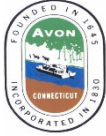


Preliminary Official Statement Dated June 30, 2026

New Money Issue: Book-Entry Only

**RATINGS: Moody's Rating: "Aaa"
S&P Global Rating: "AAA"**

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "Tax Matters" herein.



**Town of Avon, Connecticut
\$3,430,000
General Obligation Bonds, Issue of 2026
(Bank Qualified)**

Dated: **Date of Delivery**

**Due: Serially on July 15, 2027-2041,
as detailed below:**

<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u> ¹	<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u> ¹
2027	\$ 225,000	.._%	.._%	054033__	2035	\$ 230,000	.._%	.._%	054033__
2028	225,000	.._%	.._%	054033__	2036	230,000	.._%	.._%	054033__
2029	225,000	.._%	.._%	054033__	2037	230,000	.._%	.._%	054033__
2030	225,000	.._%	.._%	054033__	2038	230,000	.._%	.._%	054033__
2031	230,000	.._%	.._%	054033__	2039	230,000	.._%	.._%	054033__
2032	230,000	.._%	.._%	054033__	2040	230,000	.._%	.._%	054033__
2033	230,000	.._%	.._%	054033__	2041	230,000	.._%	.._%	054033__
2034	230,000	.._%	.._%	054033__					

The General Obligation Bonds, Issue of 2026 (the "Bonds") will bear interest payable January 15, 2027 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption.

Electronic bids via PARITY for the Bonds will be received until 11:30 A.M. (E.T.) on Wednesday, July 8, 2026 at Avon Town Hall, 60 West Main Street, Avon, Connecticut 06001, as described in the official Notice of Sale. (See Appendix D herein).

The Bonds are subject to redemption prior to maturity as described herein. (See "Redemption Provisions").

The Bonds will be general obligations of the Town of Avon, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. See "Security and Remedies" herein.

The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

The Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds will be U.S. Bank Trust Company, National Association, Hartford, Connecticut 06103.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about July 22, 2026.

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. A definitive Official Statement with respect to these securities will be made available concurrently with their sale.

No dealer, broker, salesperson, or other person has been authorized by the Town to give any information or to make any representations not contained in this Official Statement or any supplement which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

The independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor have the Bonds been registered under any state securities laws.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

Other than matters expressly set forth in their opinion in Appendix B, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide or cause to be provided (i) annual financial information and operating data with respect to the Bonds, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds. The Continuing Disclosure Agreement shall be executed in substantially the form attached as Appendix C to this Official Statement.

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Bond Issue Summary

The information in this Bond Issue Summary and on the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Wednesday, July 8, 2026 at 11:30 A.M. (E.T.).
Location of Sale:	Avon Town Hall, 60 West Main Street, Avon, Connecticut 06001.
Issuer:	Town of Avon, Connecticut (the “Town”).
Issue:	\$3,430,000 General Obligation Bonds, Issue of 2026 (the “Bonds”).
Dated Date:	July 22, 2026.
Interest Due:	January 15, 2027 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption.
Principal Due:	Principal is due serially on July 15, 2027 through 2041 as detailed in this Official Statement.
Authorization and Purpose:	The Bond proceeds will be used to fund a Fire Engine and Fire Ladder Truck authorized by the Town. See “Authorization and Purpose” and “Use of Proceeds” herein.
Redemption:	The Bonds are subject to redemption prior to maturity. See “Optional Redemption”.
Security and Remedies:	The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Town received a rating of “Aaa” from Moody’s Ratings and “AAA” from S&P Global Ratings on the Bonds.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Tax Exemption:	See “Tax Matters” herein.
Bank Qualification:	The Bonds <u>shall be</u> designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide or cause to be provided (i) annual financial information and operating data with respect to the Bonds, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, & Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Municipal Advisor:	Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Milford, Connecticut, Telephone (203) 878-4945.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 22, 2026 against payment in Federal Funds.
Issuer Official:	Questions concerning this Official Statement should be directed to Mr. Tom DiStasio, Director of Finance, Town of Avon, Town Hall, 60 West Main Street, Avon, Connecticut 06001, Telephone: (860) 409-4344 or Mr. Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, 53 River Street, Milford, Connecticut, Telephone: (203) 878-4945.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Avon, Connecticut (the “Town”), in connection with the original issuance and sale by the Town of \$3,430,000 General Obligation Bonds, Issue of 2026 (the “Bonds”).

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

The Town deems this Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

The Bonds are being offered for sale at public bidding. A notice of sale for the Bonds, dated June 30, 2026, has been furnished to prospective bidders containing terms and conditions of the bidding.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and timely notice of the occurrence of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed substantially in the form set forth in Appendix C to this Official Statement. The successful bidder’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, executed copies of the Continuing Disclosure Agreement.

U.S. Bank Trust Company, National Association will certify and act as the Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds.

Municipal Advisor

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Milford, Connecticut, has served as Municipal Advisor to the Town in connection with the issuance of the Bonds (the “Municipal Advisor”) and has assisted in matters related to the planning, structuring and terms of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Consideration for Bond Holders

Pandemics, epidemics and other public health emergencies, may adversely impact the Town and its revenues, expenses and financial condition. The Town cannot predict the duration and extent of such pandemics, epidemics and other health emergencies, or quantify the magnitude of their ultimate impact on the State and regional economy, or on the revenues and expenses of the Town. Pandemics, epidemics and other health emergencies may be ongoing, and their dynamic nature may lead to many uncertainties, including (i) the geographic spread as they evolve; (ii) the severity as they mutate; (iii) the duration of the outbreak; (iv) actions that may be taken by governmental authorities to contain or mitigate future outbreaks; (v) the development of medical therapeutics or vaccinations; (vi) travel restrictions; (vii) the impact of the outbreak on the local, State or global economy; (viii) whether and to what extent the State Governor may order additional public health measures; and (ix) the impact of the outbreak and actions taken in response to the outbreak on Town revenues, expenses and financial condition.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Town faces certain threats due to climate change, including flooding, drought and damaging wind that could become more severe and frequent. The Town cannot predict the timing, extent or severity of climate change and its impact on the Town's operations and finances.

Cybersecurity

The Town, like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To reduce the risk of a successful cybersecurity threat the Town has invested in IT security firewalls, anti-virus software, anti-malware software, and ransomware protection software. All of the Town computers and computer servers are protected by this security software and firewalls. These security protection systems are evaluated annually for upgrades or replacements.

To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Town has invested in disaster recovery systems and a continuity of IT operations plan which leverages regular daily system backups. In the event of a cybersecurity incident recovery from an earlier state for any enterprise application system is possible. The Town has a cybersecurity insurance policy. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact financial operations and/or damage the Town's digital networks and systems and the costs of remedying any such damage could be substantial. The Town staff will continue to participate in annual cybersecurity training.

Description of the Bonds

The Bonds will be dated the date of delivery and will mature in the years and in such amounts and shall bear interest at such rates as set forth on the cover page of this Official Statement, payable on January 15, 2027 and semiannually thereafter on July 15 and January 15 in each year, until maturity or earlier redemption. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of June and December, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, and the Town shall agree. The Bonds are subject to redemption prior to maturity. See "Optional Redemption" herein.

Optional Redemption

The Bonds maturing on or before July 15, 2033 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2034 and thereafter, are subject to redemption prior to maturity, at the election of the Town, on and after July 15, 2033 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective price (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
July 15, 2033 and thereafter	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner of the Bonds at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry-only system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

Authorization and Purpose

The Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, and bond resolutions adopted by a Special Town Meeting held on January 24, 2023. See “Use of Proceeds” herein.

Use of Proceeds

<u>Project</u>	<u>Amount Authorized</u>	<u>This Issue: The Bonds</u>
Fire Engine.....	\$ 1,259,000	\$ 1,259,000
Fire Ladder Truck.....	2,172,000	2,171,000
Total.....	\$ 3,431,000	\$ 3,430,000

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each interest rate of the Bonds, in the aggregate principal amount of such interest rate, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Replacement Bonds

The determination of the Town authorizing the Bonds provides for issuance of fully registered Bond certificates directly to Beneficial Owners of the Bonds or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

(Remainder of page left blank intentionally)

Security and Remedies

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income, of qualified veterans, or of qualified disabled persons taxable at limited amounts.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes, and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such bonds or notes would also be subject to the applicable provisions of federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal Bankruptcy Code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by State law or by a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district or any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Qualification for Financial Institutions

The Bonds shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.

Availability of Continuing Disclosure Information

The Town will enter into a continuing disclosure agreement with respect to the Bonds (the “Continuing Disclosure Agreement”), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data with respect to the Bonds, (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds. The Continuing Disclosure Agreement shall be executed in substantially the form attached as Appendix C to this Official Statement.

The Town has previously undertaken in continuing disclosure agreements, for the benefit of holders of certain of its bonds and notes, to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). During the last five (5) years, the Town has not failed to comply, in all material respects, with any of its undertakings in its continuing disclosure agreements.

Ratings

The Bonds received ratings of “Aaa” from Moody’s Ratings (“Moody’s”) and “AAA” from S&P Global Ratings (“S&P”, and together with Moody’s, the “Rating Agencies”). The Town furnished to the Rating Agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings reflect only the views of the Rating Agencies.

Generally, the Rating Agencies base their rating upon such information and materials and upon investigations, studies and assumptions by the Rating Agencies. There can be no assurance that a rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town’s outstanding bonds and notes, including this issue.

The Town expects to furnish the Rating Agencies with information and materials that they may request. However, the Town may issue short-term or other debt for which a rating is not requested. The Town’s Municipal Advisor recommends that all bonded debt be submitted for a credit rating.

Tax Matters

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met at and subsequent to delivery of the Bonds in order that interest on the Bonds be and remains excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations.

Ownership of the Bonds may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds may be less than the principal amount payable on such Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds are sold constitutes original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The offering prices relating to the yields set forth on the cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the Bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds.

Bond Insurance

The Town does not expect to purchase a credit enhancement facility for the Bonds.

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II. The Issuer



Description of the Municipality

The Town of Avon, named for the Avon River in England, covers 22.6 square miles (14,454 acres) in central Connecticut along the Farmington River and was incorporated in 1830 from the Town of Farmington. The Town was originally settled around 1645 and before incorporation was known as Northington, the North Parish, or North District (often abbreviated as No. D. to later become Nod). During the early 1800's, Avon was a bustling inland port along the Towpath Canal which provided recreational and commercial barge services from New Haven to Albany. The 2020-2024 American Community Survey Census reflects Avon's median family income of \$202,573 and per capita income of \$87,483. Contiguous to the Towns of Canton and Simsbury to the north, Bloomfield and West Hartford to the east, Farmington to the south and Burlington to the west, Avon is primarily a suburban residential community. The Town's population growth has continued over the last four decades (11,201 in the 1980 Census; 13,937 in the 1990 Census; 15,832 in the 2000 census, 18,098 in the 2010 census, and 18,946 per the 2020-2024 American Community Survey Census. Residents are predominately executive, professional, technical, and managerial people employed in the finance and insurance industries located in the Greater Hartford area.

Approximately 616 acres of land have been developed for commercial and industrial uses. At present, there are approximately 914 active business accounts on the Town's Grand List. The Town's two business parks still have remaining undeveloped land which can support about 400,000 square feet of additional office and industrial space and 150,000 thousand square feet of retail space. Avon is served by Connecticut Routes 10, 44 (Albany Turnpike), 167, 177, and 202 (16 miles of state roads) that provide thoroughfare access to the 112.4 miles of Town roads and 23.3 miles of private roads. Interstate 84, a major east-west limited access highway, lies six miles to the south. Numerous public and private passenger and freight common carriers serve the Town. Bradley International Airport is a half-hour drive to the north. Passenger and freight rail service is available in Hartford, ten miles to the east.

Form of Government

Avon is governed by a charter first adopted in 1959 (amended 1962, 1969, 1975, 1981, and 1998) under the Home Rule provisions of the Connecticut General Statutes. Under the present charter, the Town Manager serves at the pleasure of the Council and acts as the Chief Executive. The five-member Council serves as the Legislative body. The Town Manager and the Director of Finance/Treasurer are responsible for the management of the Town’s finances. The Board of Finance is responsible for recommending an annual budget to referendum and setting the mill rate. A referendum must approve the budget. Local elections are held every odd-numbered year in November. There are three voting districts and all elected officials serve at-large. The Council assumes office January 1, elects its Chairperson, and appoints members of various Town boards, commissions, and committees. The Town Manager appoints staff department heads. The Board of Education appoints the Superintendent of Schools who is responsible for administering the Town's educational system.

Principal Municipal Officials

Office	Name	Term	Length of Service
Chairperson, Town Council.....	Dan Polhamus	2 years - Elected	6 years
Chairperson, Board of Finance.....	Houston Putnam Lowry	4 years - Elected	4 years
Town Manager.....	Brandon L. Robertson	Appointed	16 years
Assessor.....	Harry R. DerAsadourian	Appointed	40 years
Collector of Revenue.....	Usha Srivel	Appointed	< 1 year
Planning & Community Dev. Director	Hiram Peck	Appointed	10 years
Director of Finance / Treasurer.....	Tom G. DiStasio ¹	Appointed	5 years
Superintendent of Schools.....	Bridget H. Carnemolla, Ph.D.	Appointed	8 years

¹ Mr. DiStasio has been Town Treasurer for three years.

Source: Town of Avon, Town Manager's Office.

Summary of Municipal Services

Police: The Avon Police Department (“Department”) is committed to positive community relations and adheres to the community oriented policing philosophy. The Department has an authorized full-time force of thirty-five sworn officers. The organization is a para-military structure consisting of a Chief of Police, Lieutenants, Sergeants, Detectives, Patrol Officers, School Resource Officers, and a Community Relations Officer. The Police Department has a Administrative Coordinator/Assistant to the Chief, Records/Accreditation Manager, Records Support and Systems Coordinator, Records Aide, and IT Specialist who splits their time between the Department and other Town departments. The Department contracts with the Town of Farmington to support a regional dispatch center.

The Department is equipped with marked and unmarked police vehicles, and all patrol vehicles are equipped with oxygen, Automatic External Defibrillators (“AEDs”), and Naloxone, an opioid antagonist/overdose reversal drug. All officers are certified Emergency Medical Responders and are the Town’s first responders. The Department participates with the North Central Region to share resources for Accident Reconstruction, Emergency Services Teams, Hostage Negotiation, Drone Pilots, and Traffic Enforcement. The Department has several officers certified through the International Police Mountain Bike Association and often has officers patrolling trails and parks on bikes. Those bikes are equipped with AEDs.

The Department has been nationally accredited by the Commission on Accreditation for Law Enforcement Agencies since 1993. The Department is among roughly 600 agencies nationwide to have earned this distinction. In order to maintain this status, the Department is required to meet 484 internationally recognized professional standards of excellence. The Department was re-accredited for the tenth time in March of 2024 and is one of only 27 municipal police departments in Connecticut that currently hold that designation.

Fire Department: The Avon Volunteer Fire Department, Inc. (“AVFD”) is a non-profit, state-chartered corporation. It was established in 1943 to provide fire safety and fire emergency services to the Town. Operated entirely by volunteers, the AVFD has over 100 active members: 56 combined Entry Firefighters and Support Firefighters, 12 Fire Police, 28 Administrative Members, and 14 Youth Explorers, all of whom serve vital roles in the safety of the Town. All active volunteer members are trained at professional levels to best serve the people and property of the Town. There are also 60 Retirees and 16 Honorary Members who comprise a non-active component of the AVFD. Retiree status may be granted to a member who has reached age 50 and has served satisfactorily for 10 years, or one who has not reached age 50 but has served satisfactorily for 20 years.

The AVFD operates six companies out of four fire stations located strategically throughout the Town. The stations collectively house eight major apparatus including engines, a ladder truck, a tanker, and a rescue vehicle; six support vehicles include the Chiefs' vehicles, Fire Police trucks, and utility trucks; and the remaining units include an amphibious utility vehicle, boats, and support trailers, all to support the mission of the AVFD.

The AVFD is primarily funded through a Town grant. However, individual and corporate donations support operational components not funded by the grant. The donations enable AVFD programming that advances the highest levels of emergency readiness and response for the community. Donations also support membership wellness and continuing recruitment efforts.

Over the last 80 years, more than 800 volunteers have joined the AVFD and generously donated their time and resources to serve the community. The AVFD will continue to seek and recruit dedicated firefighters with the objective to remain a 100% volunteer force.

Public Works: The Avon Public Works Department ("PWD"), in conjunction with the Town Engineer, is responsible for planning, design, construction, and maintenance of Town-owned roadways, drains, buildings, grounds, equipment, and services. The Town employs 24 full time employees and 5 part time employees in a comprehensive public works program covering over approximately 112.37 miles of road, 85 miles of storm sewer, more than 5,000 catch basins, 140,419 square feet of buildings, 1,167 acres of park and athletic fields, and 230 pieces of various types of motorized equipment. A conscious effort is made to train and utilize personnel in areas where there is a direct cost benefit in relationship to the job performed by the Town in comparison to using alternative service delivery methods. Alternative service delivery methods are used extensively where there is a proven cost savings. The Town currently contracts with private vendors for all or part of the following activities: paving, snow removal, line painting of streets, catch basin cleaning, street sweeping, landscaping and grounds maintenance, building maintenance, and certain equipment maintenance. Avon's Landfill Recycling Center is also under the direction of the PWD (See "Solid Waste").

Sewers: The Town is served by a combination of individual septic disposal systems and public sewers. The Town has no treatment facility of its own, but instead contracts with the neighboring towns of Canton, Farmington and Simsbury for treatment of sewage effluent. Approximately 52% of the Town's dwelling units are served by public sewers; 2,471 in the Farmington Sewer Shed, 1,776 in the Simsbury Sewer Shed and 138 in the Canton Sewer Shed. The contractual capacity of the Farmington Sewer Shed is 838,166 gallons per day, of which 85% is currently utilized. The contractual capacity of the Simsbury Sewer Shed is 980,000 gallons per day, of which 60% is currently utilized. The contractual capacity of the Canton Sewer Shed is 50,000 gallons per day, of which 60% is currently used. The Canton, Farmington and Simsbury Treatment Plants are licensed by the State of Connecticut.

The Town of Farmington completed an upgrade and expansion of the Farmington Water Pollution Control Plant in 2019. Avon began paying for its share of the cost of the upgrade in 2020.

The Town of Simsbury completed the upgrade and expansion of the Simsbury Water Pollution Control plant in fiscal year 2007/2008. The final cost for the upgrade and expansion was \$26,840,083. The amount was reduced by Federal and State grants to \$21,037,216.20. The Town of Avon is responsible for 23.2% of the 2% loan provided by the State of Connecticut. \$24,460.67 will be paid monthly through September 30, 2027.

The Town maintains approximately 93.5 miles of gravity and pressure sanitary sewer lines with four pumping stations. Capital improvements to the systems are generally paid for by those that benefit from new sewers through special benefit assessments. Maintenance of the system and treatment of effluent is also paid for by users through the sewer use fee. The current annual sewer use fee for residential customers is based in part on their water consumption. For single-family residences connected to the public water utility, the first installment is set at a flat rate of \$290 per residential unit and the second installment is determined by applying a rate of \$5.09 per 1,000 gallons of effluent. Residential units served by private wells are billed at a flat rate of \$290 for both their first and second installment. Apartment and condominium units are billed at a flat rate of \$266 for both their first and second installment. Commercial accounts are charged based upon the amount of water consumed by the facility at a charge of \$696 per 76,650 gallons. The Avon Water Pollution Control Authority ("AWPCA") revised the sewer use fee for residential accounts beginning in calendar year 2020 incorporating a water usage-based component and by splitting the annual bill into two installments.

In addition to sanitary sewers, the Town also maintains approximately 85 miles of storm sewers.

Utilities

Electric: Power is delivered by Eversource Energy, which currently serves approximately 8,919 customers in the Town. Separately the Town contracts with Constellation NewEnergy, Inc. to supply power to most municipal locations in Town. Those locations not served by Constellation NewEnergy, Inc. are supplied by Eversource Energy.

Natural Gas: Natural gas distribution is provided by the Connecticut Natural Gas Corporation.

Water: Water is delivered to residential and commercial customers by Connecticut Water. The Town is served by Connecticut Waters' Avon Water Company, Unionville, and Connecticut Water Divisions.

