

TOWN OF AVON CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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TOWN OF AVON, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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December 17, 2013

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, 2013.

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, 2013, 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, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

This is the eleventh 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 19,000 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. Avon is at 80% build-out, but there still remains approximately 20% 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 increase in population resulting in an increased number of voters, 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, unlike the rest of the nation, continues to experience a moderate increase in the number of new home permits. New single family home building permits have been a major source of revenue. In fiscal year 2012-2013, a total of 46 new, single family homes were permitted with the average value of a residence in the amount of \$372,346, not including the cost of a building lot (average cost \$200,000) with an average house size of 3,560 square feet. The number of both commercial permits and other types of residential permits has remained steady with the number of plan reviews and inspections required remaining high. The 2012-2013 permit revenue has exceeded the budget projections by 60%.

As of June 2013 the Town's unemployment rate of 5.2% compares favorably to the state's average of 7.5%. Avon's per capita personal income is \$51,706 versus the state's average, which is \$37,627.

Avon is fortunate to have a well-balanced diverse mix of business and industrial uses, medical services, and a variety of quality housing. 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., an 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 (located in Avon Park South since 1993, completed construction of a 53,000-square-foot addition to their manufacturing facility). 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 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, the 20,000 square feet Helen and Harry Gray Cancer Treatment Center operated by Hartford Hospital, and the recently completed 20,000 square foot Hartford Hospital walk-in clinic on Route 44. The Fresh Market grocery store was completed and opened in February 2012; and a 20,000 square foot office building and new 53-lot residential development by Toll Brothers are under construction. Many new businesses have opened, some existing businesses have relocated and/or renovated, and some are now under construction. In addition, 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, 2011 Grand List grew by \$29,490,190 to \$2,668,107,050, or an increase of 1.117%, from the 2010 Grand List of \$2,638,616,860. Real estate increased \$17,981,200 or 0.75%. The Town conservatively budgets revenues such as building permit activity and conveyance fees, which are highly dependent on the economy and current market conditions. Building permits issued for 2012-2013 indicate a total value of \$52,928,314. The Town is not highly dependent on State revenues (represents about 5.6% of the Town's total revenues), and because the Town's budget process occurs much earlier than the State's budget schedule, it forces the Town to estimate grants at the current level of funding or based upon the legislative estimates provided at that time. This approach has worked well for the Town.

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*, its August 2013 issue, "Top Towns", ranked Avon fourth as the most desirable community among the 15,000 to 30,000 population category, and tenth overall for all Connecticut towns, regardless of size. In its November 2011 issue "Best Towns", Avon ranked fourth among the 15,000-25,000 population category; the 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. In a September 2013 article in *Forbes Magazine*, Avon was highlighted as one of "the best school districts with home prices less than twice the regional median". *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 November 2011, Avon climbed to the third position in the ranking.

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 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 2013 being 19,000. 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 three functions exceeds the growth of Town expenditures as a whole. For a ten-year period, expenditures in the public safety function has grown at 43%, due to town growth and increased demands for services. Expenditures for health and social services function grew at 51%, due to an increase of client services, and expenditures for the Board of Education function grew at 58%, due to increased school enrollment, all compared with a 35% 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, and again in 2013, also ranking Avon High School 14th within Connecticut in the 2013 report. *Newsweek Magazine* listed Avon High School as one of 12 Connecticut schools named in their "America's Best High Schools" list for 2011. The school is ranked 281st out of 500 high schools around the country, based on a formula that weighs such factors as student-to-teacher ratio, graduation rate, Advanced Placement tests, the percentage of college-bound students and average SAT scores.

Avon's educational system continues to be regarded as one of the best in the State of Connecticut. During the 2012-2013 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 2011-2012 a Strategic Plan for the Avon Public Schools was achieved through a collaborative process that resulted in a conceptual map for the Board of Education for the next five years. A formal curriculum revision process was started in English Language Arts and Mathematics, grades Kindergarten through 12, with all the other content areas to follow in the immediate future. During the 2012-2013 school year, Avon Public Schools saw tremendous growth while meeting many new state requirements in the area of curriculum revision (Common Core State Standards), evaluation of certified staff, and preparing for the final steps of the NEASC accreditation process at the Avon High School. Among the most significant accomplishments achieved, and scheduled to commence in the 2013-2014 school year, are full day kindergarten with a half day option, world language (Spanish) instruction in grades kindergarten through 6, and newly added courses and sections to the Avon High School Program of Studies in social studies, English, and applied education. Plans at the high school also include establishing a pilot internship program for grade 12 students and the implementation of an Advisor/Advisee program.

Long-Term Financial Planning

In September 2008, a dedication ceremony of the \$30,698,000 Addition and Renovation to the Avon High School project took place; the expansion was done to accommodate the building's maximum capacity from its original designed 850 student capacity to the projected enrollment of 1,200 students by the 2012 school year. The project was 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. The final paperwork has been processed to close out the state grant for the high school project, and audit has been performed with the draft audit report presented to the Board of Education pending acceptance.

The Avon High School expansion project had highlighted the need for a realistic methodology to estimate changes in the Grand List and in individual property values that can be utilized to project tax impacts of additional town borrowings over various periods of time. The joint effort of the three boards, Town management and the financial advisor led to a "formula" in which residents and business can visit the town website, enter in their individual assessed values, which are also available on the website, and obtain as estimate of the additional tax payments that would be required on a monthly and annual basis to cover the cost of any proposed bonding projects. The Town expanded this methodology by creating a tax calculator that allows residents to view the impact of the revaluation of property when it occurs and for every proposed budget, including the 2012-2013 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 renovations and additions to the Avon Free Public Library. Construction commenced in the winter of 2010, with the ceremonial groundbreaking in early January 2011. The Library expansion, which was completed in April 2012 (despite a difficult weather year with Storms Alfred and Irene) at a total cost of \$8.61 million (roughly \$900,000 under the original budget), doubled the square footage and significantly impacted building

operating and staff costs. The improvements allowed the Library to expand its print and non-print collections and the programs offered to the public, which are projected to be needed for the Town's build-out population of 21,000. The Avon Free Public Library received a \$1,000,000 Connecticut State Library construction grant, with the remainder of this approximately \$9,500,000 total construction project funded by notes, bonds, fundraisers, and donations. On November 2, 2010, the Town issued Bond Anticipation Notes in the amount of \$7,000,000, due November 1, 2011, which was subsequently replaced with \$7,000,000 of Bond Anticipation Notes at a rate of 1.50% maturing October 30, 2012 for temporary financing for the expansion and renovations. On October 30, 2012, the Town issued General Obligation Bonds at a rate of 2% maturing June 15, 2028.

In March 2012, a Master Plan was approved to create a bicycle and pedestrian friendly village center on a 90 acre parcel of undeveloped land located north of the Town Hall complex, in Avon Park North. This project could result in upwards of 400,000 square feet of mixed-use commercial space, 400 residential units, and grand list growth yielding between \$1.7 million and \$2.5 million in new revenue.

In May of 2012, the Town was pleased to learn that the State of Connecticut committed to fund 100% of the cost for the Old Farms Road Bridge replacement, Rt. 10 intersection improvements, and reconstruction of Old Farms Road between Rt. 10 and Tillotson Road. These projects have been on the Town's CIP program for more than twenty-five years. It is anticipated that final design and permitting will start in fiscal year 2013-2014 and continue through 2014-2015, with construction commencing in the spring of fiscal year 2015-2016 and completion by fiscal year 2017.

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

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

For operating funds, the Town currently operates under an investment policy which was approved by the Town Council on November 2, 2000. The Town restricts its activities to instruments which provide the greatest safety, liquidity, and yield in that order. US Treasury obligations maturing less than one year, overnight repurchase agreements, and a US government fund comprise the bulk of the operating investment portfolio. The risk based capital ratios and collateral requirements (as defined in Connecticut General Statutes Section 36-382) of the qualified public depositories with which the Town does business are monitored.

For pension funds, the Town's pension investments are governed by its *Statement of Investment Policies and Objectives*. The policy details asset mix ranges for various classes of investments: core equities, international equities, small to mid-cap equities, fixed income investments and cash equivalents, where the overall investment return is expected to exceed the actuarial investment return assumption. Investment manager performance and compliance with the investment policy is reviewed periodically by a committee of Town officials and a pension consultant.

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 total period of seven years, increasing contribution so that in the final year of the phase-in, the annual required contribution would be met.

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 no budgeted use of Unassigned General Fund resources for the fiscal year 2012-2013 budget. 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”.

In April of 2008, the Town Council and the Board of Finance 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.

Per State law, each approved subdivision must contribute a portion of the total property to the Town as dedicated open space or make a payment to the Town in lieu of this land dedication. Over the years this account has grown to over \$500,000 for the Open Space Fund, which is used solely 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.

Major Initiatives

The Town continues to contract out for grounds and building maintenance, janitorial services and snow removal. The Town participates in regional purchasing and cooperative bidding through the State of Connecticut, Capital Region Council of Governments, Connecticut Conference of Municipalities, and other consortiums, and currently participates in more than twenty (20) such joint procurement processes. The Town and the Board of Education continue to explore ways to streamline operations as outlined in the Matrix Study, the study performed by an outside consultant regarding 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 that have been implemented are the 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 the Small Town Economic Assistance Program (STEAP) grant for sidewalk, lighting and other improvements to Avon Center. In September 2012, an application for the Village Center Streetscape Improvements Phase III for \$215,911 was approved to finish the work extending the sidewalk and adding additional lighting started in 2010-2011. This phase commenced with the installation of new sidewalks and granite curbing on the east side of Simsbury Road between Route 44 and Fisher Drive, as well as site improvements to the Board of Education property with realignment of the driveway with Woodford Avenue, elimination of underutilized overflow parking, and removal of obsolete chain link fencing. Curbing and sidewalks will be complete by mid-December and restoration is slated for the spring. 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.

Awards and Acknowledgements

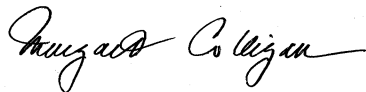
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Avon for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the twenty-eighth consecutive 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, 2013. This was the twenty-ninth 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 Finance group, Claudia Ladetto, Cruz Saubidet, Laurie Dorn, Jeff Morrow, Susanne Farrah, and Paul Sarpong. 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 extending to the right.

Margaret Colligan, CPFO
Director of Finance

**TOWN OF AVON
PRINCIPAL OFFICIALS
AT JUNE 30, 2013**

TOWN COUNCIL

Mark Zacchio, Chairman
Christopher A. May Douglas Evans
David Pena Pamela Samul

BOARD OF FINANCE

Thomas F. Harrison, Chairman
Catherine Durdan Dean C. Hamilton
Thomas A. Gugliotti Margaret Bratton
James Speich Brian M. Stoll

BOARD OF EDUCATION

Margaret Roell, Chairperson
Jay Spivak Wendy Howard
Katharine Zirolli Ames Shea
Jeff Bernetich Brian Glenn
William Stokesbury Houston Putnam Lowry

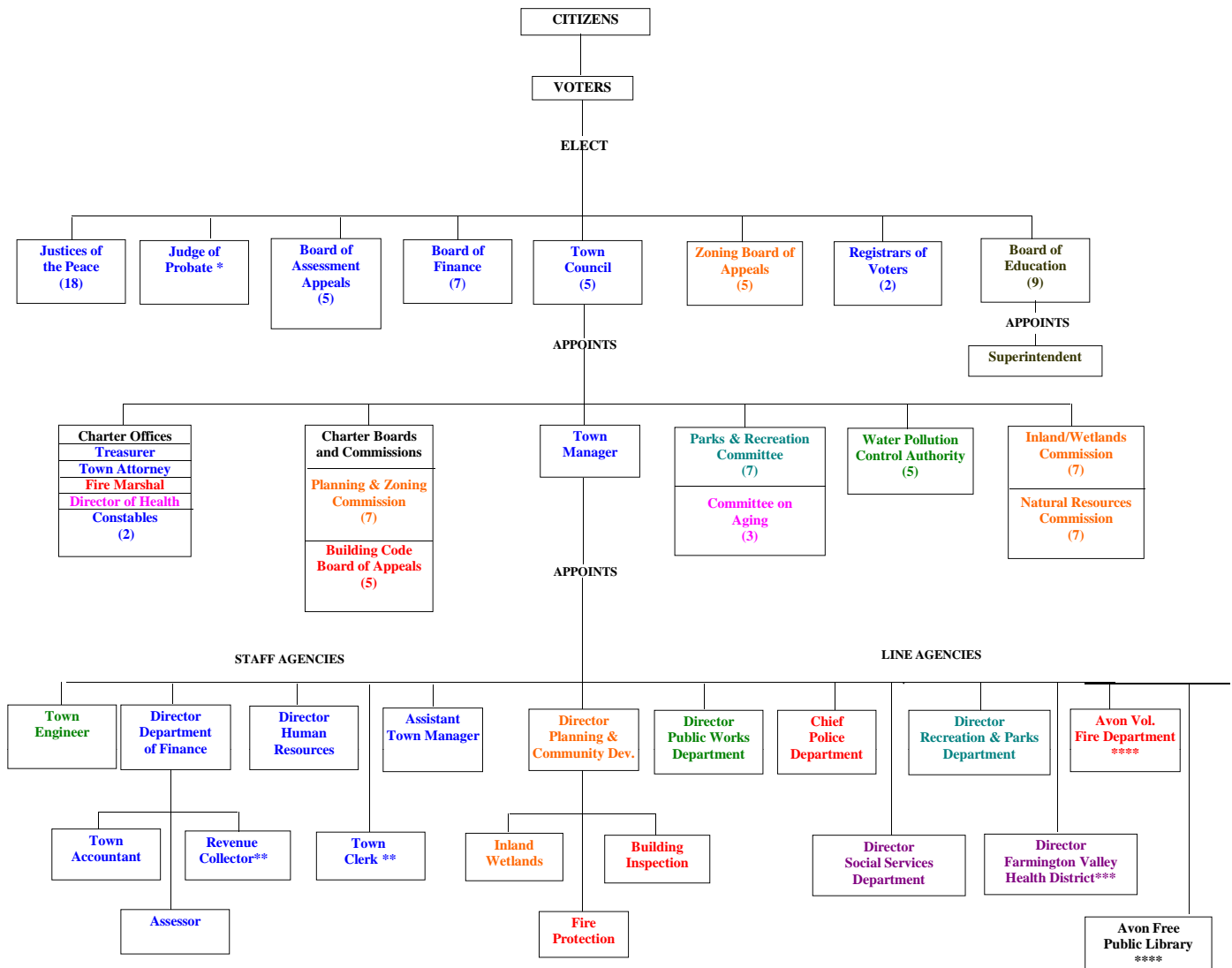
GENERAL GOVERNMENT

Town Manager	Brandon Robertson
Assistant Town Manager	Steve Bartha
Town Accountant	Laurie Dorn
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	Glenn Grube
Police Chief	Mark Rinaldo
Fire Chief	Michael Trick

EDUCATION

Superintendent of Schools	Gary Mala
Assistant Superintendent for Finance & Operations	John H. Spang, Jr.

ORGANIZATIONAL CHART FOR THE TOWN OF AVON



* Simsbury Regional Probate District effective 1/5/2011 includes Avon, Canton, Simsbury, and Granby

** Recommended by Manager, approved by Council.

*** The Town participates in a Regional Health District.

**** The Town funds the Avon Volunteer Fire Department and the Avon Free Public Library

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

TOWN OF AVON, CONNECTICUT

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



Government Finance Officers Association

**Certificate of
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for Excellence
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Reporting**

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**Town of Avon
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Avon, Connecticut

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Town of Avon, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 and the schedules of funding progress - Pension Trust Funds and OPEB Trust Funds on pages 58 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 section 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013 on our consideration of the Town of Avon, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over 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* in considering the Town of Avon, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 17, 2013

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013. 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 2013 fiscal year by \$131,758,604 (net position). Of this amount, \$13,660,559 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position increased by \$4,050,121 primarily due to education related program operating grants and contributions, public safety charges for services and favorable results in tax collections.
- As of the close of the current fiscal year, governmental funds reported combining ending fund balances of \$17,774,033, an increase of \$9,417,676 in comparison from last year's \$8,356,357. Of this total amount, \$13,277 is nonspendable (prepaid and inventory), \$202,058 use is restricted by governmental grants or other legal restriction, \$6,858,931 is committed by the Town Council (budget-making authority), \$2,664,114 is assigned and \$8,035,653 is unassigned. \$8,035,653 of General Fund is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,035,653 or 10.15% of total General Fund expenditures and transfers out of \$79,166,111, including the State's contribution and offsetting expenditures for teacher's retirement.
- Total debt increased by \$3,954,454 or 13.22% to \$33,861,024 (including amortized bond premium) during the current fiscal year as a result of the permanent financing of the expansion of and renovations to the Avon Free Public Library.

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 position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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).

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on 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 28-57 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 58-60 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 68-81 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Avon, our assets exceeded liabilities by \$131,758,604 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets, \$118,098,045 (89.63%), 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.

