	193	1,560	339	15,121	9,721	139	9,582	2,884	12,466	5,539
2008	108,679		741	3,709	5,496		100,215	83,767	1,003	82,764	14,005	96,769	17,451
Total Prior Years	131,310		1,739	4,212	7,056	2,494	124,275	96,613	1,406	95,207	18,814	114,021	29,068
7/1/2011	-	64,467,295	131,180	404,696	9,638		64,184,141	64,061,911	45,333	64,016,578	130,445	64,147,023	167,563
TOTAL	\$ 131,310	\$ 64,467,295	\$ 132,919	\$ 408,908	\$ 16,694	\$ 2,494	\$ 64,308,416	\$ 64,158,524	\$ 46,739	\$ 64,111,785	\$ 149,259	\$ 64,261,044	\$ 196,631
Grand List of October 1, 2010							\$ 2,638,616,680						
Taxes Receivable on Grand List of October 1, 2010, due July 1, 2011							\$ 66,070,966						

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, 2011**

	Project Appropriations July 1, 2010	Additions (Reductions)	Project Appropriations June 30, 2011	Expenditures Incurred to July 1, 2010	Current Year Expenditures	Expenditures Incurred to June 30, 2011	Unexpended Appropriations June 30, 2011
General Government:							
Underground Storage Tank	\$ 100,000	\$	\$ 100,000	\$	\$ 70,823	\$ 70,823	\$ 29,177
Addition Town Clerk's Office	44,000		44,000	41,993		41,993	2,007
Deepwood Drive Sewer	576,762		576,762	185,428	344,190	529,618	47,144
DPW Salt Shed Replacement	200,000		200,000	100,738	93,199	193,937	6,063
Lighting Town Center	349,395		349,395	348,036	1,359	349,395	-
Senior Center Repairs	44,346		44,346	40,958	3,388	44,346	-
Police Communications Center	563,165		563,165	150,505	323,536	474,041	89,124
Town Center Lighting - Phase II	20,263	163,826	184,089	20,263	163,826	184,089	-
Sycamore Hills Pool Improvements	40,000		40,000		40,000	40,000	-
Sewer Pump Station Replacement	70,000		70,000	1,874		1,874	68,126
Road Drainage and Overlay Program	3,835,451		3,835,451	3,245,066	292,423	3,537,489	297,962
7.58 CU Dumptruck	190,000		190,000			-	190,000
Library Expansion	9,500,000		9,500,000	212,091	2,482,534	2,694,625	6,805,375
Total General Government	<u>15,533,382</u>	<u>163,826</u>	<u>15,697,208</u>	<u>4,346,952</u>	<u>3,815,278</u>	<u>8,162,230</u>	<u>7,534,978</u>
Board of Education:							
Boiler Replacement - AMS	278,000	(18,505)	259,495	18,435	241,060	259,495	-
PGS Playground Replacement	62,800	149,310	212,110		212,102	212,102	8
ADA Code Compliance Plan	27,900	18,505	46,405	9,800	36,000	45,800	605
AMS Tennis Courts		25,000	25,000		750	750	24,250
BOE Financial System		224,475	224,475			-	224,475
AHS Renovations and Additions	30,670,100		30,670,100	30,273,046		30,273,046	397,054
Total Board of Education	<u>31,038,800</u>	<u>398,785</u>	<u>31,437,585</u>	<u>30,301,281</u>	<u>489,912</u>	<u>30,791,193</u>	<u>646,392</u>
Total	<u>\$ 46,572,182</u>	<u>\$ 562,611</u>	<u>\$ 47,134,793</u>	<u>\$ 34,648,233</u>	<u>\$ 4,305,190</u>	<u>\$ 38,953,423</u>	<u>\$ 8,181,370</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Debt Service Fund

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

Capital Projects Funds

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

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

TOWN OF AVON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

	Special Revenue Funds							
	Sewer Fund	State and Federal Education Grants Fund	School Cafeteria Fund	Recreational Activities Fund	Local Capital Improvement Program Fund	Forest Park Management Fund	Use of School Facilities Fund	Town Aid Road Fund
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Receivables	153,841	26,714	21,086	13,411	105,627			
Due from other funds	1,582,723	158,469	281,346	93,693		11,159	51,515	15,234
Other			5,300	3,630				
Total Assets	\$ 1,736,564	\$ 185,183	\$ 307,732	\$ 110,734	\$ 105,627	\$ 11,159	\$ 51,515	\$ 15,234
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 68,838	\$ 71,673	\$	\$ 12,859	\$	\$ 2,509	\$	\$
Due to other funds					103,451			
Deferred revenue	164,679	113,510	48,414					
Total liabilities	233,517	185,183	48,414	12,859	103,451	2,509	-	-
Fund Balances:								
Nonspendable			5,300					
Restricted								
Committed	1,503,047		254,018	97,875	2,176	8,650	51,515	15,234
Total fund balances	1,503,047	-	259,318	97,875	2,176	8,650	51,515	15,234
Total Liabilities and Fund Balances	\$ 1,736,564	\$ 185,183	\$ 307,732	\$ 110,734	\$ 105,627	\$ 11,159	\$ 51,515	\$ 15,234

(Continued on next page)

TOWN OF AVON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
COMBINING BALANCE SHEET
JUNE 30, 2011

	<u>Special Revenue Funds</u>				<u>Capital Projects Fund</u>	
	<u>Fisher Meadow Maintenance Fund</u>	<u>Police Special Services Fund</u>	<u>Student Athletic Activities Fund</u>	<u>Debt Service Fund</u>	<u>Capital and Nonrecurring Expenditures Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 188,924	\$	\$	\$	\$	\$ 188,924
Receivables		29,212			10,959	360,850
Due from other funds		341,787	56,882	214,116	313,040	3,119,964
Other						8,930
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
67 Total Assets	\$ <u>188,924</u>	\$ <u>370,999</u>	\$ <u>56,882</u>	\$ <u>214,116</u>	\$ <u>323,999</u>	\$ <u>3,678,668</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 30,283	\$ 30	\$	\$ 34,037	\$ 42,473	\$ 262,702
Due to other funds	30,379					133,830
Deferred revenue						326,603
Total liabilities	<u>60,662</u>	<u>30</u>	<u>-</u>	<u>34,037</u>	<u>42,473</u>	<u>723,135</u>
Fund Balances:						
Nonspendable						5,300
Restricted	128,262					128,262
Committed		370,969	56,882	180,079	281,526	2,821,971
Total fund balances	<u>128,262</u>	<u>370,969</u>	<u>56,882</u>	<u>180,079</u>	<u>281,526</u>	<u>2,955,533</u>
Total Liabilities and Fund Balances	\$ <u>188,924</u>	\$ <u>370,999</u>	\$ <u>56,882</u>	\$ <u>214,116</u>	\$ <u>323,999</u>	\$ <u>3,678,668</u>