Emergency Medical Assistance: The Avon Police Department serves as first responders in medical emergencies. Officers are trained in advanced first aid. Paramedic service is provided by the University of Connecticut Medical Center and American Medical Response (AMR). Connecticut patient transport services are provided on a contractual basis through AMR.

Health Department: The Farmington Valley Health District is the local health department that provides public health services to the Town's residents. This work includes promoting health programs and policies that support good health; preventing disease outbreaks and conditions that give rise to poor health; and protecting residents from health threats and public health emergencies. The Town Manager and a citizen of the Town are active members of the District Board of Health.

Department of Planning and Community Development: the Town's development is defined and directed under comprehensive zoning, subdivision and wetlands regulations formulated and administered by the Planning and Zoning Commission, Inland Wetland Commission, and the Zoning Board of Appeals. Assisting these commissions is a full-time certified Director of Planning & Community Development who heads the Department. The Division of Building Inspection includes two full-time licensed building officials.

In December, 2016, the Town's Planning and Zoning Commission, in conjunction with the Department of Planning and other departments, adopted a comprehensive Plan of Conservation and Development (the "Plan"). The Plan establishes goals for both growth and conservation policies for a 10-year period and may be viewed on the Town's website.

Solid Waste Service Contract - Solid Waste Disposal: The Town has executed a contract with Murphy Road Recycling of Hartford, Connecticut to receive, process, dispose of, and recycle all municipal solid waste (MSW) and recyclables managed by the Town's Transfer Station. The Contract became effective on July 1, 2022 and remains in effect until June 30, 2027. The Town currently pays \$115.00 per ton for MSW and \$0.00 for recycling. The MSW rate will increase to \$120.00 per ton on July 1, 2026.

Town Landfill and Recycling: The Town closed the Municipal Solid Waste ("MSW") portion of its Landfill (the "Landfill") in October of 1994. The Landfill remains open as a recycling center, a transfer station for MSW, and as a Bulky Waste Disposal Site. The Landfill is managed by the Town's Public Works Department with technical support provided by the Town's Engineering Department and engineering consultants, when necessary. The Farmington Valley Health District and the Town's Engineering Department, in conjunction with a private consultant, monitor ground and surface water quality for contamination resulting from leachate down gradient of the Landfill.

Library: Avon's Library (the "Library") building is owned by the Town and operated by the Avon Free Public Library. The Library was constructed in 1982 on the present site. An expansion and renovation that more than doubled the size of the existing building to 40,000 square feet was completed in March 2012. The Library has a collection of 104,060 items (print and other physical media) plus 121,674 items in electronic format. Electronic reference services include an automated public access catalog, almost two dozen on-line databases, wireless internet access, scanning, faxing and digitization services, and 40 public access computers, all of which have Microsoft Office installed. The Library offers a 12-seat computer lab, a dedicated teen room, a preschool exploration area, a children's art studio, four self-checkout stations, and public meeting rooms of varying size. Annual circulation as of June 30, 2025 was 285,072. There are currently 7,810 registered card holders, which is about 41% of the population. The Library is open Monday through Saturday year-round for a total of 56 hours per week, plus Sunday afternoons from December through April. The Library maintains its own website at www.avonctLibrary.info and also oversees the Town's website at www.avonct.gov.

Recreation and Parks: The Department of Recreation and Parks (the “Department”) provides a wide range of year-round recreational opportunities for residents of all ages. With oversight of more than 1,100 acres of parks and open space, the Department manages 22+ miles of hiking trails and the 4.5-mile Town section of the Farmington Valley Greenway. Recreation programming takes place across a variety of indoor and outdoor settings, including schools, parks, and community facilities. Through strategic planning and stewardship, the Department supports community well-being by offering programs, events, and access to safe, welcoming public spaces. The Department completed an update to the Recreation and Parks Master Plan, which was finalized in December 2024.

The Town’s recreation facilities include Sycamore Hills Recreation Area, which features outdoor pools, a bathhouse, tennis, pickleball, and basketball courts, a pavilion, bocce, gaga pit, and playgrounds. Sperry Park provides three baseball fields (two lighted), batting cages, a press box, and concession stand with direct trail access. The Avon Senior Center hosts meals, social activities, and wellness programming for older adults, while the Community Room offers rentable space for meetings and recreation classes. Countryside Park includes forested trails, fishing access, and a rentable multipurpose building. Alsop Meadows, located along the Farmington River, offers disc golf, a canoe launch, community garden plots, and trails for hiking and cross-country skiing. Athletic fields at Fisher Meadows, Fisher Farms, and Buckingham Park support youth and adult sports programs including soccer, lacrosse, softball, and baseball. Buckingham also includes a fully accessible playscape.

In addition to structured programming, Avon’s park system encourages outdoor exploration and nature appreciation. Open space properties like Huckleberry Hill, Found Land, Hazen Park, and Nod Way Trail offer peaceful, scenic trails through woodlands, meadows, and former farmland. Whether through organized athletics, seasonal special events, or passive recreation like walking, birding, or biking, the Town of Avon is committed to maintaining high-quality, accessible parks that serve the diverse needs of the community.

Economy: The Town is a desirable low-density suburban community with excellent schools and a high standard of living. The Town has a well-balanced and diverse mix of business and industrial use structures, medical services, and quality housing. Major industries with headquarters or divisions located within the Town include Oldcastle Infrastructure, Inc., concrete product supplier; Connecticut On-Line Computer Center, a centralized computer facility for northeast banks; Ironwood Capital Management; PMP Corporation, a gas station equipment supplier; Legere Group Ltd., woodworking; OFS Optics, a fiber optics manufacturing facility; Adams and Knight Inc., an integrated marketing agency; the Research and Development Center for Hubbell Incorporated, a manufacturer of electrical equipment, and Orafol Americas Inc. of Germany World Headquarters (located in Avon Park South). Several major medical or insurance related companies are also located in the Town including Magellan Health, Avon Health Center, Inc., and Apple Health Care Inc.

The Town's central business district currently enjoys a 93% 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 with access along Route 44, with average daily traffic volume between 19,500 and 28,900 vehicles. 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 home to three championship golf courses, two private and one public. 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, the Saint Francis Hospital Medical Center housed in a 25,000 square foot facility, the 20,000 square foot Helen and Harry Gray Cancer Treatment Center operated by Hartford Hospital, the Hartford Healthcare GoHealth Urgent Care Center, and the Hartford Healthcare Medical Group office operating in a 20,000 square foot building. The Town also has a senior housing community called “The Residence at Brookside” to offer independent, assisted, and memory care living; and a memory care community called “Arden Courts”.

Several large commercial projects were in various stages of construction over the course of the last year, including a new commercial building at 104 West Avon Road, a four-story, sixty-four-unit multi-family dwelling at 25 Avonwood Road, and a three-year dormitory renovation project at Avon Old Farms School. Avon Village Center Phase 1A is constructed and in the process of being filled with tenants. The Town’s Public Safety Communications System Replacement project reached substantial completion in March 2025, with the transition to the Connecticut Land Mobile Radio Network (CLMRN) P25 system. Feedback from police, fire and public works staff has been overwhelmingly positive, with noticeable improvements in coverage and clarity.

As the Town continues to physically mature, less emphasis will be placed on accommodating growth through the expansion of Town and School facilities, and more of an emphasis will be placed on maintenance and upkeep of existing facilities. Future development will focus on infill rather than straight green field development. The current mix of 70% single-family homes and 30% multi-family homes has generally served the Town well and has provided opportunities for buyers and renters at varying levels of income and ages. The Town is recognized as a desirable community in which to live.

Town Employees

	2026	2025	2024	2023	2022
Education ¹	497.6	508.0	493.0	493.6	495.6
General Government.....	107.0	113.0	113.0	112.0	108.0
Total	604.6	621.0	606.0	605.6	603.6

¹ Excludes grant funded employees.

Source: Town of Avon, Town Manager's Office.

The following is a breakdown by category of the Town's current full-time equivalent employees:

Department	Full-Time	Regular Part-Time
Administration.....	17.00	4.00
Public Safety.....	43.00	9.00
Public Works.....	30.00	5.00
Education and Culture (Library).....	9.00	50.00
Planning and Development.....	3.00	2.00
Parks and Recreation.....	3.00	3.00
Health and Social Services.....	2.00	4.00
Total	107.00	77.00

Source: Town of Avon, Town Manager's Office.

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Municipal Employee Bargaining Units

Employees	Positions Covered	Current Contract Expiration Date
<u>Board of Education</u>		
Teachers - Avon Education Association	277.60	6/30/2028
Administrators - National Association of Municipal Employees, Local R1-270	31.00	6/30/2027
Avon Administrative and Supervisors Association	15.00	6/30/2029
Support Personnel - AFT	17.00	6/30/2026 ¹
Paraprofessionals CSEA SEIU Local 2001	114.53	6/30/2027
Safety and Security Specialists - United Public Service Employees Union	7.00	6/30/2026 ¹
Organized	462.13	
Non-Union	52.10	
Sub-total Board of Education	514.23	
<u>General Government</u>		
Police - IBPO, Local 541	33.00	6/30/2027
Public Works - AFSCME, AFL-CIO, Local 1303, Council 4	18.00	6/30/2026 ¹
Organized	51.00	
Non-Union	56.00	
Sub-total General Government	107.00	
Grand Total	621.23	

¹ In negotiations.

Source: Town and School Officials, Town of Avon.

Binding Arbitration

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject the arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration, in assessing the financial capability of a municipality, there is an irrebuttable presumption that 15% of the municipality's budget reserve (a budget reserve of 5% or less for teacher's contracts) is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living (over the preceding three years for teacher's contracts), existing employment conditions of the employee group and similar groups, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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Educational System

The Town’s public school system is administered by a biennially elected, nine-member Board of Education (the “Board”) which guarantees minority party representation. Members are elected for terms of four years in every other election, ensuring overlapping terms. The Board assumes office January 1 and elects its Chairperson at the first meeting in January. School buildings consist of the Avon High School (grades 9-12, renovated in 1998 and 2006), the Avon Middle School (grades 7-8 built in 1970 and renovated in 1991), Thompson Brook School (grades 5-6 built in 2002), and two elementary schools (grades K-4), Pine Grove (opened in 1991) and Roaring Brook (renovated in 1994).

School Facilities

School	Grades	Date of Construction (Additions, Remodeling)	Number of Classrooms	10/1/2025 Enrollment ¹	Rated Capacity
Pine Grove	K-4	1991	42	582	684
Roaring Brook	PreK-4	1963 (65, 94)	41	524	700
Thompson Brook	5-6	2002	42	487	700
Middle School	7-8	1970 (91, 09)	41	445	700
High School	9-12	1958 (62, 65, 81, 98, 06, 08)	61	916	1,300
Towpath/Annex	-	1948	-	-	-
Total.....			227	2,954	4,084

¹ Excludes special education students tuitioned out and Pre-kindergarten students.

Source: Town of Avon, Superintendent's Office.

School Enrollment

School Year	Historical				Total
	PreK-4	5-6	7-8	9-12	
2016-17	1,140	497	558	1,024	3,219
2017-18	1,093	487	556	1,011	3,147
2018-19	1,109	509	511	951	3,080
2019-20	1,177	502	526	957	3,162
2020-21	1,152	506	513	974	3,145
2021-22	1,118	487	504	987	3,096
2022-23	1,183	438	524	923	3,068
2023-24	1,211	440	510	941	3,102
2024-25	1,161	497	461	946	3,065
2025-26	1,106	487	445	916	2,954
School Year	Projected				Total
	PreK-4	5-6	7-8	9-12	
2026-27	1,133	465	495	905	2,998

Source: Town of Avon, Superintendent's Office.

In addition to the public school system, the Town has several private nursery schools to serve preschoolers. Three multi-grade private schools are located in Town. Avon Old Farms School serves boys in grades 9 – 12 in a boarding school/day school setting designed by America’s first female architect, Theodate Pope Riddle, who used English country home design as a model. The Farmington Valley Academy Montessori is open to all grades emphasizing the inter-dependences of life. In the context of a mixed-age classroom, students pursue language, math, science, geography, history, art, music and theatre. The Talcott Mountain Science Center serves grades 4 – 8 as a science focused day school. The Town is also home to the Reggio Magnet School of the Arts that is majority funded by the State of Connecticut.

III. Economic and Demographic Information

Population Trends

Actual			
Year	Population¹	% Increase	Density²
2024 ³	18,946	3.5%	838.3
2020	18,302	1.1%	809.8
2010	18,098	14.3%	800.8
2000	15,832	13.6%	700.5
1990	13,937	24.4%	616.7
1980	11,201	34.1%	495.6

¹ U.S. Department of Commerce, Bureau of Census.

² Per square mile: 22.6 square miles.

³ American Community Survey 2020-2024.

Age Distribution of the Population

Age	Town of Avon		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	1,063	5.6%	181,691	5.0%
5 to 9 years	1,075	5.7	195,164	5.4%
10 to 14 years	1,333	7.0	214,972	5.9%
15 to 19 years	1,167	6.2	239,710	6.6%
20 to 24 years	613	3.2	238,387	6.6%
25 to 34 years	1,611	8.5	454,892	12.6%
35 to 44 years	2,809	14.8	460,916	12.7%
45 to 54 years	2,394	12.6	453,917	12.5%
55 to 59 years	1,341	7.1	256,068	7.1%
60 to 64 years	1,246	6.6	258,234	7.1%
65 to 74 years	2,271	12.0	386,232	10.7%
75 to 84 years	1,183	6.2	196,373	5.4%
85 years and over	840	4.4	87,952	2.4%
Total.....	18,946	100.0%	3,624,508	100.0%
Median Age (Years) 2024.....	44.3		41.1	

Source: American Community Survey 2020-2024.

Selected Wealth and Income Indicators

	Town of Avon	State of Connecticut
Per Capita Income, 2024.....	\$ 87,483	\$ 55,915
Median Family Income, 2024.....	\$ 202,573	\$ 122,706
Median Household Income, 2024.....	\$ 154,058	\$ 95,781

Source: American Community Survey 2020-2024.

Income Distribution

Income	Town of Avon		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	25	0.5%	24,004	2.6%
10,000 - 14,999.....	74	1.4	12,584	1.4%
15,000 - 24,999.....	72	1.4	27,285	3.0%
25,000 - 34,999.....	32	0.6	33,429	3.6%
35,000 - 49,999.....	48	0.9	59,826	6.5%
50,000 - 74,999.....	347	6.5	106,611	11.6%
75,000 - 99,999.....	458	8.6	106,893	11.6%
100,000 - 149,999.....	879	16.5	182,785	19.8%
150,000 - 199,999.....	720	13.5	131,310	14.3%
200,000 and over.....	2,661	50.1	236,661	25.7%
Total.....	5,316	100.0%	921,388	100.0%

Source: American Community Survey 2020-2024.

Major Employers

Employer	Type of Business	Approximate Number of Employees
Town of Avon.....	Government and Education	250 - 499
Center For Advanced Reproductive Services...	Voluntary Health Organizations	250 - 499
Apple Rehab Avon.....	Nursing & Convalescent Homes	100 - 249
Avon Health Ctr.....	Convalescent Homes	100 - 249
Avon Old Farms School.....	Schools	100 - 249
Benchmark Senior Living.....	Residential Care Homes	100 - 249
Big Y.....	Grocers-Retail	100 - 249
Golf Club of Avon Pro Shop.....	Clubs	100 - 249
Legere Group Ltd.....	Woodworkers	100 - 249
OFS Specialty Photonics.....	Fiber Optics	100 - 249
ORAFOL Americas Inc.....	Plastics-Fabrics/Film & Etc Producer	100 - 249
Hartford Health Care.....	Hartford Hospital	100 - 249
Rotondo Precast.....	Concrete Products-Except Block & Brick (mfrs)	100 - 249

Source: State of Connecticut, Department of Labor, Labor Market Information.

Building Permits

Fiscal Year	Residential		Comm./Industrial		Total	
	No.	Value	No.	Value	No.	Value
2026 ¹	5	\$ 1,878,710	1	\$ 9,200,000	6	\$ 11,078,710
2025	14	3,563,698	1	6,400,000	15	9,963,698
2024	14	5,899,356	3	4,288,018	17	10,187,374
2023	8	2,630,000	1	1,200,000	9	3,830,000
2022	15	5,286,856	2	2,600,000	17	7,886,856
2021	17	5,803,069	2	2,543,000	19	8,346,069
2020	11	3,754,927	3	3,600,000	14	7,354,927
2019	15	4,351,995	1	1,120,000	16	5,471,995
2018	18	6,532,506	-	-	18	6,532,506
2017	14	4,906,902	-	-	14	4,906,902

¹ As of April 30, 2026.

Source: Town of Avon, Building Department

Employment Statistics

Period	Town of Avon		Percentage Unemployed		
	Employed	Unemployed	Town of Avon	Hartford Labor Market	State of Connecticut
April 2026.....	8,968	366	3.9	5.3	5.2
Annual Average					
2025	9,314	296	3.1	4.0	3.9
2024	9,237	250	2.6	3.5	3.5
2023	9,120	291	3.1	3.7	3.7
2022	9,133	288	3.1	4.1	4.1
2021	8,455	384	4.4	6.6	6.6
2020	8,938	447	4.8	7.0	7.3
2019	9,315	234	2.5	3.8	3.7
2018	9,380	225	2.3	4.1	4.1
2017	9,213	316	3.3	4.8	4.7
2016	9,010	315	3.4	5.1	5.3

Source: Department of Labor, State of Connecticut

Educational Attainment

	Town of Avon		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	111	0.8%	101,458	4.0%
9th to 12th grade.....	312	2.3	114,887	4.5
High School graduate.....	1,170	8.5	647,192	25.3
Some college, no degree.....	1,383	10.1	410,903	16.1
Associate's degree	712	5.2	195,081	7.6
Bachelor's degree.....	4,959	36.2	595,631	23.3
Graduate or professional degree.....	5,048	36.9	489,432	19.2
Total.....	13,695	100.0%	2,554,584	100.0%
Total high school graduate or higher (%).....		96.9%		91.5%
Total bachelor's degree or higher (%).....		73.1%		42.5%

Source: American Community Survey 2020-2024.

Age Distribution of Housing

Year Built	Town of Avon		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	425	5.3%	311,584	20.2%
1940 to 1969.....	1,681	20.8	514,365	33.4
1970 to 1979.....	2,080	25.8	210,797	13.7
1980 to 1989.....	1,721	21.3	199,083	12.9
1990 to 1999.....	847	10.5	115,803	7.5
2000 or 2009.....	739	9.2	109,783	7.1
2010 or later.....	575	7.1	80,407	5.2
Total Housing Units	8,068	100.0%	1,541,822	100.0%

Source: American Community Survey 2020-2024.

Housing Inventory

Housing Units	Town of Avon		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	5,797	71.8%	902,771	58.6%
1-unit, attached.....	918	11.4	99,493	6.5
2 units.....	83	1.0	115,211	7.5
3 or 4 units.....	485	6.0	125,486	8.1
5 to 9 units.....	29	0.4	76,014	4.9
10 to 19 units.....	85	1.1	54,675	3.5
20 or more units.....	671	8.3	156,730	10.2
Mobile home.....	-	-	10,890	0.7
Boat, RV, van, etc.....	-	-	552	0.0
Total Inventory.....	8,068	100.0%	1,541,822	100.0%

Source: American Community Survey 2020-2024.

Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Avon		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	38	0.6%	23,262	2.4%
\$50,000 to \$99,000.....	7	0.1	14,209	1.5
\$100,000 to \$149,999.....	34	0.5	31,134	3.3
\$150,000 to \$199,000.....	192	3.0	65,851	6.9
\$200,000 to \$299,999.....	783	12.1	205,349	21.5
\$300,000 to \$499,999.....	2,483	38.4	350,277	36.8
\$500,000 to \$999,999.....	2,447	37.8	197,853	20.8
\$1,000,000 or more.....	484	7.5	65,054	6.8
Total.....	6,468	100.0%	952,989	100.0%
Median Value.....	\$479,700		\$366,900	

Source: American Community Survey 2020-2024.

Land Use Summary

Land Use Category	Total	
	Acreage	% Total
Single Family	7,215	49.9
Multi Family	753	5.2
Total Rec. Open Space	2,604	18.0
Business	399	2.8
Industry	191	1.3
Agriculture	210	1.5
Churches/Cemeteries	135	0.9
School, Public & Private	830	5.7
Utilities	138	1.0
Convalescent Homes	29	0.2
Vacant	1,950	13.5
Total Area.....	14,454	100.0

Source: Town of Avon, Town Plan of Conversation and Development.