	Governmental Activities	
	2013	2012
Current assets	\$ 27,694,718	\$ 25,366,895
Capital assets, net of accumulated depreciation	151,432,150	151,758,746
Noncurrent assets	507,721	440,072
Total assets	<u>179,634,589</u>	<u>177,565,713</u>
Long-term liabilities outstanding	36,620,685	31,050,083
Other liabilities	11,255,300	18,807,147
Total liabilities	<u>47,875,985</u>	<u>49,857,230</u>
Net Position:		
Net investment in capital assets	118,098,045	115,379,009
Unrestricted	<u>13,660,559</u>	<u>12,329,474</u>
Total Net Position	<u>\$ 131,758,604</u>	<u>\$ 127,708,483</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 \$4,050,121 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 \$13,660,559. The Town generated net general revenues of \$70,027,390, which exceeded its net operating expenses for governmental activities of \$65,977,269 by the amount of the net asset increase. Gross expenses of \$82,511,269 were offset by \$6,905,655 in charges for services, \$9,387,422 in operating grants and contributions, and \$240,923 in capital grants and contributions. Of the net expenses, the largest amount was \$47,370,948, which was for the operating of the Town's school system. Net public safety expenses of \$8,152,160, net general government costs of \$3,126,022, public works net outlays of \$3,100,516, net educational – cultural expenses of \$1,375,029, interest expense of \$1,048,114, and recreation and parks expenses of \$885,928 accounted for almost all net expenses. The majority of the Town's revenue was \$68,880,202 in property tax collections, \$16,534,000 in charges for services and grants, and \$1,147,188 in nonrestricted grants, investment income, miscellaneous and transfers.

Governmental Activities. Governmental activities increased the Town's net assets by \$4,050,121. Key elements of this increase are as follows:

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 6,905,655	\$ 5,809,050
Operating grants and contributions	9,387,422	11,127,231
Capital grants and contributions	240,923	1,065,967
General revenues:		
Property taxes	68,880,202	66,459,769
Grants and contributions not restricted to specific programs	564,786	608,088
Investment income	130,883	94,451
Miscellaneous	451,519	1,044,056
Total revenues	<u>86,561,390</u>	<u>86,208,612</u>
Program Expenses:		
General government	3,887,306	3,699,703
Public safety	9,128,593	9,135,168
Public works	6,067,288	9,025,502
Health and social services	454,762	455,739
Recreation and parks	1,348,905	1,370,892
Education - cultural	1,392,800	1,402,620
Conservation and development	517,166	561,273
Board of Education	58,665,309	55,476,822
Interest expense	1,049,140	1,045,803
Total program expenses	<u>82,511,269</u>	<u>82,173,522</u>
Increase in net position	4,050,121	4,035,090
Net Position - Beginning of Year	<u>127,708,483</u>	<u>123,673,393</u>
Net Position - End of Year	<u>\$ 131,758,604</u>	<u>\$ 127,708,483</u>

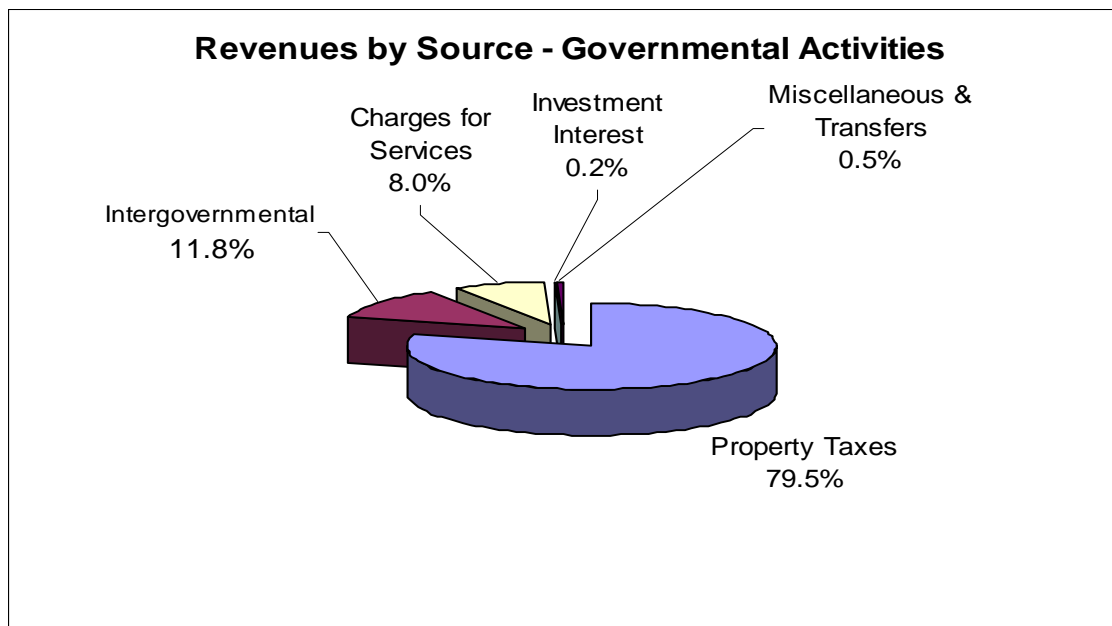
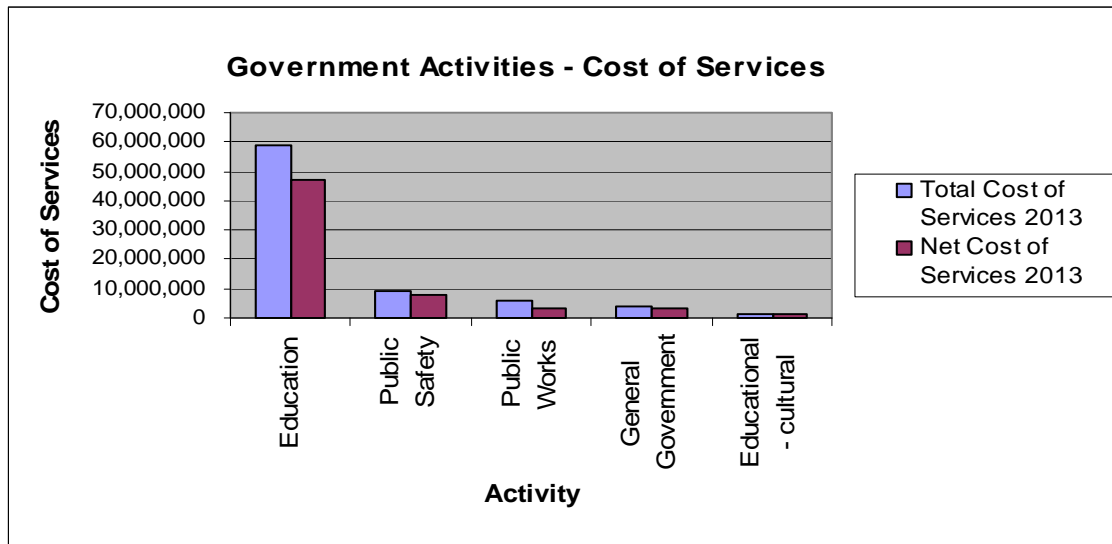
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

On the revenue side, Property taxes, which comprise 79.6% of Town revenues, increased by \$2,420,433 (3.64%) to \$68,880,202 due to high collections on the current levy (99%), supplemental motor vehicle, and on prior levies. The mill rate increased 2.45% over the prior year and was set to meet an adopted budget expenditure increase of 2.37%. Charges for services saw an increase of \$1,096,605. 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 \$2,564,853 primarily due to the FEMA grant activity for storms Alfred and Irene (\$2,214,771) and the construction grant from the State for the Library (\$1,000,000), that were reflected in 2012 revenues. This one-time event grant activity is offset by an increase in education program grants in 2013. Investment income increased slightly by \$36,432 even though short-term interest rates remain very low and miscellaneous revenues decreased \$592,537 due to unexpected one-time revenues received for legal settlement and insurance proceeds, that occurred in 2012 and were not received in 2013.

Major program expenses in 2013 were about the same to slightly higher for general government, public safety, and education, with the exception of public works. In October 2012 Hurricane Sandy hit the area with widespread power outages, but was not a FEMA event for Avon. The Town's operating costs were significantly greater in 2012 primarily from costs associated with Hurricane Irene in August 2011 and winter storm Alfred in October 2011 with the majority of the costs dedicated to town wide clean up of debris from damaged trees, overtime costs for public safety, public works, emergency management costs, and associated shelter costs. Public safety costs decreased (\$6,575), even though Avon had provided a mutual aid response to the Sandy Hook Elementary School tragedy and had participated in a subsequent Avon High School security emergency preparedness drill. Public works costs were substantially lower from the previous year as the storm debris collection and disposal costs were captured in this program in 2012 (\$2,958,214). Interest expense showed a slight increase (\$3,337). The increase in the Board of Education program expenses is related to recording the additional intergovernmental, tuition, and program revenues received along with the associated expenditures and the recording of the on-behalf payment made by the State towards the teacher's retirement (\$5,245,147). 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 be supported by user fees in 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 60% of the service charges, \$4,139,136, are generated by public works, public safety and general government. The Board of Education contributed \$2,239,567 or 32% 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 \$17,774,033, an increase of \$9,417,676 in comparison with the prior year. Of this total amount, \$13,277 is nonspendable (prepaid and inventory), \$202,058 use is restricted by governmental grants or other legal restriction, \$6,858,931 is committed by the Town Council (budget-making authority), \$2,664,114 is assigned and \$8,035,653 is unassigned. \$8,035,653 of General Fund 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 \$8,035,653, while total fund balance reached \$10,707,173. 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. Unassigned fund balance represents 10.15% of total General Fund expenditures and transfers out of \$79,166,111, while total General fund balance represents 13.52% of that same amount.

The fund balance of Avon's General Fund increased by \$1,587,933 during the current fiscal year. Key factors contributing to this increase was favorable tax collections and charges for services (\$1,200,327), management plan to fund assigned amounts in the General Fund for payroll escrow, pension contributions, post-employment benefits (\$220,000), management plan to return funds to fund balance per credit rating interviews in September 2012 to move towards the goal of 10% unassigned fund balance, management plan to return sale of property revenues to fund future capital asset replacement (\$15,000), and management plan to fund Debt Service Fund for future retirement expenditures. It should be noted that supplemental appropriations made during the year required the use of \$323,690 of fund balance and that \$913,384 in encumbrances from 2013 are authorized to be carried over to the following fiscal year, classified as assigned amounts in the General Fund.

The Capital Improvement Fund Account (CIFA) is one of Avon's major governmental funds. Most of the Town's major capital expenditures are processed through this account. Bond anticipation note (BAN) and bond proceeds are also handled in the CIFA account. Fund balance increased \$7,680,245 from (\$3,563,089) to \$4,117,156 primarily due to the issuance of bonds, which replaced the outstanding bond anticipation notes that had been reported as a fund liability until the notes were replaced with long term debt. The CIFA Fund Balance of \$4,117,156 is committed for capital projects.

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 \$2,090,629. The total change in net position for the fund was an increase of \$120,818. Operating revenues for the fund, representing charges for services that are health insurance premiums paid by Town and Board of Education, amounted to \$7,490,765. Operating expenses for medical claims were \$7,369,947.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

General Fund Budgetary Highlights

The original budget of \$73,903,075 increased \$378,915 during the year to \$74,281,990. The significant supplemental and additional appropriations are noted below:

Revenues

- \$323,690 appropriation from fund balance for funding payment of a claim under the State's Heart and Hypertension laws (\$175,000), funding 100% reimbursement of FEMA Storm Alfred expenditures to the Board of Education (\$63,690), funding a purchase of cranes and a hydraulic lift for Public Works (\$25,000) and to fund future Town employee retirement expenditures for accumulated vacation and sick time due (\$60,000);
- \$21,780 addition from buildings, structures and equipment permit fees based upon activity;
- \$20,110 addition from Youth Services Bureau Grant;
- \$9,879 addition from unbudgeted intergovernmental revenues from the State Department of Homeland Security;
- \$3,456 addition for charges for services revenues for user and program fees in education.

Expenditures

- \$175,000 for funding payment of claim under the State's Heart and Hypertension laws to Claims & Losses, Services – Other;
- \$63,690 for funding the level of reimbursement to the Board of Education budget for FEMA Storm Alfred related expenditures up to the 100% level;
- \$60,000 for funding future Town employee retirement expenditures for accumulated leave time;
- \$25,000 for funding two overhead cranes and a hydraulic lift to Public Works;
- \$21,780 for funding the Public Works expenditure variance for salt purchase;
- \$20,110 for health and social services to fund the Youth Services Program;
- \$9,879 for funding Public Safety Emergency Management part-time hours and professional development;
- \$3,456 for funding Board of Education test expenditures from user fee revenues.

Of the increase, \$55,225 was funded out of miscellaneous increases in various grants, charges for services, transfers in from other line items, and reductions in other expenditures, detail as provided in the highlights above. The remaining \$323,690 was budgeted from available fund balance with the detail provided in the first bullet under General Fund Budgetary Highlights, Revenues and in the first through fourth bullets under Expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 decrease in our investment in capital assets for the current fiscal year was \$326,596 (.22%). Multi-year projects carried in the capital asset category of construction in progress were transferred to their appropriate asset class, along with accumulated depreciation, which diluted the capital asset addition amount.

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

- Haynes Road Sewer Installation (Phase I) at a cost of \$34,527.
- Board of Education- Wireless Infrastructure (District-wide), for a cost of \$63,800.
- Board of Education Technical Interactive Boards/LCD at a cost of \$299,739.
- Road Drainage and Overlay Project, current year expenditures of \$614,961.
- Highway Division Replacement of four dump trucks, one heavy duty dump truck, and a pick up truck with plow, for a cost of \$147,713.
- Buildings and Grounds Equipment of four dump trucks and one heavy duty dump truck for a cost of \$102,683.
- The purchase of two new Avon Police cruisers and equipment for a cost of \$69,217.
- Avon Middle School Floor Covering Replacement Project for a cost of \$115,000.
- Roaring Brook School Floor Covering Replacement Project for a cost of \$39,864.
- Board of Education Financial System, current year cost at \$95,032.
- The Library Expansion Project, current year expenditures at \$110,499.
- The 2013 Revaluation costs of \$21,616.
- Replacement of the Old Wheeler Lane Bridge Project for a cost of \$80,294.

	Governmental Activities	
	2013	2012
Land	\$ 7,662,553	\$ 7,662,553
Construction in progress	1,930,376	41,424,443
Land improvements	1,309,117	1,424,383
Buildings and improvements	97,002,793	60,511,419
Equipment	6,099,756	4,385,726
Vehicles	2,293,918	2,191,960
Infrastructure	35,133,637	34,158,262
Total	<u>\$ 151,432,150</u>	<u>\$ 151,758,746</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Additional information on the Town of Avon's capital assets can be found in Note 3C on page 41 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town of Avon had \$33,305,000 of long-term general obligation bonded debt issued and 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 JUNE 30, 2013

Date	Purpose	Rate %	Original Issue	Debt Outstanding	Date of Fiscal Year Maturity
7/15/02	Fisher Farms Open Space	3.00-5.00	\$ 1,295,000	\$ 246,000	2016
7/15/02	Thompson Brook School	3.00-5.00	14,245,000	2,754,000	2016
10/15/09	Town Hall Renovations	2.00-3.25	2,295,000	1,910,000	2027
10/15/09	High School Renovations	2.00-3.25	23,218,000	19,325,000	2027
10/15/09	Avon Middle School Roof	2.00-3.25	2,372,000	1,970,000	2027
10/30/12	AFPL Renovations, Additions, Improvements	2.00	<u>7,100,000</u>	<u>7,100,000</u>	2028
Total Bonds			\$ <u>50,525,000</u>	\$ <u>33,305,000</u>	

The Town of Avon's total debt increased by \$5,271,753 (15.12%) during the current fiscal year. The Town retired \$7,000,000 of bond anticipation notes and replaced them with \$7,100,000 of general obligation bonds to permanently finance the renovations, additions and improvements to the Avon Free Public Library. 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 2012, 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 \$72,085,493). For June 30, 2013 the maximum amount of borrowing permitted under the formula would be \$504,598,451. With net borrowings of \$35,312,055 the Town of Avon's outstanding general obligation debt is \$469,286,396 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 43-45 of this document.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Economic Factors and Next Year's Budget and Rates

- Grand list growth is expected to increase by .78%.
- Property tax collections will exceed 99% with the reserve for uncollectible at \$635,565.
- Assessment appeals and tax refunds will approximate 1% of tax revenues.
- Anticipating moderate growth in new single family housing permits as the Town matures. However housing prices have remained relatively stable.
- Increase in revenues from building, structures and equipment permit activity and recording and conveyance fees based on current sales of existing properties and current mortgage interest rates.
- Discretionary grant revenues are expected to increase in some areas and remain essentially the same in others. The Town's adopted budget for 2014 reflects a net increase in State and Intergovernmental grants of \$656,104 or 16.71% as compared to 2013, primarily due to Board of Education grant activity where the formulary is based on enrollment numbers for Choice students and exceeding a threshold that entitles an additional percentage reimbursement to the school district. Although Avon receives a small portion of its revenues from state grants, reductions in these grants do 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 use charges increased to \$306 per year, sewer connection revenues are expected to increase and landfill fees are anticipated to decrease slightly as a result of less bulky waste revenues due to E-waste recycling.
- The Town has projected investment income to decline \$3,255 to \$101,745, due to historically low interest rates pushed down to nearly zero.
- Personal services (salary and benefits) increase (not including sewers) will amount to \$633,223 (72.95%) of the Town General Fund expenditures. Overall wages increased by \$155,930 as compared to 2013. The Town operating expenditures reflect hourly increases for nonorganized personnel, classification adjustments and step increases. However a total of two prior years partially funded sworn police positions have not been funded at all and funding has been decreased to ¼ year for a Patrol Lieutenant position. Conversion, reassignments and realignments allow for the funded full time positions to remain at 105, same as fiscal year 2012 and 2013.
- 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 \$455,898 (7.55%). The increase is caused by a number of factors including increased contribution to the defined benefit plan (\$178,703 or 8.43%), where the interest rate return assumption has been reduced from 7.75% to 7.625%, which also increased the funding requirement. Hospitalization funding increased \$74,344 or 5.23% mitigated by participation of twenty-seven (27) employees opting out through the Town's Health Insurance Waiver Program. The budgeted OPEB contribution will increase (\$125,000) each year over the next several years, supported by supplementing the budgeted amount with a contribution from the Post Retirement Medical Benefits Reserve Fund until exhausted, with the plan of full funding for the annual required contribution supported in the budget.