TOWN OF AVON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds							
	Sewer Fund	State and Federal Education Grants Fund	School Cafeteria Fund	Recreational Activities Fund	Local Capital Improvement Program Fund	Forest Park Management Fund	Use of School Facilities Fund	Town Aid Road Fund
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services	1,758,363	2,005,681	166,397	1,125,491	360,450	105,627		153,839
Investment income								
Other local revenues		30,826		5,500			76,242	
Total revenues	<u>1,758,363</u>	<u>2,036,507</u>	<u>1,291,888</u>	<u>365,950</u>	<u>105,627</u>	<u>-</u>	<u>76,242</u>	<u>153,839</u>
Expenditures:								
Current:								
General government								
Public safety								
Public works	1,454,463				105,627			153,837
Health and human services								
Recreation and parks				325,282		8,253		
Educational - cultural								
Education		2,036,507	1,267,206				69,848	
Capital outlay								
Total expenditures	<u>1,454,463</u>	<u>2,036,507</u>	<u>1,267,206</u>	<u>325,282</u>	<u>105,627</u>	<u>8,253</u>	<u>69,848</u>	<u>153,837</u>
Excess (Deficiency) of Revenues over Expenditures	<u>303,900</u>	<u>-</u>	<u>24,682</u>	<u>40,668</u>	<u>-</u>	<u>(8,253)</u>	<u>6,394</u>	<u>2</u>
Other Financing Sources (Uses):								
Transfers in								
Transfers out	(245,000)						(18,500)	
Net other financing sources (uses)	<u>(245,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,500)</u>	<u>-</u>
Net Change in Fund Balances	58,900	-	24,682	40,668	-	(8,253)	(12,106)	2
Fund Balances at Beginning of Year	<u>1,444,147</u>	<u>-</u>	<u>234,636</u>	<u>57,207</u>	<u>2,176</u>	<u>16,903</u>	<u>63,621</u>	<u>15,232</u>
Fund Balances at End of Year	\$ <u>1,503,047</u>	\$ <u>-</u>	\$ <u>259,318</u>	\$ <u>97,875</u>	\$ <u>2,176</u>	\$ <u>8,650</u>	\$ <u>51,515</u>	\$ <u>15,234</u>

(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, 2011

	Special Revenue Funds				Capital Projects Fund	
	Fisher Meadow Maintenance Fund	Police Special Services Fund	Student Athletic Activities Fund	Debt Service Fund	Capital and Nonrecurring Expenditures Fund	Total Nonmajor Governmental Funds
Revenues:						
Intergovernmental	\$	\$	\$	\$	\$ 92,717	\$ 2,524,261
Charges for services		397,771	311,794			3,953,869
Investment income	240					240
Other local revenues	28,265					140,833
Total revenues	<u>28,505</u>	<u>397,771</u>	<u>311,794</u>	<u>-</u>	<u>92,717</u>	<u>6,619,203</u>
Expenditures:						
Current:						
General government				226,018		226,018
Public safety		251,073		67,802		318,875
Public works				50,255		1,764,182
Health and human services				710		710
Recreation and parks	63,090					396,625
Educational - cultural				35,832		35,832
Education			274,332			3,647,893
Capital outlay					206,087	206,087
Total expenditures	<u>63,090</u>	<u>251,073</u>	<u>274,332</u>	<u>380,617</u>	<u>206,087</u>	<u>6,596,222</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(34,585)</u>	<u>146,698</u>	<u>37,462</u>	<u>(380,617)</u>	<u>(113,370)</u>	<u>22,981</u>
Other Financing Sources (Uses):						
Transfers in				500,000	126,400	626,400
Transfers out						(263,500)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>126,400</u>	<u>362,900</u>
Net Change in Fund Balances	(34,585)	146,698	37,462	119,383	13,030	385,881
Fund Balances at Beginning of Year	<u>162,847</u>	<u>224,271</u>	<u>19,420</u>	<u>60,696</u>	<u>268,496</u>	<u>2,569,652</u>
Fund Balances at End of Year	<u>\$ 128,262</u>	<u>\$ 370,969</u>	<u>\$ 56,882</u>	<u>\$ 180,079</u>	<u>\$ 281,526</u>	<u>\$ 2,955,533</u>

TOWN OF AVON, CONNECTICUT

SEWER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Sewer assessments	\$ 22,500	\$ 22,500	\$ 47,508	\$ 25,008	\$ 3,699
Sewer connections	20,000	20,000	235,000	215,000	89,658
Sewer use charges	1,528,500	1,528,500	1,458,872	(69,628)	1,481,108
Permits and inspections	2,500	2,500	3,350	850	3,615
Interest and lien fees	8,600	8,600	13,633	5,033	10,526
Intergovernmental				-	165,221
Miscellaneous			8,962	8,962	
Total revenues	<u>1,582,100</u>	<u>1,582,100</u>	<u>1,767,325</u>	<u>185,225</u>	<u>1,753,827</u>
Expenditures:					
Current:					
Public works	1,689,479	1,689,479	1,406,522	282,957	1,448,216
Debt service	49,768	49,768	49,768	-	51,738
Total expenditures	<u>1,739,247</u>	<u>1,739,247</u>	<u>1,456,290</u>	<u>282,957</u>	<u>1,499,954</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(157,147)</u>	<u>(157,147)</u>	<u>311,035</u>	<u>468,182</u>	<u>253,873</u>
Other Financing Sources (Uses):					
Transfers out	(245,000)	(245,000)	(245,000)	-	(546,528)
Appropriation of fund balance	402,147	402,147		(402,147)	
Net other financing sources (uses)	<u>157,147</u>	<u>157,147</u>	<u>(245,000)</u>	<u>(402,147)</u>	<u>(546,528)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>66,035</u>	<u>\$ 66,035</u>	<u>(292,655)</u>
Fund Balances at Beginning of Year			<u>1,398,143</u>		<u>1,690,798</u>
Fund Balances at End of Year			<u>\$ 1,464,178</u>		<u>\$ 1,398,143</u>

Reconciliation to GAAP Basis

	Revenues	Expenditures	Fund Balance
Balance, Budgetary Basis - June 30, 2011	\$ 1,767,325	\$ 1,456,290	\$ 1,464,178
Cancelled encumbrances	(8,962)		(8,962)
Encumbrances outstanding at June 30, 2010, still outstanding at June 30, 2011			19,572
Prior year encumbrances paid		26,432	
Current year encumbrances		(28,259)	28,259
Balance, GAAP Basis - June 30, 2011	<u>\$ 1,758,363</u>	<u>\$ 1,454,463</u>	<u>\$ 1,503,047</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, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental	\$ 1,406,211	\$ 2,005,679	\$ 2,011,028	\$ 5,349	\$ 2,343,107
Other revenue		34,287	25,479	(8,808)	
Total revenues	<u>1,406,211</u>	<u>2,039,966</u>	<u>2,036,507</u>	<u>(3,459)</u>	<u>2,343,107</u>
Expenditures:					
Education	<u>1,406,211</u>	<u>2,039,966</u>	<u>2,036,507</u>	<u>3,459</u>	<u>2,343,107</u>
Excess of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers out				-	
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	
Fund Balances at Beginning of Year			<u>-</u>		<u>-</u>
Fund Balances at End of Year			<u>\$ -</u>		<u>\$ -</u>