IV. Tax Base Data

Assessment Practices

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total assessed values for all taxable and tax-exempt real estate, personal property, and motor vehicles located within the Town as of October 1. Grand List information is used by municipalities to set the mill rate which in turn becomes the basis for the Towns' annual tax levy. Assessments for real property are computed at seventy percent (70%) of the market value at the time of last revaluation, and at 70% of the annual approval of Motor Vehicles by the Office of Policy and Management. Section 12-62 of the Connecticut General Statutes governs real property assessments and provides that Connecticut municipalities must implement a revaluation every five years and, generally, a physical inspection of all real properties every ten years. The Town completed a general property revaluation effective October 1, 2023 for the fiscal year 2024-2025. The next revaluation is required to be completed on the list of October 1, 2028 for the fiscal year 2029-2030. Section 12-62 of the Connecticut General Statutes imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. However, the statute permits the phase-in of a real property assessment increase resulting from a revaluation over a period of up to five years. Any property owner may seek to appeal its assessment by filing a written appeal to a Town's Board of Assessment Appeals. The Board of Assessment Appeals elects to hear such appeals and determines whether adjustments to the Assessor's list relating to assessments under appeal are warranted. Under Connecticut law, taxpayers who are dissatisfied with a decision by a Town's Board of Assessment Appeals may appeal the decision to the Connecticut Superior Court.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. Upon issuance of a certificate of completion. A physical inspection is then conducted and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All commercial personal property (furniture, fixtures, equipment, machinery and leased equipment) is revalued annually. An assessor's check and audit is completed periodically. Assessments for personal property are computed at seventy percent (70%) of the current fair market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien.

Section 12-170v of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to freeze the property taxes due for certain low-income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of total tax relief granted plus interest.

The Town's budget process must also anticipate the impact of the State's budget which proceeds simultaneously with the Town's.

Tax Levy

Property taxes are levied on all assessed property on the Grand List of October 1 preceding the beginning of the fiscal year. Real estate tax bills are payable in two installments on July 1 and January 1. Real estate taxes of less than \$50 are due in full in July. Personal property and motor vehicle taxes on the Grand List of October 1 are due in full on July 1; motor vehicle taxes on the supplement to the October 1 Grand List are due in full on January 1. A margin against delinquencies, legal reductions, and Grand List adjustments such as Assessor Certificates of Correction, is provided by adjusting the Grand List when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed monthly with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State statutes, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts deemed uncollectable are transferred to a suspense account after three years at which time they cease to be carried as receivables. Unpaid real estate accounts become uncollectable fifteen years after the due date in accordance with state statutes.

Motor Vehicle Property Tax Cap

Connecticut General Statutes Section 12-71e, as amended, provides that for the assessment year commencing October 1, 2021, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32.46 mills. Any municipality or district may establish a mill rate for motor vehicles that is equal to or lower than 32.46 mills, including zero mills. Such mill rate for motor vehicles may be different from the mill rate for real property and personal property, provided the mill rate for motor vehicles is lower than the mill rate for real property and personal property. Section 4-66l of the General Statutes, as amended, diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rates for the 2025 assessment year (the fiscal year ending June 30, 2027) is 31.80 mills.

Motor vehicle lists are furnished to the Town by the State of Connecticut Department of Motor Vehicles and appraisals of motor vehicles are valued in accordance with an automobile price schedule recommended by the State of Connecticut Office of Policy and Management. For the October 1, 2024 grand list, the State Office of Policy and Management recommended that motor vehicles be valued on the basis of seventy percent (70%) of their depreciated Manufacturer Suggested Retail Price (MSRP). Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Motor vehicles purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70 percent of the depreciated MSRP.

Property Tax Levy and Collection

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 12/31/2025
2024	2026 ¹	\$ 3,223,395,681	30.75	\$ 98,653,469	<i>In collection</i>		
2023 ²	2025	3,214,496,636	29.66	95,826,094	99.0	1.0	0.3
2022	2024	2,688,484,306	35.39	94,776,569	99.2	0.8	0.2
2021	2023	2,667,772,547	34.61	92,212,284	99.3	0.7	0.2
2020	2022	2,600,633,032	34.21	89,514,054	99.5	0.5	0.1
2019	2021	2,572,968,792	32.90	85,006,824	99.5	0.5	-
2018 ²	2020	2,559,343,136	32.90	84,638,338	99.5	0.5	-
2017	2019	2,615,626,400	31.35	82,514,831	99.6	0.4	-
2016	2018	2,611,868,210	30.59	80,213,899	99.7	0.3	-
2015	2017	2,592,702,830	29.52	76,941,666	99.7	0.3	-

¹ Unaudited.

² Revaluation.

Source: Town of Avon, Tax Collector.

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Comparative Assessed Valuations

Grand List As Of 10/1	Residential Real Property (%)	Commercial & Industrial Real Property (%)	Motor Vehicle (%)	Other Personal Property (%)	Gross Taxable Grand List	Exemptions, Veterans Relief and Disabled	Net Taxable Grand List	Percent Change
2025	76.4%	12.0%	7.5%	4.0%	\$ 3,283,604,640	\$ 43,776,040	\$ 3,239,828,600	0.51%
2024	77.2%	11.1%	7.3%	4.4%	3,257,063,501	33,667,820	3,223,395,681	0.28%
2023 ¹	77.4%	11.1%	7.2%	4.3%	3,240,464,876	25,968,240	3,214,496,636	19.57%
2022	73.2%	12.6%	9.3%	4.9%	2,715,122,056	26,637,750	2,688,484,306	0.78%
2021	73.5%	12.7%	8.9%	4.9%	2,694,769,263	26,996,716	2,667,772,547	2.58%
2020	75.2%	12.7%	7.4%	4.7%	2,626,472,382	25,839,350	2,600,633,032	1.08%
2019	75.6%	12.1%	7.0%	5.3%	2,597,651,452	24,682,660	2,572,968,792	0.53%
2018 ¹	75.1%	12.7%	7.0%	5.2%	2,590,369,706	31,026,570	2,559,343,136	-2.15%
2017	76.5%	12.3%	6.7%	4.5%	2,645,900,740	30,274,340	2,615,626,400	0.14%
2016	76.3%	12.3%	6.8%	4.6%	2,643,403,860	31,535,650	2,611,868,210	0.74%

¹ Revaluation.

Source: Town of Avon, Assessor's Office.

Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List¹
Eversource	Utility	\$ 27,389,410	0.85%
Abba Equities	Apartments	25,974,650	0.80%
BFS Property Group LLC	Apartments	19,840,970	0.61%
Connecticut Water Company	Utility	18,118,620	0.56%
Farmington Valley Gateway LLC	Avon Town Center	17,500,240	0.54%
Nod Brook Investors LLC	Shopping Center	17,259,020	0.53%
COCC, Inc.	IT	15,942,020	0.49%
Two Fifty Five West Main LLC	Shopping Center	14,651,340	0.45%
Avon Marketplace Investors LLC	Shopping Center	13,613,420	0.42%
AD1 Avon Hotels LLC	Hotel	10,329,170	0.32%
Total.....		\$ 180,618,860	5.57%

¹ Net Taxable Grand List October 1, 2025 of \$3,239,828,600.

Source: Town of Avon, Assessor's Office.

Connecticut General Statutes Section 4-661, as amended (“Section 4-661”), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more or the rate of inflation, whichever is greater (the “expenditure cap”). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality’s adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-661 requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded.

Under Section 4-661, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments on unfunded pension liabilities.

V. Debt Summary

Principal Amount of Bonded Indebtedness As of July 22, 2026 (Pro Forma)

Long-Term Debt:¹

<u>Date</u>	<u>Purpose</u>	<u>Interest Rate Range</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>	<u>Fiscal Year of Maturity</u>
10/30/12	General Purpose	2.00	\$ 7,100,000	\$ 1,025,000	2028
03/15/16	Schools Refunding	2.00-4.00	10,436,000	1,510,000	2027
03/15/16	General Purpose Refunding	2.00-4.00	964,000	140,000	2027
06/16/20	General Purpose	2.00-4.00	280,000	167,146	2035
06/16/20	Schools	2.00-4.00	2,995,000	1,787,854	2035
05/29/25	General Purpose - Series A.....	4.00-5.00	3,610,000	3,410,000	2040
05/29/25	General Purpose - Series B (Taxable).....	5.00	3,185,000	2,870,000	2035
	Sub-Total		\$ 28,570,000	\$ 10,910,000	
This Issue					
07/22/26	General Purpose	<i>tbd</i>	\$ 3,430,000	\$ 3,430,000	2042
	Sub-Total This Issue		\$ 3,430,000	\$ 3,430,000	
	Grand Total		\$ 32,000,000	\$ 14,340,000	

¹ Excludes bonds previously refunded or defeased.

Short-Term Debt As of July 22, 2026 (Pro Forma)

As of July 22, 2026, the Town does not have any outstanding short-term debt.

Overlapping/Underlying Debt:

The following table of jurisdictions with boundaries overlapping or underlying Town boundaries is based upon information received by the Town from sources specified below. The table does not reflect authorized but unissued indebtedness of those jurisdictions. The Town has not assumed responsibility to verify this information.

Overlapping Debt: the table below represents overlapping debt to the Town of Avon:

<u>Town</u>	<u>Avon's Share of Outstanding Principal</u>
Farmington (16.38%).....	\$5,090,143.35
Simsbury (23.20%).....	\$332,920.00
Total	\$5,423,063.35

Note: Applies to sewer debt issued by the Town's listed in which Avon is obligated to pay a percentage back based on usage expectations.

Underlying Debt The below-listed Special Tax Districts coterminous with or within the Town may issue their own tax-exempt debt. Such indebtedness, if any, represents underlying debt to the Town.

Special Tax Districts Outstanding Debt As of June 30, 2026

- Farmington Woods Tax District: None
- Hunter's Run Tax District: None
- Pond Place Tax District: None
- Secret Lake Association, Inc.: None

Farmington Woods Tax District lies within both the Towns of Avon and Farmington. As of the October 1, 2024 assessment date, \$189,931,080 of the District's net taxable property was located in Avon and \$28,233,570 in Farmington. Consequently, 87.06% of any District indebtedness would be treated as underlying debt of the Town of Avon and 12.94% as underlying debt of the Town of Farmington. As of April 30, 2026, the District has no outstanding indebtedness.

**Annual Bonded Debt Maturity Schedule
As of July 22, 2026
(Pro Forma)**

Fiscal Year Ended 6/30	Principal Payments ¹	Interest Payments	Total Debt Service ¹	This Issue: The Bonds	Total Principal	Cumulative Principal Retired %
2027	\$ 2,910,000	\$ 410,800	\$ 3,320,800	\$ -	\$ 2,910,000	20.3%
2028	1,235,000	332,750	1,567,750	225,000	1,460,000	30.5%
2029	740,000	288,200	1,028,200	225,000	965,000	37.2%
2030	740,000	253,400	993,400	225,000	965,000	43.9%
2031	735,000	218,600	953,600	225,000	960,000	50.6%
2032	745,000	184,000	929,000	230,000	975,000	57.4%
2033	760,000	151,050	911,050	230,000	990,000	64.3%
2034	760,000	119,600	879,600	230,000	990,000	71.2%
2035	785,000	90,300	875,300	230,000	1,015,000	78.3%
2036	300,000	60,000	360,000	230,000	530,000	82.0%
2037	300,000	48,000	348,000	230,000	530,000	85.7%
2038	300,000	36,000	336,000	230,000	530,000	89.4%
2039	300,000	24,000	324,000	230,000	530,000	93.1%
2040	300,000	12,000	312,000	230,000	530,000	96.8%
2041	-	-	-	230,000	230,000	98.4%
2042	-	-	-	230,000	230,000	100.0%
Total.....	\$ 10,910,000	\$ 2,228,700	\$ 13,138,700	\$ 3,430,000	\$ 14,340,000	

¹ Includes all bonded debt.

Source: Finance Office, Town of Avon, CT.

**THE TOWN HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL
OR INTEREST ON ITS BONDS OR NOTES.**

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**Debt Statement
As of July 22, 2026
(Pro Forma)**

Long-Term Debt Outstanding:

General Purpose (Includes This Issue).....	\$ 11,042,146
Schools	3,297,854
Sewers.....	-
Total Long-Term Debt.....	14,340,000
Short-Term Debt.....	-
Total Direct Debt.....	14,340,000
Overlapping / Underlying Debt.....	5,423,063
Total Overall Debt.....	19,763,063
Less: Self-Supporting Sewer Debt.....	-
Total Overall Net Debt.....	\$ 19,763,063

Note: Excludes capital leases and Authorized but Unissued Debt.

**Current Debt Ratios
As of July 22, 2026
(Pro Forma)**

Population (2024) ¹	18,946
Net Taxable Grand List (10/1/25).....	\$ 3,239,828,600
Estimated Full Value (70%).....	\$ 4,628,326,571
Equalized Grand List (10/1/23) ²	\$ 4,592,490,780
Money Income per Capita (2024) ¹	\$ 87,483

	Total Direct Debt	Total Overall Debt	Total Overall Net Debt
	\$14,340,000	\$19,763,063	\$19,763,063
Per Capita.....	\$ 756.89	\$ 1,043.13	\$ 1,043.13
Ratio to Net Taxable Grand List.....	0.44%	0.61%	0.61%
Ratio to Estimated Full Value.....	0.31%	0.43%	0.43%
Ratio to Equalized Grand List.....	0.31%	0.43%	0.43%
Debt per Capita to Money Income per Capita (2024).....	0.87%	1.19%	1.19%

¹ U.S. Census Bureau American Community Survey 2020-2024 estimate.

² Office of Policy and Management, State of Connecticut.

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Bond Authorization Procedure

Any appropriation and authorization for bonds must be approved by the Town Council and the Board of Finance. The Board of Finance recommends action to a Town Meeting which must approve the resolution by a majority of those qualified voters present. If the resolution calls for an appropriation less than 1/10 of one percent (0.1%) of the current Grand List, the vote of the Town Meeting is sufficient for passage. If the appropriation equals or exceeds 1/10 of one percent (0.1%) of the current Grand List, a machine vote by qualified voters is required. The resolution must be passed by a majority of those voting.

Emergency Appropriations

To meet a public emergency affecting life, health, property, or the public peace, a public emergency ordinance, stating the facts constituting such public emergency, becomes effective upon enactment. No public hearing or notice of public hearing is required for any public emergency ordinance. A public emergency ordinance must be advertised in one or more newspapers having a circulation in the Town within five days of adoption. Every such public emergency ordinance, including any amendments thereto, is automatically repealed at the termination of the sixty-first day following adoption; provided, however, that if action has been initiated on the same subject matter providing for a permanent ordinance prior to the sixty-first day, then the public emergency ordinance remains in full force until final action is taken on the permanent ordinance.

Maturities

General obligation bonds (serial and term) are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than fifty percent or aggregate annual principal and interest payments must be substantially equal. The term of the issue may not exceed twenty years, except in the case of sewer bond and certain school bonds which may mature in up to thirty years.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions starting at the end of the third and continuing in each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for school and sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for school and sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for school and sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

“Annual receipts from taxation” (the “base”) are defined as total tax collections including interest and penalties, late payment of taxes and state payments for revenue losses under CGS Section 12-129d and 7-528. In no case shall total indebtedness exceed seven times the base.

The CGS also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

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Statement of Debt Limitation
As of July 22, 2026
(Pro Forma)

Total Tax Collections (including interest and lien fees)	
Received by the Treasurer as of June 30, 2025	\$ 95,970,398
Total Tax Collections (including interest and lien fees)	
Received by the all taxing districts within Town as of June 30, 2025	4,847,929
Reimbursement For Revenue Loss:	
Elderly tax freeze and homeowners' grants	-
Base for Debt Limitation Computation	<u>\$ 100,818,327</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
Debt Limitation:					
2 ¹ / ₄ times base.....	\$ 226,841,236	-	-	-	-
4 ¹ / ₂ times base.....	-	\$ 453,682,472	-	-	-
3 ³ / ₄ times base.....	-	-	\$ 378,068,726	-	-
3 ¹ / ₄ times base.....	-	-	-	\$ 327,659,563	-
3 times base.....	-	-	-	-	\$ 302,454,981
Total Debt Limitation	<u>\$ 226,841,236</u>	<u>\$ 453,682,472</u>	<u>\$ 378,068,726</u>	<u>\$ 327,659,563</u>	<u>\$ 302,454,981</u>
Indebtedness:					
Bonds Outstanding	\$ 7,612,146	\$ 3,297,854	\$ -	\$ -	-
Bonds – This Issue.....	3,430,000	-	-	-	-
Short-Term Debt	-	-	-	-	-
Overlapping Debt.....	-	-	5,423,063	-	-
Debt Authorized But Unissued.....	3,000	-	-	-	-
Total Indebtedness	<u>11,045,146</u>	<u>3,297,854</u>	<u>5,423,063</u>	<u>-</u>	<u>-</u>
Less:					
Self Supporting Sewer Debt.....	-	-	(5,423,063)	-	-
Total Net Indebtedness	<u>11,045,146</u>	<u>3,297,854</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF					
OUTSTANDING INDEBTEDNESS	<u>\$ 215,796,090</u>	<u>\$ 450,384,618</u>	<u>\$ 378,068,726</u>	<u>\$ 327,659,563</u>	<u>\$ 302,454,981</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$705,728,289.

Debt Authorized but Unissued
As of July 22, 2026
(Pro Forma)

Project	Amount Authorized	Previously Bonded	Authorized But Unissued Debt	
			This Issue: The Bonds	
Property Acquisition and Renovation...	\$ 3,187,000	\$ 3,185,000	\$ -	\$ 2,000
Fire Engine.....	1,259,000	-	1,259,000	-
Fire Ladder Truck.....	2,172,000	-	2,171,000	1,000
Total	<u>\$ 6,618,000</u>	<u>\$ 3,185,000</u>	<u>\$ 3,430,000</u>	<u>\$ 3,000</u>

Ratios of Long-Term Debt to Valuation, Population and Income

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Net Long-Term Debt ¹	Ratio of Net Long-Term Debt to		Population ²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income ²
				Assessed Value (%)	Estimated Full Value (%)			
2025	\$ 3,214,496,636	\$ 4,592,138,051	\$ 14,005,000	0.44%	0.30%	18,946	\$ 739.21	0.84%
2024	2,688,484,306	3,840,691,866	9,750,000	0.36%	0.25%	18,946	514.62	0.59%
2023	2,667,772,547	3,811,103,639	12,290,000	0.46%	0.32%	18,946	648.69	0.74%
2022	2,600,633,032	3,715,190,046	14,825,000	0.57%	0.40%	18,946	782.49	0.89%
2021	2,572,968,792	3,675,669,703	17,365,000	0.67%	0.47%	18,946	916.55	1.05%

¹ Long-Term debt includes State of Connecticut Clean Water Fund Loans and Water debt.

² American Community Survey 2020-2024 estimate: \$87,483.

Source: Town of Avon, Department of Finance and Annual Audited Financial Statements.

Principal Amount of Outstanding Debt

Long-Term Debt	2025	2024	2023	2022	2021
Bonds.....	\$ 14,005,000	\$ 9,750,000	\$ 12,290,000	\$ 14,825,000	\$ 17,365,000
Short-Term Debt					
Bond Anticipation Notes....	-	-	-	-	-
Totals.....	\$ 14,005,000	\$ 9,750,000	\$ 12,290,000	\$ 14,825,000	\$ 17,365,000

Source: Town of Avon, Financial Reports 2021-2025.

Ratio of Debt Service to General Fund Expenditures (Includes Transfers Out)

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures ¹	Ratio of Total Debt Service to General Fund Expenditures
2026 ²	\$ 3,486,198	\$ 122,471,266	2.85%
2025	2,818,750	121,519,519	2.32%
2024	2,889,400	116,217,988	2.49%
2023	2,962,950	111,089,942	2.67%
2022	3,038,525	105,100,371	2.89%
2021	3,151,590	101,507,423	3.10%
2020	3,036,692	97,297,313	3.12%
2019	2,755,750	92,857,821	2.97%
2018	2,818,850	97,654,602	2.89%
2017	3,029,750	94,801,184	3.20%

¹ GAAP basis of accounting. Includes transfers out.