- 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.
- 81% of the Board of Education budget relates to teacher salary and benefits.
- 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 \$200,000 of the cash CIP projects funded from the Sewer Fund Special Revenue Fund.
- At the close of the 2013 fiscal year, unassigned fund balance in the General Fund amounted to \$8,035,653. The Board of Finance has decided no use of General Fund unassigned fund balance to mitigate the tax impact for the 2013-2014 budget.

All of these factors were considered in preparing the budget for the 2014 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 POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 25,828,914
Investments	1,217,064
Receivables, net of allowance for uncollectibles	
Property taxes	149,874
Assessments	48,907
Intergovernmental	229,426
Accounts	207,575
Other current assets and deferred charges	12,958
Total current assets	<u>27,694,718</u>
Noncurrent assets:	
Receivables, net of allowance for uncollectibles	277,628
Net pension asset	215,838
Deferred charges	14,255
Capital assets, nondepreciable	9,592,929
Capital assets, net of accumulated depreciation	141,839,221
Total noncurrent assets	<u>151,939,871</u>
Total assets	<u>179,634,589</u>
Liabilities:	
Current liabilities:	
Accounts payable	2,194,521
Accrued liabilities	354,978
Unearned revenue	4,055,217
Due to fiduciary funds	824,635
Other current liabilities	306,210
Noncurrent liabilities, due within one year	3,519,739
Total current liabilities	<u>11,255,300</u>
Noncurrent liabilities:	
Due in more than one year	36,620,685
Total liabilities	<u>47,875,985</u>
Net Position:	
Net investment in capital assets	118,098,045
Unrestricted	13,660,559
Total Net Position	<u>\$ 131,758,604</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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
General government	\$ 3,887,306	\$ 761,284	\$ 33,216	\$	\$ (3,126,022)
Public safety	9,128,593	943,217	33,216		(8,152,160)
Public works	6,067,288	2,434,635	292,240	239,897	(3,100,516)
Health and social services	454,762	25,900			(428,862)
Recreation and parks	1,348,905	457,025	5,952		(885,928)
Educational - cultural	1,392,800	16,551	1,220		(1,375,029)
Conservation and development	517,166	27,476			(489,690)
Board of Education	58,665,309	2,239,567	9,054,794		(47,370,948)
Interest on long-term debt	1,049,140			1,026	(1,048,114)
Total Governmental Activities	\$ <u>82,511,269</u>	\$ <u>6,905,655</u>	\$ <u>9,387,422</u>	\$ <u>240,923</u>	<u>(65,977,269)</u>
General Revenues:					
Property taxes					68,880,202
Grants and contributions not restricted to specific programs					564,786
Investment income					130,883
Miscellaneous					451,519
Total general revenues					<u>70,027,390</u>
Change in net position					4,050,121
Net Position at Beginning of Year					<u>127,708,483</u>
Net Position at End of Year					\$ <u>131,758,604</u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 25,113,015	\$ 526,919	\$ 188,980	\$ 25,828,914
Investments	1,217,064			1,217,064
Receivables, net	360,187	35,597	506,320	902,104
Due from other funds	106,473	3,627,501	3,102,360	6,836,334
Other	<u>7,406</u>		<u>5,871</u>	<u>13,277</u>
Total Assets	<u>\$ 26,804,145</u>	<u>\$ 4,190,017</u>	<u>\$ 3,803,531</u>	<u>\$ 34,797,693</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,462,993	\$ 72,861	\$ 137,405	\$ 1,673,259
Accrued liabilities	354,978			354,978
Due to other funds	10,166,706		106,473	10,273,179
Deferred revenue	3,957,617		609,949	4,567,566
Other liabilities	<u>154,678</u>			<u>154,678</u>
Total liabilities	<u>16,096,972</u>	<u>72,861</u>	<u>853,827</u>	<u>17,023,660</u>
Fund balances:				
Nonspendable	7,406		5,871	13,277
Restricted			202,058	202,058
Committed		4,117,156	2,741,775	6,858,931
Assigned	2,664,114			2,664,114
Unassigned	<u>8,035,653</u>			<u>8,035,653</u>
Total fund balances	<u>10,707,173</u>	<u>4,117,156</u>	<u>2,949,704</u>	<u>17,774,033</u>
Total Liabilities and Fund Balances	<u>\$ 26,804,145</u>	<u>\$ 4,190,017</u>	<u>\$ 3,803,531</u>	<u>\$ 34,797,693</u>

(Continued on next page)

TOWN OF AVON, CONNECTICUT

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

JUNE 30, 2013

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

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

Total fund balance (Exhibit III)	\$ 17,774,033
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets	199,637,325
Accumulated depreciation	(48,205,175)
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Property tax interest and lien accrual	15,703
Property tax and sewer assessment receivable - accrual basis change	512,349
Allowance for doubtful accounts	(4,397)
Bond issue costs	14,255
Net pension asset	215,838
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 position.	2,090,629
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(33,305,000)
Compensated absences	(2,973,693)
Net other post employment benefit obligation	(2,975,707)
Landfill postclosure liability	(330,000)
Bond premium	(556,024)
Accrued interest payable	<u>(151,532)</u>
Net Position of Governmental Activities (Exhibit I)	\$ <u><u>131,758,604</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 68,836,758	\$	\$	\$ 68,836,758
Intergovernmental	8,450,231	35,597	1,500,202	9,986,030
Charges for services	3,116,720		3,788,935	6,905,655
Investment income	130,767	86	30	130,883
Other local revenues	219,568	316,591	121,435	657,594
Total revenues	<u>80,754,044</u>	<u>352,274</u>	<u>5,410,602</u>	<u>86,516,920</u>
Expenditures:				
Current:				
Town Council:				
General government	3,065,952		167,373	3,233,325
Public safety	8,672,308		56,604	8,728,912
Public works	4,303,899		1,947,065	6,250,964
Health and social services	453,173			453,173
Recreation and parks	862,410		355,692	1,218,102
Educational - cultural	1,455,561			1,455,561
Conservation and development	559,185			559,185
Miscellaneous	451,039			451,039
Total town council	<u>19,823,527</u>	<u>-</u>	<u>2,526,734</u>	<u>22,350,261</u>
Board of Education	53,396,764		2,362,002	55,758,766
Debt service	4,437,321			4,437,321
Capital outlay		1,775,606	127,315	1,902,921
Total expenditures	<u>77,657,612</u>	<u>1,775,606</u>	<u>5,016,051</u>	<u>84,449,269</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,096,432</u>	<u>(1,423,332)</u>	<u>394,551</u>	<u>2,067,651</u>
Other Financing Sources (Uses):				
Issuance of bond		7,100,000		7,100,000
Premium on bond issuance		250,025		250,025
Transfers in		1,768,986	159,947	1,928,933
Transfers out	(1,508,499)	(15,434)	(405,000)	(1,928,933)
Net other financing sources (uses)	<u>(1,508,499)</u>	<u>9,103,577</u>	<u>(245,053)</u>	<u>7,350,025</u>
Net Change in Fund Balances	1,587,933	7,680,245	149,498	9,417,676
Fund Balances at Beginning of Year	<u>9,119,240</u>	<u>(3,563,089)</u>	<u>2,800,206</u>	<u>8,356,357</u>
Fund Balances at End of Year	<u>\$ 10,707,173</u>	<u>\$ 4,117,156</u>	<u>\$ 2,949,704</u>	<u>\$ 17,774,033</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, 2013

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)	\$ 9,417,676
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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	2,816,518
Depreciation expense	(3,120,575)
Loss on disposal of capital assets	(22,539)

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	1,026
Decrease in property tax and assessments receivable - accrual basis change	(30,123)
Decrease in property tax interest and lien revenue	(3,257)
Increase in property tax and sewer use allowance for doubtful accounts	913
Net pension asset	148,807

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 position. 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	(2,890)
Principal payments	3,365,000
Bond issuance	(7,100,000)
Premium on issuance	(250,025)
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	(855,753)
Increase in other post employment benefit obligation	(491,546)
Landfill postclosure payments	30,000

The net revenue of the internal service funds is reported with the governmental activities.	<u>120,818</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 4,050,121</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 68,442,826	\$ 68,442,826	\$ 68,836,758	\$ 393,932
Intergovernmental	2,789,270	2,819,259	3,205,084	385,825
Charges for services	2,251,127	2,276,363	3,083,758	807,395
Investment income	105,000	105,000	72,847	(32,153)
Other local revenues	314,852	314,852	273,580	(41,272)
Total revenues	<u>73,903,075</u>	<u>73,958,300</u>	<u>75,472,027</u>	<u>1,513,727</u>
Expenditures:				
Current:				
Town Council:				
General government	2,907,271	2,922,081	2,932,673	(10,592)
Public safety	8,703,169	8,814,718	8,702,028	112,690
Public works	4,266,114	4,318,303	4,249,434	68,869
Health and social services	435,854	456,018	451,957	4,061
Recreation and parks	886,513	882,829	876,663	6,166
Educational - cultural	1,411,227	1,460,313	1,456,687	3,626
Conservation and development	577,030	568,170	561,665	6,505
Miscellaneous	337,176	451,039	451,039	-
Total town council	<u>19,524,354</u>	<u>19,873,471</u>	<u>19,682,146</u>	<u>191,325</u>
Board of Education	48,463,683	48,522,699	48,510,242	12,457
Debt service	4,511,052	4,437,321	4,437,321	-
Total expenditures	<u>72,499,089</u>	<u>72,833,491</u>	<u>72,629,709</u>	<u>203,782</u>
Excess of Revenues over Expenditures	<u>1,403,986</u>	<u>1,124,809</u>	<u>2,842,318</u>	<u>1,717,509</u>
Other Financing Sources (Uses):				
Appropriation of fund balance		323,690		(323,690)
Transfers out	<u>(1,403,986)</u>	<u>(1,448,499)</u>	<u>(1,508,499)</u>	<u>(60,000)</u>
Net other financing uses	<u>(1,403,986)</u>	<u>(1,124,809)</u>	<u>(1,508,499)</u>	<u>(383,690)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	1,333,819	\$ <u>1,333,819</u>
Fund Balance at Beginning of Year			<u>7,670,538</u>	
Fund Balance at End of Year			\$ <u>9,004,357</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF NET POSITION

PROPRIETARY FUND

JUNE 30, 2013

	Governmental Activities
	Internal Service Fund
Assets:	
Current assets:	
Due from other funds	\$ <u>2,612,210</u>
Liabilities:	
Current liabilities:	
Accounts payable	4,200
Claims payable	<u>517,381</u>
Total liabilities	<u>521,581</u>
Total Net Position	\$ <u><u>2,090,629</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Operating revenues:	
Charges for services:	
Town	\$ 1,542,788
Board of Education	5,947,977
Total operating revenues	<u>7,490,765</u>
Operating expenses:	
Medical claims:	
Town	1,423,546
Board of Education	5,946,401
Total operating expenses	<u>7,369,947</u>
Change in Net Position	120,818
Net Position at Beginning of Year	<u>1,969,811</u>
Net Position at End of Year	<u><u>\$ 2,090,629</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 7,338,319
Claims paid	(7,338,319)
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	\$ 120,818
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in due from other funds	(152,446)
Increase in accounts payable	4,200
Increase in claims payable	<u>27,428</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 POSITION - FIDUCIARY FUNDS

JUNE 30, 2013

	<u>Pension</u>	<u>Other Post Employment Benefit Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ <u>901,152</u>	\$ <u>217</u>	\$ <u>342,359</u>
Investments, at fair value:			
Guaranteed interest contract	1,383,909		
Mutual funds	<u>19,494,868</u>	<u>1,633,832</u>	
Total investments	<u>20,878,777</u>	<u>1,633,832</u>	<u>-</u>
Accounts receivable:			
Employee	<u>20,284</u>		
Due from other funds		<u>824,635</u>	
Total assets	<u>21,800,213</u>	<u>2,458,684</u>	\$ <u>342,359</u>
Liabilities:			
Fiduciary deposits			\$ 342,359
Accounts payable		<u>31,540</u>	
Total liabilities	<u>-</u>	<u>31,540</u>	\$ <u>342,359</u>
Net Position:			
Held in Trust for Pension Benefits and OPEB Benefits	\$ <u>21,800,213</u>	\$ <u>2,427,144</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF AVON, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Pension</u>	<u>Other Post Employment Benefit Fund</u>
Additions:		
Contributions:		
Employer	\$ 2,599,020	\$ 2,146,000
Plan members	482,276	
Total contributions	<u>3,081,296</u>	<u>2,146,000</u>
Investment income:		
Net appreciation in fair value of investments	1,631,484	
Interest and dividends	504,760	119,850
Total investment income	<u>2,136,244</u>	<u>119,850</u>
Less investment expenses	23,838	384
Net investment income	<u>2,112,406</u>	<u>119,466</u>
Total additions	<u>5,193,702</u>	<u>2,265,466</u>
Deductions:		
Benefits	3,585,575	1,546,000
Administration	11,312	31,905
Total deductions	<u>3,596,887</u>	<u>1,577,905</u>
Changes in Net Position	1,596,815	687,561
Net Position at Beginning of Year	<u>20,203,398</u>	<u>1,739,583</u>
Net Position at End of Year	<u>\$ 21,800,213</u>	<u>\$ 2,427,144</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 that, 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 position 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 are generally 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 other postemployment benefits plans (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, and 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 uncollectible accounts.

In the fund financial statements, all property taxes receivable at June 30, 2013 that 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. Taxes not paid within 30 days of the due date are subject to an interest charge of 1-1/2% per month. An amount of \$53,888 has been established as an allowance for uncollected taxes. At June 30, 2013, this allowance represents 28% of property taxes receivable.

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 position. 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 Position

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 position is classified into the following categories:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Debt issued for noncapital purposes is excluded.

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

Unrestricted Net Position - This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

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

Restricted Fund Balance - This balance 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 balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. Fund balance commitments are created when a formal resolution from the Town Manager (as prepared by the Finance Director) is presented to the Town Council and a recommendation is made to the Board of Finance to approve the resolution and subsequent approval is attained.

Assigned Fund Balance - For all governmental funds other than the General Fund, this balance represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this balance 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. This body or official includes department heads, heads of offices, and designees or authorized agents of the Town Manager.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Unassigned Fund Balance - This balance 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.

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 \$378,915 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 its budget at its 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, 2013	\$ 75,472,027	\$ 74,138,208	\$ 9,004,357
Encumbrances outstanding June 30, 2013 charged to budgetary expenditures during the year ended June 30, 2013		(901,340)	901,340
Encumbrances received and liquidated in the current year		491,942	
Underliquidation of encumbrances from June 30, 2012	(54,012)		
Encumbrances outstanding from the prior year, still outstanding at end of current fiscal year			12,044
Change in accrued payroll		(8,586)	(224,193)
State Teachers' Retirement on-behalf payment	5,245,147	5,245,147	
Revenues and expenditures of OPEB Special Revenue, combined with General Fund for GASB 54	<u>90,882</u>	<u>200,740</u>	<u>1,013,625</u>
Balance, GAAP basis - June 30, 2013	<u>\$ 80,754,044</u>	<u>\$ 79,166,111</u>	<u>\$ 10,707,173</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

B. Capital Projects Authorizations

The following is a summary of capital projects at June 30, 2013:

<u>Capital Project</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2013</u>
Capital and nonrecurring	\$ 1,419,347	\$ 127,315	\$ 1,278,422	\$ 140,925
CIFA:				
General government	17,379,409	1,151,122	14,685,145	2,694,264
Board of Education	<u>32,029,488</u>	<u>624,484</u>	<u>31,339,162</u>	<u>690,326</u>
Total	<u>\$ 50,828,244</u>	<u>\$ 1,902,921</u>	<u>\$ 47,302,729</u>	<u>\$ 3,525,515</u>

C. Budget Compliance

During the year ended June 30, 2013, the General Government line item in the General Fund was overexpended by \$10,592, due to the fact that the actual expenditures include a contribution to the Pension Trust Fund that was budgeted as a use of assigned fund balance.