TOWN OF AVON, CONNECTICUT

SCHOOL CAFETERIA FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

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

	2011				2010
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental	\$ 90,000	\$ 94,057	\$ 118,739	\$ 24,682	\$ 111,846
Charges for services	884,792	1,125,491	1,125,491	-	1,070,144
Total revenues	974,792	1,219,548	1,244,230	24,682	1,181,990
Expenditures:					
Education	974,792	1,219,548	1,219,548	-	1,147,836
Excess of Revenues over Expenditures	\$ -	\$ -	24,682	\$ 24,682	34,154
Fund Balances at Beginning of Year			234,636		200,482
Fund Balances at End of Year			\$ 259,318		\$ 234,636

Reconciliation to GAAP Basis

	Revenues	Expenditures	Fund Balance
Balance, Budgetary Basis - June 30, 2011	\$ 1,244,230	\$ 1,219,548	\$ 259,318
USDA commodities	47,658	47,658	
Balance, GAAP Basis - June 30, 2011	\$ 1,291,888	\$ 1,267,206	\$ 259,318

TOWN OF AVON, CONNECTICUT

RECREATIONAL ACTIVITIES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Charges for services	\$ 368,796	\$ 393,928	\$ 360,450	\$ (33,478)	\$ 319,409
Other revenues		1,500	8,645	7,145	
Total Revenues	<u>368,796</u>	<u>395,428</u>	<u>369,095</u>	<u>(26,333)</u>	<u>319,409</u>
Expenditures:					
Recreation and parks	<u>368,796</u>	<u>395,428</u>	330,882	<u>64,546</u>	306,320
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	<u>38,213</u>	\$ <u>38,213</u>	<u>13,089</u>
Fund Balances at Beginning of Year			<u>54,062</u>		<u>40,973</u>
Fund Balances at End of Year			\$ <u>92,275</u>		\$ <u>54,062</u>
Reconciliation to GAAP Basis					
	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>		
Balance, Budgetary Basis - June 30, 2010	\$ 369,095	\$ 330,882	\$ 92,275		
Cancelled encumbrances	(3,145)		-		
Current year encumbrances		(5,600)	5,600		
Balance, GAAP Basis - June 30, 2010	\$ <u>365,950</u>	\$ <u>325,282</u>	\$ <u>97,875</u>		

TOWN OF AVON, CONNECTICUT

LOCAL CAPITAL IMPROVEMENT PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental	\$ 104,219	\$ 105,627	\$ 105,627	\$ -	\$ 104,219
Expenditures:					
Public works	<u>104,219</u>	<u>105,627</u>	<u>105,627</u>	<u>-</u>	<u>104,219</u>
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	-
Fund Balances at Beginning of Year			<u>2,176</u>		<u>2,176</u>
Fund Balances at End of Year			\$ <u>2,176</u>		\$ <u>2,176</u>

TOWN OF AVON, CONNECTICUT

FOREST PARK MANAGEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Other local revenues	\$ 9,600	\$ 9,600	\$	\$ (9,600)	\$
Expenditures:					
Recreation and parks	<u>9,600</u>	<u>9,600</u>	<u>8,253</u>	<u>1,347</u>	<u>5,699</u>
Deficiency of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	(8,253)	\$ <u>(8,253)</u>	(5,699)
Fund Balances at Beginning of Year			<u>16,903</u>		<u>22,602</u>
Fund Balances at End of Year			\$ <u>8,650</u>		\$ <u>16,903</u>

TOWN OF AVON, CONNECTICUT

TOWN AID ROAD FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental	\$ 153,837	\$ 153,837	\$ 153,839	\$ 2	\$ 153,837
Expenditures:					
Public works	<u>153,837</u>	<u>153,837</u>	<u>153,837</u>	<u>-</u>	<u>153,837</u>
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	2	\$ <u>2</u>	-
Fund Balances at Beginning of Year			<u>15,232</u>		<u>15,232</u>
Fund Balances at End of Year			\$ <u>15,234</u>		\$ <u>15,232</u>

TOWN OF AVON, CONNECTICUT

USE OF SCHOOL FACILITIES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Other local revenues	\$ 10,000	\$ 69,848	\$ 76,242	\$ 6,394	\$ 53,469
Expenditures:					
Education	<u>10,000</u>	<u>69,848</u>	<u>69,848</u>	<u>-</u>	<u>10,000</u>
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	6,394	\$ <u>6,394</u>	43,469
Other Financing Uses:					
Transfer out	\$ _____	\$ _____	(18,500)	\$ (18,500)	_____
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	(12,106)	\$ <u>(12,106)</u>	43,469
Fund Balances at Beginning of Year			<u>63,621</u>		<u>20,152</u>
Fund Balances at End of Year			\$ <u>51,515</u>		\$ <u>63,621</u>

TOWN OF AVON, CONNECTICUT

POLICE SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>2011</u>				<u>2010</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	\$ 26,643	\$ 259,284	\$ 397,771	\$ 138,487	\$ 522,178
Expenditures:					
Public safety	<u>26,643</u>	<u>259,284</u>	<u>251,073</u>	<u>8,211</u>	<u>297,907</u>
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	146,698	\$ <u>146,698</u>	224,271
Fund Balances at Beginning of Year			<u>224,271</u>		<u>-</u>
Fund Balances at End of Year			\$ <u>370,969</u>		\$ <u>224,271</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, 2011

	<u>Project Appropriations July 1, 2010</u>	<u>Additions (Reductions)</u>	<u>Project Appropriations June 30, 2011</u>	<u>Expenditures Incurred to July 1, 2010</u>	<u>Current Year Expenditures</u>	<u>Expenditures Incurred to June 30, 2011</u>	<u>Unexpended Appropriations June 30, 2011</u>
General Government:							
Sidewalks	\$ 10,000	\$	\$ 10,000	\$	\$ 5,938	\$ 5,938	\$ 4,062
Revaluation (2008)	203,165	(8,612)	194,553	150,782	406	151,188	43,365
ADMINS upgrade	56,400		56,400		56,346	56,346	54
Secret Lake Drainage	30,000		30,000	9,050		9,050	20,950
OFB Project 04-116-Design Fees Reimt	420,370	(19,004)	401,366	257,614	3,027	260,641	140,725
Old Farms Rd/Thompson Recon 4-98	463,486	55,869	519,355	446,600	70,384	516,984	2,371
Low Impact Design Farm River Enhan,	25,000	25,000	50,000	19,478	30,522	50,000	-
Revaluation - Current	10,000	8,612	18,612	10,000	8,612	18,612	-
Energy Efficiency Planning Survey		19,893	19,893		19,893	19,893	-
Rails to Trails		10,959	10,959		10,959	10,959	-
Total Capital and Nonrecurring	\$ <u>1,218,421</u>	\$ <u>92,717</u>	\$ <u>1,311,138</u>	\$ <u>893,524</u>	\$ <u>206,087</u>	\$ <u>1,099,611</u>	\$ <u>211,527</u>