² Includes an estimate for State of Connecticut on-behalf payments for Teacher's Pension.

Source: Town of Avon Financial Statements 2017-2025. 2026 (Budgeted).

VI. Financial Administration

Financial Reporting

The financial statements of the Town are prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June 1999, GASB issued Statement 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. The statement established a new reporting model for governments that is substantially different from prior reporting standards. All financial statements for the fiscal year ended June 30, 2003 and thereafter have been prepared using the new model.

Fiscal Year

The Town's fiscal year begins July 1 and ends June 30.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the primary 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 cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue 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. 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. 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.

Property taxes, charges for services, licenses, 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.

Budget Procedure

The Town Manager and the Finance Department are responsible for preparing preliminary estimates for the Town budget. The Board of Finance presents the annual budget at the Annual Town Meeting, approves all transfers of appropriations in budget accounts, recommends all issues of bonds or notes, and votes to set the tax rate.

On or before February 15, all department, agency, and commission heads supported in whole or in part by Town funds, including the Chair of the Board of Education, file expenditure requests and estimated revenue other than tax revenues with the Town Manager.

On or before March 1, the Town Manager presents to the Town Council a budget consisting of:

1. A written statement outlining the important features of the budget plan;
2. Detailed estimates of revenue by source, itemized receipts collected in the last completed fiscal year, receipts estimated to be collected during the current fiscal year, and estimates of receipts to be collected in the ensuing fiscal year;
3. Estimates for expenditures in detail directed by the Town Council for each office or agency for the last fiscal year and expenditures for the current fiscal year to the time of preparing the estimates, total expenditures as estimated for the current fiscal year, the requests of the several offices and agencies for the ensuing fiscal year, and the Town Manager’s recommendations for the ensuing fiscal year. The Town Manager, at the request of the Town Council, presents reasons for any of his recommendations;

4. Proposed municipal capital improvement projects for the ensuing year and for the next four fiscal years thereafter with a recommendation for current expenditures and a method to finance them.

On or before April 1, the Town Council presents and recommends to the Board of Finance the budget for the ensuing fiscal year with such modifications as it deems appropriate. For the budget proposal of the Board of Education, such alterations or changes are in the form of recommendations.

The Board of Finance performs the following duties with respect to the budget:

1. The Board of Finance holds one or more public hearings not later than three weeks before the annual budget meeting;
2. After such hearings, and after consultation with the Town Council and the Board of Education, the Board of Finance makes such revisions in the budget as it deems desirable and recommends the same revised budget to the Annual Budget Meeting held on the first Monday in May;
3. At least five days prior to the Annual Budget Meeting, the Board of Finance publishes in a newspaper having a general circulation in the Town, a summary of the budget showing estimated revenues by major sources and recommended appropriations by office or agency;
4. The Annual Budget Meeting receives and considers adopting the budget recommended by the Board of Finance. The Annual Budget Meeting is adjourned to a referendum to be held not less than seven nor more than fourteen days thereafter;
5. Within 10 days after approval of the budget at referendum, the Board of Finance fixes the tax rate in mills which is levied on the taxable property in Town for the ensuing fiscal year; up to an additional 2 mills may be levied to fund a Capital and Non-Recurring Expenditure account to pay for capital improvements for which the Town is authorized to issue bonds;
6. If a referendum rejects the budget, within 20 days the Board of Finance consults with the Town Council and the Board of Education, makes any changes it deems appropriate, conducts a public hearing on the rejected budget and any modifications, and recommends a revised budget to the Town Council. The Town Council designates a referendum date not more than 30 days after the vote rejecting the budget. No more than three referenda may be conducted on the budget. More than 9% of the registered voters are required to reject the budget at referendum. Otherwise, the budget is deemed approved regardless of the outcome. If the budget is defeated by three successive referenda, the Town Council sets the budget.

Annual Audit

The Town, pursuant to the provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 397), is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the Board of Finance, is required to conduct the audit under the standards adopted by the Secretary of the Office of Policy and Management by regulation and approved by the Auditor of Public Accounts. For the fiscal year ending June 30, 2025, the books and records of the Town were audited by CliftonLarsonAllen LLP.

Capital Improvement Plan

Uses	Fiscal Year					Total
	2026	2027	2028	2029	2030	
General Government.....	\$ 821,000	\$ 473,000	\$ 627,000	\$ 560,000	\$ 465,000	\$ 2,946,000
Public Safety.....	10,470,000	10,500,000	21,000,000	11,500,000	6,450,000	59,920,000
Public Works.....	6,072,236	19,040,066	4,237,066	3,469,066	3,536,066	36,354,500
Health & Social Service....	-	85,000	-	-	-	85,000
Parks & Recreation.....	235,000	250,000	100,000	987,000	450,000	2,022,000
Board of Education.....	1,265,000	2,165,000	1,217,000	1,190,000	940,000	6,777,000
Total.....	\$ 18,863,236	\$ 32,513,066	\$ 27,181,066	\$ 17,706,066	\$ 11,841,066	\$ 108,104,500

Pension Plans

GASB 67 Disclosure

Governmental Accounting Standards Board Statement No. 67 (“GASB 67”) requires a determination of the Total Pension Liability (“TPL”) for a plan using the Entry Age Normal actuarial funding method. The Net Pension Liability (“NPL”) is then set equal to the TPL minus the plan’s Fiduciary Net Position (“FNP”) which, generally, is the market value of assets in the plan as of the measurement date. Among the assumptions needed for the liability calculation is a Single Equivalent Interest Rate (“SEIR”). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable to the membership and beneficiaries of the system on the measurement date. If the FNP of the plan is not expected to be depleted at any point in the future, the plan may use its long-term expected rate of return as the SEIR. If, on the other hand, the FNP of the plan is expected to be depleted, then the SEIR is the single rate of interest that will generate a present value of benefits equal to the sum of (i) the present value of all benefits through the date of depletion at a discount rate equal to the long-term expected rate of return, plus (ii) the present value of benefits after the date of depletion discounted at a rate based on 20-year, tax-exempt, general obligation municipal bonds, with an average credit rating of AA/Aa or higher.

Defined Benefit Plans

The Town of Avon administers two single-employer, contributory, defined benefit pension plans (Town and Board of Education) to provide pension benefits for its police officers, public works employees, management unclassified and classified non-organized employees, dispatch 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 non-organized portions of the Town plan 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, standalone financial reports are not issued by the pension plans.

Defined Contribution Plans

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 Mission Square Retirement. The Town is required to contribute 2.75% of compensation for the Management Money Purchase Plan participants and between 8.25% and 9.50% 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.

The total Town contributions for the Management Money Purchase Plan and Full-Time Employees’ Plan during the year ended June 30, 2025 were \$0 and \$2,011,774, respectively. Members of the Management Money Purchase Plan are required to contribute 2.75% of their annual earnings, and members of the Full-Time Employees’ Plan are required to contribute between 8.25% and 9.50% of their annual earnings. The employees’ contributions to each plan were \$0 and \$2,011,774, respectively.

Depletion Date Projection

GASB 67 and 68 generally require that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (ANAA or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 and 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 and 68 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the Town of Avon:

The Town of Avon has at least a 5-year history of paying at least 100% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution).

The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the plan to a 100% funded position by the end of the amortization period.

GASB 67 and 68 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the professional opinion of Milliman that the detailed depletion date projections outlined in GASB 67 and 68 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses. Teachers' Retirement Plan - Pension Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.avonct.gov. Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

School District employers are not required to make contributions to the plan. The Town is not required nor obligated to make contributions to the plan.

Town Pension Plan

Total Pension Liability at June 30, 2025...	\$ 38,221,588
Plan Fiduciary Net Position.....	<u>30,446,730</u>
Net Pension (Asset) Liability.....	\$ 7,774,858
Plan Fiduciary Net Position as % of	
Total Pension Liability.....	79.66%

Board of Education Pension Plan

Total Pension Liability at June 30, 2025....	\$ 19,135,479
Plan Fiduciary Net Position.....	<u>19,799,355</u>
Net Pension (Asset) Liability.....	\$ (663,876)
Plan Fiduciary Net Position as % of	
Total Pension Liability.....	103.47%

The following represents the net pension liability of the Town and the Board of Education, calculated using the discount rate of 6.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.00%) or 1 percentage point higher (7.00%) than the current rate:

	1% Decrease	Current	1% Increase
	(5.00)	Discount	(7.00)
		(6.00)	
Town's Pension Plan's Net Pension (Asset) Liability			
as of June 30, 2025.....	\$ 10,866,262	\$ 7,774,858	\$ 5,085,197
Board of Education Pension Plan's Net Pension (Asset) Liability			
as of June 30, 2025.....	\$ 1,396,059	\$ (663,876)	\$ (2,423,777)

Based upon a July 1, 2024 actuarial valuation, the Town's schedule of employer contribution are as follows:

Town Pension Plan

Fiscal Year	Actuarially Determined Contribution	Annual Contribution	% of ADC Contributed
6/30/2026 ¹	\$ 4,343,532	\$ 4,343,532	100.0%
6/30/2025	4,168,877	4,168,877	100.0%
6/30/2024	3,987,869	3,987,869	100.0%
6/30/2023	3,927,111	3,927,111	100.0%
6/30/2022	3,914,810	3,914,810	100.0%
6/30/2021	3,718,708	3,718,708	100.0%
6/30/2020	3,298,082	3,315,082	100.5%
6/30/2019	3,140,575	3,156,575	100.5%
6/30/2018	2,965,142	2,974,142	100.3%
6/30/2017	2,784,344	2,784,344	100.0%

¹ Budgeted.

Board of Education Pension Plan

Fiscal Year	Actuarially Determined Contribution	Annual Contribution	% of ADC Contributed
6/30/2026 ¹	\$ 608,332	\$ 608,332	100.0%
6/30/2025	640,024	645,233	100.8%
6/30/2024	676,227	676,227	100.0%
6/30/2023	771,139	771,139	100.0%
6/30/2022	856,552	856,552	100.0%
6/30/2021	797,132	797,132	100.0%
6/30/2020	610,663	610,663	100.0%
6/30/2019	698,616	698,616	100.0%
6/30/2018	622,289	622,289	100.0%
6/30/2017	514,235	514,235	100.0%

¹ Budgeted.

Other Post-Employment Benefits

The OPEB is a single-employer defined benefit healthcare plan administered by the Town. The OPEB 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. Management of the OPEB plan is vested with the Town Manager and Director of Finance. Policy oversight is provided by the Ad Hoc Pension Investment Advisory Committee, which consists of six members.

There are 218 Town members and 521 Board of Education members. For the year ended June 30, 2025, there were no plan member contributions to the plan. 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 were \$1,784,242 for the Town Plan and \$587,346 for the Board of Education Plan. These contributions were made in accordance with actuarially determined requirements. The Town has assigned a portion of general fund balance to fund these benefits in the future.

Depletion Date Projection

GASB 74 and 75 generally require that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond yield or index rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 74 and 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 74 and 75 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the Town of Avon:

The Town and Board of Education have contributed, on average over the last five years, about 89.56% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution), and are trending towards making the full Actuarially Determined Contribution going forward.

The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the plan to a 100% funded position by the end of the amortization period.

GASB 74 and 75 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the professional opinion of Milliman that the detailed depletion date projections outlined in GASB 74 and 75 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Net OPEB Liability

Town Plan

Total OPEB Liability	\$ 24,759,291
Plan Fiduciary Net Position.....	<u>15,821,320</u>
Town Net OPEB Liability.....	\$ 8,937,971

Plan Fiduciary Net Position
as % of Total OPEB Liability..... 63.90%

Board of Education Plan

Total OPEB Liability	\$ 11,973,433
Plan Fiduciary Net Position.....	<u>7,655,850</u>
Town Net OPEB Liability.....	\$ 4,317,583

Plan Fiduciary Net Position
as % of Total OPEB Liability..... 63.94%

The following represents the net OPEB liability of the Town, calculated using the discount rate of 6.00%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (5.00)	Current Discount Rate (6.00)	1% Increase (7.00)
Town Plan's Net OPEB Liability	\$ 11,976,913	\$ 8,937,971	\$ 6,393,026
BOE Plan's Net OPEB Liability	\$ 5,212,751	\$ 4,317,583	\$ 3,488,237

The following presents the net OPEB liability of the Town as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are percentage point lower decreasing to or percentage point higher decreasing to than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Town Plan's Net OPEB Liability	\$ 6,007,080	\$ 8,937,971	\$ 12,473,289
BOE Plan's Net OPEB Liability	\$ 3,119,832	\$ 4,317,583	\$ 5,705,035

Schedule of Employer Contributions

Town Plan

	2026¹	2025	2024	2023	2022
Actuarially Determined Employer Contribution (ADEC)...	\$ 1,435,793	\$ 1,784,242	\$ 1,847,948	\$ 3,078,072	\$ 2,860,082
Contributions in Relation to the ADEC.....	1,435,793	1,784,242	2,021,000	1,972,000	1,924,000
Contribution Deficiency (Excess).....	\$ -	\$ -	\$ (173,052)	\$ 1,106,072	\$ 936,082
Covered Employee Payroll.....	\$ 9,397,871	\$ 9,430,386	\$ 9,430,386	\$ 9,682,685	\$ 9,682,685
Contributions as a Percentage of					
Covered Employee Payroll.....	15.28%	18.92%	21.43%	20.37%	19.87%
Contributions in Relation to the ADEC as a %.....	100.00%	100.00%	109.36%	64.07%	67.27%

¹ Budgeted.

Board of Education Plan

	2026¹	2025	2024	2023	2022
Actuarially Determined Employer Contribution (ADEC)...	\$ 770,948	\$ 737,346	\$ 780,206	\$ 743,750	\$ 778,945
Contributions in Relation to the ADEC.....	740,000	587,346	780,206	867,274	778,945
Contribution Deficiency (Excess).....	\$ 30,948	\$ 150,000	\$ -	\$ (123,524)	\$ -
Covered Employee Payroll.....	\$ 42,683,030	\$ 37,834,092	\$ 37,834,092	\$ 45,406,131	\$ 45,406,131
Contributions as a Percentage of					
Covered Employee Payroll.....	1.73%	1.55%	2.06%	1.91%	1.72%
Contributions in Relation to the ADEC as a %.....	95.99%	79.66%	100.00%	116.61%	100.00%

¹ Budgeted.

Investment Policies

Operating Funds - The Town currently operates under an investment policy which was approved by the Town Council at its November 2, 2000 meeting. In substance, the Town restricts its activities to instruments which provide the greatest safety, liquidity, and yield in that order. US Treasury obligations maturing in less than one year, overnight repurchase agreements, and a US government fund comprise the bulk of the operating investment portfolio. In addition, the Finance Director monitors 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.

Pension Funds - The Town's pension investments are governed by its Investment Policy Statements. The policies detail asset mix ranges for the following classes of investments: domestic equities (20% - 50%), international equities (10% - 35%), fixed income investments (25% - 50%), and cash equivalents (minimized to cover short term obligations).

Other Post Employment Benefits (OPEB) Funds - The Town's OPEB investments are governed by its Investment Policy Statements. The policies detail asset mix ranges for the following classes of investments: domestic equities (25% - 45%), international equities (15% - 30%), broad market fixed income investments (20% - 40%), inflation-protected fixed income investments (5% - 15%), real estate (0% - 5%), and cash equivalents (minimized to cover short term obligations).

The overall investment return on pension and OPEB investments is expected to exceed the actuarial investment return assumptions. Investment guidelines further spell out the parameters under which the plans' active managers must operate. Investment manager performance and compliance with the investment policies that govern pension and OPEB investments are reviewed periodically by a committee of Town officials and an investment consultant.

Fund Balance Policy

The Town has acted to establish policies regarding Fund Balance. On December 6, 2001, the Town Council adopted a General Fund Unassigned Fund Balance policy that established a goal of maintaining an "unreserved, undesignated" general fund balance of 10% of actual revenues. On February 1, 2024, the Town Council amended this policy to increase this goal to 15%, to adjust the basis for this percentage to be General Fund expenditures and transfers out rather than actual revenues, and to add considerations for when Unassigned General Fund Balance is to be used as well as the restoration for any such use.

Additionally, at its December 2006 meeting, the Board of Finance adopted the following policy:

1. Any use of surplus should only be considered by the Board of Finance after a showing of substantial support for such use by the requesting authority (including the Town Council and the Board of Education). The Board of Finance shall exercise its discretion in finding whether or not there has been the requisite "substantial support" for such request. Demonstration of "substantial support" alone shall not be a sufficient basis to approve such request. The following additional criteria must also be met.
2. Approval of any request for the use of surplus shall only be given upon a finding by the Board of Finance that such use will meet an extraordinary need or unusual opportunity, which need or opportunity must be timely met. Such need or opportunity must have characteristics demonstrating real and immediate circumstances which compels the extraordinary measure of using surplus. The proponent of such use must demonstrate, and the Board of Finance must find, that such use will result in a tangible and significant benefit to the Town, which benefit outweighs the extraordinary process of utilizing surplus funds.

Debt and Lease Policies

On April 9, 2008, the Town Council, and on April 23, 2008, the Board of Finance approved an operating policy defining the conditions under which the Town would enter into operating leases (as opposed to capital leases). On April 28, 2008, the Board of Finance, and on May 1, 2008, the Town Council adopted a comprehensive debt policy that defines under what circumstances and under what limitations the Town would issue short-term and/or long-term debt.

Comparative Balance Sheet - General Fund

Assets	Actual 2024-25	Actual 2023-24	Actual 2022-23	Actual 2021-22	Actual 2020-21
Cash and Cash Equivalents.....	\$ 45,761,867	\$ 48,520,023	\$ 37,783,364	\$ 40,270,179	\$ 47,054,846
Receivables, Net.....	2,352,422	1,775,918	2,561,964	2,175,755	1,047,733
Due From Other Funds.....	3,158,393	2,875,367	2,562,457	368,826	250,187
Other Assets.....	72,803	64,374	39,293	46,176	58,468
Total Assets	51,345,485	53,235,682	42,947,078	42,860,936	48,411,234
Liabilities:					
Accounts Payable	990,115	818,539	1,010,858	700,977	1,091,462
Accrued Liabilities	906,281	739,851	777,062	624,153	547,830
Due to Other Funds	16,189,874	24,879,251	15,485,628	19,109,677	20,742,019
Other	38,515	-	-	10,000	2,704,396
Total Liabilities	18,124,785	26,437,641	17,273,548	20,444,807	25,085,707
Deferred Inflows of Resources:					
Unavailable Revenue	1,163,927	913,314	728,451	668,361	621,513
Lease Receivable	927,363	598,954	622,597	646,240	-
Advance Property Tax Collections	8,312,774	17,600	2,720,037	2,286,117	6,623,353
Total	10,404,064	1,529,868	4,071,085	3,600,718	7,244,866
Fund Balances:					
Nonspendable.....	72,803	64,374	39,293	46,176	58,468
Restricted.....	8,000	131,463	64,472	-	-
Committed.....	-	100,588	-	-	-
Assigned.....	5,283,396	8,445,253	6,824,821	5,208,618	3,303,281
Unassigned.....	17,452,437	16,526,495	14,673,859	13,560,617	12,718,912
Total Fund Balance	22,816,636	25,268,173	21,602,445	18,815,411	16,080,661
Total Liabilities, Fund Balances, and Deferred Inflows	\$ 51,345,485	\$ 53,235,682	\$ 42,947,078	\$ 42,860,936	\$ 48,411,234

Source: Annual audited financial statements.