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.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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*, \$10,810,405 of the Town's bank balance of \$11,447,945 was exposed to custodial credit risk at June 30, 2013, as follows:

Uninsured and uncollateralized	\$ 9,710,715
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,099,690</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 10,810,405</u>

Cash Equivalents

At June 30, 2013, the Town's cash equivalents amounted to \$16,430,672. 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

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Investments

As of June 30, 2013, 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	\$ 780,202	\$	\$ 780,202	\$
Guaranteed Investment Certificate	A-2/P-2	603,707	603,707		
		1,383,909	\$ 603,707	\$ 780,202	\$ -
Mutual Fund	N/A	22,345,764			
Total Investments		\$ 23,729,673			

Interest Rate Risk - The Town limits its maximum final stated maturities to 15 years, unless specific authority is given to exceed that limit. 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 types 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, 2013, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government-sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

B. Receivables

Fund receivables as of June 30, 2013, 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	\$ 192,456	\$	\$	\$ 192,456
Assessments			326,535	326,535
Intergovernmental	73,225	35,597	156,201	265,023
Accounts	148,394		43,868	192,262
Gross receivables	<u>414,075</u>	<u>35,597</u>	<u>526,604</u>	<u>976,276</u>
Allowances	<u>(53,888)</u>			<u>(53,888)</u>
Net Receivables	<u>\$ 360,187</u>	<u>\$ 35,597</u>	<u>\$ 526,604</u>	<u>\$ 922,388</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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	\$ 117,744	\$
Property taxes collected in advance		3,771,803
Long-term grant receivable	68,070	
Nonmajor Funds:		
Special assessments not yet due	326,535	
Special assessments collected in advance		185,265
Education revenues collected in advance		49,651
Grant draw downs prior to meeting eligibility requirements		37,558
Long-term police services receivable		10,940
	<u>\$ 512,349</u>	<u>\$ 4,055,217</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,662,553	\$	\$	\$ 7,662,553
Construction in progress	41,424,443	936,806	40,430,873	1,930,376
Total capital assets not being depreciated	<u>49,086,996</u>	<u>936,806</u>	<u>40,430,873</u>	<u>9,592,929</u>
Capital assets being depreciated:				
Land improvements	2,019,716			2,019,716
Buildings and improvements	86,121,789	38,365,210		124,486,999
Equipment	9,884,820	2,161,781	97,900	11,948,701
Vehicles	5,366,754	353,355	227,515	5,492,594
Infrastructure	44,666,147	1,430,239		46,096,386
Total capital assets being depreciated	<u>148,059,226</u>	<u>42,310,585</u>	<u>325,415</u>	<u>190,044,396</u>
Less accumulated depreciation for:				
Land improvements	595,333	115,266		710,599
Buildings and improvements	25,610,370	1,873,836		27,484,206
Equipment	5,499,094	436,284	86,433	5,848,945
Vehicles	3,174,794	240,325	216,443	3,198,676
Infrastructure	10,507,885	454,864		10,962,749
Total accumulated depreciation	<u>45,387,476</u>	<u>3,120,575</u>	<u>302,876</u>	<u>48,205,175</u>
Total capital assets being depreciated, net	<u>102,671,750</u>	<u>39,190,010</u>	<u>22,539</u>	<u>141,839,221</u>
Governmental Activities Capital Assets, Net	<u>\$ 151,758,746</u>	<u>\$ 40,126,816</u>	<u>\$ 40,453,412</u>	<u>\$ 151,432,150</u>

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

Governmental Activities:	
General government	\$ 264,781
Public safety	245,940
Public works	611,050
Recreation and parks	144,529
Educational - cultural	14,293
Board of Education	<u>1,839,982</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,120,575</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, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 106,473
CIFA	General Fund	3,627,501
Nonmajor Governmental Funds	General Fund	3,102,360
Internal Service Fund	General Fund	2,612,210
Other Post Employment Benefits Fund	General Fund	<u>824,635</u>
		<u>\$ 10,273,179</u>

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

A summary of interfund transfers as of June 30, 2013 is as follows:

	<u>CIFA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Transfers Out</u>
General Fund	\$ 1,363,986	\$ 144,513	\$ 1,508,499
CIFA		15,434	15,434
Nonmajor Governmental Funds	<u>405,000</u>		<u>405,000</u>
Total Transfers In	<u>\$ 1,768,986</u>	<u>\$ 159,947</u>	<u>\$ 1,928,933</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, 2013 was as follows:

<u>Type of Obligation</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>
Bond Anticipation Notes:				
Avon Free Public Library - interest				
rate +/- 1.50%, matures October 30,				
2012	\$ <u>7,000,000</u>	\$ <u></u>	\$ <u>7,000,000</u>	\$ <u>-</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 \$67,044 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%	\$ 9,256,000
School:		
School improvement	2-6.25%	<u>24,049,000</u>
Total Outstanding		<u>\$ 33,305,000</u>

Future maturities for outstanding bonds are as follows:

<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,895,000	\$ 963,789
2015	2,775,000	872,489
2016	2,770,000	780,939
2017	2,365,000	674,289
2018	2,220,000	608,389
2019-2023	10,980,000	2,117,570
2024-2028	<u>9,300,000</u>	<u>592,722</u>
Total	<u>\$ 33,305,000</u>	<u>\$ 6,610,187</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	\$ 29,570,000	\$ 7,100,000	\$ 3,365,000	\$ 33,305,000	\$ 2,895,000
Plus deferred amounts:					
Issuance premium	336,570	250,025	30,571	556,024	
Total bonds payable	29,906,570	7,350,025	3,395,571	33,861,024	2,895,000
Compensated absences	2,117,940	1,689,036	833,283	2,973,693	594,739
Other post retirement benefits obligation	2,484,161	491,546		2,975,707	
Landfill post-closure costs	360,000		30,000	330,000	30,000
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 34,868,671</u>	<u>\$ 9,530,607</u>	<u>\$ 4,258,854</u>	<u>\$ 40,140,424</u>	<u>\$ 3,519,739</u>

The net OPEB obligation has been historically liquidated by the general fund.

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	\$ 162,192,359	\$ 11,656,000	\$ 150,536,359
Schools	324,384,719	23,980,980	300,403,739
Sewers	270,320,599	(324,925)	270,645,524
Urban renewal	234,277,852		234,277,852
Pension deficit	216,256,479		216,256,479

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$504,598,451.

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 receivables of \$67,044 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 11 years at \$30,000 per year are \$330,000. 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, 2013, the amount of authorized, unissued bonds for general purposes is \$2,400,000, and there are no authorized, unissued bonds for school purposes.

G. Fund Balance

The components of fund balance for the governmental funds at June 30, 2013 are as follows:

	<u>General Fund</u>	<u>CIFA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 5,530	\$ 5,530
Prepaid items	7,406		341	7,747
Restricted:				
Fisher Meadow donations			202,058	202,058
Committed to:				
Public safety			269,896	269,896
Public works			1,740,101	1,740,101
Recreation and parks			190,360	190,360
Education			282,422	282,422
Capital projects		4,117,156	210,923	4,328,079
Debt service			48,073	48,073
Assigned to:				
Payroll escrow	225,000			225,000
Pension contributions	265,000			265,000
Capital reserve	112,384			112,384
Post-employment benefits	100,000			100,000
Capital asset purchase	34,721			34,721
General government	80,470			80,470
Public safety	28,285			28,285
Public works	27,865			27,865
Recreation and parks	2,230			2,230
Conservation and development	3,400			3,400
Education	771,134			771,134
Other post-employment benefits	1,013,625			1,013,625
Unassigned	8,035,653			8,035,653
 Total Fund Balances	 \$ 10,707,173	 \$ 4,117,156	 \$ 2,949,704	 \$ 17,774,033

Significant encumbrance in total by each major fund and nonmajor funds in the aggregate is as follows:

General Fund	\$ 913,384
CIFA	426,870
Nonmajor Governmental Funds	<u>47,274</u>
 Total	 \$ <u><u>1,387,528</u></u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. EMPLOYEE RETIREMENT PLANS

A. Defined Benefit Pension Plans

The Town of Avon administers five single-employer, contributory, defined benefit pension plans (Police Plan, Public Works Plan, Nonorganized Plan, Board of Education Plan and Dispatchers Plan) to provide pension benefits for its police officers, public works employees, management unclassified and classified nonorganized employees, dispatchers employees and Board of Education employees, except certified personnel who are eligible to participate in the State of Connecticut Teachers' Retirement System. The police and nonorganized plans closed to new entrants effective January 1, 1997, and public works and dispatchers closed to new entrants effective July 1, 1997. All new employees of the above classes become part of the Town's defined contribution plan. The plans are considered to be part of the Town's financial reporting entity and, therefore, are included in the Town's financial reports as pension trust funds. Separate, stand-alone financial reports are not issued by the pension plans.

Plan Description

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

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, 2011 for Police, Public Works, Nonorganized and Dispatchers and Board of Education.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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	27	18	47	33	2
Terminated employees entitled to					
benefits but not yet receiving them	1		1	19	1
Current active employees	<u>4</u>	<u>2</u>	<u>12</u>	<u>105</u>	
Total	<u>32</u>	<u>20</u>	<u>60</u>	<u>157</u>	<u>3</u>

Benefit Provisions

Required employee contributions under the plans are as follows:

<u>Police</u>	<u>Works</u>	<u>Organized</u>	<u>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						
6/30/2011	\$ 894,260	\$ 894,260	100.0%	\$ 894,292	100.0%	\$ (7,807)
6/30/2012	899,987	899,987	100.0%	900,044	100.0%	(7,750)
6/30/2013	917,535	917,535	100.0%	917,628	100.0%	(7,657)
Public Works						
6/30/2011	322,597	322,597	100.0%	322,600	100.0%	(714)
6/30/2012	341,497	341,497	100.0%	341,502	100.0%	(709)
6/30/2013	400,069	400,069	100.0%	400,077	100.0%	(701)
Nonorganized						
6/30/2011	731,670	731,670	100.0%	731,726	100.0%	(13,751)
6/30/2012	767,730	767,730	100.0%	767,832	100.0%	(13,649)
6/30/2013	783,838	783,838	100.0%	784,002	100.0%	(13,485)
Board of Education						
6/30/2011	283,000	283,245	99.9%	283,419	99.9%	(40,582)
6/30/2012	318,093	318,093	100.0%	318,393	99.9%	(40,282)
6/30/2013	480,000	330,426	145.3%	330,873	145.1%	(189,409)
Dispatchers						
6/30/2011	18,335	18,335	100.0%	18,354	99.9%	(4,676)
6/30/2012	21,615	21,615	100.0%	21,650	99.8%	(4,641)
6/30/2013	17,578	17,578	100.0%	17,633	99.7%	(4,586)

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, 2011, 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	\$ 7,116,587	\$ 16,864,695	\$ 9,748,108	42.2%	\$ 357,070	2730.0%
Public Works	1,924,366	6,154,590	4,230,224	31.3%	145,193	2913.5%
Nonorganized	8,071,424	16,006,466	7,935,042	50.4%	1,038,412	764.2%
BOE	4,428,951	5,708,745	1,279,794	77.6%	4,041,241	31.7%
Dispatchers	457,015	648,550	191,535	70.5%	-	0.0%

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, 2011	July 1, 2011	July 1, 2011	July 1, 2011	July 1, 2011
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)	16	16	16	16	16
Asset Valuation Method	*	*	*	*	*
Investment Return Rate	7.8%	7.8%	7.8%	8.0%	7.8%
Inflation Rate	2.5%	2.5%	2.5%	2.5%	2.5%
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	\$ 917,535	\$ 400,069	\$ 783,838	\$ 330,426	\$ 17,578
Interest on net pension obligation	(601)	(55)	(1,058)	(3,223)	(360)
Adjustment to annual required contribution	694	63	1,222	3,670	415
Annual pension cost	<u>917,628</u>	<u>400,077</u>	<u>784,002</u>	<u>330,873</u>	<u>17,633</u>
Contribution made	<u>917,535</u>	<u>400,069</u>	<u>783,838</u>	<u>480,000</u>	<u>17,578</u>
(Increase) decrease in net pension asset	93	8	164	(149,127)	55
Net pension asset at beginning of year	<u>(7,750)</u>	<u>(709)</u>	<u>(13,649)</u>	<u>(40,282)</u>	<u>(4,641)</u>
Net Pension Asset at End of Year	\$ <u>(7,657)</u>	\$ <u>(701)</u>	\$ <u>(13,485)</u>	\$ <u>(189,409)</u>	\$ <u>(4,586)</u>

Financial statements for each individual pension plan as of and for the year ended June 30, 2013 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	\$ 176,679	\$ 54,672	\$ 132,877	\$ 525,767	\$ 11,157	\$ 901,152
Investments, at fair value:						
Guaranteed investment contract	424,716	123,546	320,697	503,416	11,534	1,383,909
Mutual funds	<u>5,409,516</u>	<u>1,372,776</u>	<u>7,649,403</u>	<u>4,707,283</u>	<u>355,890</u>	<u>19,494,868</u>
Total investments	<u>5,834,232</u>	<u>1,496,322</u>	<u>7,970,100</u>	<u>5,210,699</u>	<u>367,424</u>	<u>20,878,777</u>
Accounts receivable - employee	-			20,284		20,284
Total assets	<u>6,010,911</u>	<u>1,550,994</u>	<u>8,102,977</u>	<u>5,756,750</u>	<u>378,581</u>	<u>21,800,213</u>
Net Position:						
Held in Trust for Pension Benefits	\$ <u>6,010,911</u>	\$ <u>1,550,994</u>	\$ <u>8,102,977</u>	\$ <u>5,756,750</u>	\$ <u>378,581</u>	\$ <u>21,800,213</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	Pension Trust Funds					Total
	Police	Public Works	Non-Organized	Board of Education	Dispatchers	Pension Trust Funds
Additions:						
Contributions:						
Employer	\$ 917,535	\$ 400,069	\$ 783,838	\$ 480,000	\$ 17,578	\$ 2,599,020
Plan members	33,470	10,804	159,952	278,050		482,276
Total contributions	951,005	410,873	943,790	758,050	17,578	3,081,296
Investment income:						
Net appreciation in fair value of investments	485,433	124,398	621,093	369,411	31,149	1,631,484
Interest and dividends	144,311	36,858	185,201	129,740	8,650	504,760
Total investment income	629,744	161,256	806,294	499,151	39,799	2,136,244
Less investment expenses	5,399	1,519	6,438	10,221	261	23,838
Net investment income	624,345	159,737	799,856	488,930	39,538	2,112,406
Total additions	1,575,350	570,610	1,743,646	1,246,980	57,116	5,193,702
Deductions:						
Benefits	1,594,728	546,308	1,084,974	295,533	64,032	3,585,575
Administration	2,710	1,518	3,210	3,632	242	11,312
Total deductions	1,597,438	547,826	1,088,184	299,165	64,274	3,596,887
Net change in net position	(22,088)	22,784	655,462	947,815	(7,158)	1,596,815
Net position at beginning of year	6,032,999	1,528,210	7,447,515	4,808,935	385,739	20,203,398
Net Position at End of Year	\$ 6,010,911	\$ 1,550,994	\$ 8,102,977	\$ 5,756,750	\$ 378,581	\$ 21,800,213

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, 2013 were \$16,209 and \$514,069, 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 \$16,209 and \$514,069, 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, 2013, teachers of the Town contributed \$1,798,978 to the plan, and covered payroll for the year was \$25,449,085. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2013 was \$5,245,147 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, 2012, plan membership consisted of the following:

	Other Post-Employment Benefits Program	
	Town	Board of Education
Retired members	69	32
Spouses of retired members	43	17
Active plan members	77	370
Total Participants	189	419

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>2012-2013 Monthly COBRA Premiums</u>	<u>Employee</u>	<u>Spouse</u>
Medical - Groups 046, 047 Pre 65	\$ 687.31	\$ 788.51
Medical - Groups 046, 047 Post 65	574.92	659.54
Medical - Group 023 Post 65	418.32	418.32
Dental - All Groups	49.35	69.82

Board of Education Employees

<u>2012-2013 Monthly COBRA Premiums</u>	<u>Employee</u>	<u>Spouse</u>
Medical	\$ 598.05	\$ 646.89
Dental	56.59	80.09

For the year ended June 30, 2013, 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 \$2,146,000 were made in accordance with actuarially determined requirements, including \$600,000 to fund future benefits.