FIDUCIARY FUNDS

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

Pension Trust Funds

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

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

Other Post Employment Benefits Fund

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

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

Agency Funds

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

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

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

TOWN OF AVON, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS				
Cash:				
Flexible spending account	\$	\$ 145,056	\$ 121,056	\$ 24,000
High school student activity fund	166,301	79,218	51,643	193,876
Middle school student activity fund	55,045	89,170	96,615	47,600
Roaring Brook student activity fund	7,025	20,513	19,619	7,919
Pine Grove student activity fund	36,082	30,966	29,415	37,633
Thompson Brook student activity fund	<u>10,320</u>	<u>47,962</u>	<u>47,970</u>	<u>10,312</u>
Total Assets	<u>\$ 274,773</u>	<u>\$ 412,885</u>	<u>\$ 366,318</u>	<u>\$ 321,340</u>
LIABILITIES				
Fiduciary Deposits:				
Flexible spending account	\$	\$ 145,056	\$ 121,056	\$ 24,000
High school student activity fund	166,301	79,218	51,643	193,876
Middle school student activity fund	55,045	89,170	96,615	47,600
Roaring Brook student activity fund	7,025	20,513	19,619	7,919
Pine Grove student activity fund	36,082	30,966	29,415	37,633
Thompson Brook student activity fund	<u>10,320</u>	<u>47,962</u>	<u>47,970</u>	<u>10,312</u>
Total Liabilities	<u>\$ 274,773</u>	<u>\$ 412,885</u>	<u>\$ 366,318</u>	<u>\$ 321,340</u>

DETAILED SCHEDULE OF LONG-TERM DEBT OBLIGATIONS

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

JUNE 30, 2011

Description	Original Issue		Year Ending June 30,	Principal	Interest	Total
	Amount	Date				
General Purpose:						
Bonds:						
Avon Police Department Renovations	\$ 1,800,000	9-15-97	2012	\$ <u>100,000</u>	\$ <u>5,000</u>	\$ <u>105,000</u>
Interest payable March 15 and September 15 of each year at 4.25-6.25%; principal payable - March				<u>100,000</u>	<u>5,000</u>	<u>105,000</u>
Sewer Interceptor	\$ 550,000	7-15-98	2012	44,250	3,526	47,776
Interest payable January 15 and July 15 of each year at 4.10-4.75%; principal payable - January			2013	<u>33,750</u>	<u>1,536</u>	<u>35,286</u>
				<u>78,000</u>	<u>5,062</u>	<u>83,062</u>
Fisher Farms Open Space	\$ 1,295,000	7-15-02	2012	82,000	17,158	99,158
Interest payable December 15 and June 15 of each year at 3.0-5.0%; principal payable - June			2013	82,000	14,042	96,042
			2014	82,000	10,845	92,845
			2015	82,000	7,482	89,482
			2016	<u>82,000</u>	<u>4,100</u>	<u>86,100</u>
				<u>410,000</u>	<u>53,627</u>	<u>463,627</u>
Town Hall Renovations	\$ 2,295,000	10-15-09	2012	115,000	62,782	177,782
Interest payable October 15 and April 15 of each year at 2.0-3.25%; principal payable-October			2013	155,000	60,082	215,082
			2014	115,000	56,807	171,807
			2015	100,000	53,582	153,582
			2016	115,000	50,357	165,357
			2017	150,000	46,382	196,382
			2018	150,000	41,882	191,882
			2019	150,000	37,382	187,382
			2020	145,000	32,957	177,957
			2021	135,000	28,757	163,757
			2022	135,000	24,707	159,707
			2023	150,000	20,432	170,432
			2024	145,000	15,916	160,916
			2025	140,000	11,375	151,375
			2026	140,000	6,825	146,825
			2027	<u>140,000</u>	<u>2,275</u>	<u>142,275</u>
				<u>2,180,000</u>	<u>552,500</u>	<u>2,732,500</u>
Total General Purposes				2,768,000	616,189	3,384,189

(Continued on next page)

TOWN OF AVON, CONNECTICUT

LONG-TERM DEBT OBLIGATIONS

SCHEDULE OF BOND MATURITIES (CONTINUED)

JUNE 30, 2011

Description	Original Issue		Year Ending June 30,	Principal	Interest	Total
	Amount	Date				
Schools:						
Bonds:						
School Construction - Avon High School Renovations	\$ 4,300,000	9-15-97	2012	\$ 250,000	\$ 12,500	\$ 262,500
Interest payable March 15 and September 15 of each year at 4.25-6.25%; principal payable - March				250,000	12,500	262,500
School Construction - Avon High School Renovations	\$ 5,825,000	1-15-98	2012	450,000	22,500	472,500
Interest payable January 15 and July 15 of each year at 4.0-5.75%; principal payable - January				450,000	22,500	472,500
School Construction - Avon High School Renovations	\$ 6,915,000	7-15-98	2012	555,750	44,630	600,380
Interest payable January 15 and July 15 of each year at 4.10-4.75%; principal payable - January			2013	431,250	19,622	450,872
				987,000	64,252	1,051,252
School Construction - Thompson Brook School Renovations	\$ 14,245,000	7-15-02	2012	688,000	183,352	871,352
Interest payable December 15 and June 15 of each year at 3.0-5.0%; principal payable - June			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
				4,360,000	591,633	4,951,633
School Construction Avon High School Renovations	\$ 23,218,000	10-15-09	2012	1,150,000	634,994	1,784,994
Interest payable October 15 and April 15 of each year at 2.0-3.25%; principal payable - October			2013	1,580,000	607,694	2,187,694
			2014	1,180,000	574,194	1,754,194
			2015	1,100,000	539,994	1,639,994
			2016	1,195,000	505,569	1,700,569
			2017	1,590,000	463,794	2,053,794
			2018	1,570,000	416,394	1,986,394
			2019	1,570,000	369,294	1,939,294
			2020	1,490,000	323,394	1,813,394
			2021	1,375,000	280,419	1,655,419
			2022	1,370,000	239,244	1,609,244
			2023	1,350,000	198,444	1,548,444
			2024	1,355,000	157,022	1,512,022
			2025	1,360,000	113,750	1,473,750
			2026	1,410,000	68,738	1,478,738
			2027	1,410,000	22,913	1,432,913
				22,055,000	5,515,851	27,570,851
Grand Total-All Bonded Debt				\$ 30,870,000	\$ 6,822,925	\$ 37,692,925