General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis)
and Adopted Budgets (Budgetary Basis)

	Adopted Budget ¹ 2026-27	Adopted Budget ¹ 2025-26	Actual 2024-25	Actual 2023-24	Actual 2022-23	Actual 2021-22
Revenues:						
Property Taxes	\$ 103,709,212	\$ 99,702,008	\$ 96,015,367	\$ 95,063,477	\$ 92,575,481	\$ 89,720,542
Intergovernmental	3,645,375	3,178,504	15,500,061	15,418,780	14,296,043	11,812,369
Charges For Services	4,110,464	4,270,950	4,829,753	4,250,442	4,333,403	4,302,985
Income on Investments	1,600,000	1,850,000	2,169,931	2,929,802	1,947,759	155,524
Other	1,410,500	2,640,500	449,662	281,879	409,996	405,909
Total Revenues	114,475,551	111,641,962	118,964,774	117,944,380	113,562,682	106,397,329
Expenditures:						
General Government	3,930,658	3,849,938	3,726,940	3,459,891	3,110,294	3,734,323
Public Safety	10,467,159	10,349,945	10,669,878	10,192,513	10,026,313	12,140,841
Public Works	6,646,457	6,496,928	6,366,754	5,902,406	5,607,332	6,745,378
Health and Social Services	908,220	613,541	1,014,152	757,871	558,181	645,450
Recreation and Parks	900,213	953,322	939,817	839,907	811,737	900,606
Education - Cultural	1,975,499	1,844,233	1,770,462	1,753,204	1,717,321	1,892,505
Conservation and Development	586,342	560,554	547,651	539,461	543,272	730,137
Miscellaneous	6,176,280	6,113,027	6,656,122	6,597,414	6,240,815	369,835
Board of Education	75,983,180	72,806,576	81,301,809	79,174,212	74,754,488	71,385,691
Debt Service	3,621,013	3,486,198	2,818,750	2,889,400	2,962,950	3,038,525
Total Expenditures	111,195,021	107,074,262	115,812,335	112,106,279	106,332,703	101,583,291
Revenues over (under) expenditures	3,280,530	4,567,700	3,152,439	5,838,101	7,229,979	4,814,038
Other Financing Sources Uses:						
Premium on Bonds Issues	-	-	-	-	-	-
Capital Lease Issuance	-	-	-	-	-	-
Operating Transfers In	351,470	-	103,208	1,939,336	314,294	1,437,792
Operating Transfers (Out)	(3,632,000)	(4,567,700)	(5,707,184)	(4,111,709)	(4,757,239)	(3,517,080)
Total other Financing Sources (uses) ...	(3,280,530)	(4,567,700)	(5,603,976)	(2,172,373)	(4,442,945)	(2,079,288)
Revenues and other financing sources over (under) expenditures and other financing (uses).....						
	\$ -	\$ -	\$ (2,451,537)	\$ 3,665,728	\$ 2,787,034	\$ 2,734,750
Fund Balance, July 1.....	22,816,636	22,816,636	25,268,173	21,602,445	18,815,411	16,080,661
Fund Balance, June 30.....	\$ 22,816,636	\$ 22,816,636	\$ 22,816,636	\$ 25,268,173	\$ 21,602,445	\$ 18,815,411

¹ Budgeted.

Source: Annual audited financial statements and Finance Department.

Analysis of General Fund Equity

	Adopted Budget ¹ 2026-27	Estimated Actual ¹ 2025-26	Actual 2024-25	Actual 2023-24	Actual 2022-23	Actual 2021-22
Fund Balances:						
Nonspendable.....	N/A	N/A	\$ 72,803	\$ 64,374	\$ 39,293	\$ 46,176
Restricted.....	N/A	N/A	8,000	131,463	64,472	-
Committed.....	N/A	N/A	-	100,588	-	-
Assigned.....	N/A	N/A	5,283,396	8,445,253	6,824,821	5,208,618
Unassigned.....	N/A	N/A	17,452,437	16,526,495	14,673,859	13,560,617
Total Fund Balance	\$ -	\$ -	\$ 22,816,636	\$ 25,268,173	\$ 21,602,445	\$ 18,815,411

¹ Budgetary basis and subject to audit.

Source: Annual audited financial statements and Finance Department.

VII. Legal and Other Information

Litigation

The Town Attorney has advised that the Town, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings, and other miscellaneous claims. After consultation with Town officials and with other attorneys with regard to these pending lawsuits, it is the opinion of the Town Attorney that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

Transcript and Closing Documents

Upon the delivery of the Bonds, the winning bidder will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay the principal of and interest on the Bonds;
2. A Certificate on behalf of the Town, signed by the Town Manager and Treasurer / Director of Finance which will be dated the date of delivery, which will certify, to the best of said officials' knowledge and belief, that at the time the bids were accepted on the Bonds, the description and statements in the Preliminary Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Preliminary Official Statement;
3. Receipt for the purchase price of the Bonds;
4. The approving opinion for the Bonds of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut; in substantially the form attached hereto as Appendix B;
5. An executed continuing disclosure agreement for the Bonds in substantially the form attached hereto as Appendix C; and
6. The Town will make available to the winning bidder of the Bonds a reasonable number of copies of the Official Statement at the Town's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidder at their own expense by arrangement with the printer. If the Town's Municipal Advisor is provided with the necessary information from the winning bidder by Noon (E.T.) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the winning bidder for the Bonds.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the office of U.S. Bank Trust Company, National Association, Hartford, Connecticut and will be available for examination upon reasonable request.

Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the Town and the winning bidder(s) or holders of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representation of fact, and no representation is made that any of such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provision of law is subject to repeal or amendment.

Information herein has been derived by the Town from official and other sources and is believed by the Town to be reliable, but such information other than that obtained from official records of the Town has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF AVON, CONNECTICUT

By: _____
Brandon L. Robertson, *Town Manager*

By: _____
Tom G. DiStasio, *Treasurer / Director of Finance*

Dated: July __, 2026

Appendix A

2025 General Purpose Financial Statements (Excerpted from the Town's Annual Comprehensive Financial Report)

The following includes the General Purpose Financial Statements of the Town of Avon, Connecticut for the fiscal year ended June 30, 2025. The supplemental data and letter of transmittal, which were a part of that report, have not been reproduced herein. A copy of the complete report is available upon request from Matthew Spoerndle, Senior Managing Director, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Suite #1, Milford, Connecticut. Telephone (203) 878-4945.



INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Avon, Connecticut

Report on the Audit of the Financial Statements

Opinions

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, 2025, 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.

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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Avon, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Avon, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Avon, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Avon, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension and OPEB schedules, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 GAAS, 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.

Supplementary 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 combining and individual fund statements schedules, report of the tax collector, project length schedule of expenditures – project budget and actual – CIFA fund, project length schedule of expenditures – project budget and actual – capital and nonrecurring expenditures fund and the long-term debt obligations – schedule of bond maturities, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund statements schedules, report of the tax collector, project length schedule of expenditures – project budget and actual – CIFA fund, project length schedule of expenditures – project budget and actual – capital and nonrecurring expenditures fund and the long-term debt obligations – schedule of bond maturities, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

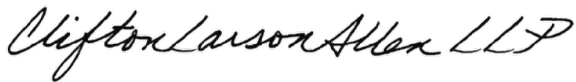
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Finance
Town of Avon, Connecticut

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025, 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 solely 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 the effectiveness of the Town of Avon, Connecticut's 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.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 3, 2025

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

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, 2025. 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 and deferred outflows of resources of the Town of Avon exceeded its liabilities and deferred inflows at the close of the 2025 fiscal year by \$152,869,903 (net position). Of this amount, \$13,138,197 represents the portion that is unrestricted.
- Total net position increased by \$10,178,784 due to increases in property taxes, operating grants and contributions, and charges for services. Board of Education expenses increased due the recognition of expenses associated with “on-behalf” state teachers’ retirement program and OPEB contributions. An equal amount of revenue associated with these “on-behalf” contributions offsets the recognition of these expenses and is included in the operating grants and contributions program revenue category.
- As of the close of the current fiscal year, governmental funds reported combining ending fund balances of \$41,083,706, an increase of \$132,403 from last year’s \$40,951,303. Of this total amount, \$236,441 is nonspendable (prepaid and inventory), \$1,274,663 is restricted by governmental grant requirements or other legal restrictions, \$16,838,499 is committed by the Town Council (budget-making authority), \$5,283,396 is assigned, and \$17,450,707 (\$17,452,437 of which is part of the 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 \$17,452,437 or 15.79% of total General Fund expenditures and transfers out of \$110,538,595, excluding the State’s contribution and offsetting expenditures for teachers’ retirement and OPEB (\$10,980,924). If the contributions and expenditures pertaining to teachers’ retirement and OPEB were included in this calculation, the unassigned fund balance for the General Fund would be 14.36% of total General Fund expenditures and transfers out of \$121,519,519.
- In order to mitigate the impact of the Town’s 2023 real estate revaluation, the fiscal year 2024/2025 budget included the use of \$1,250,000 from General Fund unassigned fund balance as a revenue source. This use of fund balance was restored to the unassigned fund balance through positive fiscal year 2023/2024 operating results. There were no appropriations of unassigned general fund balance made during fiscal year 2024/2025 prior to the year end closing process, at which time transfers out of the General Fund to the Medical Claims Internal Service Fund (\$900,000) and to the Compensated Absences Debt Service Fund (\$150,000) were approved. These transfers were offset by favorable revenues and expenditure variances recognized in fiscal year 2024/2025. There were no instances in which the use of General Fund unassigned fund balance was approved without a previously established plan to replenish the entire amount being used.

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.

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

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).

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.

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

The Town maintains various 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, Capital Improvement Fund Account (CIFA) Fund, American Rescue Plan Act (ARPA) Fund, and Capital and Nonrecurring Expenditures Fund, all of which are considered to be major funds. Data from the other 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 and several Special Revenue Funds. Budgetary comparison statements have been provided for each of these funds 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, which is an internal service 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 Exhibits V through VII of this report.

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

The basic fiduciary fund financial statements can be found on Exhibits VIII and IX 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 34-92 of this report.

Required Supplementary 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 93-112 of this report.

Combining & Individual Fund Statements and Schedules. Combining statements in connection with Governmental Funds, including the nonmajor governmental funds referred to earlier, and Fiduciary Funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 113-138 of this report.

Other Information. Schedules pertaining to the budget and actual activities of the Town's existing capital project accounts in the CIFA Fund and the Capital and Nonrecurring Expenditures Fund are presented directly after the combining and individual fund statements and schedules. These schedules are followed by a schedule of the Town's bond maturities. Other information can be found on pages 139-146 of this report.

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

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 \$152,869,903 at the close of the most recent fiscal year. Of this amount, \$13,138,197 represents the portion that is unrestricted.

By far the largest portion of the Town's net position 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.

The Town's net position also reflects Deferred Outflows of Resources in the amount of \$5,383,611 primarily relating to the Town's OPEB liability; as well as Deferred Inflows of Resources in the amount of \$21,545,558 relating to advance collections of property tax, lease receivables, and Pension and OPEB liabilities.

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Current Assets	\$ 60,918,128	\$ 56,515,156
Capital Assets, Net of Accumulated Depreciation	153,699,520	145,853,711
Noncurrent Assets	663,876	-
Total Assets	<u>215,281,524</u>	<u>202,368,867</u>
 Deferred Outflows of Resources	 5,383,611	 4,105,465
 Long-Term Liabilities Outstanding	 34,362,947	 35,176,479
Other Liabilities	11,886,727	14,880,290
Total Liabilities	<u>46,249,674</u>	<u>50,056,769</u>
 Deferred Inflows of Resources	 <u>21,545,558</u>	 <u>13,726,444</u>
 Net Position:		
Net Investment in Capital Assets	137,475,678	133,791,400
Nonexpendable - Purposes of Trust	132,973	119,025
Pension	663,876	-
Grants	1,221,233	1,425,978
Debt Service	229,946	191,544
Other Purposes	8,000	131,463
Unrestricted	<u>13,138,197</u>	<u>7,031,709</u>
Total Net Position	<u><u>\$ 152,869,903</u></u>	<u><u>\$ 142,691,119</u></u>

The Town's net position increased by \$10,178,784 during the current fiscal year. The Town generated net general revenues of \$99,465,936 and net general expenses of \$89,287,152. Gross expenses of \$124,226,447 were offset by \$10,155,876 in charges for services, \$21,569,906 in operating grants and contributions, and \$3,213,513 in capital grants and contributions. Of the net expenses, the largest amount was \$67,223,669, which was for operating the Town's school system.

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

Net public safety expenses of \$11,367,754, net public works costs of \$3,992,776, net general government costs of \$1,941,801, net educational - cultural expenses of \$1,858,205, net recreation and parks expenses of \$1,079,173, net health and social services expenses of \$1,016,811, net conservation and development costs of \$550,089, and interest expense of \$256,874 accounted for all net expenses.

The majority of the Town's revenue was \$96,261,644 in property taxes, \$34,939,295 in charges for services and grants allocated to specific programs, and \$3,204,292 in grants not restricted to specific programs, investment income, miscellaneous, and transfers.

Governmental Activities. Governmental activities increased the Town's net position by \$10,178,784. Key elements of this increase are as follows:

	Governmental Activities	
	2025	2024
Revenues:		
Program Revenues:		
Charges for Services	\$ 10,155,876	\$ 9,552,050
Operating Grants and Contributions	21,569,906	17,675,836
Capital Grants and Contributions	3,213,513	2,815,593
General Revenues:		
Property Taxes	96,261,644	95,195,683
Grants and Contributions Not Restricted to Specific Programs	266,034	267,415
Investment Income	2,345,230	3,219,726
Miscellaneous	593,028	460,614
Total Revenues	134,405,231	129,186,917
Program Expenses:		
General Government	4,888,234	4,698,586
Public Safety	11,692,404	10,523,179
Public Works	13,186,009	10,823,589
Health and Social Services	1,045,487	827,516
Recreation and Parks	1,748,933	1,635,413
Education - Cultural	1,858,278	1,773,110
Conservation and Development	562,439	522,516
Board of Education	88,987,789	80,753,666
Interest Expense	256,874	187,807
Total Program Expenses	124,226,447	111,745,382
Change in Net Position	10,178,784	17,441,535
Net Position - Beginning of Year	142,691,119	125,249,584
Net Position - End of Year	\$ 152,869,903	\$ 142,691,119

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

On the revenue side, property taxes, which comprise 71.6% of Town revenues, increased by \$1,065,961 (1.12%) to \$96,261,644 due to an increase in the Town's property tax levy (0.99%) and increased collections of prior tax levy balances owed along with interest and penalties. The property tax levy increase of 0.99% over the prior year was set to meet an adopted General Fund budget expenditure increase of 4.31%.

Charges for services saw an overall increase of \$603,826 (6.32%). The Board of Education's charges for services increased by \$470,068 (12.81%) as a result of an increase to special education interdistrict tuition. This increase pertains to the reimbursement of special education costs incurred by Avon Public Schools for students participating in the State of Connecticut's Open Choice program. Public works charges for services increased by \$62,363 (1.40%), which was driven by building permit fee collections.

Operating grants and contributions increased by \$3,894,070 (22.03%) primarily due to an increase in the State contributions for teachers' pension and OPEB of \$3,346,021. Additionally, the Motor Vehicle Reimbursement Grant received by the Town increased by \$240,422 (40.97%) over the prior year, and there were increases in the recognition of revenue received through ARPA grant funding of \$294,098 (34.92%) over the prior year.

The increase in the Motor Vehicle Tax Reimbursement grant is due to an increase in the amount of revenue lost by the Town as a result of the statewide cap on the mill rate that can be applied to motor vehicles, and the increase to the recognition of ARPA grant revenue is due to an increase in the expenditure of ARPA grant funds when compared to the prior year.

Capital grants and contributions increased by \$397,920 (14.13%) as a result of grant revenue recognized in fiscal year 2024/2025 in relation to Old Farms Road North/South Reconstruction project, and a donation from the Avon Little League towards the Sperry Park Softball Field construction project. Investment Income decreased by \$874,496 (27.16%) as a result of decreased short term interest rates throughout fiscal year 2024/2025. Miscellaneous revenues increased in the amount of \$132,414 (28.75%) due to unexpected one-time revenues that were received in fiscal year 2024/2025, but not in fiscal year 2023/2024, as well as lease revenue that the Town began to recognize upon its purchase of a property at 200 Fisher Drive in January 2025. This property will be used by the Avon Board of Education as its Central Office and also includes office space that is leased to third-party tenants.

Major program expenses in fiscal year 2024/2025 for general government, recreation and parks, education-cultural, and conservation and development were generally consistent with those of fiscal year 2023/2024, with variances of less than 10% from one year to the next in each program. Public works costs increased by \$2,362,420 (21.83%) due to a payment that was made to the Town of Farmington to purchase additional flow capacity to its wastewater treatment plant in the amount of \$905,370. Additional drivers include increased costs for road salt and road surface improvements in the amount of \$601,809, vehicle and equipment parts and repairs of \$245,523, and motor fuels of \$165,153. Public safety costs increased by \$1,169,225 (11.11%) with Police department salaries and associated benefits, including employer contributions to a defined contribution retirement plan and FICA, as a significant driver. These salary increases are the result of the hiring of an additional officer, increased overtime that was necessary to cover for vacancies, and wage increases included in the collective bargaining agreement with the United Public Service Employees Union. Health and social services program expenses increased by \$217,971 (26.34%) as a result of costs incurred to assist with the relocation of residents who were impacted by an apartment fire. Overall, Town operating expenditures were consistent with budgeted expectations in fiscal year 2024/2025, as indicated by the

**TOWN OF AVON, CONNECTICUT
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

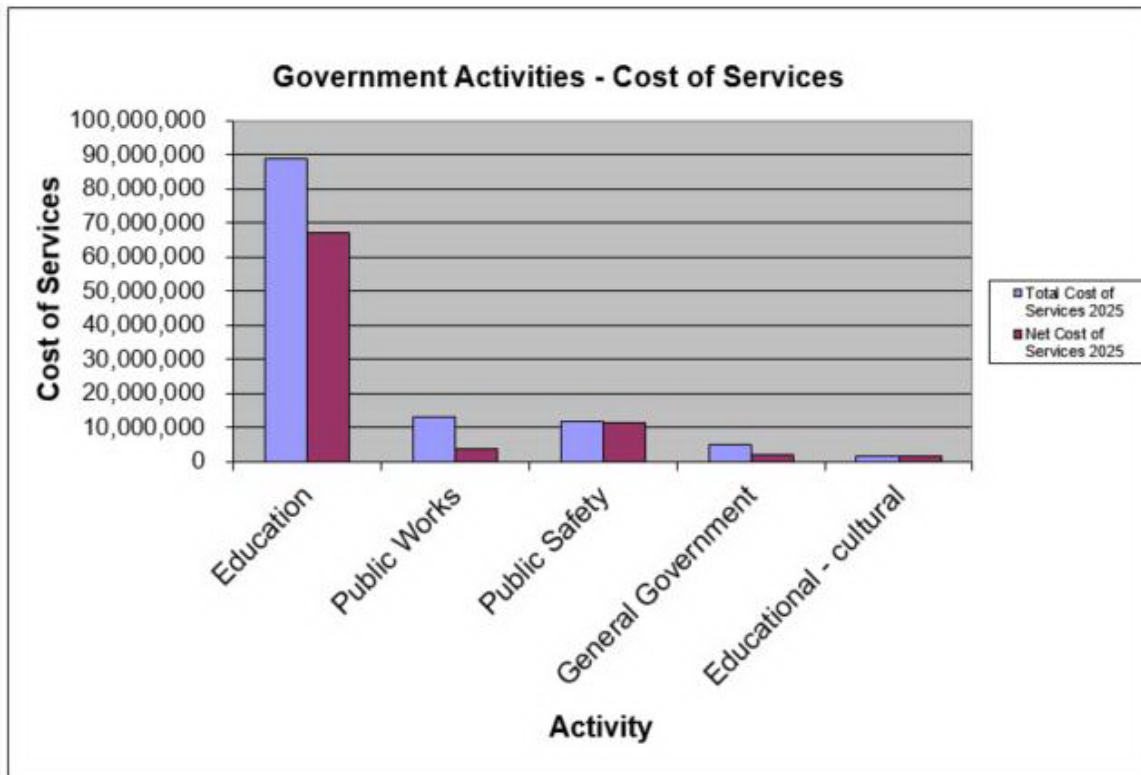
positive variance of \$3,721 (0.001%) noted on the schedule for RSI-2 located on pages 97 and 98 of this document.

The Board of Education’s program expenses increased \$8,234,123 (10.20%) primarily due to the recording of adjustments for the “on-behalf” payments made by the State towards the teachers’ retirement and OPEB benefits. Interest expense showed an increase of \$69,067 due to the decrease in the amortization of bond premiums that offsets interest expense incurred during the year.