The Town has assigned a portion of general fund balance to fund these benefits in the future. Net position available for future benefits at June 30, 2013 was \$1,013,625. 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)	\$ 1,715,000	\$ 913,000
Interest on net OPEB obligation	101,048	97,685
Adjustment to annual required contribution	<u>(96,194)</u>	<u>(92,993)</u>
Annual OPEB cost	1,719,854	917,692
Contributions made	<u>1,545,000</u>	<u>601,000</u>
Increase in net OPEB obligation	174,854	316,692
Net OPEB obligation, beginning of year	<u>1,263,094</u>	<u>1,221,067</u>
Net OPEB Obligation, End of Year	<u>\$ 1,437,948</u>	<u>\$ 1,537,759</u>

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2013 is presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
Town				
6/30/2011 \$	1,392,411 \$	1,040,000	74.7%	\$ 783,411
6/30/2012	1,621,683	1,142,000	70.4%	1,263,094
6/30/2013	1,719,854	1,545,000	89.8%	1,437,948
Board of Education				
6/30/2011 \$	831,734 \$	714,000	85.8%	\$ 968,279
6/30/2012	859,788	607,000	70.6%	1,221,067
6/30/2013	917,692	601,000	65.5%	1,537,759

As of July 1, 2012, the most recent actuarial valuation date, the plan was 6.4% funded. The actuarial accrued liability for benefits was \$27,287,000 (\$20,190,000 Town and \$7,097,000 BOE) and the actuarial value of assets was \$1,740,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$25,547,000. The covered payroll (annual payroll of active employees covered by the plan) was \$33,212,672 (\$7,679,672 Town and \$25,533,000 BOE).

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.

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

In the July 1, 2012 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 4.7% after 70 years for pre-65 and 71 years for post-65. Projected salary increases were 3.5%. Inflation rate assumption is 2.5%. 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, 2013 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.

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
	July 1	and Changes	Payments	June 30
	July 1	in Estimates	Payments	June 30
Medical Claims Fund:				
2012-2013	\$ 489,953	\$ 7,397,375	\$ 7,369,947	\$ 517,381
2011-2012	544,479	7,751,641	7,806,167	489,953

TOWN OF AVON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

REQUIRED SUPPLEMENTARY INFORMATION

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

JUNE 30, 2013

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,						
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)%
2010	7,875,740	17,610,940	(9,735,200)	44.7%	503,599	(1933.1)%
2011	7,116,587	16,864,695	(9,748,108)	42.2%	357,070	(2730.0)%

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,						
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)%
July 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)%
2010	2,264,046	5,945,621	(3,681,575)	38.1%	135,861	(2709.8)%
2011	1,924,366	6,154,590	(4,230,224)	31.3%	145,193	(2913.5)%

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,						
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)%
2010	8,196,443	15,471,558	(7,275,115)	53.0%	1,314,741	(553.3)%
2011	8,071,424	16,006,466	(7,935,042)	50.4%	1,038,412	(764.2)%

(Continued on next page)

TOWN OF AVON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (CONTINUED)
AVON RETIREMENT SYSTEM

JUNE 30, 2013

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,						
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)%
2010	3,994,222	5,346,008	(1,351,786)	74.7%	3,880,490	(34.8)%
2011	4,428,951	5,708,745	(1,279,794)	77.6%	4,041,241	(31.7)%

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,						
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)%
2010	514,009	753,945	(239,936)	68.2%	-	0.0%
2011	457,015	648,550	(191,535)	70.5%	-	0.0%

TOWN OF AVON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS PROGRAM

JUNE 30, 2013

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>
7/1/2010	\$ 893,000	\$ 17,238,000	\$ (16,345,000)	5.2%	\$ N/A	N/A
7/1/2012	1,686,000	20,190,000	(18,504,000)	8.4%	7,679,672	-240.95%

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>
7/1/2010	\$	\$ 6,844,000	\$ (6,844,000)	0.0%	\$ N/A	N/A
7/1/2012	54,000	7,097,000	(7,043,000)	0.8%	25,533,000	-27.58%

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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 25,113,015	\$ 20,836,904
Investments	1,217,064	865,482
Receivables (net of allowance for uncollectibles of \$53,888 in 2013 \$64,577 in 2012)	360,187	2,410,312
Due from other funds	106,473	124,764
Other	<u>7,406</u>	<u>190,147</u>
Total Assets	<u>\$ 26,804,145</u>	<u>\$ 24,427,609</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 1,462,993	\$ 1,453,388
Accrued liabilities	354,978	433,688
Due to other funds	10,166,706	8,590,087
Deferred revenue:		
Unavailable	185,814	71,956
Collected in advance	3,771,803	4,681,072
Other	<u>154,678</u>	<u>78,178</u>
Total liabilities	<u>16,096,972</u>	<u>15,308,369</u>
Fund Balance:		
Nonspendable	7,406	190,147
Assigned	2,664,114	2,318,586
Unassigned	<u>8,035,653</u>	<u>6,610,507</u>
Total fund balance	<u>10,707,173</u>	<u>9,119,240</u>
Total Liabilities and Fund Balance	<u>\$ 26,804,145</u>	<u>\$ 24,427,609</u>

TOWN OF AVON, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013					2012
	Original Budget	Supplemental Appropriations	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:						
Property taxes:						
Current levy	\$ 67,771,381	\$	\$ 67,771,381	\$ 67,850,904	\$ 79,523	\$ 65,471,479
Supplemental real estate	85,525		85,525	139,496	53,971	95,404
Supplemental MV	280,920		280,920	540,168	259,248	506,028
Prior levies	85,000		85,000	85,080	80	180,077
Interest and penalties	120,000		120,000	163,115	43,115	161,608
Telephone gross receipts	100,000		100,000	57,995	(42,005)	63,374
Total property taxes	68,442,826		68,442,826	68,836,758	393,932	66,477,970
Intergovernmental:						
State grants-in aid:						
Equalized cost sharing (ECS)	1,232,688		1,232,688	1,215,717	(16,971)	1,254,193
Transportation	8,306		8,306	19,676	11,370	8,594
Education Program Grants	1,048,299		1,048,299	1,342,758	294,459	1,315,722
Schools building construction	68,070		68,070		(68,070)	194,524
PILOT - Pequot funds	14,251		14,251	13,463	(788)	15,034
PILOT - colleges and hospitals	3,232		3,232		(3,232)	3,232
Public library	1,200		1,200	1,220	20	1,245
Property tax relief - elderly	95,000		95,000	83,932	(11,068)	86,572
Grants in lieu of taxes	92,113		92,113	90,796	(1,317)	92,465
Veteran reimbursements	5,500		5,500	5,183	(317)	5,458
Manufacturing transition grant	213,211		213,211	326,995	113,784	
Youth services grant		20,110	20,110	20,110	-	20,250
Emergency management grants		9,879	9,879	9,879	-	1,739
Judicial branch				3,227	3,227	3,676
Misc.Govr's Budget Initiative					-	154,179
Relamp Grant ARRA					-	36,545
Miscellaneous State grant receipts	7,400		7,400	44,417	37,017	47,505
Federal grants-in aid:					-	
FEMA reimbursement (4046)				27,711	27,711	2,163,327
FEMA reimbursement (4023)					-	51,444
Total intergovernmental	2,789,270	29,989	2,819,259	3,205,084	385,825	5,455,704

(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, 2013

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013					2012
	Original Budget	Supplemental Appropriations	Final Budget	Actual	Variance with Final Budget	Actual
Charges for Services:						
General government:						
Hunting and fishing	\$ 75	\$	\$ 75	\$ 84	\$ 9	\$ 83
Recording and conveyance	470,000		470,000	680,961	210,961	524,517
Sale of maps and publications	20,000		20,000	32,131	12,131	26,882
PA 05-228 Local CAP Recording Fee	11,000		11,000	14,826	3,826	12,858
Court	500		500	320	(180)	410
Public safety:						
Accident reports and photos	1,700		1,700	1,151	(549)	1,194
Alarm system	5,500		5,500	3,750	(1,750)	5,925
Animal pound fees	2,000		2,000	1,880	(120)	1,460
Police protection	2,600		2,600	8,370	5,770	4,455
Blds. struct. and equipment	400,000	21,780	421,780	828,896	407,116	550,089
Animal licenses	5,500		5,500	13,346	7,846	12,184
Public works:						
Sale of materials						986
Landfill - residential fees	152,000		152,000	143,733	(8,267)	148,728
Landfill - bulky waste	40,000		40,000	29,468	(10,532)	34,616
Lakeview water main extension	10,500		10,500	7,581	(2,919)	9,987
Water main interest				1,086	1,086	1,080
Street and curb	1,780		1,780	3,700	1,920	3,350
Health and social services:						
Vital statistics	20,000		20,000	25,900	5,900	22,691
Recreation and parks:						
Swim fees	68,000		68,000	48,250	(19,750)	54,944
Recreation fees	4,000		4,000	5,618	1,618	3,495
Organized summer programs	30,000		30,000	36,073	6,073	33,644
Educational - cultural:						
Library	16,000		16,000	16,551	551	11,375
BOE empl bnft contr dental/life	118,380		118,380	118,148	(232)	134,787
BOE misc receipts		3,456	3,456	45,836	42,380	72,887
BOE tuition receipts parent paid	18,150		18,150	25,100	6,950	23,200
BOE unified sports receipts				3,000	3,000	
BOE team mentor prog state pmts	7,000		7,000	6,250	(750)	7,000
BOE cafeteria rent receipts	99,573		99,573	99,573	-	99,573
BOE student parking fees	35,250		35,250	35,250	-	38,778
BOE interdist tuition valley alt A				7,500	7,500	30,000
BOE sped interdist tuition receipt	474,474		474,474	593,835	119,361	223,681
BOE CREC kindergarten	31,500		31,500		(31,500)	
BOE sports program participation fees	184,995		184,995	218,115	33,120	
Conservation and development	20,650		20,650	27,476	6,826	21,683
Total charges for services	2,251,127	25,236	2,276,363	3,083,758	807,395	2,116,542
Investment Income	105,000		105,000	72,847	(32,153)	33,947
Other Local Revenues:						
Refunds and reimbursements	145,826		145,826	49,042	(96,784)	111,994
Miscellaneous	11,812		11,812	16,443	4,631	23,193
Rents and reimbursements	46,554		46,554	51,789	5,235	50,281
Salvage and demolition sales	13,000		13,000	15,873	2,873	14,526
Donations from private source					-	18,399
Interlocal program funding	72,660		72,660	76,130	3,470	77,199
Sale of property	25,000		25,000	10,291	(14,709)	47,352
Cancelled encumbrances				54,012	54,012	
Total other local revenues	314,852		314,852	273,580	(41,272)	342,944
Total revenues	73,903,075	55,225	73,958,300	75,472,027	1,513,727	74,427,107
Other Financing Sources:						
Appropriation of fund balance		323,690	323,690		(323,690)	
Transfers in					-	33,432
Total other financing sources	-	323,690	323,690	-	(323,690)	33,432
Total Revenues and Other Financing Sources	\$ 73,903,075	\$ 378,915	\$ 74,281,990	\$ 75,472,027	\$ 1,190,037	\$ 74,460,539

TOWN OF AVON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013				Variance with Final Budget	2012
	Original Budget	Supplemental Appropriations and Transfers	Final Budget	Actual		Actual
Expenditures:						
Town Council:						
General Government:						
Legislative - Town Council	\$ 50,782	\$ (4,891)	\$ 45,891	\$ 47,331	\$ (1,440)	\$ 49,867
Executive - Town Manager	451,510	4,033	455,543	449,931	5,612	429,314
Judicial - probate	5,000	(711)	4,289	4,289	-	19,712
Elections	101,844	(11,379)	90,465	90,465	-	78,708
Legal services	160,000	2,730	162,730	162,730	-	219,687
Recording and reporting	360,044	(14,627)	345,417	335,361	10,056	340,294
Office building - Town hall	152,873	(3,448)	149,425	146,579	2,846	169,011
Human resources	225,104	(865)	224,239	221,321	2,918	215,705
Finance	1,400,114	43,968	1,444,082	1,474,666	(30,584)	1,358,335
Total general government	2,907,271	14,810	2,922,081	2,932,673	(10,592)	2,880,633
Public Safety:						
Police protection	5,696,326	173,568	5,869,894	5,793,092	76,802	5,509,357
Fire protection	1,747,267	8,450	1,755,717	1,751,964	3,753	1,743,279
Central communications	723,640	(52,726)	670,914	657,758	13,156	637,523
Protective inspection	290,253	(12,141)	278,112	259,228	18,884	260,349
Other protection	245,683	(5,602)	240,081	239,986	95	352,307
Total public safety	8,703,169	111,549	8,814,718	8,702,028	112,690	8,502,815
Public Works:						
Administration	365,271	4,816	370,087	361,779	8,308	384,911
Highways	1,667,098	50,869	1,717,967	1,696,192	21,775	4,106,420
Sanitation	387,262	(35,254)	352,008	344,190	7,818	335,176
Machinery and equipment	473,492	(2,139)	471,353	460,357	10,996	450,756
Building and grounds	1,044,868	43,936	1,088,804	1,083,555	5,249	984,848
Engineering	328,123	(10,039)	318,084	303,361	14,723	307,480
Total public works	4,266,114	52,189	4,318,303	4,249,434	68,869	6,569,591
Health and Social Services:						
Conservation of health	117,024		117,024	117,024	-	110,399
Social services	318,830	20,164	338,994	334,933	4,061	324,327
Total health and social services	435,854	20,164	456,018	451,957	4,061	434,726
Recreation and Parks:						
Recreation	521,223	(3,262)	517,961	518,913	(952)	493,850
Parks	219,235	9,164	228,399	222,019	6,380	210,651
Senior citizens	50,640	(9,130)	41,510	41,510	-	46,227
Community activities	95,415	(456)	94,959	94,221	738	91,157
Total recreation and parks	886,513	(3,684)	882,829	876,663	6,166	841,885
Educational-Cultural:						
Library	1,411,227	49,086	1,460,313	1,456,687	3,626	1,385,570

(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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013					2012
	Original Budget	Supplemental Appropriations and Transfers	Final Budget	Actual	Variance with Final Budget	Actual
Conservation and Development:						
Planning and zoning	\$ 422,047	\$ (6,459)	\$ 415,588	\$ 412,378	\$ 3,210	\$ 406,957
Conservation of natural resources	154,983	(2,401)	152,582	149,287	3,295	141,010
Total conservation and development	577,030	(8,860)	568,170	561,665	6,505	547,967
Miscellaneous:						
Claims and losses	30,520	169,354	199,874	199,874	-	11,984
Municipal insurance	225,106	(18,922)	206,184	206,184	-	174,252
Intergovernmental expenditure	56,550	(11,775)	44,775	44,775	-	46,235
Contingency	25,000	(24,794)	206	206	-	334
Total miscellaneous	337,176	113,863	451,039	451,039	-	232,805
Total Town Council	19,524,354	349,117	19,873,471	19,682,146	191,325	21,395,992
Board of Education:						
Board of Education						46,734,377
Salaries	31,843,873	(363,791)	31,480,082	31,254,558	225,524	
Employee benefits	7,314,548	9,397	7,323,945	7,434,124	(110,179)	
Purchased prf & tech services	850,067	24,537	874,604	1,147,175	(272,571)	
Property services	729,110	(35,011)	694,099	641,298	52,801	
Other purchased services	4,877,094	334,751	5,211,845	4,890,441	321,404	
General supplies & utilities	2,450,607	(61,464)	2,389,143	2,316,904	72,239	
Equipment	328,382	154,716	483,098	663,504	(180,406)	
Fees & membership	70,002	(4,119)	65,883	57,323	8,560	
Medical insurance - BCBS				19,777	(19,777)	
Miscellaneous				85,138	(85,138)	
Total Board of Education	48,463,683	59,016	48,522,699	48,510,242	12,457	46,734,377
Debt service:						
Bonds and bond anticipation notes	4,511,052	(73,731)	4,437,321	4,437,321	-	4,658,237
Total expenditures	72,499,089	334,402	72,833,491	72,629,709	203,782	72,788,606
Transfers out	1,403,986	44,513	1,448,499	1,508,499	(60,000)	903,060
Total Expenditures and Other Financing Uses	\$ 73,903,075	\$ 378,915	\$ 74,281,990	\$ 74,138,208	\$ 143,782	\$ 73,691,666

TOWN OF AVON, CONNECTICUT

GENERAL FUND

REPORT OF THE PROPERTY TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2013