(Continued on next page)

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

JUNE 30, 2011

Description	Original Issue		Year Ending June 30,	Principal	Interest	Total
	Amount	Date				
Schools:						
Bonds:						
School Construction	\$ 2,372,000	10-15-09	2012	\$ 115,000	\$ 64,863	\$ 179,863
Avon Middle School			2013	165,000	62,063	227,063
Roof			2014	125,000	58,538	183,538
Interest payable October 15			2015	100,000	55,163	155,163
and April 15 of each			2016	110,000	52,013	162,013
year at 2.0-3.25%;			2017	150,000	48,113	198,113
principal payable - October			2018	150,000	43,613	193,613
			2019	150,000	39,113	189,113
			2020	150,000	34,613	184,613
			2021	140,000	30,263	170,263
			2022	145,000	25,988	170,988
			2023	150,000	21,563	171,563
			2024	150,000	16,969	166,969
			2025	150,000	12,188	162,188
			2026	150,000	7,313	157,313
			2027	150,000	2,438	152,438
				2,250,000	574,814	2,824,814
Total Schools				30,352,000	6,781,550	37,133,550
Grand Total-All Bonded Debt				\$ 33,120,000	\$ 7,397,739	\$ 40,517,739

STATISTICAL SECTION

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

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

Statistical section information is presented in the following categories:

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

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

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

TABLE 1

TOWN OF AVON, CONNECTICUT

NET ASSETS BY COMPONENT

SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)

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

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

TOWN OF AVON, CONNECTICUT

CHANGES IN NET ASSETS

SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)

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

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

TABLE 3

TOWN OF AVON, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:										
Reserved	\$ 653,454	\$ 758,851	\$ 862,630	\$ 908,877	\$ 147,535	\$ 17,118	\$	\$	\$	\$
Unreserved	4,153,303	4,245,984	3,941,547	3,657,223	4,159,172	3,760,315	4,676,227	5,253,522	5,100,539	
Nonspendable										133,724
Assigned										1,786,555
Unassigned										6,084,975
Total General Fund	<u>\$ 4,806,757</u>	<u>\$ 5,004,835</u>	<u>\$ 4,804,177</u>	<u>\$ 4,566,100</u>	<u>\$ 4,306,707</u>	<u>\$ 3,777,433</u>	<u>\$ 4,676,227</u>	<u>\$ 5,253,522</u>	<u>\$ 5,100,539</u>	<u>\$ 8,005,254</u>
All other governmental funds:										
Reserved	\$ 634,249	\$ 534,749	\$ 860,651	\$ 627,941	\$ 756,962	\$ 813,490	\$ 562,053	\$ 453,686	\$ 109,845	\$
Unreserved, reported in:										
Special revenue funds	803,078	1,420,380	1,675,926	1,892,462	1,641,669	1,850,540	4,289,793	3,326,360	3,331,402	
Capital projects funds	2,595,947	915,811	573,429	968,946	96,391	(8,277,866)	(21,972,030)	(23,536,240)	2,856,843	
Nonspendable										5,300
Restricted										128,262
Committed										2,821,971
Unassigned										(75,208)
Total All Other Governmental Funds	<u>\$ 4,033,274</u>	<u>\$ 2,870,940</u>	<u>\$ 3,110,006</u>	<u>\$ 3,489,349</u>	<u>\$ 2,495,022</u>	<u>\$ (5,613,836)</u>	<u>\$ (17,120,184)</u>	<u>\$ (19,756,194)</u>	<u>\$ 6,298,090</u>	<u>\$ 2,880,325</u>

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

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Property taxes	\$ 41,342,284	\$ 44,995,486	\$ 48,012,671	\$ 49,213,013	\$ 52,054,364	\$ 54,940,024	\$ 57,607,095	\$ 60,443,984	\$ 61,251,149	\$ 64,340,735
Intergovernmental (state and federal grants)*	1,253,894	5,498,502	4,082,975	4,537,713	5,908,147	6,223,583	25,960,589	8,029,848	9,479,811	8,409,103
Licenses, fees and permits	5,843,727									
Charges for services	2,061,259	4,144,002	4,462,440	4,754,726	4,735,059	4,268,644	4,585,785	5,253,901	5,243,089	5,899,335
Contributions**		324,293	25,620	45,850	30,300	6,300			3,200	
Investment income	689,389	273,327	177,347	430,329	1,229,679	1,923,744	1,361,187	469,404	231,295	259,529
Other local revenues	162,529	109,187	173,665	165,404	280,849	370,776	980,682	446,082	477,976	1,294,266
Total revenues	<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>	<u>90,495,338</u>	<u>74,643,219</u>	<u>76,686,520</u>	<u>80,202,968</u>
Expenditures:										
Town Council:										
General government	2,179,856	2,049,196	2,214,074	2,275,478	2,332,582	2,534,553	2,934,699	4,071,003	2,923,516	3,265,992
Public safety	5,550,091	5,935,154	6,354,328	6,597,926	7,190,774	7,492,029	7,943,996	8,180,761	8,062,495	8,158,581
Public works	3,541,216	4,045,432	4,596,663	4,766,751	4,676,353	4,966,497	5,177,018	5,995,535	5,565,831	5,532,928
Health and social services	263,479	280,654	292,929	312,136	321,193	339,055	418,279	407,956	431,181	428,700
Recreation and parks	879,885	932,564	994,752	1,075,531	1,104,495	1,114,589	1,114,355	1,058,239	1,126,505	1,222,190
Educational - cultural	975,163	1,089,118	1,147,023	1,141,214	1,171,991	1,249,963	1,325,488	1,312,882	1,381,486	1,412,445
Conservation and development	312,057	396,219	471,433	473,635	452,072	480,232	461,474	485,868	494,145	524,858
Miscellaneous	317,050	994,769	468,377	262,733	258,642	244,096	279,276	288,255	293,613	257,016
Total Town Council	14,018,797	15,723,106	16,539,579	16,905,404	17,508,102	18,421,014	19,654,585	21,800,499	20,278,772	20,802,710
Board of Education	29,404,265	31,531,774	33,580,967	35,704,437	39,657,600	41,450,613	57,087,590	46,822,998	48,902,814	50,625,619
Debt service:										
Principal	2,800,000	2,500,000	3,445,000	3,655,000	3,255,750	3,330,750	3,500,000	3,100,000	3,300,000	3,650,000
Interest	1,429,183	1,869,062	1,255,887	1,167,048	1,059,348	1,244,954	1,460,243	1,638,189	1,780,764	1,126,412
Total Debt Service	4,229,183	4,369,062	4,700,887	4,822,048	4,315,098	4,575,704	4,960,243	4,738,189	5,080,764	4,776,412
Capital improvements	14,650,674	6,376,491	2,007,365	1,823,880	3,911,318	12,323,872	21,097,420	3,340,246	4,758,505	4,511,277
Total expenditures	<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>	<u>102,799,838</u>	<u>76,701,932</u>	<u>79,020,855</u>	<u>80,716,018</u>
Excess (Deficiency) of Revenues over Expenditures	<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>	<u>(12,304,500)</u>	<u>(2,058,713)</u>	<u>(2,334,335)</u>	<u>(513,050)</u>
Other Financing Sources (Uses):										
Proceeds from sale of land/capital assets		207,000	11,530	250,000						
Capital lease proceeds										
Bond/BAN issue proceeds	14,245,000	1,295,000							27,885,000	
Bond/BAN issue premium		155,284							350,636	
Loan Proceeds						600,000				
Operating transfers in	2,665,368	1,345,587	2,435,591	1,604,920	2,524,174	2,666,315	4,346,550	4,032,303	2,076,079	1,888,652
Operating transfers out	(2,177,362)	(1,311,491)	(2,514,633)	(1,604,920)	(2,624,174)	(2,866,315)	(4,346,550)	(4,032,303)	(2,076,079)	(1,888,652)
Total other financing sources (uses)	<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>	<u>-</u>	<u>-</u>	<u>28,235,636</u>	<u>-</u>
Net Change in Fund Balances	3,783,169	(964,256)	38,408	141,266	(1,253,720)	(8,638,132)	(12,304,500)	(2,058,713)	25,901,301	(513,050)
Fund Balance at Beginning of Year ***	5,056,862	8,840,031	7,875,775	7,914,183	8,055,449	6,801,729	(139,457)	(12,443,959)	(14,502,672)	11,398,629
Fund Balance at End of Year	<u>\$ 8,840,031</u>	<u>\$ 7,875,775</u>	<u>\$ 7,914,183</u>	<u>\$ 8,055,449</u>	<u>\$ 6,801,729</u>	<u>\$ (1,836,403)</u>	<u>\$ (12,443,957)</u>	<u>\$ (14,502,672)</u>	<u>\$ 11,398,629</u>	<u>\$ 10,885,579</u>
Debt Service as a Percentage to Noncapital Expenditures	8.88%	8.69%	8.72%	8.58%	7.00%	7.27%	6.16%	6.52%	6.82%	6.24%
Total Debt Service	4,229,183	4,369,062	4,700,887	4,822,048	4,315,098	4,575,704	4,960,243	4,738,189	5,080,764	4,776,412
Non capital expenditures	47,652,245	50,254,788	53,892,204	56,189,168	61,685,584	62,955,279	80,545,635	72,716,201	74,451,371	76,486,372