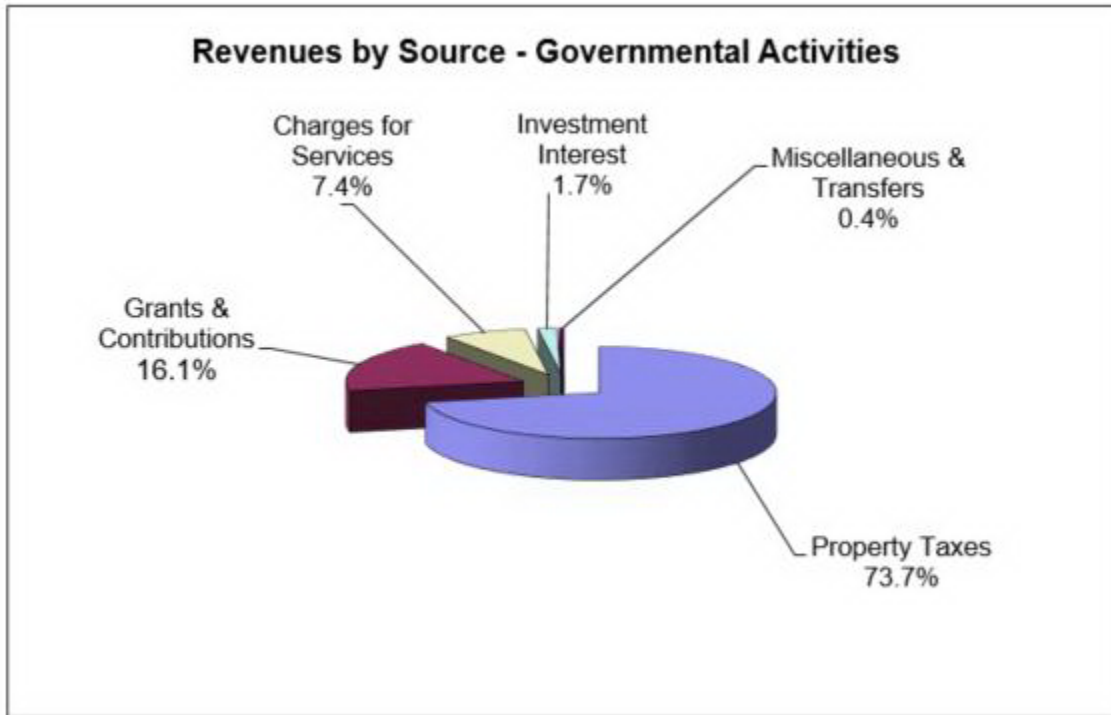
There continues to be community expectations for a consistent, predictable rate of tax growth with accompanying requests for additional and higher quality services by our residents. In response to these trends, the Town’s budget included a mix of initiatives, which are designed to reduce taxpayer costs in some areas, but also increase services where needed in others. Some examples are continued restructured staffing arrangements, continued cross training of staff, a continued effort to shift the cost 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), and continued coordination with area towns for shared services arrangements.

The Town has undertaken a conscious policy of trying to restrain the rate of growth in the number of people employed by the Town by seeking alternative methods of service delivery. This has been done by establishing contractual relationships for landscaping and custodial work, bidding snowplowing/sanding on some roads, and contracting certain landfill recycling programs.

The following chart presents the costs of each of each of the Town’s five largest programs as well as each program’s net expenses (total expenses less revenues generated by the activities). The net expenses show the financial burden that was placed on the Town’s taxpayers by each of these functions.



**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**



The majority of Avon's operating revenues come from property taxes levied on residents' homes, commercial and personal property, and motor vehicles. Roughly 58% of service charges, \$5,847,155, are generated by public works, recreation and parks, and general government. The Board of Education also contributed \$4,140,226, or 41%, of service fees. Avon is not reliant on state and federal grants to contribute significantly to total revenues; however, grant funds are helpful in offsetting the amount of revenue required to be generated by the property tax levy.

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 the 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 \$41,083,706, an increase of \$132,403 in comparison with the prior year. Of this total amount, \$236,441 is nonspendable (prepaid and inventory), \$1,274,663 is restricted by governmental grant requirements or other legal restrictions, \$16,838,499 is committed by the Town Council (budget-making authority), \$5,283,396 is assigned, and \$17,450,707 (\$17,452,437 of which is part of the General Fund) is available for spending at the government's discretion (unassigned fund balance).

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$17,452,437, while total fund balance reached \$22,816,636. 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 14.36% of total General Fund expenditures and transfers out of \$121,519,519, while total General Fund balance represents 18.78% of that same amount. The fund balance of Avon's General Fund decreased by \$2,451,537 during the current fiscal year. The key factor contributing to this decrease was the Town's increased reliance on fund balance assignments that were approved in previous fiscal years to help offset the fiscal year 2024/2025 property tax levy in order to mitigate the impact of the Town's 2023 real estate revaluation.

At the end of fiscal year 2024/2025, additional fund balance assignments were approved for future OPEB contributions (\$150,000), defined benefit pension contributions (\$200,000), replacement of existing capital assets (\$51,950), and future contributions to the Medical Claims Internal Service Fund (\$850,000). Year-end activity also included transfers from the General Fund to the Medical Claims Internal Service Fund (\$900,000) and the Compensated Absences Debt Service Fund (\$150,000), as well as the removal of a \$200,000 assignment previously established for Uniform Relocation Assistance Act obligations that was no longer necessary. These assignments and transfers were offset by favorable budgetary revenue and expenditure variances. No appropriations of Unassigned Fund Balance were made during the year prior to closing. Encumbrances of \$452,127 from fiscal year 2024/2025 were authorized to be carried forward and are classified as assignments in the General Fund.

The Capital Improvement Fund Account (CIFA) Fund is one of Avon's major governmental funds and serves as the primary vehicle for processing the Town's major capital expenditures, including bond anticipation notes (BANs) and bond proceeds. In fiscal year 2024/2025, the CIFA fund balance increased by \$2,972,080, from \$6,458,753 to \$9,430,833, due to transfers made to support budgeted capital projects and to the receipt of bond proceeds and premium from May 2025 bond issuances. Major transfers into the fund during the year provided funding for road and sidewalk improvements, upgrades to Town facilities, a replacement tanker for the Avon Volunteer Fire Department, a partial roof replacement at Avon High School, and a Pre-Kindergarten and Kindergarten playground replacement at Roaring Brook School. As the Town's debt service obligations have decreased, budgeted funds have been shifted to the CIFA Fund to provide additional funding for cash "pay-as-you-go" projects. The CIFA Fund Balance of \$9,430,833 is committed for capital projects.

The American Rescue Plan Act (ARPA) Fund is one of Avon's major governmental funds and was established to track the receipt, appropriation, obligation, and disbursement of the Town's \$5,408,793 ARPA entitlement. As of June 30, 2025, the full entitlement has been received. Revenues are recognized as eligible expenditures are incurred, with the remaining unrecognized portion recorded as unearned revenue, which totaled \$944,066 at year-end. During the fiscal year, \$1,136,316 in ARPA eligible expenditures were recognized, including significant costs for drainage and road improvement projects, vehicle purchases, Town Hall networking upgrades, the Avon High School Variable Air Volume Unit replacement project, school district library carpet replacements, an audio-visual system upgrade at the Avon Senior Center, and a districtwide building automation systems upgrade for the Board of Education. The ARPA Fund reports a fund balance of \$0, as revenue cannot be recognized until expenditures occur.

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

The Capital and Nonrecurring Expenditures Fund is another one of Avon's major governmental funds. This fund is used to account for appropriations and expenditures related to certain capital and large nonrecurring expenditures. In fiscal year 2024/2025, the Capital and Nonrecurring Expenditures Fund Balance increased by \$775,922, from \$1,351,496 to \$2,127,418. Major transfers into the CIFA Fund made during fiscal year 2024/2025 included funding for the replacement of the Tillotson Road Bridge, the Old Farms Road North/South Reconstruction project, and programs and services to remediate the impacts of the opioid crisis. The Capital and Nonrecurring Expenditures Fund Balance of \$2,127,418 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.

The Net position of the Internal Service Fund at the end of the year amounted to \$446,865. The total change in net position for the fund was a decrease of \$930,521. Operating revenues for the fund, including charges for services paid by the Town and Board of Education towards medical insurance, amounted to \$15,212,244. Operating expenses for medical costs were \$16,142,765.

General Fund Budgetary Highlights

The original budget of \$107,737,042 increased \$2,213,447 during the year to \$109,950,489. Of the increase, \$238,247 was funded through other local revenue sources such as opioid remediation funds, liquor surcharge remittance funds, and lease revenue. The remaining \$1,975,200 of the increase was funded from other financing sources, including various assignments. The significant supplemental and additional appropriations are noted below:

Revenues

- \$900,000 addition from General Fund Unassigned Balance for the internal service fund;
- \$375,200 addition from General Fund assignment for capital reserve;
- \$200,000 addition from General Fund assignment for road improvements;
- \$200,000 addition from General Fund assignment for pension contributions;
- \$150,000 addition from General Fund assignment for post-employment benefits;
- \$150,000 addition from General Fund Unassigned Fund Balance for debt service fund;
- \$146,484 addition from opioid settlement revenue for the Capital and Nonrecurring Expenditures Fund.

Expenditures

- \$900,000 to maintain an adequate reserve in the Medical Claims Internal Service Fund;
- \$375,200 for funding a drainage improvement project;
- \$200,000 for funding road improvement projects;
- \$200,000 for funding Town employee retirement expenditures, all departments;
- \$150,000 for funding Town employees' future retiree health benefits, all departments;

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

- \$150,000 for funding a transfer out of the General Fund to the Compensated Absences Debt Service Fund to fund future vacation and sick severance payouts;
- \$146,484 for funding a transfer out of the General Fund to the Capital and Nonrecurring Expenditures Fund to fund opioid remediation programs and services.

Budgetary General Fund revenues and other financing sources totaled \$108,133,067, coming in \$1,817,422 (1.65%) below the final budgeted amount of \$109,950,489. This budget shortfall was expected, as the fiscal year 2024/2025 budget relied on the planned use of assigned fund balance to help offset the property tax levy following the Town's 2023 real estate revaluation. Excluding this planned use of fund balance reported within other financing sources, all other revenue categories performed favorably relative to the budget. Interest income exceeded projections by \$1,055,243 (97.00%) due to short-term interest rates that remain high when compared to historical rates, and charges for services revenues surpassed the budget by \$1,004,607 (26.26%), driven by higher than anticipated building permit fees and special education interdistrict tuition revenues. Taken together, actual operating revenues outperformed expectations, and the overall variance reflects the Town's intentional budget design rather than a shortfall in revenue performance.

Budgetary General Fund expenditures and other financing uses were \$109,945,992, which was \$4,497 (0.004%) under the final budgeted amount of \$109,950,489. The two largest drivers for budgetary savings during the year were related to salary savings associated with employee turnover, and Public Works overtime savings recognized as a result of there being fewer and less impactful winter weather events over the course of the fiscal year. Offsetting these budgetary savings was a budget shortfall in the Health & Social Services department relating to costs incurred to assist with the relocation of residents who were impacted by an apartment fire. It should be noted that throughout the fiscal year, several budgetary transfers were recorded between the expenditure accounts of various departments resulting in several differences between the original budget and final budget. These budgetary transfers were recorded for the purpose of maintaining budgetary compliance and covering expenditures incurred in excess of original budgeted amounts at the department level.

Capital Asset and Debt Administration

Capital Assets. The Town of Avon's investment in capital assets for its governmental assets includes land, buildings and improvements, land improvements, equipment, vehicles, and infrastructure (roads, sewer lines, storm drains). The total net increase in our investment in capital assets for the current fiscal year was \$3,684,278 (2.75%). Multi-year projects carried in the capital asset category of construction in progress were transferred to their appropriate asset class, and there were additions in capital assets, which, after accumulated depreciation, diluted the capital asset addition amount.

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

- Old Farms Road North/South Reconstruction Project, \$3,045,663;
- Town & Public Safety Communication System Replacement Project, \$2,386,344;
- Fisher Drive Property Acquisition & Renovations, \$2,312,331;
- Route 44 Sewer Pump Station Upgrade, \$1,439,735;
- Drainage Improvement Projects, \$646,193;
- Townwide Fiber Network Upgrade, \$311,644;

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

- Roaring Brook School Pre-Kindergarten/Kindergarten Playground Replacement, \$259,494;
- Highway Division Equipment Replacements, \$264,676;
- Avon Middle School Emergency Generator, \$250,819;
- Sperry Park Softball Field Construction; \$230,959;
- Countryside Park Facility Project, \$164,320.

The following table provides a comparative summary of capital asset balances, net of accumulated depreciation, for the current and prior fiscal year:

	Governmental Activities	
	2025	2024
Land	\$ 12,772,032	\$ 10,459,700
Construction in Progress	6,985,693	6,343,621
Land Improvements	4,921,270	5,140,382
Buildings and Improvements	73,335,064	75,152,729
Equipment	12,909,680	8,335,870
Vehicles	4,831,252	4,867,495
Infrastructure	37,944,529	35,553,914
Total	\$ 153,699,520	\$ 145,853,711

Additional information on the Town of Avon's capital assets can be found in Note 3F on pages 51 and 52 of this report.

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

Long-Term Debt. At the end of the current fiscal year, the Town of Avon had \$14,005,000 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, 2025**

Date	Purpose	Rate	Original Issue	Debt Outstanding	Date of Fiscal Year Maturity
October 30, 2012	AFPL Renovations, Additions, Improvements	2.00%	\$ 7,100,000	\$ 1,550,000	2028
March 15, 2016	General Purpose Refunding	2.00% to 4.00%	964,000	278,000	2027
March 15, 2016	High School Refunding	2.00% to 4.00%	9,423,000	2,715,000	2027
March 15, 2016	AMS Roof Refunding	2.00% to 4.00%	1,013,000	292,000	2027
July 18, 2018	Land Purchase 2018	1.75%	1,600,000	200,000	2026
June 16, 2020	Town and Public Safety Communication System Replacement Project	2.00% to 4.00%	280,000	185,955	2035
June 16, 2020	Avon High School Turf Field and Track Improvement Project	2.00% to 4.00%	2,995,000	1,989,045	2035
May 29, 2025	Town and Public Safety Communication System Replacement Project	4.00% to 5.00%	3,610,000	3,610,000	2040
May 29, 2025	Fisher Drive Property Acquisition and Renovation	5.00%	3,185,000	3,185,000	2035
	Total Bonds		<u>\$ 30,170,000</u>	<u>\$ 14,005,000</u>	

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

The Town of Avon's total bonds payable increased by \$3,095,000 (30.44%) during the current fiscal year due to the issuance of bonds in May 2025. Avon has earned the highest credit rating possible: "Aaa" from Moody's Investors Service, Inc., and "AAA" from Standard & Poor's, for all of its general obligation debt. The Town's credit rating was affirmed by both credit rating agencies in May 2025.

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 \$99,868,376). For June 30, 2025, the maximum amount of borrowing permitted under the formula would be \$699,078,625. With net borrowings of \$17,913,014, the Town of Avon's outstanding general obligation debt is \$681,165,618 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 3I on pages 54-56 of this document.

Economic Factors and Next Year's Budget and Rates

The Town has successfully managed its budgetary operations through prudent, conservative fiscal management. The Town did not exceed the expenditure cap established by the State due to the increase in budgeted expenditures, net of excludable costs such as special education expenditures, coming in below the 3.31% rate of inflation in affect for fiscal year 2025/2026. The Town's adopted 2025/2026 budget did not use Unassigned General Fund Balance as a revenue source to offset increases to the tax levy. The Town increased its fiscal year 2025/2026 budget for interest income and charges for services revenue based on recent experience and ongoing expectations. The Town decreased its fiscal year 2025/2026 budget for intergovernmental grants revenue in anticipation of reductions in grant funding from the State of Connecticut.

- The Net Grand List is expected to increase by 0.277%.
- Property tax collections will exceed 99% with the reserve for uncollectible at \$994,966.
- Assessment appeals and tax refunds will approximate 1% of tax revenues.
- Licenses, Fees, and Permits revenue for most of the Town accounts are level funded to the fiscal year 2024/2025 level. The budget for building permit fees, which are projected based on experience and estimates from the Building Department, will be \$600,000, a \$125,000 (26.32%) increase from fiscal year 2024/2025. Commercial permits with several plan reviews and inspections required are expected to remain high.
- Revenues from recording and conveyance fees, based on current sales of existing properties and current mortgage interest rates, are expected to remain level after peaking in fiscal year 2021/2022 and stabilizing in the following years.
- Discretionary and formulary grant revenues are expected to decrease in fiscal year 2025/2026. As such, the Town's adopted budget for fiscal year 2025/2026 reflects a net decrease in State and Intergovernmental grants of \$979,932 (23.56%) in the General Fund when compared to fiscal year 2024/2025. This is due to the removal of the Motor Vehicle Tax Reimbursement grant, as well as reductions to the Education Cost Sharing grant, the Open Choice Attendance grant, and Special Education Excess Cost grant. These grants were budgeted at a combined total of \$2,655,104, which represents a \$1,090,492 (29.11%) decrease from the previous year. Additionally, budgeted increases were included in fiscal year 2025/2026 for the Municipal Grants-In-Aid and Municipal Revenue Sharing grants of \$65,360 and \$35,513, respectively.

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

The Connecticut State budget was signed by the Governor without major tax hikes, and without significantly reducing overall aid to cities and towns. It is management's recommendation, however, to continue to budget conservatively for the Intergovernmental State Grants-In-Aid moving forward as the State will likely see revenue reductions in the future as a result of the depletion of pandemic related grant funding. Although Avon receives a small portion of its revenues from state grants, reductions in these grants do have an impact on Town services. The Board of Education recommended minor increases in various education grants accounted for in Special Revenue Funds. Overall, the Town's Special Revenue Funds reflect a decrease in budgeted intergovernmental grant funding through the ARPA Fund.

- Avon intends that user fees cover the majority of costs of certain services such as sewer use, sewer connection, landfill, recreational programs, and education programs. These fees are reviewed annually and reset according to expected usage and inflation. Review of recent and anticipated sewer use activity and education program activity for current services warranted adjustments to their respective budgeted revenues. The base amount that will be charged to residents for sewer use in calendar year 2025 increased from \$546.00 per year to \$562.38 per year, which led to an increase in budgeted sewer use charges. Also, as a result of anticipated increases in the cost of special education services provided to students attending Avon Public Schools through the Open Choice Program, the Board of Education recommended a \$371,981 (19.50%) increase in special education interdistrict tuition revenue.
- The Town budgeted investment income at \$1,850,000 in fiscal year 2025/2026, which represents a \$762,089 (70.05%) increase from the previous year. This increase was made in recognition of the fact that short term interest rates remain relatively high when compared to recent history, as well as the fact that the Federal Reserve is not anticipated to significantly or rapidly decrease these rates during fiscal year 2025/2026.
- Personal services (salary and benefits) expenditures will increase by \$354,593 (1.55%) and will make up 73.32% of overall Town Operating expenditures. Overall wages increased by \$503,233 when compared to fiscal year 2024/2025. The Town operating budget reflects an increase to the total number of full-time positions of one position from 113 to 114.
- Employee benefits have increased by \$339,230 (1.44%). The increase is caused by a number of factors including an increase in funding for the Town's defined benefit retirement plan, which increased by \$174,655 (4.35%). There was also a budgeted increase of \$108,030 (5.54%) in combined contributions towards the Town's defined contribution retirement plan and the employer portion of FICA expenses. This was mitigated by a reduction in medical insurance costs of \$85,056 (3.65%) that resulted from the fact that nine additional employees opted out of medical insurance coverage through participation in the Town's Health Insurance Waiver Program in fiscal year 2025/2026.
- Non-Organized Town employees have the option to participate in either the PPO healthcare plan or the High Deductible Health Plan (HDHP) offered by the Town. All employees enrolled in PPO healthcare coverage contribute either 15% or 20% toward their healthcare coverage under the plan (depending on their date of hire). Employees who are eligible to participate in both the PPO healthcare plan and HDHP contribute 18% toward their healthcare coverage under the HDHP. The HDHP is the only healthcare coverage option offered by the Town to Police Officers, Dispatchers, and Public Works employees. Police Officers, Public Works employees, and Dispatchers participating in the HDHP contribute 16% toward their healthcare coverage under the plan. All employees hired before 1/1/2007 contribute 15% toward coverage under the

**TOWN OF AVON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

dental plan offered by the Town, while employees hired after 1/1/2007 contribute 20% toward coverage under the dental plan offered by the Town.