Grand List Date	Uncollected Taxes July 1, 2012	Current Year Levy	Lawful Corrections		Transfers to Suspense	Transfers from Suspense	Adjusted Taxes Collectible	Collections					Uncollected Taxes June 30, 2013
			Additions	Deductions				Taxes Collected	Refunds	Net Taxes Collected	Interest and Fees	Total Collections	
1998	\$ 550	\$	\$	\$ 95	\$	\$ 156	\$ 611	\$ 61	\$	\$ 61	\$ 164	\$ 225	\$ 550
1999	335						335			-		-	335
2000	355						355			-		-	355
2001	375					41	416	41		41	74	115	375
2002	387						387			-		-	387
2003	322			53		211	480	158		158	244	402	322
2004	331						331			-		-	331
2005	340						340			-		-	340
2006	1,601				761	405	1,245	405		405	438	843	840
2007	2,850		110	303	690	698	2,665	1,271		1,271	432	1,703	1,394
2008	2,922				1,059		1,863	538		538	351	889	1,325
2009	31,378		104	59	4,656	1,136	27,903	24,927		24,927	3,896	28,823	2,976
2010	188,704		515	27,422	5,197	1,264	157,864	159,888	26,243	133,645	28,823	162,468	24,219
Total Prior Years	230,450		729	27,932	12,363	3,911	194,795	187,289	26,243	161,046	34,422	195,468	33,749
7/1/2012	-	68,996,506	171,713	476,714	4,807		68,686,698	68,609,789	81,798	68,527,991	128,693	68,656,684	158,707
TOTAL	\$ 230,450	\$ 68,996,506	\$ 172,442	\$ 504,646	\$ 17,170	\$ 3,911	\$ 68,881,493	\$ 68,797,078	\$ 108,041	\$ 68,689,037	\$ 163,115	\$ 68,852,152	\$ 192,456
Grand List of October 1, 2012							\$ 2,688,826,620						
Taxes Receivable on Grand List of October 1, 2012, due July 1, 2013							\$ 70,769,917						

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, 2013**

	Project Appropriations July 1, 2012	Additions (Reductions)	Project Appropriations June 30, 2013	Expenditures Incurred to July 1, 2012	Current Year Expenditures	Expenditures Incurred to June 30, 2013	Unexpended Appropriations June 30, 2013
General Government:							
Haynes Rd Sewer Installation - Phase 1	\$ 420,000	\$	\$ 420,000	\$ 26,080	\$ 34,527	\$ 60,607	\$ 359,393
Underground Storage Tank	160,000		160,000	70,823	7,787	78,610	81,390
Addition Town Clerk's Office	44,000		44,000	41,993		41,993	2,007
Deepwood Drive Sewer	576,762		576,762	529,618		529,618	47,144
DPW Salt Shed Replacement	200,000		200,000	193,937		193,937	6,063
Reconstruct Tillotson Rd		10,000	10,000			-	10,000
Town Center Lighting Ph III		35,597	35,597		159	159	35,438
Police Communications Center	509,733	(15,434)	494,299	484,733		484,733	9,566
Sewer Pump Station Replacement	70,000		70,000	1,874		1,874	68,126
Town Hall Renovations Bldng. 1		30,000	30,000		30,000	30,000	-
Lateral Extension Program		275,000	275,000			-	275,000
Road Drainage and Overlay Program	4,035,451	413,300	4,448,751	3,580,673	614,961	4,195,634	253,117
Equipment Replacement Fund	200,000	200,000	400,000			-	400,000
Highway Division Equip Replace		190,000	190,000	184,339	147,713	332,052	(142,052)
Buildings & Grounds Equipment		120,000	120,000		102,683	102,683	17,317
Ground Lift and Cranes		25,000	25,000		14,708	14,708	10,292
PD Narrow Band Purchase		35,000	35,000			-	35,000
Vehicles		130,000	130,000		69,217	69,217	60,783
7.58 CU Dumptruck	190,000		190,000			-	190,000
Library Expansion	9,500,000		9,500,000	8,419,953	110,499	8,530,452	969,548
Future Capital Exp. - Facil.		25,000	25,000		18,868	18,868	6,132
Total General Government	<u>15,905,946</u>	<u>1,473,463</u>	<u>17,379,409</u>	<u>13,534,023</u>	<u>1,151,122</u>	<u>14,685,145</u>	<u>2,694,264</u>
Board of Education:							
Wireless infrastructrue - District		65,000	65,000		63,800	63,800	1,200
Tech Interactive Boards/LCD Pr.		300,000	300,000		299,739	299,739	261
PGS Playground Replacement	212,110		212,110	212,102		212,102	8
AMS Floor Covering Rpl.		115,000	115,000		115,000	115,000	-
RBS Floor Covering Rpl.		39,986	39,986		39,864	39,864	122
AHS Boiler Replacement	283,615		283,615		6,683	6,683	276,932
AMS Tennis Courts	119,202		119,202	100,087	4,366	104,453	14,749
BOE Financial System	224,475		224,475	129,443	95,032	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>31,509,502</u>	<u>519,986</u>	<u>32,029,488</u>	<u>30,714,678</u>	<u>624,484</u>	<u>31,339,162</u>	<u>690,326</u>
Total	<u>\$ 47,415,448</u>	<u>\$ 1,993,449</u>	<u>\$ 49,408,897</u>	<u>\$ 44,248,701</u>	<u>\$ 1,775,606</u>	<u>\$ 46,024,307</u>	<u>\$ 3,384,590</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, 2013

	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	326,535	5,407	41,825		108,969			
Due from other funds	1,897,679	57,096	200,329	168,481		34,699	93,944	105,825
Other			5,530	341				
Total Assets	\$ 2,224,214	\$ 62,503	\$ 247,684	\$ 168,822	\$ 108,969	\$ 34,699	\$ 93,944	\$ 105,825
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 70,288	\$ 24,945	\$	\$ 12,232	\$ 320	\$ 929	\$ 5,840	\$ 10,026
Due to other funds					106,473			
Deferred revenue	511,800	37,558	49,651					
Total liabilities	582,088	62,503	49,651	12,232	106,793	929	5,840	10,026
Fund Balances:								
Nonspendable			5,530	341				
Restricted								
Committed	1,642,126		192,503	156,249	2,176	33,770	88,104	95,799
Total fund balances	1,642,126	-	198,033	156,590	2,176	33,770	88,104	95,799
Total Liabilities and Fund Balances	\$ 2,224,214	\$ 62,503	\$ 247,684	\$ 168,822	\$ 108,969	\$ 34,699	\$ 93,944	\$ 105,825

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TOWN OF AVON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
COMBINING BALANCE SHEET
JUNE 30, 2013

	<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	\$ 188,980	\$	\$	\$	\$	\$ 188,980
Receivables		23,584				506,320
Due from other funds	13,078	257,252	2,156	48,073	223,748	3,102,360
Other						5,871
69 Total Assets	<u>\$ 202,058</u>	<u>\$ 280,836</u>	<u>\$ 2,156</u>	<u>\$ 48,073</u>	<u>\$ 223,748</u>	<u>\$ 3,803,531</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$	\$	\$	\$	\$ 12,825	\$ 137,405
Due to other funds						106,473
Deferred revenue		10,940				609,949
Total liabilities	<u>-</u>	<u>10,940</u>	<u>-</u>	<u>-</u>	<u>12,825</u>	<u>853,827</u>
Fund Balances:						
Nonspendable						5,871
Restricted	202,058					202,058
Committed		269,896	2,156	48,073	210,923	2,741,775
Total fund balances	<u>202,058</u>	<u>269,896</u>	<u>2,156</u>	<u>48,073</u>	<u>210,923</u>	<u>2,949,704</u>
Total Liabilities and Fund Balances	<u>\$ 202,058</u>	<u>\$ 280,836</u>	<u>\$ 2,156</u>	<u>\$ 48,073</u>	<u>\$ 223,748</u>	<u>\$ 3,803,531</u>

TOWN OF AVON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ 2,249,067	\$ 982,407	\$ 248,829	\$ 367,084	\$ 108,969	\$ -	\$ 65,568	\$ 155,560
Charges for services			1,085,523					
Investment income								
Other local revenues		260		1,515			65,568	
Total revenues	<u>2,249,067</u>	<u>982,667</u>	<u>1,334,352</u>	<u>368,599</u>	<u>108,969</u>	<u>-</u>	<u>65,568</u>	<u>155,560</u>
Expenditures:								
Current:								
General government								
Public safety								
Public works	1,722,402				108,969			115,694
Recreation and parks				353,682		2,010		
Education		982,667	1,309,960				69,375	
Capital outlay								
Total expenditures	<u>1,722,402</u>	<u>982,667</u>	<u>1,309,960</u>	<u>353,682</u>	<u>108,969</u>	<u>2,010</u>	<u>69,375</u>	<u>115,694</u>
Excess (Deficiency) of Revenues over Expenditures	<u>526,665</u>	<u>-</u>	<u>24,392</u>	<u>14,917</u>	<u>-</u>	<u>(2,010)</u>	<u>(3,807)</u>	<u>39,866</u>
Other Financing Sources (Uses):								
Transfers in	1,384		8,129					
Transfers out	(275,000)						-	
Net other financing sources (uses)	<u>(273,616)</u>	<u>-</u>	<u>8,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	253,049	-	32,521	14,917	-	(2,010)	(3,807)	39,866
Fund Balances at Beginning of Year	<u>1,389,077</u>	<u>-</u>	<u>165,512</u>	<u>141,673</u>	<u>2,176</u>	<u>35,780</u>	<u>91,911</u>	<u>55,933</u>
Fund Balances at End of Year	\$ <u>1,642,126</u>	\$ <u>-</u>	\$ <u>198,033</u>	\$ <u>156,590</u>	\$ <u>2,176</u>	\$ <u>33,770</u>	\$ <u>88,104</u>	\$ <u>95,799</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, 2013

	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	\$	\$	\$	\$	\$ 4,437	\$ 1,500,202
Charges for services		85,824	1,437			3,788,935
Investment income	30					30
Other local revenues	54,092					121,435
Total revenues	<u>54,122</u>	<u>85,824</u>	<u>1,437</u>	<u>-</u>	<u>4,437</u>	<u>5,410,602</u>
Expenditures:						
Current:						
General government				167,373		167,373
Public safety		56,604				56,604
Public works						1,947,065
Recreation and parks						355,692
Education						2,362,002
Capital outlay					127,315	127,315
Total expenditures	<u>-</u>	<u>56,604</u>	<u>-</u>	<u>167,373</u>	<u>127,315</u>	<u>5,016,051</u>
Excess (Deficiency) of Revenues over Expenditures	<u>54,122</u>	<u>29,220</u>	<u>1,437</u>	<u>(167,373)</u>	<u>(122,878)</u>	<u>394,551</u>
Other Financing Sources (Uses):						
Transfers in				60,000	90,434	159,947
Transfers out		(130,000)				(405,000)
Net other financing sources (uses)	<u>-</u>	<u>(130,000)</u>	<u>-</u>	<u>60,000</u>	<u>90,434</u>	<u>(245,053)</u>
Net Change in Fund Balances	54,122	(100,780)	1,437	(107,373)	(32,444)	149,498
Fund Balances at Beginning of Year	<u>147,936</u>	<u>370,676</u>	<u>719</u>	<u>155,446</u>	<u>243,367</u>	<u>2,800,206</u>
Fund Balances at End of Year	<u>\$ 202,058</u>	<u>\$ 269,896</u>	<u>\$ 2,156</u>	<u>\$ 48,073</u>	<u>\$ 210,923</u>	<u>\$ 2,949,704</u>

TOWN OF AVON, CONNECTICUT

SEWER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Sewer assessments	\$ 54,400	\$ 54,400	\$ 23,832	\$ (30,568)	\$ 214,344
Sewer connections	37,500	37,500	655,699	618,199	83,524
Sewer use charges	1,500,000	1,500,000	1,534,392	34,392	1,524,979
Permits and inspections	4,300	4,300	13,525	9,225	2,000
Interest and lien fees	10,100	10,100	21,619	11,519	13,974
Intergovernmental				-	65,361
Miscellaneous			2,519	-	
Total revenues	<u>1,606,300</u>	<u>1,606,300</u>	<u>2,251,586</u>	<u>642,767</u>	<u>1,904,182</u>
Expenditures:					
Current:					
Public works	1,752,526	1,752,526	1,698,311	54,215	1,544,786
Debt service	35,286	35,286	35,286	-	47,776
Total expenditures	<u>1,787,812</u>	<u>1,787,812</u>	<u>1,733,597</u>	<u>54,215</u>	<u>1,592,562</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(181,512)</u>	<u>(181,512)</u>	<u>517,989</u>	<u>696,982</u>	<u>311,620</u>
Other Financing Sources (Uses):					
Transfers in			1,384	1,384.00	
Transfers out	(275,000)	(275,000)	(275,000)	-	(420,000)
Appropriation of fund balance	456,512	456,512		(456,512)	
Net other financing sources (uses)	<u>181,512</u>	<u>181,512</u>	<u>(273,616)</u>	<u>(455,128)</u>	<u>(420,000)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>244,373</u>	<u>\$ 241,854</u>	<u>(108,380)</u>
Fund Balances at Beginning of Year			<u>1,355,798</u>		<u>1,464,178</u>
Fund Balances at End of Year			<u>\$ 1,600,171</u>		<u>\$ 1,355,798</u>

Reconciliation to GAAP Basis

	Revenues	Expenditures	Fund Balance
Balance, Budgetary Basis - End of Year	\$ 2,251,586	\$ 1,733,597	\$ 1,600,171
Cancelled encumbrances	(2,519)		
Encumbrances outstanding from the prior year, still outstanding at end of current fiscal year			11,691
Prior year encumbrances paid		19,069	
Current year encumbrances		(30,264)	30,264
Balance, GAAP Basis - End of Year	<u>\$ 2,249,067</u>	<u>\$ 1,722,402</u>	<u>\$ 1,642,126</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, 2013

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental	\$ 753,734	\$ 753,734	\$ 982,407	\$ 228,673	\$ 868,041
Other revenue			260	260	34,249
Total revenues	<u>753,734</u>	<u>753,734</u>	<u>982,667</u>	<u>228,933</u>	<u>902,290</u>
Expenditures:					
Education	<u>753,734</u>	<u>753,734</u>	<u>982,667</u>	<u>(228,933)</u>	<u>902,290</u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	
Fund Balances at Beginning of Year			-		-
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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

	<u>2013</u>				<u>2012</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:					
Intergovernmental	\$ 131,045	\$ 131,045	\$ 248,829	\$ 117,784	\$ 186,112
Charges for services	<u>1,192,638</u>	<u>1,192,638</u>	<u>1,085,523</u>	<u>(107,115)</u>	<u>1,100,738</u>
Total revenues	1,323,683	1,323,683	1,334,352	10,669	1,286,850
Expenditures:					
Education	<u>1,323,683</u>	<u>1,331,812</u>	<u>1,309,960</u>	<u>21,852</u>	<u>1,380,656</u>
Excess (Deficiency) of Revenues over Expenditures		(8,129)	24,392	(11,183)	(93,806)
Other Financing Sources:					
Transfers in	<u> </u>	<u>8,129</u>	<u>8,129</u>	<u>-</u>	<u> </u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	32,521	\$ <u>(11,183)</u>	(93,806)
Fund Balances at Beginning of Year			<u>165,512</u>		<u>259,318</u>
Fund Balances at End of Year			\$ <u>198,033</u>		\$ <u>165,512</u>

TOWN OF AVON, CONNECTICUT

RECREATIONAL ACTIVITIES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUALFOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental revenue	\$	\$	\$	\$ -	\$ 1,949
Charges for services	333,530	363,201	367,084	3,883	381,148
Other revenues			3,115	3,115	
Total revenues	<u>333,530</u>	<u>363,201</u>	<u>370,199</u>	<u>6,998</u>	<u>383,097</u>
Expenditures:					
Recreation and parks	<u>333,530</u>	<u>363,201</u>	<u>338,002</u>	<u>25,199</u>	<u>363,299</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>32,197</u>	<u>32,197</u>	<u>19,798</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>32,197</u>	<u>\$ 32,197</u>	<u>19,798</u>
Fund Balances at Beginning of Year			<u>112,073</u>		<u>92,275</u>
Fund Balances at End of Year			<u>\$ 144,270</u>		<u>\$ 112,073</u>

Reconciliation to GAAP Basis

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Balance, Budgetary Basis	\$ 370,199	\$ 338,002	\$ 144,270
Encumbrances outstanding from the prior year, still outstanding at end of current fiscal year			11,470
Prior year encumbrances paid		16,530	
Cancelled encumbrances	(1,600)		
Current year encumbrances		<u>(850)</u>	<u>850</u>
Balance, GAAP Basis - End of Year	<u>\$ 368,599</u>	<u>\$ 353,682</u>	<u>\$ 156,590</u>