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

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

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

TABLE 5

TOWN OF AVON, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property		Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2002	\$ 1,138,255,700	\$ 229,372,310	\$ 128,024,660	\$ 73,230,960	\$ 104,381,370	\$ 1,568,883,630	25.90	\$ 2,625,333,686	59.8 %
2003	1,166,844,000	238,340,420	134,502,990	76,552,000	107,352,000	1,616,239,410	27.30	2,856,387,891	56.6
2004	1,208,639,570	240,317,650	140,432,000	75,965,880	121,595,680	1,665,355,100	28.30	3,122,648,993	53.3
2005	1,586,977,750	267,882,430	136,128,965	75,657,830	148,530,000	2,066,646,975	23.46	3,156,183,610	65.5
2006	1,633,097,700	270,135,570	148,590,290	77,077,010	149,492,690	2,128,900,570	24.16	3,548,200,958	60.0
2007	1,679,790,240	272,737,650	155,308,220	79,758,880	149,225,860	2,187,594,990	24.85	3,941,612,590	55.5
2008	1,715,393,290	274,339,890	155,657,040	81,609,190	149,230,440	2,226,999,410	25.55	4,128,919,720	53.9
2009	1,742,414,530	275,672,080	158,100,960	85,620,640	170,279,410	2,261,808,210	26.53	4,192,148,210	54.0
2010	2,057,199,260	317,688,190	148,167,500	82,720,100	270,062,210	2,605,775,050	23.41	4,008,884,690	65.0
2011	2,069,142,780	317,552,310	152,291,800	79,166,770	271,062,110	2,618,153,660	24.44	3,946,859,780	66.3

Source: Town Assessor's Office

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

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

TOWN OF AVON, CONNECTICUT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

Fiscal Year	Direct Rates			Overlapping Rates	
	Basic Rate	General Obligation	Total Direct	State	County
		Debt Service			
2002	23.53	2.37	25.90	N/A	N/A
2003	24.91	2.39	27.30	N/A	N/A
2004	25.72	2.58	28.30	N/A	N/A
2005	21.33	2.13	23.46	N/A	N/A
2006	22.08	2.08	24.16	N/A	N/A
2007	22.76	2.09	24.85	N/A	N/A
2008	23.44	2.11	25.55	N/A	N/A
2009	24.36	2.17	26.53	N/A	N/A
2010	21.56	1.85	23.41	N/A	N/A
2011	22.65	1.79	24.44	N/A	N/A

TABLE 7

TOWN OF AVON, CONNECTICUT

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Grand List
Avonplace Associates LLC	\$ 13,934,790	1	0.53 %			
64 Avonwood Rd. Assoc. LLC	13,647,330	2	0.52			
Two Fifty-Five West Main LLC	13,179,390	3	0.50	\$ 8,973,950	3	0.57 %
Connecticut Light & Power	12,171,490	4	0.46	8,136,440	5	0.52
Ensign Bickford Realty Corp.	11,261,660	5	0.43	9,421,770	2	0.60
Avon Marketplace Investors	10,813,240	6	0.41			
Riverdale Farms LLC	9,963,070	7	0.38			
Nod Brook LLC	8,157,080	8	0.31	8,158,930	4	0.52
Family Wellness Center	8,895,050	9	0.34			
Avon Water Company	9,123,580	10	0.35			
Connecticut On-Line Computer				7,981,330	6	0.51
Avon Associates, Ltd				7,529,590	10	0.48
Jackson, Inc.				9,469,020	1	0.60
G. David Lattizori				7,674,270	9	0.49
Village Developers				7,746,030	8	0.49
Silvio Brighenti, et al				7,921,570	7	0.50
	<u>\$ 111,146,680</u>		<u>4.23 %</u>	<u>\$ 83,012,900</u>		<u>5.28 %</u>