- The Town of Avon does not provide post-retirement medical benefits to dispatcher retirees, or their families, if hired after 7/1/2013; or public works retirees, or their families, if hired after 7/1/2014. Both Police and Non-Organized employees continue to be provided with post-retirement medical benefits.
- The Board of Education's criteria used to shape the budget were centered on continuing to advance the Blueprint for Excellence. The focus areas presented by the Superintendent of Schools included student learning; personal growth and relationships; communication and partnerships; and systems.
- 79.91% of the Board of Education budget relates to salaries and benefits. 10.89% relates to transportation and tuition, followed by contracted services (3.56%), supplies and equipment (2.92%), utilities (2.07%), and other (0.65%).
- Major cost drivers for the Board of Education's fiscal year 2025/2026 budget include staffing increases for new positions and collectively bargains wage increases, which are offset by retirements and reallocations; as well as increases for the cost required to fund the Town and Board of Education's self-funded health insurance program. Additional budget drivers include increases in the cost of transportation when compared to the previous fiscal year. Tuition for students with Individualized Education Plans (IEPs) also continues to be a driver in fiscal year 2025/2026, representing 5.79% of the total budget. As is the case for the majority of school districts in the country, Avon Public Schools has continued to see increased student emotional, social, and educational needs. As a result, the overall number of students requiring services has increased.
- The budget again supported capital improvement by including funding for large multi-year capital projects, such as those on a phased-in basis, including: road surfacing and drainage improvement projects, the installation of a box culvert on Tillotson Road, the construction of a softball field at Sperry Park, a replacement tanker for the use of the Avon Volunteer Fire Department, improvements to the Avon Senior Center, the purchase of vehicles and equipment for the Police Department and the Department of Public Works, an update to the Plan of Conservation & Development, the replacement of the Avon Middle School Notification System, a partial roof replacement for Avon High School, phase two of a repair to the door entrance at Avon Middle School, and the next phase of the Town's Infiltration & Inflow Study.
- At the close of fiscal year 2024/2025, unassigned fund balance in the General Fund amounted to \$17,452,437. The use of Unassigned General Fund Balance has not been deemed necessary to mitigate the tax impact for the fiscal year 2025/2026 budget.

All of these factors were considered in preparing the budget for the 2024/2025 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, 2025**

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 54,292,251
Investments	94,453
Receivables, Net of Allowance for Uncollectibles:	
Property Taxes	1,292,232
Assessments	488,482
Intergovernmental	244,634
Accounts	115,653
Lease	1,150,814
Due from Fiduciary Funds	3,136,141
Other Current Assets	103,468
Total Current Assets	60,918,128
Noncurrent Assets:	
Net Pension Asset	663,876
Capital Assets, Nondepreciable	19,757,725
Capital Assets, Net of Accumulated Depreciation and Amortization	133,941,795
Total Noncurrent Assets	154,363,396
Total Assets	215,281,524
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	274,995
Deferred Outflows - Pension	88,600
Deferred Outflows - OPEB	5,020,016
Total Deferred Outflows of Resources	5,383,611

See accompanying Notes to Basic Financial Statements.

TOWN OF AVON, CONNECTICUT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2025

	<u>Governmental Activities</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 4,575,622
Accrued Liabilities	1,047,985
Unearned Revenue	2,678,739
Due to Fiduciary Funds	1,500
Noncurrent Liabilities, Due within One Year	3,582,881
Total Current Liabilities	<u>11,886,727</u>
Noncurrent Liabilities:	
Due in More than One Year	<u>34,362,947</u>
Total Liabilities	46,249,674
DEFERRED INFLOWS OF RESOURCES	
Advance Property Tax Collections	8,312,774
Deferred Inflows - Lease Receivable	1,047,361
Deferred Inflows - Pension	1,666,222
Deferred Inflows - OPEB	10,519,201
Total Deferred Inflows of Resources	<u>21,545,558</u>
NET POSITION	
Net Investment in Capital Assets	137,475,678
Restricted:	
Nonexpendable - Purposes of Trust	132,973
Pension	663,876
Grants	1,221,233
Debt Service	229,946
Other Purposes	8,000
Unrestricted	<u>13,138,197</u>
Total Net Position	<u><u>\$ 152,869,903</u></u>

**TOWN OF AVON, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
General Government	\$ 4,888,234	\$ 659,080	\$ 2,287,353	\$ -	\$ (1,941,801)
Public Safety	11,692,404	137,527	187,123	-	(11,367,754)
Public Works	13,186,009	4,518,315	1,461,405	3,213,513	(3,992,776)
Health and Social Services	1,045,487	18,545	10,131	-	(1,016,811)
Recreation and Parks	1,748,933	669,760	-	-	(1,079,173)
Educational - Cultural	1,858,278	73	-	-	(1,858,205)
Conservation and Development	562,439	12,350	-	-	(550,089)
Board of Education	88,987,789	4,140,226	17,623,894	-	(67,223,669)
Interest on Long-Term Debt	256,874	-	-	-	(256,874)
Total Governmental Activities	<u>\$ 124,226,447</u>	<u>\$ 10,155,876</u>	<u>\$ 21,569,906</u>	<u>\$ 3,213,513</u>	(89,287,152)
GENERAL REVENUES					
Property Taxes					96,261,644
Grants and Contributions Not Restricted to Specific Programs					266,034
Investment Income					2,345,230
Miscellaneous					593,028
Total General Revenues					<u>99,465,936</u>
CHANGE IN NET POSITION					
					10,178,784
Net Position - Beginning of Year					<u>142,691,119</u>
NET POSITION - END OF YEAR					
					<u>\$ 152,869,903</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF AVON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

ASSETS	General	CIFA	ARPA	Capital and Nonrecurring Expenditures Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 45,761,867	\$ 1,809,161	\$ 25	\$ 37,902	\$ 6,086,333	\$ 53,695,288
Investments	-	-	-	-	94,453	94,453
Receivables, Net	2,352,422	157,590	-	-	781,803	3,291,815
Due from Other Funds	3,158,393	9,113,116	1,001,482	3,320,418	1,644,958	18,238,367
Other	72,803	-	-	-	30,665	103,468
Total Assets	\$ 51,345,485	\$ 11,079,867	\$ 1,001,507	\$ 3,358,320	\$ 8,638,212	\$ 75,423,391
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 990,115	\$ 1,491,444	\$ 57,441	\$ 525,380	\$ 324,227	\$ 3,388,607
Accrued Liabilities	906,281	-	-	-	-	906,281
Due to Other Funds	16,189,874	-	-	-	22,252	16,212,126
Unearned Revenue	38,515	-	944,066	705,522	990,636	2,678,739
Total Liabilities	18,124,785	1,491,444	1,001,507	1,230,902	1,337,115	23,185,753
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	1,159,591	-	-	-	-	1,159,591
Unavailable Revenue - Special Assessments	-	-	-	-	449,690	449,690
Unavailable Revenue - Grants Receivable	4,336	157,590	-	-	22,590	184,516
Lease Receivable	927,363	-	-	-	119,998	1,047,361
Advance Property Tax Collections	8,312,774	-	-	-	-	8,312,774
Total Deferred Inflows of Resources	10,404,064	157,590	-	-	592,278	11,153,932
FUND BALANCES						
Nonspendable	72,803	-	-	-	163,638	236,441
Restricted	8,000	-	-	-	1,266,663	1,274,663
Committed	-	9,430,833	-	2,127,418	5,280,248	16,838,499
Assigned	5,283,396	-	-	-	-	5,283,396
Unassigned	17,452,437	-	-	-	(1,730)	17,450,707
Total Fund Balances	22,816,636	9,430,833	-	2,127,418	6,708,819	41,083,706
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 51,345,485	\$ 11,079,867	\$ 1,001,507	\$ 3,358,320	\$ 8,638,212	\$ 75,423,391

See accompanying Notes to Basic Financial Statements.

**TOWN OF AVON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balance (Exhibit III) \$ 41,083,706

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:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital Assets	252,775,726
Accumulated Depreciation and Amortization	(99,076,206)

Certain revenues will be collected after year-end but are not available to pay for the current period's expenditures and therefore, are reported as deferred inflows in the governmental funds:

Property Tax Receivable	1,159,591
Sewer Assessment Receivable	449,690
Grants Receivable	184,516

Deferred outflows of resources and deferred inflows of resources for pension and OPEB are applicable to future periods, and, therefore, are not reported in the governmental funds:

Deferred Outflows of Resources Related to Pension	88,600
Deferred Outflows of Resources Related to OPEB	5,020,016
Deferred Inflows of Resources Related to Pension	(1,666,222)
Deferred Inflows of Resources Related to OPEB	(10,519,201)

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.

446,865

Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds Payable	(14,005,000)
Net Pension Liability	(7,774,858)
Net Pension Asset	663,877
Compensated Absences	(2,424,403)
Net OPEB Liability	(13,255,554)
Voluntary Early Retirement Incentive	(9,000)
Bond Premium	(477,013)
Deferred Charge on Refunding	274,995
Accrued Interest Payable	(70,222)

Net Position of Governmental Activities (Exhibit I)

\$ 152,869,903

See accompanying Notes to Basic Financial Statements.

TOWN OF AVON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General	CIFA	ARPA	Capital and Nonrecurring Expenditures Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 96,015,367	\$ -	\$ -	\$ -	\$ -	\$ 96,015,367
Intergovernmental	15,500,061	973,406	1,136,316	2,867,751	2,139,976	22,617,510
Charges for Services	4,829,753	-	-	-	5,481,266	10,311,019
Investment Income (Loss)	2,169,931	47,042	-	96,997	31,260	2,345,230
Other Local Revenues	449,662	203,116	-	-	295,029	947,807
Total Revenues	<u>118,964,774</u>	<u>1,223,564</u>	<u>1,136,316</u>	<u>2,964,748</u>	<u>7,947,531</u>	<u>132,236,933</u>
EXPENDITURES						
Current:						
Town Council:						
General Government	3,726,940	-	31,065	11,776	254,031	4,023,812
Public Safety	10,669,878	-	-	-	113,273	10,783,151
Public Works	6,366,754	-	-	-	4,519,103	10,885,857
Health and Social Services	1,014,152	-	16,775	-	-	1,030,927
Recreation and Parks	939,817	-	6,714	-	484,361	1,430,892
Educational - Cultural	1,770,462	-	-	-	-	1,770,462
Conservation and Development	547,651	-	-	-	-	547,651
Miscellaneous	6,656,122	-	-	-	-	6,656,122
Total Town Council	31,691,776	-	54,554	11,776	5,370,768	37,128,874
Board of Education	81,301,809	-	-	-	3,496,084	84,797,893
Debt Service	2,818,750	-	-	-	-	2,818,750
Capital Outlay	-	10,066,187	1,081,762	3,193,534	-	14,341,483
Total Expenditures	<u>115,812,335</u>	<u>10,066,187</u>	<u>1,136,316</u>	<u>3,205,310</u>	<u>8,866,852</u>	<u>139,087,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,152,439	(8,842,623)	-	(240,562)	(919,321)	(6,850,067)
OTHER FINANCING SOURCES (USES)						
Issuance of Bonds	-	6,795,000	-	-	-	6,795,000
Premium on Bond Issuance	-	187,470	-	-	-	187,470
Transfers In	103,208	5,099,700	-	1,016,484	314,259	6,533,651
Transfers Out	(5,707,184)	(267,467)	-	-	(559,000)	(6,533,651)
Other Financing Sources (Uses), Net	<u>(5,603,976)</u>	<u>11,814,703</u>	<u>-</u>	<u>1,016,484</u>	<u>(244,741)</u>	<u>6,982,470</u>
NET CHANGE IN FUND BALANCES	(2,451,537)	2,972,080	-	775,922	(1,164,062)	132,403
Fund Balances - Beginning of Year	<u>25,268,173</u>	<u>6,458,753</u>	<u>-</u>	<u>1,351,496</u>	<u>7,872,881</u>	<u>40,951,303</u>
FUND BALANCES - END OF YEAR	<u>\$ 22,816,636</u>	<u>\$ 9,430,833</u>	<u>\$ -</u>	<u>\$ 2,127,418</u>	<u>\$ 6,708,819</u>	<u>\$ 41,083,706</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF AVON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV) \$ 132,403

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	13,057,367
Depreciation Expense	(5,192,158)
Loss on Disposal of Capital Assets	(19,400)

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:

Increase in Property Tax Receivable - Accrual Basis Change	246,277
Decrease in Sewer Assessments Receivable - Accrual Basis Change	(155,143)
Increase in Grants Receivable - Accrual Basis Change	143,966

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 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	(31,594)
Issuance of Bonds	(6,795,000)
Principal Payments	2,540,000
Premium on Bond Issuance	(187,470)
Amortization of Bond Premiums	126,801
Amortization of Deferred Charge on Refunding	(73,331)

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:

Increase in Compensated Absences	(464,976)
Decrease in Net Pension Liability	4,690,483
Increase in Net Pension Asset	663,876
Decrease in OPEB Liability	252,698
Voluntary Early Retirement Incentive	3,000
Increase in Deferred Inflows Amounts Related to Pension	(1,128,245)
Decrease in Deferred Inflows Amounts Related to OPEB	1,948,274
Increase in Deferred Outflows Amounts Related to Pension	88,600
Increase in Deferred Outflows Amounts Related to OPEB	1,262,877

The net revenue (loss) of the internal service funds is reported with the governmental activities. (930,521)

Change in Net Position of Governmental Activities (Exhibit II) \$ 10,178,784

**TOWN OF AVON, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025**

	<u>Governmental Activities Internal Service Fund</u>
ASSETS	
Current Assets:	
Cash	\$ 596,963
Due from Other Funds	<u>1,108,400</u>
Total Assets	1,705,363
 LIABILITIES	
Current Liabilities:	
Claims Payable	<u>1,258,498</u>
 TOTAL NET POSITION	 <u><u>\$ 446,865</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF AVON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
OPERATING REVENUES	
Charges for Services:	
Town	\$ 3,458,621
Board of Education	9,539,342
Other	<u>2,214,281</u>
Total Operating Revenues	<u>15,212,244</u>
OPERATING EXPENSES	
Medical Claims:	
Town	2,926,171
Board of Education	<u>13,216,594</u>
Total Operating Expenses	<u>16,142,765</u>
OPERATING LOSS	(930,521)
Net Position - Beginning of Year	<u>1,377,386</u>
NET POSITION - END OF YEAR	<u><u>\$ 446,865</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF AVON, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Governmental Activities <hr/> Internal Service Fund <hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 16,669,389
Claims Paid	<u>(16,072,426)</u>
Net Cash Provided by Operating Activities	<u>596,963</u>
 NET INCREASE IN CASH	 596,963
Cash - Beginning of Year	<hr/> -
CASH - END OF YEAR	<u>\$ 596,963</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (930,521)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Decrease in Due from Other Funds	1,457,145
Increase in Claims Payable	<u>70,339</u>
Net Cash Provided by Operating Activities	<u>\$ 596,963</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF AVON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025**

	Pension and Other Employee Benefit Trust Funds	<u>Custodial Fund</u> <u>CPACE Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 187,626	\$ -
Investments, at Fair Value:		
Guaranteed Interest Contract	1,364,468	-
Mutual Funds	<u>75,326,789</u>	<u>-</u>
Total Investments	76,691,257	-
Due from Other Funds	-	<u>1,500</u>
Total Assets	<u>76,878,883</u>	<u>1,500</u>
LIABILITIES		
Accounts Payable	19,487	-
Due to Other Funds	<u>3,136,141</u>	<u>-</u>
Total Liabilities	<u>3,155,628</u>	<u>-</u>
NET POSITION		
Restricted for Pension Benefits	50,246,086	-
Restricted for OPEB Benefits	23,477,169	-
Restricted for CPACE	<u>-</u>	<u>1,500</u>
Total Net Position	<u><u>\$ 73,723,255</u></u>	<u><u>\$ 1,500</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF AVON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Pension and Other Employee Benefit Trust Funds	Custodial Fund CPACE Fund
ADDITIONS		
Contributions:		
Employer	\$ 7,185,698	\$ -
Plan Members	135,074	-
Total Contributions	<u>7,320,772</u>	<u>-</u>
Investment Income:		
Net Increase in Fair Value of Investments	5,457,969	-
Interest and Dividends	1,907,957	-
Total Investment Income	<u>7,365,926</u>	<u>-</u>
Total Additions	14,686,698	-
DEDUCTIONS		
Benefits	6,411,714	-
Administration	46,845	-
Total Deductions	<u>6,458,559</u>	<u>-</u>
CHANGE IN NET POSITION	8,228,139	-
Net Position - Beginning of Year	<u>65,495,116</u>	<u>1,500</u>
NET POSITION - END OF YEAR	<u>\$ 73,723,255</u>	<u>\$ 1,500</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 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 require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Town has established a single-employer Public Retirement Systems (PERS) and a postretirement retiree health plan (OPEB) to provide retirement benefits and postretirement health care benefits to employees and their beneficiaries. The Town appoints a majority of the Pension Board and is required to make contributions to the pension and OPEB plans and can impose its will.

The financial statements of the fiduciary component units are reported as Pension and OPEB Trust funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

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.

TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

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.

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. 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.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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:

General Fund

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

CIFA 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, intergovernmental revenues and General Fund transfers.

ARPA Fund

The ARPA Fund accounts for American Rescue Plan Act (ARPA) grant revenues and expenditures.

Capital and Nonrecurring Expenditures Fund

The Capital and Nonrecurring Expenditures Fund accounts 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.

Additionally, the government reports the following fund types:

Internal Service Fund

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

Pension and Other Employee Benefit Trust Funds

The Pension and Other Employee Benefit Trust Funds account for the activities of the Avon Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees and also 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.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Custodial Funds

The Custodial Funds account for monies held on behalf of other governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Internal Service Fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

D. Investments

Investments for the Town are reported at fair value.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025, that have not been collected within 60 days of June 30 have been recorded as unavailable 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 one month of the due date are subject to an interest charge of 1-1/2% per month. An amount of \$323,115 has been established as an allowance for uncollected taxes.

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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received are reported at acquisition value.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

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

Buildings	50 Years
Building Improvements	10 to 20 Years
Land Improvements	15 to 25 Years
Roads	80 Years
Sewer Lines	100 Years
Storm Drains	40 Years
Vehicles	7 to 25 Years
Right-to-Use Assets	5 to 10 Years
Equipment	5 to 35 Years
Computer Equipment	5 to 10 Years

H. Leases

Lessor

The Town is a lessor for a noncancellable lease of land. The Town recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities in the government-wide and in the governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Leases (Continued)

Lessee

The Town is a lessee for noncancellable leases of equipment. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, shorter of the lease term or useful life of the underlying asset, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

I. Net Pension Liability (Asset)

The net pension liability (asset) is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability (asset) is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Net Other Postemployment Benefit (OPEB) Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

K. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period or periods and, so, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs or changes in the net difference between projected and actual earnings on pension and OPEB plan investments. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees) or in the case of the difference in projected and actual earnings on pension and OPEB plan investments, over a systematic and rational method over a closed five-year period.

TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period or periods and, so, will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections and deferred inflows related to leases in both the government-wide statement of net position and the governmental funds balance sheet. The Town also reports deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. Advance property tax collections represent taxes inherently associated with a future period. These amounts will be recognized during the period with which the revenue is associated. The deferred inflow of resources for leases is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs or the net difference between projected and actual earnings on pension and OPEB plan investments. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees) or in the case of the difference in projected and actual earnings on pension and OPEB plan investments, over a systematic and rational method over a closed five-year period. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and grants receivable. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

M. 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 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity and Net Position

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, including inventories, prepaid amounts, and the corpus of permanent funds.

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 – This balance represents 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.

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.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accounting Estimates

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

NOTE 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. Budgets for these funds are presented on a basis consistent with accounting principles generally accepted in the United States of America except that encumbrances and transfers out are shown as budgetary obligations and transfers in are shown as revenues. In addition, for the General Fund, state of Connecticut on-behalf contributions are shown as revenues and expenditures. Transfers and supplemental appropriations were approved during the year in accordance with provisions of its Charter and the Connecticut General Statutes. There were \$2,213,447 of additional appropriations during the year in the General Fund.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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.
- Non-lapsing project budgets exceeding one year in length are employed for the capital projects funds. These budgets are not “annual” budgets; they are non-lapsing budgets and span two to three years.
- 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.