TOWN OF AVON, CONNECTICUT

LOCAL CAPITAL IMPROVEMENT PROGRAM FUND

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

FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental	\$ 93,797	\$ 108,969	\$ 108,969	\$ -	\$ 106,650
Expenditures:					
Public works	93,797	108,969	99,219	9,750	116,400
Excess (Deficiency) of Revenues over Expenditures	\$ -	\$ -	9,750	\$ 9,750	(9,750)
Fund Balances at Beginning of Year			(7,574)		2,176
Fund Balances at End of Year			\$ 2,176		\$ (7,574)
<u>Reconciliation to GAAP Basis</u>					
	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>		
Balance, Budgetary Basis	\$ 108,969	\$ 99,219	\$ 2,176		
Prior year encumbrances paid		9,750			
Balance, GAAP Basis - End of Year	\$ 108,969	\$ 108,969	\$ 2,176		

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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Other local revenues	\$ 12,000	\$ 12,000	\$	\$ (12,000)	\$ 30,000
Expenditures:					
Recreation and parks	<u>12,000</u>	<u>14,009</u>	<u>2,010</u>	<u>11,999</u>	<u>2,870</u>
Excess (Deficiency) of Revenues over Expenditures	\$ -	\$ (2,009)	(2,010)	\$ (1)	27,130
Other Financing Sources:					
Appropriation of fund balance	<u>-</u>	<u>2,009</u>	<u>-</u>	<u>(2,009)</u>	<u>-</u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	(2,010)	\$ <u>(2,010)</u>	27,130
Fund Balances at Beginning of Year			<u>35,780</u>		<u>8,650</u>
Fund Balances at End of Year			\$ <u>33,770</u>		\$ <u>35,780</u>

TOWN OF AVON, CONNECTICUT

TOWN AID ROAD FUND

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

**FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

	<u>2013</u>				<u>2012</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:					
Intergovernmental	\$ 126,454	\$ 126,454	\$ 155,560	\$ 29,106	\$ 153,609
Expenditures:					
Public works	<u>126,454</u>	<u>126,454</u>	<u>115,694</u>	<u>10,760</u>	<u>112,910</u>
Excess of Revenues over Expenditures	\$ <u>-</u>	\$ <u>-</u>	39,866	\$ <u>39,866</u>	40,699
Fund Balances at Beginning of Year			<u>55,933</u>		<u>15,234</u>
Fund Balances at End of Year			\$ <u>95,799</u>		\$ <u>55,933</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Intergovernmental revenues	\$	\$	\$	\$ -	\$ 63,297
Other local revenues	54,000	65,568	65,568	-	23,854
	<u>54,000</u>	<u>65,568</u>	<u>65,568</u>	<u>-</u>	<u>87,151</u>
Expenditures:					
Education	54,000	69,375	69,375	-	26,755
	<u>54,000</u>	<u>69,375</u>	<u>69,375</u>	<u>-</u>	<u>26,755</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(3,807)</u>	<u>(3,807)</u>	<u>-</u>	<u>60,396</u>
Other Financing Sources (Uses):					
Transfers out				-	(20,000)
Appropriation of fund balance		3,807		3,807	
Net other financing sources (uses)	<u>-</u>	<u>3,807</u>	<u>-</u>	<u>3,807</u>	<u>(20,000)</u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	(3,807)	\$ <u>3,807</u>	40,396
Fund Balances at Beginning of Year			<u>91,911</u>		<u>51,515</u>
Fund Balances at End of Year			\$ <u>88,104</u>		\$ <u>91,911</u>

TOWN OF AVON, CONNECTICUT

POLICE SERVICES FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Other local revenues	\$ 66,708	\$ 66,708	\$ 85,824	\$ 19,116	\$ 97,858
Expenditures:					
Public safety	66,708	66,708	56,604	10,104	98,151
Excess (Deficiency) of Revenues over Expenditures	-	-	29,220	29,220	(293)
Other Financing Sources (Uses):					
Transfer out		(130,000)	(130,000)	-	
Appropriation of fund balance		130,000			
Net other financing sources (uses)	-	-	(130,000)	-	-
Net Change in Fund Balances	\$ -	\$ -	(100,780)	\$ 29,220	(293)
Fund Balances at Beginning of Year			370,676		370,969
Fund Balances at End of Year			\$ 269,896		\$ 370,676

TOWN OF AVON, CONNECTICUT

CAPITAL AND NONRECURRING EXPENDITURES FUND
PROJECT LENGTH SCHEDULE OF EXPENDITURES - PROJECT BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Appropriations July 1, 2012</u>	<u>Additions (Reductions)</u>	<u>Project Appropriations June 30, 2013</u>	<u>Expenditures Incurred to July 1, 2012</u>	<u>Current Year Expenditures</u>	<u>Expenditures Incurred to June 30, 2013</u>	<u>Unexpended Appropriations June 30, 2013</u>
General Government:							
Sidewalks	\$ 10,000	\$	\$ 10,000	\$ 6,004	\$	\$ 6,004	\$ 3,996
Revaluation (2008)	194,553		194,553	158,546	9,560	168,106	26,447
Revaluation (2013)		75,000	75,000		21,616	21,616	53,384
ADMINS upgrade	111,960		111,960	84,916	14,977	99,893	12,067
Secret Lake Drainage	30,000		30,000	9,050		9,050	20,950
OFB Project 04-116-Design Fees Reimb.	331,314	(60,422)	270,892	270,177	715	270,892	-
Old Farms Rd/Thompson Recon 4-98	589,407	80,294	669,701	589,407	153	589,560	80,141
Replace Old Wheeler Lane Bridge	25,000		25,000	1,000	80,294	81,294	(56,294)
Rails to Trails	32,241		32,241	32,007		32,007	234
	<u>1,324,475</u>	<u>94,872</u>	<u>1,419,347</u>	<u>1,151,107</u>	<u>127,315</u>	<u>1,278,422</u>	<u>140,925</u>
Total Capital and Nonrecurring	\$ <u>1,324,475</u>	\$ <u>94,872</u>	\$ <u>1,419,347</u>	\$ <u>1,151,107</u>	\$ <u>127,315</u>	\$ <u>1,278,422</u>	\$ <u>140,925</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, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS				
Cash:				
Flexible spending account	\$ 37,641	\$ 102,830	\$ 118,510	\$ 21,961
High school student activity fund	218,109	418,105	420,781	215,433
Middle school student activity fund	40,045	96,296	96,449	39,892
Roaring Brook student activity fund	8,970	14,053	15,534	7,489
Pine Grove student activity fund	39,718	29,983	29,140	40,561
Thompson Brook student activity fund	<u>10,800</u>	<u>53,728</u>	<u>47,505</u>	<u>17,023</u>
Total Assets	<u>\$ 355,283</u>	<u>\$ 714,995</u>	<u>\$ 727,919</u>	<u>\$ 342,359</u>
LIABILITIES				
Fiduciary Deposits:				
Flexible spending account	\$ 37,641	\$ 102,830	\$ 118,510	\$ 21,961
High school student activity fund	218,109	418,105	420,781	215,433
Middle school student activity fund	40,045	96,296	96,449	39,892
Roaring Brook student activity fund	8,970	14,053	15,534	7,489
Pine Grove student activity fund	39,718	29,983	29,140	40,561
Thompson Brook student activity fund	<u>10,800</u>	<u>53,728</u>	<u>47,505</u>	<u>17,023</u>
Total Liabilities	<u>\$ 355,283</u>	<u>\$ 714,995</u>	<u>\$ 727,919</u>	<u>\$ 342,359</u>

DETAILED SCHEDULE OF LONG-TERM DEBT OBLIGATIONS

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

JUNE 30, 2013

Description	Original Issue		Year Ending	Principal	Interest	Total
	Amount	Date	June 30,			
General Purpose:						
Bonds:						
Fisher Farms Open Space	\$ 1,295,000	7-15-02	2014	\$ 82,000	\$ 10,845	\$ 92,845
Interest payable December 15			2015	82,000	7,482	89,482
and June 15 of each			2016	82,000	4,100	86,100
year at 3.0-5.0%;						
principal payable - June				246,000	22,427	268,427
Town Hall Renovations	\$ 2,295,000	10-15-09	2014	115,000	56,807	171,807
Interest payable October 15			2015	100,000	53,582	153,582
and April 15 of each			2016	115,000	50,357	165,357
year at 2.0-3.25%;			2017	150,000	46,382	196,382
principal payable - October			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	140,000	2,275	142,275
				1,910,000	429,636	2,339,636
Avon Public Library	7,100,000	10-30-12	2014	475,000	142,000	617,000
Interest payable December 15			2015	475,000	132,500	607,500
and June 15 of each year			2016	350,000	123,000	473,000
at 2.0%			2017	475,000	116,000	591,000
principal payable - June			2018	350,000	106,500	456,500
			2019	350,000	99,500	449,500
			2020	450,000	92,500	542,500
			2021	525,000	83,500	608,500
			2022	525,000	73,000	598,000
			2023	525,000	62,500	587,500
			2024	525,000	52,000	577,000
			2025	525,000	41,500	566,500
			2026	525,000	31,000	556,000
			2027	525,000	20,500	545,500
			2028	500,000	10,000	510,000
				7,100,000	1,186,000	8,286,000
				9,256,000	1,638,063	10,894,063

Total General Purposes

(Continued on next page)

TOWN OF AVON, CONNECTICUT

LONG-TERM DEBT OBLIGATIONS

SCHEDULE OF BOND MATURITIES (CONTINUED)

JUNE 30, 2013

Description	Original Issue		Year Ending June 30,	Principal	Interest	Total
	Amount	Date				
Schools:						
Bonds:						
School Construction - Thompson Brook School	\$ 14,245,000	7-15-02	2014	\$ 918,000	\$ 121,405	\$ 1,039,405
Interest payable December 15 and June 15 of each year at 3.0-5.0%; principal payable - June			2015	918,000	83,768	1,001,768
			2016	918,000	45,900	963,900
				<u>2,754,000</u>	<u>251,073</u>	<u>3,005,073</u>
School Construction Avon High School	\$ 23,218,000	10-15-09	2014	1,180,000	574,194	1,754,194
Renovations			2015	1,100,000	539,994	1,639,994
Interest payable October 15 and April 15 of each year at 2.0-3.25%; principal payable - October			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
				<u>19,325,000</u>	<u>4,273,163</u>	<u>23,598,163</u>
School Construction Avon Middle School	\$ 2,372,000	10-15-09	2014	125,000	58,538	183,538
Roof			2015	100,000	55,163	155,163
Interest payable October 15 and April 15 of each year at 2.0-3.25%; principal payable - October			2016	110,000	52,013	162,013
			2017	150,000	48,113	198,113
			2018	150,000	43,613	193,613
			2019	150,000	39,113	189,113
			2020	150,000	34,613	184,613
			2021	140,000	30,263	170,263
			2022	145,000	25,988	170,988
			2023	150,000	21,563	171,563
			2024	150,000	16,969	166,969
			2025	150,000	12,188	162,188
			2026	150,000	7,313	157,313
			2027	150,000	2,438	152,438
				<u>1,970,000</u>	<u>447,888</u>	<u>2,417,888</u>
Total Schools				<u>24,049,000</u>	<u>4,972,124</u>	<u>29,021,124</u>
Grand Total-All Bonded Debt				<u>\$ 33,305,000</u>	<u>\$ 6,610,187</u>	<u>\$ 39,915,187</u>

STATISTICAL SECTION

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

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

Statistical section information is presented in the following categories:

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

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

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

TOWN OF AVON, CONNECTICUT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
Net investment in capital assets	\$ 81,157,443	\$ 85,496,836	\$ 80,092,550	\$ 86,386,400	\$ 100,992,393	\$ 106,328,362	\$ 109,234,397	\$ 107,467,654	\$ 115,379,009	\$ 118,098,045
Unrestricted	<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>	<u>12,329,474</u>	<u>13,660,559</u>
Total Governmental Activities Net Position	<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>	<u>\$ 127,708,483</u>	<u>\$ 131,758,604</u>

TOWN OF AVON, CONNECTICUT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

FISCAL YEAR

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities:										
General government	\$ 2,520,267	\$ 2,506,909	\$ 2,824,138	\$ 2,697,324	\$ 3,150,197	\$ 4,366,653	\$ 3,363,784	\$ 2,997,029	\$ 3,699,703	\$ 3,887,306
Public safety	6,783,676	6,810,733	7,844,237	7,752,887	8,386,614	8,646,361	8,584,227	8,837,647	9,135,168	9,128,593
Public works	5,596,299	5,610,986	5,768,387	5,615,483	6,379,490	6,803,932	6,767,622	6,459,180	9,025,502	6,067,288
Health and social services	297,004	312,488	335,363	339,011	418,457	409,643	429,622	449,695	455,739	454,762
Recreation and parks	1,159,712	1,173,172	1,231,112	1,192,893	1,259,443	1,198,231	1,270,094	1,407,889	1,370,892	1,348,905
Educational cultural	1,182,875	1,165,935	1,252,539	1,271,577	1,340,878	1,325,196	1,390,254	1,341,831	1,402,620	1,392,800
Conservation and development	480,149	475,086	485,796	480,105	470,631	493,509	495,403	621,526	561,273	517,166
Board of Education	35,157,771	36,861,285	41,312,587	42,831,505	58,762,865	48,148,966	50,168,747	51,384,252	55,476,822	58,665,309
Interest expense	1,220,937	1,049,650	976,068	1,164,309	1,420,878	1,599,492	1,847,632	1,083,857	1,045,803	1,049,140
Total governmental activities expenses	<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>	<u>82,173,522</u>	<u>82,511,269</u>
Program Revenues:										
Governmental activities:										
Charges for services	4,368,055	4,750,233	4,744,462	4,268,592	4,585,742	5,254,615	5,243,859	5,899,335	5,809,050	6,905,655
Operating grants and contributions	2,858,754	2,942,406	4,703,647	5,187,201	19,168,475	6,795,638	8,068,566	7,603,548	11,127,231	9,387,422
Capital grants and contributions	1,791,485	264,316	45,436	211,460	7,676,918	1,192,219	940,145	186,048	1,065,967	240,923
Total governmental activities program revenues	<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>	<u>18,002,248</u>	<u>16,534,000</u>
Net revenues (expenses):										
Governmental activities	<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>	<u>(64,171,274)</u>	<u>(65,977,269)</u>
General Revenues and Other										
Changes in Net Position:										
Governmental activities:										
Property taxes	47,930,234	49,177,333	52,102,161	54,985,721	57,525,758	60,502,992	61,214,157	64,376,632	66,459,769	68,880,202
Grants and contributions not restricted to specific programs	396,446	447,711	420,814	471,823	484,160	451,350	631,497	466,877	608,088	564,786
Unrestricted investment earnings	177,347	430,329	1,229,679	1,923,744	1,361,187	469,404	231,295	259,529	94,451	130,883
Miscellaneous	173,665	117,250	280,849	370,776	988,047	446,082	471,241	1,244,847	1,044,056	451,519
Donated capital assets		1,706,266	150,882	1,441,304						
Transfers				(125,000)						
Special item - gain on sale										
Total governmental activities	<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>	<u>68,206,364</u>	<u>70,027,390</u>
Change in Net Position:										
Governmental activities	<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>	<u>\$ 4,035,090</u>	<u>\$ 4,050,121</u>

TOWN OF AVON, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved	\$ 862,630	\$ 908,877	\$ 147,535	\$ 17,118	\$	\$	\$	\$	\$	\$
Unreserved	3,941,547	3,657,223	4,159,172	3,760,315	4,676,227	5,253,522	5,100,539			
Nonspendable								133,724	190,147	7,406
Assigned								1,786,555	2,318,586	2,664,114
Unassigned								6,084,975	6,610,507	8,035,653
Total General Fund	<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>	<u>\$ 9,119,240</u>	<u>\$ 10,707,173</u>
All other governmental funds:										
Reserved	\$ 860,651	\$ 627,941	\$ 756,962	\$ 813,490	\$ 562,053	\$ 453,686	\$ 109,845	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	1,675,926	1,892,462	1,641,669	1,850,540	4,289,793	3,326,360	3,331,402			
Capital projects funds	573,429	968,946	96,391	(8,277,866)	(21,972,030)	(23,536,240)	2,856,843			
Nonspendable								5,300	5,326	5,871
Restricted								128,262	147,936	202,058
Committed								2,821,971	2,646,944	6,858,931
Unassigned								(75,208)	(3,563,089)	-
Total All Other Governmental Funds	<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>	<u>\$ (762,883)</u>	<u>\$ 7,066,860</u>