Source: Town Assessor's Office

TOWN OF AVON

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Percentage of Levy Uncollected	Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy			Amount	Percentage of Levy
2002	\$	41,200	\$ 41,026	99.58 %	0.42 %	37	\$ 41,062	99.67 %
2003		44,718	44,568	99.66	0.34	89	44,657	99.86
2004		47,681	47,591	99.81	0.19	61	47,652	99.94
2005		48,900	48,851	99.90	0.10	23	48,874	99.95
2006		51,865	51,774	99.82	0.18	35	51,808	99.89
2007		54,781	54,677	99.81	0.19	71	54,747	99.94
2008		57,350	57,311	99.93	0.07	13	57,324	99.95
2009		60,287	60,174	99.81	0.19	86	60,259	99.95
2010		61,074	60,965	99.82	0.18	83	61,048	99.96
2011		64,184	64,017	99.74	0.26	n/a	64,017	99.74

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)
2002	\$ 18,965,000	0.7224 %	\$ 18,965,000	2.32 %	\$ 1,198
2003	32,005,000	1.1205	32,005,000	3.79	1,960
2004	28,560,000	0.9146	28,560,000	3.31	1,709
2005	24,860,000	0.7877	24,860,000	2.81	1,455
2006	21,560,000	0.6076	21,560,000	2.38	1,232
2007	18,785,000	0.4766	18,785,000	2.08	1,073
2008	15,285,000	0.3702	15,285,000	1.66	859
2009	12,185,000	0.2907	12,185,000	1.32	685
2010	36,770,000	0.9172	36,770,000	3.93	2,031
2011	33,120,000	0.8391	33,120,000	3.48	1,800

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

(2) See Table 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

TABLE 10

TOWN OF AVON, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 302,480,185	\$ 327,027,981	\$ 348,473,195	\$ 364,104,930	\$ 383,690,160	\$ 404,046,335	\$ 422,652,293	\$ 442,469,867	\$ 448,646,527	\$ 470,001,581
Total net debt applicable to limit	<u>30,750,062</u>	<u>30,318,112</u>	<u>27,397,166</u>	<u>59,039,437</u>	<u>64,909,268</u>	<u>76,853,667</u>	<u>82,135,050</u>	<u>84,129,441</u>	<u>62,217,044</u>	<u>58,609,091</u>
Legal Debt Margin	<u>\$ 271,730,123</u>	<u>\$ 296,709,869</u>	<u>\$ 321,076,029</u>	<u>\$ 305,065,493</u>	<u>\$ 318,780,892</u>	<u>\$ 327,192,668</u>	<u>\$ 340,517,243</u>	<u>\$ 358,340,426</u>	<u>\$ 386,429,483</u>	<u>\$ 411,392,490</u>
Total net debt applicable to the limit as a percentage of debt limit	10.17%	9.27%	7.86%	16.21%	16.92%	19.02%	19.43%	19.01%	13.87%	12.47%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 2009 debt limit can be found on Table 12 of this report.

TOWN OF AVON, CONNECTICUT

DEBT STATEMENT

AS OF JUNE 30, 2011

Long-Term Debt:

Bonds:

General public improvement	\$ 2,690,000
School	30,352,000
Sewer	78,000
Total bonds	<u>33,120,000</u>

Short-Term Debt:

Bond anticipation notes	<u>7,000,000</u>
Total direct debt	<u>40,120,000</u>

Less Amount due from State of Connecticut (a)

Existing school bonds	<u>(256,000)</u>
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Total Net Direct Debt	<u><u>\$ 39,864,000</u></u>
-----------------------	-----------------------------

(a) For school construction projects approved prior to July 1, 1996, state reimbursement grants are receivable in substantially equal installments over the life of outstanding school bonds. For school building projects approved after July 1, 1996, the State will reimburse the Town for eligible costs at a rate of 25.71% on a progress payment basis during the construction phase.

TOWN OF AVON, CONNECTICUT

CURRENT DEBT RATIOS

AS OF JUNE 30, 2011

Population (a)	18,400 (est.)
Net Taxable Grand List (October 1, 2009) (b)	\$ 2,618,153,660
Estimated Full Value (70%)	\$ 3,740,219,514
Equalized Net Taxable Grand List (2009) (c)	\$ 3,649,823,882
Income per Capita (2000) (d)	\$ 51,706

	<u>Total Direct Debt</u>	<u>Total Net Direct Debt</u>	<u>Total Overall Net Debt</u>
	\$ 40,120,000	\$ 39,864,000	\$ 39,864,000
Per Capita	\$ 2,180	\$ 2,167	\$ 2,167
Ratio to Net Taxable Grand List	1.53%	1.52%	1.52%
Ratio to Estimated Full Value	1.07%	1.07%	1.07%
Ratio to Equalized Net Taxable Grand List	1.10%	1.09%	1.09%
Debt per Capita to Income per Capita	4.22%	4.19%	4.19%

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

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

(c) Official Statement, Town of Avon BAN Issue of November 1, 2011

(d) State of Connecticut, Department of Labor

TOWN OF AVON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2011

Total tax collections (including interest and lien fees) received by Treasurer for current fiscal year	\$ 64,260,932
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><u>\$ 67,143,083</u></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	\$ 151,071,937	\$	\$	\$	\$
4-1/2 times base		302,143,874			
3-3/4 times base			251,786,561		
3-1/4 times base				218,215,020	
3 times base					201,429,249
Total debt limitation	<u>151,071,937</u>	<u>302,143,874</u>	<u>251,786,561</u>	<u>218,215,020</u>	<u>201,429,249</u>
Indebtedness:					
Bonds payable	2,690,000	30,352,000	78,000		
Bond authorized but unissued	11,405,000	14,493,000			
School building grants		(256,000)			
Sewer assessment receivable			(152,909)		
Net indebtedness (1)	<u>14,095,000</u>	<u>44,589,000</u>	<u>(74,909)</u>		
Debt Limitation in Excess of Outstanding Debt	<u><u>\$ 136,976,937</u></u>	<u><u>\$ 257,554,874</u></u>	<u><u>\$ 251,861,470</u></u>	<u><u>\$ 218,215,020</u></u>	<u><u>\$ 201,429,249</u></u>

(1) The total of the above net indebtedness amounts to: \$ 58,609,091

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 470,001,581

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)
2002	15,832	\$ 818,609	\$ 51,706	42.0	16	2,984	2.6
2003	16,332	844,462	51,706	42.0	16	3,071	3.2
2004	16,707	863,852	51,706	42.0	16	3,245	3.4
2005	17,082	883,242	51,706	42.0	16	3,319	2.9
2006	17,500	904,855	51,706	42.0	16	3,446	2.7
2007	17,500	904,855	51,706	42.0	16	3,519	3.1
2008	17,800	920,367	51,706	42.0	16	3,532	3.7
2009	17,800	920,367	51,706	42.0	16	3,613	5.5
2010	18,100	935,879	51,706	42.0	16	3,605	6.0
2011	18,400	951,390	51,706	42.0	16	3,540	5.7

Sources:

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

TABLE 15

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

Employer	2011			2002		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Avon	559	1	6.99 %	450	1	5.97 %
Connecticut On-Line Computer Center	330	2	4.12	290	3	3.85
Wal-Mart	220	3	2.75	220	4	2.92
Women's Health USA	220	4	2.75	120	10	1.59
Avon Health Center, Inc.	216	5	2.70	186	6	2.47
Big Y Supermarket	195	6	2.44	195	5	2.59
Apple Health Care, Inc	186	7	2.32	130	9	1.72
O.F.S Fitel LLC	177	8	2.21	153	8	2.03
Legere Group	155	9	1.94			
Reflexite Tech Center	91	10	1.14			
Reliastar Security-Connecticut Life Ins. Co.				299	2	3.97
Hartford Insurance				158	7	2.10
	<u>2,349</u>		<u>29.36 %</u>	<u>2,201</u>		<u>29.19 %</u>

Source: Town of Avon, Official Statements

TOWN OF AVON, CONNECTICUT

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

JUNE 30, 2011

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>General Government</u>										
Manager	3.0	3.0	3.0	3.0	2.3	2.3	2.3	2.3	2.3	2.0
Finance	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Planning	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0
Building	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Other	11.0	11.0	14.0	13.0	12.7	12.7	12.7	12.7	12.7	12.0
<u>Public Safety</u>										
Officers	44.0	44.0	43.0	43.0	43.0	43.0	42.0	41.0	40.0	39.0
<u>Public Works</u>	27.0	26.0	30.0	30.0	30.0	29.0	29.0	29.0	28.0	29.0
<u>Parks and Recreation</u>	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<u>Public Library</u>	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
<u>Human Services</u>	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
<u>Board of Education</u>										
Certified	291.8	288.5	289.0	302.0	395.0	387.0	384.0	399.0	374.0	346.0
Total	397.8	393.5	400.0	413.0	505.0	496.0	492.0	506.0	479.0	449.0

Source: Annual Operating Budgets

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

TOWN OF AVON, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
JUNE 30, 2011

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>General Government</u>										
Marriage licenses issued	102	122	119	128	125	213	156	174	145	183
Civil Unions Recorded (new in 06/07)	0	0	1	2	2	6	N/A	N/A	N/A	N/A
Birth certificates issued	118	105	129	126	137	154	158	153	150	164
Death certificates issued	125	155	185	192	158	194	166	182	181	167
<u>Boards and Agencies</u>										
Registered voters	12,051	11,852	11,943	11,297	11,087	11,100	11,348	10,488	10,341	10,685
Elections and referenda	2	4	4	5	3	3	3	5	3	2
<u>Planning and Development</u>										
Building permits issued	575	561	525	635	562	700	750	732	654	600
Building inspections conducted	1,970	1,919	1,961	2,546	2,524	3,700	3,750	3,984	2,535	2,500
Value of building permits	32,317,339	27,942,971	17,946,028	24,403,569	24,586,378	23,358,000	51,801,012	36,897,500	49,938,726	33,243,701
<u>Public Safety</u>										
Arrests	287	246	281	289	292	350	346	351	318	263
Parking violations	27	51	69	72	78	67	101	146	200	203
Traffic violations	2,509	2,937	5,078	6,337	5,992	5,173	5,476	4,982	4,240	4,177
Emergency responses	1,503	1,313	1,247	1,307	1,265	3,323	3,136	3,420	4,278	3,871
Fires extinguished	28	11	8	28	15	18	17	22	26	22
Inspections/fire prevention	485	279	392	620	1,369	1,488	1,460	1,404	1,540	1,360
Calls for service	19,126	22,094	27,398	25,389	23,846	30,885	28,940	25,525	31,000	28,140
Citations issued	1,481	2,169	3,945	4,421	4,230	4,014	4,388	3,810	2,594	2,489
<u>Public Works</u>										
Miles of roads maintained	108	108	108	104	103	102	100.58	100.13	97.26	96.27
Refuse collected (tons per year)	872	900	950	1,029	1,065	N/A	1,107	1,095	N/A	N/A
Recyclables collected (tons per year)	553	650	726	931	933	N/A	809	719	N/A	N/A
<u>Parks and Recreation</u>										
Total park reservations	1,657	1,977	2,026	2,767	4,399	2,934	1,581	1,553	1,413	1,023
Total day camp registrations	395	527	659	612	554	486	467	286	285	290
Total swim memberships	400	415	403	437	530	507	495	447	415	508
Pool attendance	10,654	14,759	10,593	13,254	17,539	18,009	19,434	12,527	11,155	19,159
<u>Public Library</u>										
Volumes in collection	89,399	85,258	82,067	80,085	80,174	80,000	79,138	80,032	81,758	78,600
Items circulated	261,141	292,349	294,443	305,843	317,900	307,661	300,069	299,178	295,300	238,000
<u>Human Services</u>										
Senior mini-bus trips	2,143	2,708	3,507	3,472	3,601	3,833	3,279	2,950	2,515	2,454
Households provided energy assistance	45	30	35	27	49	35	30	30	57	89
Households provided food bank assistance	83	88	89	74	73	75	70	65	65	65
<u>Education</u>										
Elementary schools	2	2	2	2	2	2	2	2	2	2
Grade 5/6 schools	1	1	1	1	1	1	1	1	1	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

TABLE 18

TOWN OF AVON, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

JUNE 30, 2011

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
Police vehicles	28	28	29	28	25	20	17	22	25	23
Fire vehicles	14	14	14	13	13	12	12	12	17	15
<u>Public Works</u>										
Miles of town roads	108	108	108	105	104	102	100.39	100.23	96.57	95.18
Linear feet of sidewalks (See Note)	50865	49465	49465	49465	49465	100	N/A	N/A	N/A	N/A
Streetlights	836	836	836	792	802	787	781	773	760	756
Traffic signals	18	18	12	12	12	12	12	11	11	11
Public works vehicles	33	33	33	33	33	33	32	33	34	31
<u>Parks and Recreation</u>										
Acreage (parks only)	1155	1155	1155	1155	1155	1155	1155	1155	1155	1122
Parks and greens	14	14	14	14	14	14	14	14	14	13
Athletic fields (includes Board of Education)	30	30	30	30	30	30	27	27	27	27
Swimming pools	2	2	2	2	2	2	2	2	2	2
<u>Public Library</u>										
Library	1	1	1	1	1	1	1	1	1	1
<u>Human Services</u>										
Senior center	1	1	1	1	1	1	1	1	1	1
<u>Education</u>										
Schools	5	5	5	5	5	5	5	5	5	4
<u>Water</u>										
Fire hydrant rentals	721	710	709	684	684	614	595	579	579	573
<u>Sewer</u>										
Sanitary sewers (miles)	76.43	76.43	76.36	72.75	70.58	68.46	67.74	64.47	61.23	59.6
Storm sewers (miles)	45.5	45	43.12	41.62	39.59	38.43	38.23	37.21	34.79	33.63

Source(s): Various Town Departments

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