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

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Property taxes	\$ 48,012,671	\$ 49,213,013	\$ 52,054,364	\$ 54,940,024	\$ 57,607,095	\$ 60,443,984	\$ 61,251,149	\$ 64,340,735	\$ 66,477,970	\$ 68,836,758
Intergovernmental (state and federal grants)	4,082,975	4,537,713	5,908,147	6,223,583	25,960,589	8,029,848	9,479,811	8,409,103	12,974,621	9,986,030
Charges for services	4,462,440	4,754,726	4,735,059	4,268,644	4,585,785	5,253,901	5,243,089	5,899,335	5,809,050	6,905,655
Contributions	25,620	45,850	30,300	6,300			3,200			
Investment income	177,347	430,329	1,229,679	1,923,744	1,361,187	469,404	231,295	259,529	94,451	130,883
Other local revenues	173,665	165,404	280,849	370,776	980,682	446,082	477,976	1,294,266	1,061,483	657,594
Total revenues	<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>	<u>86,417,575</u>	<u>86,516,920</u>
Expenditures:										
Town Council:										
General government	2,214,074	2,275,478	2,332,582	2,534,553	2,934,699	4,071,003	2,923,516	3,265,992	3,143,074	3,233,325
Public safety	6,354,328	6,597,926	7,190,774	7,492,029	7,943,996	8,180,761	8,062,495	8,158,581	8,606,336	8,728,912
Public works	4,596,663	4,766,751	4,676,353	4,966,497	5,177,018	5,995,535	5,565,831	5,532,928	8,361,461	6,250,964
Health and social services	292,929	312,136	321,193	339,055	418,279	407,956	431,181	428,700	434,439	453,173
Recreation and parks	994,752	1,075,531	1,104,495	1,114,589	1,114,355	1,058,239	1,126,505	1,222,190	1,216,090	1,218,102
Educational - cultural	1,147,023	1,141,214	1,171,991	1,249,963	1,325,488	1,312,882	1,381,486	1,412,445	1,392,328	1,455,561
Conservation and development	471,433	473,635	452,072	480,232	461,474	485,868	494,145	524,858	550,396	559,185
Miscellaneous	468,377	262,733	258,642	244,096	279,276	288,255	293,613	257,016	232,806	451,039
Total Town Council	<u>16,539,579</u>	<u>16,905,404</u>	<u>17,508,102</u>	<u>18,421,014</u>	<u>19,654,585</u>	<u>21,800,499</u>	<u>20,278,772</u>	<u>20,802,710</u>	<u>23,936,930</u>	<u>22,350,261</u>
Board of Education	33,580,967	35,704,437	39,657,600	41,450,613	57,087,590	46,822,998	48,902,814	50,625,619	53,902,777	55,758,766
Debt Service:										
Principal	3,445,000	3,655,000	3,255,750	3,330,750	3,500,000	3,100,000	3,300,000	3,650,000	3,550,000	3,365,000
Interest	1,255,887	1,167,048	1,059,348	1,244,954	1,460,243	1,638,189	1,780,764	1,126,412	1,108,237	1,072,321
Total Debt Service	<u>4,700,887</u>	<u>4,822,048</u>	<u>4,315,098</u>	<u>4,575,704</u>	<u>4,960,243</u>	<u>4,738,189</u>	<u>5,080,764</u>	<u>4,776,412</u>	<u>4,658,237</u>	<u>4,437,321</u>
Capital improvements	2,007,365	1,823,880	3,911,318	12,323,872	21,097,420	3,340,246	4,758,505	4,511,277	6,448,853	1,902,921
Total expenditures	<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>	<u>88,946,797</u>	<u>84,449,269</u>
Excess (Deficiency) of Revenues over Expenditures	<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>	<u>(2,529,222)</u>	<u>2,067,651</u>
Other Financing Sources (Uses):										
Proceeds from sale of land/capital assets	11,530	250,000								
Issuance of Bond/BAN							27,885,000			
Bond/BAN issue premium							350,636			
Loan issuance				600,000						
Operating transfers in	2,435,591	1,604,920	2,524,174	2,666,315	4,346,550	4,032,303	2,076,079	1,888,652	1,376,492	1,928,933
Operating transfers out	(2,514,633)	(1,604,920)	(2,624,174)	(2,866,315)	(4,346,550)	(4,032,303)	(2,076,079)	(1,888,652)	(1,376,492)	(1,928,933)
Total other financing sources (uses)	<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>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	38,408	141,266	(1,253,720)	(8,638,132)	(12,304,500)	(2,058,713)	25,901,301	(513,050)	(2,529,222)	2,067,651
Fund Balance at Beginning of Year *	<u>7,875,775</u>	<u>7,914,183</u>	<u>8,055,449</u>	<u>6,801,729</u>	<u>(139,457)</u>	<u>(12,443,959)</u>	<u>(14,502,672)</u>	<u>11,398,629</u>	<u>10,885,579</u>	<u>8,356,357</u>
Fund Balance at End of Year	\$ <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>	\$ <u>8,356,357</u>	\$ <u>10,424,008</u>
Debt Service as a Percentage to Noncapital Expenditures	8.72%	8.58%	7.00%	7.27%	6.16%	6.52%	6.82%	6.24%	5.65%	5.44%
Total Debt Service	4,700,887	4,822,048	4,315,098	4,575,704	4,960,243	4,738,189	5,080,764	4,776,412	4,658,237	4,437,321
Non capital expenditures	53,892,204	56,189,168	61,685,584	62,955,279	80,545,635	72,716,201	74,451,371	76,486,372	82,489,875	81,632,751

*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					
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
2012	2,082,821,950	318,054,740	161,455,980	76,284,190	271,385,060	2,638,616,860	25.04	3,742,718,950	70.5
2013	2,099,240,690	319,617,200	173,638,190	75,610,970	279,639,180	2,668,107,050	25.65	3,747,341,362	71.2

Source: Town Assessor's Office

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

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

TOWN OF AVON, CONNECTICUT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

Fiscal Year	Direct Rates			Overlapping Rates	
	Basic Rate	General Obligation Debt Service	Total Direct	State	County
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
2012	23.32	1.72	25.04	N/A	N/A
2013	23.51	1.53	25.04	N/A	N/A

TABLE 7

TOWN OF AVON, CONNECTICUT

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2013			2004		
	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	\$ 13,901,020	1	0.52 %	\$ 7,073,050	9	0.42 %
64 Avonwood Rd. Assoc. LLC	13,647,330	2	0.51			
Two Fifty-Five West Main LLC	12,652,020	4	0.47	9,093,360	3	0.55
Connecticut Light & Power	13,286,250	3	0.50	8,848,700	4	0.53
Ensign Bickford Realty Corp.	10,687,800	6	0.40	9,891,030	1	0.59
Avon Marketplace Investors	10,813,240	5	0.41			
Riverdale Farms LLC	9,973,030	7	0.37	7,186,440	8	0.43
Nod Brook LLC	8,970,490	10	0.34	8,158,930	5	0.49
Family Wellness Center						
Avon Water Company	9,712,470	8	0.36			
Connecticut On-Line Computer	9,039,120	9	0.34	5,201,600	10	0.31
Avon Associates, Ltd				7,529,590	7	0.45
Jackson, Inc.				9,396,610	2	0.56
G. David Lattizori				7,674,270	6	0.46
	<u>\$ 112,682,770</u>		<u>4.22 %</u>	<u>\$ 80,053,580</u>		<u>4.79 %</u>

Source: Town Assessor's Office

TOWN OF AVON

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Taxes		Collected within the		Percentage of Levy Uncollected	Collections in Subsequent Years	Total			
	Levied for the Fiscal Year	Fiscal Year of the Levy	Percentage of Levy	Collections to Date						
				Amount			Percentage of Levy			
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	116		64,017	99.74
2012		66,262		66,073	99.72	0.28	134		66,073	99.72
2013		68,687		68,528	99.77	0.23	n/a		68,528	99.77

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)
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
2012	29,570,000	0.7901	29,570,000	3.06	1,581
2013	33,542,000	0.8951	33,542,000	3.41	1,765

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

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

TABLE 10

TOWN OF AVON, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 348,473,195	\$ 364,104,930	\$ 383,690,160	\$ 404,046,335	\$ 422,652,293	\$ 442,469,867	\$ 448,646,527	\$ 470,001,581	\$ 489,834,639	\$ 507,235,687
Total net debt applicable to limit	<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>	<u>54,999,110</u>	<u>58,734,110</u>
Legal Debt Margin	<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>	<u>\$ 434,237,064</u>	<u>\$ 448,501,577</u>
Total net debt applicable to the limit as a percentage of debt limit	7.86%	16.21%	16.92%	19.02%	19.43%	19.01%	13.87%	12.47%	11.23%	11.58%

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 2013 debt limit can be found on Table 13 of this report.

TOWN OF AVON, CONNECTICUT

DEBT STATEMENT

AS OF JUNE 30, 2013

Long-Term Debt:	
Bonds:	
General public improvement	\$ 9,256,000
School	24,049,000
Total bonds	<u>33,305,000</u>
Short-Term Debt:	
Bond anticipation notes	-
Total direct debt	<u>33,305,000</u>
Less Amount due from State of Connecticut (a)	
Existing school bonds	<u>(67,044)</u>
Total Net Direct Debt	<u><u>\$ 33,237,956</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, 2013

Population (a)	19,000 (est.)
Net Taxable Grand List (October 1, 2011) (b)	\$ 2,668,107,050
Estimated Full Value (70%)	\$ 3,811,581,500
Equalized Net Taxable Grand List (2011) (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>
	\$ 33,305,000	\$ 33,237,956	\$ 33,237,956
Per Capita	\$ 1,753	\$ 1,749	\$ 1,749
Ratio to Net Taxable Grand List	1.25%	1.25%	1.25%
Ratio to Estimated Full Value	0.87%	0.87%	0.87%
Ratio to Equalized Net Taxable Grand List	0.91%	0.91%	0.91%
Debt per Capita to Income per Capita	3.39%	3.38%	3.38%

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

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

(c) State of Connecticut, Office of Policy and Management, Fiscal Indicators, Town of Avon, 2011

(d) State of Connecticut, Department of Labor

TOWN OF AVON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2013

Total tax collections (including interest and lien fees) received by Treasurer for current fiscal year	\$ 68,852,152
Total tax collections (including interest and lien fees) received by Treasurers of all other taxing districts within Town for current fiscal year	3,149,409
Reimbursement for Revenue Loss: Tax Relief for Elderly	<u>83,932</u>
Base for Debt Limitation Computation	<u><u>\$ 72,085,493</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	\$ 162,192,359	\$ 324,384,719	\$	\$	\$
4-1/2 times base					
3-3/4 times base			270,320,599		
3-1/4 times base				234,277,852	
3 times base					216,256,479
Total debt limitation	<u>162,192,359</u>	<u>324,384,719</u>	<u>270,320,599</u>	<u>234,277,852</u>	<u>216,256,479</u>
Indebtedness:					
Bonds payable	9,256,000	24,049,000			
Bond authorized but unissued	2,400,000				
School building grants		(68,020)			
Sewer assessment receivable			(324,925)		
Net indebtedness (1)	<u>11,656,000</u>	<u>23,980,980</u>	<u>(324,925)</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding Debt	<u><u>\$ 150,536,359</u></u>	<u><u>\$ 300,403,739</u></u>	<u><u>\$ 270,645,524</u></u>	<u><u>\$ 234,277,852</u></u>	<u><u>\$ 216,256,479</u></u>
(1) The total of the above net indebtedness amounts to:					<u><u>\$ 35,312,055</u></u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:					<u><u>\$ 504,598,451</u></u>

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)
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
2012	18,700	966,902	51,706	42.0	16	3,534	5.3
2013	19,000	982,414	51,706	42.0	16	3,405	5.2

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	2013			2004		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Avon	559	1	6.99 %	497	1	6.59 %
Connecticut On-Line Computer Center	330	2	4.12	305	2	4.05
Wal-Mart	220	3	2.75	220	3	2.92
Women's Health USA	186	7	2.32	120	9	1.59
Avon Health Center, Inc.	216	4	2.70	186	5	2.47
Big Y Supermarket	195	6	2.44	195	4	2.59
Apple Health Care, Inc	216	5	2.70	130	8	1.72
O.F.S Fitel LLC	177	8	2.21	153	7	2.03
Legere Group	155	9	1.94	114	10	1.51
Reflexite Tech Center	91	10	1.14			
Hartford Insurance			0.00	158	6	2.10
	<u>2,345</u>		<u>29.31 %</u>	<u>2,078</u>		<u>27.56 %</u>

Source: Town of Avon, Official Statements

TOWN OF AVON, CONNECTICUT

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

JUNE 30, 2013

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<u>General Government</u>										
Manager	3.0	3.0	3.0	3.0	3.0	3.0	2.3	2.3	2.3	2.3
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	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Building	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Other	10.0	10.0	11.0	11.0	14.0	13.0	12.7	12.7	12.7	12.7
<u>Public Safety</u>										
Sworn Officers	44.0	44.0	44.0	44.0	43.0	43.0	43.0	43.0	42.0	41.0
<u>Public Works</u>	27.0	27.0	27.0	26.0	30.0	30.0	30.0	29.0	29.0	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	8.0	8.0	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	294.9	288.4	291.8	288.5	289.0	302.0	395.0	387.0	384.0	399.0
Total	399.9	393.4	397.8	393.5	400.0	413.0	505.0	496.0	492.0	506.0

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, 2013

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<u>General Government</u>										
Marriage licenses issued	114	87	102	122	119	128	125	213	156	174
Civil Unions Recorded (new in 06/07, no longer issued)	0	0	0	0	1	2	2	6	N/A	N/A
Birth certificates issued	99	73	118	105	129	126	137	154	158	153
Death certificates issued	191	120	125	155	185	192	158	194	166	182
<u>Boards and Agencies</u>										
Registered voters	11,981	11,824	12,051	11,852	11,943	11,297	11,087	11,100	11,348	10,488
Elections and referenda	2	3	2	4	4	5	3	3	3	5
<u>Planning and Development</u>										
Building permits issued	567	617	575	561	525	635	562	700	750	732
Building inspections conducted	2,404	2,171	1,970	1,919	1,961	2,546	2,524	3,700	3,750	3,984
Value of building permits	52,928,314	34,205,274	32,317,339	27,942,971	17,946,028	24,403,569	24,586,378	23,358,000	51,801,012	36,897,500
<u>Public Safety</u>										
Arrests	280	280	287	246	281	289	292	350	346	351
Parking violations	14	12	27	51	69	72	78	67	101	146
Traffic violations	1554	1,635	2,509	2,937	5,078	6,337	5,992	5173	5,476	4,982
Emergency responses	2009	1,603	1,503	1,313	1,247	1,307	1,265	3323	3,136	3,420
Fires extinguished	32	7	28	11	8	28	15	18	17	22
Inspections/fire prevention	381	381	485	279	392	620	1,369	1,488	1,460	1,404
Calls for service	12,343	18,638	19,126	22,094	27,398	25,389	23,846	30,885	28,940	25,525
Citations issued	932	1,293	1,481	2,169	3,945	4,421	4,230	4,014	4,388	3,810
<u>Public Works</u>										
Miles of roads maintained	108	108	108	108	108	104	103	102	100.58	100.13
Refuse collected (tons per year)	782	862	872	900	950	1,029	1,065	N/A	1,107	1,095
Recyclables collected (tons per year)	481	504	553	650	726	931	933	N/A	809	719
<u>Parks and Recreation</u>										
Total park reservations	1,826	1,886	1,657	1,977	2,026	2,767	4,399	2,934	1,581	1,553
Total day camp registrations	519	539	465	527	659	612	554	486	467	286
Total swim memberships	382	443	400	415	403	437	530	507	495	447
Pool attendance	9,748	12,430	10,654	14,759	10,593	13,254	17,539	18,009	19,434	12,527
<u>Public Library</u>										
Volumes in collection	94,978	96,440	89,399	85,258	82,067	80,085	80,174	80,000	79,138	80,032
Items circulated	290,058	208,132	261,141	292,349	294,443	305,843	317,900	307,661	300,069	299,178
<u>Human Services</u>										
Senior mini-bus trips	2,903	2,647	2,143	2,708	3,507	3,472	3,601	3,833	3,279	2,950
Households provided energy assistance	76	43	45	30	35	27	49	35	30	30
Households provided food bank assistance	114	106	83	88	89	74	73	75	70	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	1
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, 2013

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<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	28	28	29	28	25	20	17	22
Fire vehicles	13	13	14	14	14	13	13	12	12	12
<u>Public Works</u>										
Miles of town roads	108	108	108	108	108	105	104	102	100.39	100.23
Linear feet of sidewalks (See Note)	50865	50865	50865	49465	49465	49465	49465	100	N/A	N/A
Streetlights	828	828	836	836	836	792	802	787	781	773
Traffic signals	18	18	18	18	12	12	12	12	12	11
Public works vehicles	30	33	33	33	33	33	33	33	32	33
<u>Parks and Recreation</u>										
Acreage (parks only)	115	1155	1155	1155	1155	1155	1155	1155	1155	1155
Parks and greens	14	14	14	14	14	14	14	14	14	14
Athletic fields (includes Board of Education)	30	30	30	30	30	30	30	30	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	5
<u>Water</u>										
Fire hydrant rentals	721	721	721	710	709	684	684	614	595	579
<u>Sewer</u>										
Sanitary sewers (miles)	88	77.39	76.43	76.43	76.36	72.75	70.58	68.46	67.74	64.47
Storm sewers (miles)	85	75	45.5	45	43.12	41.62	39.59	38.43	38.23	37.21

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