Capital Projects Authorizations

The following is a summary of capital projects at June 30, 2025:

	Authorization	Current Year Expenditures	Cumulative Expenditures	Total
Capital Project:				
Capital and Nonrecurring	\$ 7,670,191	\$ 3,205,310	\$ 6,464,792	\$ 1,205,399
CIFA:				
General Government	40,980,036	6,970,443	34,651,182	6,328,854
Board of Education	5,728,000	3,095,744	4,704,194	1,023,806
Total	<u>\$ 54,378,227</u>	<u>\$ 13,271,497</u>	<u>\$ 45,820,168</u>	<u>\$ 8,558,059</u>

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Balance

For the year ended June 30, 2025, the following funds had deficit balances:

Nonmajor Funds:		
State and Federal Education Grants	\$	1,730

These amounts will be funded through future revenues.

NOTE 3 DETAILED NOTES ON ALL FUNDS

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

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

The statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the state Short-Term Investment Fund (STIF). 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.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. 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, *Deposit and Investment Risk Disclosures*, \$19,256,520 of the Town's bank balance of \$19,506,520 was exposed to custodial credit risk at June 30, 2025 as follows:

Uninsured and Uncollateralized	\$ 17,305,868
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Town's Name	1,950,652
Total Amount Subject to Custodial Credit Risk	\$ 19,256,520

B. Cash Equivalents

At June 30, 2025, the Town's cash equivalents amounted to \$36,122,888. 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.

	Standard & Poor's
STIF	AAAm
Webster Bank	N/A
Raymond James	N/A

STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Investments

As of June 30, 2025, the Town had the following investments:

Investment Type	Credit Rating	Fair Value
Other Investments:		
Mutual Fund	N/A	\$ 75,421,242
Guaranteed Interest Contract	N/A	1,364,468
Total Investments		<u>\$ 76,785,710</u>

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, 2025, 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, 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Investments (Continued)

Custodial Credit Risk (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% to 50%), international equities (0% to 10%), small to mid-cap equities (0% to 10%), fixed income investments (40% to 50%) and cash equivalents (0% to 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.

The Town will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, the Town officials shall have as a goal that no more than 50% of the Town's total investment portfolio will be invested with a single financial institution, except for sweep account purposes. The goal may be exceeded where, in the judgment of the officials, the excess percentage will be divested upon the maturity of outstanding investments within one-month period and reinvested so as to meet the 50% goal.

Investment manager performance and compliance with the investment policy is reviewed periodically by a committee of Town officials and a pension consultant.

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

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2025:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Investments by Fair Value Level:				
Mutual Funds	\$ 75,421,242	\$ -	\$ -	\$ 75,421,242
Guaranteed Interest Contract	-	1,364,468	-	1,364,468
Total Investments Measured at Fair Value	\$ 75,421,242	\$ 1,364,468	\$ -	\$ 76,785,710

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Guaranteed interest contracts in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

E. Receivables

Fund receivables as of June 30, 2025, including the applicable allowances for collection losses, are as follows:

	General	CIFA	Nonmajor and Other Funds	Total
Property Taxes	\$ 1,615,347	\$ -	\$ -	\$ 1,615,347
Assessments	-	-	488,482	488,482
Intergovernmental	-	157,590	87,044	244,634
Lease	1,024,004	-	126,810	1,150,814
Accounts	36,186	-	79,467	115,653
Gross Receivables	2,675,537	157,590	781,803	3,614,930
Allowances	(323,115)	-	-	(323,115)
Net Receivables	\$ 2,352,422	\$ 157,590	\$ 781,803	\$ 3,291,815

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 10,459,700	\$ 2,312,332	\$ -	\$ 12,772,032
Construction in Progress	6,343,621	6,343,462	5,701,390	6,985,693
Total Capital Assets Not Being Depreciated	16,803,321	8,655,794	5,701,390	19,757,725
Capital Assets being Depreciated and Amortized:				
Land Improvements	7,867,087	101,168	-	7,968,255
Buildings and Improvements	131,998,394	1,133,591	-	133,131,985
Equipment	21,707,630	5,410,241	61,089	27,056,782
Vehicles	9,847,954	549,265	360,377	10,036,842
Infrastructure	51,915,439	2,908,698	-	54,824,137
Total Capital Assets Being Depreciated and Amortized	223,336,504	10,102,963	421,466	233,018,001
Less Accumulated Depreciation and Amortization for:				
Land Improvements	2,726,705	320,280	-	3,046,985
Buildings and Improvements	56,845,665	2,951,256	-	59,796,921
Equipment	13,371,760	834,668	59,326	14,147,102
Vehicles	4,980,459	567,871	342,740	5,205,590
Infrastructure	16,361,525	518,083	-	16,879,608
Total Accumulated Depreciation and Amortization	94,286,114	5,192,158	402,066	99,076,206
Total Capital Assets Being Depreciated and Amortized, Net	129,050,390	4,910,805	19,400	133,941,795
Governmental Activities Capital Assets, Net	<u>\$ 145,853,711</u>	<u>\$ 13,566,599</u>	<u>\$ 5,720,790</u>	<u>\$ 153,699,520</u>

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Capital Assets (Continued)

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

Governmental Activities:	
General Government	\$ 695,565
Public Safety	584,653
Public Works	894,306
Recreation and Parks	340,163
Educational - Cultural	70,894
Board of Education	<u>2,606,577</u>
Total Depreciation and Amortization Expense - Governmental Activities	<u><u>\$ 5,192,158</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2025. The projects include new construction. At year-end, the Town's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Old Farms Road North/South Reconstruction	\$ 5,604,976	\$ 501,277
200 Fisher Drive Renovations	-	465,703
Town-Wide Fiber Network Expansion	570,261	385,196
West Avon Road Sidewalk Improvement	108,160	303,175
Country Club Road Improvements	4,700	145,300
Town Hall Building 8 Roof Replacement	112,854	103,635
Tillotson Road Box Culvert Replacement	57,842	47,690
Sperry Park Softball Field Construction	<u>230,959</u>	<u>19,041</u>
Total	<u><u>\$ 6,689,752</u></u>	<u><u>\$ 1,971,017</u></u>

The commitments are being financed with general obligation bonds, state and federal grants, and outstanding appropriations of local funding.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Lease Receivables

The Town, acting as lessor, leases a cell tower and land under long-term, noncancelable lease agreements. The cell tower lease expires on November 1, 2049, and provide for renewal options which includes four additional successive terms of five years. The land lease expires on January 1, 2098, with an automatic extension for a second term of 98 years.

H. Interfund Receivables, Payables, and Transfers

A summary of interfund balances as of June 30, 2025 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 22,252
General Fund	Other Postemployment Benefit Fund	3,136,141
CIFA	General Fund	9,113,116
ARPA	General Fund	1,001,482
Capital and Nonrecurring Expenditures Fund	General Fund	3,320,418
Nonmajor Governmental Funds	General Fund	1,644,958
Internal Service Fund	General Fund	1,108,400
Custodial Fund	General Fund	1,500
Total		<u>\$ 19,348,267</u>

Several nonmajor governmental funds, and the OPEB Fund owe the General Fund for expenditures paid by the General Fund. The General Fund owes the CIFA Fund, Capital and Nonrecurring Expenditures Fund, and the ARPA fund for ongoing project expenditures. The General Fund owes the Internal Service Fund for medical costs. Also, the General Fund owes the nonmajor funds for other reimbursable expenditures.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Interfund Receivables, Payables, and Transfers (Continued)

A summary of interfund transfers as of June 30, 2025 is as follows:

	General Fund	CIFA Fund	Capital and Nonrecurring Expenditures Fund	Nonmajor Governmental Funds	Total Transfers Out
General Fund	\$ -	\$ 4,540,700	\$ 1,016,484	\$ 150,000	\$ 5,707,184
CIFA Fund	103,208	-	-	164,259	267,467
Nonmajor Governmental Funds	-	559,000	-	-	559,000
Total Transfers In	<u>\$ 103,208</u>	<u>\$ 5,099,700</u>	<u>\$ 1,016,484</u>	<u>\$ 314,259</u>	<u>\$ 6,533,651</u>

The General Fund transferred funds to the CIFA Fund and Capital & Nonrecurring Expenditures Fund for budgeted capital projects for town facilities and equipment purchases. General Fund transfers to nonmajor governmental funds were to the Debt Service Fund to cover debt payments made for accumulated vacation and/or sick time owed to departing employees. Transfers from the CIFA to the General Fund were to remove residual equity amounts from these funds after completion of the projects for which these amounts were designated. Transfers from the Nonmajor Governmental Funds to the CIFA Fund were for budgeted capital projects funded through the Sewer Fund.

I. Long-Term Debt

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 9,350,000	\$ 6,795,000	\$ 2,340,000	\$ 13,805,000	\$ 2,895,000
General Obligation Bonds - Direct Placement	400,000	-	200,000	200,000	200,000
Premium on Bonds	416,344	187,470	126,801	477,013	-
Total Bonds Payable	<u>10,166,344</u>	<u>6,982,470</u>	<u>2,666,801</u>	<u>14,482,013</u>	<u>3,095,000</u>
Compensated Absences	1,959,427	464,976	-	2,424,403	484,881
Voluntary Early Retirement Incentive	12,000	-	3,000	9,000	3,000
Net Pension Liability	12,465,341	-	4,690,483	7,774,858	-
Net OPEB Liability	13,508,252	-	252,698	13,255,554	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 38,111,364</u>	<u>\$ 7,447,446</u>	<u>\$ 7,612,982</u>	<u>\$ 37,945,828</u>	<u>\$ 3,582,881</u>

The change in the compensated absences liability is presented as a net change.

Liabilities for general obligations bonds, lease obligations, compensated absences, net pension liability, net OPEB liability, and landfill post-closure costs have historically been liquidated by the general fund.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Long-Term Debt (Continued)

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 are generally issued as 15-year serial bonds with varying annual principal payments.

General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Amount
General Purpose:		
General Obligation Improvement	2% to 5%	\$ 8,808,955
General Obligation Direct Placement	1.75%	200,000
School:		
School Improvement	2% to 4%	4,996,045
Total Outstanding		<u>\$ 14,005,000</u>

Future maturities for outstanding general obligation bonds are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2026	\$ 2,895,000	\$ 509,193
2027	2,910,000	410,800
2028	1,235,000	332,750
2029	740,000	288,200
2030	740,000	253,400
2031 to 2035	3,785,000	763,550
2036 to 2040	1,500,000	180,000
Total	<u>\$ 13,805,000</u>	<u>\$ 2,737,893</u>

General Obligation Bonds – Direct Placement

During 2018, the Town purchased approximately 38 acres having the address of 828 West Avon Road, Avon, Connecticut, leasing approximately 22 acres to the seller Severni. The property was purchased for \$2,000,000 with \$400,000 payable at closing and a seven-year nontransferable bond with an interest rate of 1.75% in the amount of \$1,600,000 payable in annual installments.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Long-Term Debt (Continued)

General Obligation Bonds – Direct Placement (Continued)

Future maturities for outstanding direct placement general obligation bonds are as follows:

<u>Year Ending June 30,</u> 2026	General Obligation Bonds Direct Placement	
	Principal	Interest
		\$ 200,000

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:

Category	Debt Limit	Net Indebtedness	Balance
General Purpose	\$ 224,703,844	\$ 12,663,725	\$ 212,040,119
Schools	449,407,688	5,249,288	444,158,400
Sewers	374,506,406	-	374,506,406
Urban Renewal	324,572,219	-	324,572,219
Pension Deficit	299,605,125	-	299,605,125

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$699,078,625.

The indebtedness reflected above includes bonds outstanding, school construction grants receivable and sewer assessments receivable.

Authorized/Unissued Bonds

At June 30, 2025, there were \$3,431,000 of authorized, unissued general purpose bonds.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Fund Balance

The components of fund balance for the governmental funds as of June 30, 2025 are as follows:

	General Fund	CIFA	Capital and Nonrecurring Expenditures Fund	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Inventory	\$ -	\$ -	\$ -	\$ 19,250	\$ 19,250
Prepaid Items	72,803	-	-	11,415	84,218
Police Officers' Meritorious Service	-	-	-	132,973	132,973
Restricted:					
Grants	-	-	-	-	-
Debt Service	-	-	-	229,946	229,946
Fisher Meadow Donations	-	-	-	1,008,831	1,008,831
Town Aid Road Projects	-	-	-	27,886	27,886
Opioid Settlement Funds	2,797	-	-	-	2,797
Liquor Surcharge Remittance	5,203	-	-	-	5,203
Committed to:					
General Government	-	-	-	141,837	141,837
Sewer Fund	-	-	-	3,328,762	3,328,762
Recreation	-	-	-	627,125	627,125
Public Safety	-	-	-	277,379	277,379
Capital Projects	-	9,430,833	2,127,418	2,176	11,560,427
Board of Education	-	-	-	902,969	902,969
Assigned to:					
Payroll Escrow	75,000	-	-	-	75,000
Pension Contributions	400,000	-	-	-	400,000
Postemployment Benefits	300,000	-	-	-	300,000
Reserve for Public Safety	300,000	-	-	-	300,000
Capital Reserve	183,882	-	-	-	183,882
Capital Asset Replacement	197,387	-	-	-	197,387
Debt Service	750,000	-	-	-	750,000
Road Improvement	1,775,000	-	-	-	1,775,000
Medical Claims	850,000	-	-	-	850,000
Public Safety	2,067	-	-	-	2,067
Public Works	60,665	-	-	-	60,665
Recreation and Parks	1,178	-	-	-	1,178
Education	388,217	-	-	-	388,217
Unassigned	17,452,437	-	-	(1,730)	17,450,707
Total Fund Balances	\$ 22,816,636	\$ 9,430,833	\$ 2,127,418	\$ 6,708,819	\$ 41,083,706

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Fund Balance (Continued)

Significant encumbrances in total by each major fund and nonmajor funds in the aggregate are as follows:

General Fund	\$	452,127
CIFA		5,508,929
CNREF		501,277
Nonmajor Governmental Funds		42,464
Total		\$ 6,504,797

Encumbrances represent commitments for goods or services not yet received. In accordance with GASB Statement No. 54, encumbrances outstanding at year-end are included in assigned fund balance, as they reflect management's intent to use existing, available resources for specific purposes. Encumbrances are not reported as a separate fund balance category.

NOTE 4 EMPLOYEE RETIREMENT PLANS

Defined Benefit Pension Plans

A. Plan Description and Benefits Provided

The Town of Avon administers two single-employer, contributory, defined benefit pension plans (Town and Board of Education) to provide pension benefits for its police officers, public works employees, management unclassified and classified nonorganized employees, dispatch 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 portions of the Town plan 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.

Management of the plan rests with the Ad Hoc Pension Investment Advisory Committee, established in 1991 and comprised of the Town Manager, Director of Finance, Director of Human Resources, Chairman of the Board of Finance, Town of Avon Treasurer, and the Board of Education Business Office Manager.

The Ad Hoc Pension Investment Advisory Committee is advisory to the Town Council, provides oversight of the activities of the pension investment managers and the pension investment advisor, and has authority to make operational changes within the parameters of existing pension policies:

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

A. Plan Description and Benefits Provided (Continued)

- Review, discuss, and may change strategies on investment performance, policies and managers at semi-annual meetings (with the advice of the pension investment advisor), if it falls within current policies, allocations and strategies.
- Revisions, establishment of new policies, or changes to the investment policy that fall outside current policies, allocations and strategies require a majority rule vote by the members of the Ad Hoc Pension Investment Advisory Committee and the approval of the Town Council.

When benefit terms are established or amended, the terms must be determined, reviewed, and/or approved independently and/or collectively (depending on the nature of the change) and involve the following parties:

- Town Manager Office
- Human Resources Office
- Actuarial Firm Representative(s)
- Legal Firm Representative(s)
- Director of Finance for Town or Board of Education, as applicable
- Bargaining Unit Representative(s), as applicable
- IRS Regulation(s), if applicable

Town Employees

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

Board of Education

Plan provisions and contribution requirements and the authority to amend the provisions are established by the plans approved by the Town Council. Under the plan, all employees hired before age 65, having attained 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 five years of service for the plan.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

A. Plan Description and Benefits Provided (Continued)

Board of Education (Continued)

At July 1, 2024, retirement plan membership consisted of:

	Town	Board of Education
Retirees and Beneficiaries Currently Receiving Benefits	77	78
Terminated Employees Entitled to Benefits but Not Yet Receiving Them	-	42
Current Active Employees	2	47
Total	79	167

The plan was closed as follows: (Town Plan) police and nonorganized as of January 1, 1997, public works and dispatchers as of July 1, 1997; and (BOE Plan) effective July 1, 2012, new custodians, nurses and unaffiliated employees will not be covered by this plan.

B. Summary of Significant Accounting Policies

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.

C. Funding Policy

Required employee contributions under the plans are as follows:

	Town	Board of Education
Required Employee Contribution	7.5%	4% or 7%

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

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

D. Investments

Investment Policy

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% to 50%), international equities (0% to 10%), small to mid-cap equities (0% to 10%), fixed income investments (40% to 50%), and cash equivalents (0% to 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 Domestic Equity portfolio is expected to 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 working under 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.

Asset Class	Target Allocation
U.S. Core Fixed Income	37.50 %
U.S. TIPS	3.30
U.S. Broad Equity Market	36.70
Non-U.S. Equity	22.50
Total	100.00 %

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.90% for the Town and 10.07% for the Board of Education. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

E. Net Pension Liability (Assets)

Town Employees Retirement Plan

The Town's net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024.

The components of the net pension liability of the Town at June 30, 2025 were as follows:

Total Pension Liability	\$ 38,221,588
Plan Fiduciary Net Position	<u>30,446,730</u>
Net Pension Liability	<u><u>\$ 7,774,858</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u><u>79.66 %</u></u>
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Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.75 %
Salary Increases	3.50
Investment Rate of Return	6.00

Mortality rates were based on the PubS-2010 Mortality Table for police and PubG-2010 Mortality Table for all others with generational projection per the MP-2021 Ultimate Scale.

The plan has not had a formal actuarial experience study performed.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

E. Net Pension Liability (Assets) (Continued)

Town Employees Retirement Plan (Continued)

Actuarial Assumptions (Continued). The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025, (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Core Fixed Income	2.35 %
U.S. TIPS	1.82
U.S. Broad Equity Market	5.48
Non-U.S. Equity	7.24

Discount Rate. The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

E. Net Pension Liability (Assets) (Continued)

Town Employees Retirement Plan (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances - Beginning of Year	\$ 39,344,330	\$ 27,136,155	\$ 12,208,175
Changes for the Year:			
Interest	2,251,319	-	2,251,319
Effect of Economic/ Demographic Gains or Losses	324,506	-	324,506
Benefit Payments, Including Refunds of Member Contributions	(3,698,567)	(3,698,567)	-
Employer Contributions	-	4,168,877	(4,168,877)
Net Investment Income	-	2,866,478	(2,866,478)
Administrative Expenses	-	(26,213)	26,213
Net Changes	<u>(1,122,742)</u>	<u>3,310,575</u>	<u>(4,433,317)</u>
Balance - End of Year	<u>\$ 38,221,588</u>	<u>\$ 30,446,730</u>	<u>\$ 7,774,858</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Town, calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net Pension Liability	<u>\$ 10,866,262</u>	<u>\$ 7,774,858</u>	<u>\$ 5,085,197</u>

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

E. Net Pension Liability (Assets) (Continued)

Board of Education Retirement Plan

The components of the net pension asset of the Board of Education at June 30, 2025 were as follows:

Total Pension Liability	\$ 19,135,479
Plan Fiduciary Net Position	19,799,355
Net Pension Asset	<u>\$ (663,876)</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 <u>103.47 %</u>

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.75 %
Salary Increases	3.50
Investment Rate of Return	6.00

Mortality rates were based on the PubG-2010 Mortality with generational projection per the MP-2021 Ultimate Scale.

The plan has not had a formal actuarial experience study performed.

Long-Term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025, (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Core Fixed Income	2.35 %
U.S. TIPS	1.82
U.S. Broad Equity Market	5.48
Non-U.S. Equity	7.24

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

E. Net Pension Liability (Assets) (Continued)

Board of Education Retirement Plan (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances - Beginning of Year	\$ 18,417,737	\$ 18,160,571	\$ 257,166
Changes for the Year:			
Service Cost	366,671	-	366,671
Interest	1,098,604	-	1,098,604
Effect of Economic/ Demographic Gains or Losses	215,172	-	215,172
Benefit Payments, Including Refunds of Member Contributions	(962,705)	(962,705)	-
Employer Contributions	-	645,233	(645,233)
Member Contributions	-	135,074	(135,074)
Net Investment Income	-	1,841,814	(1,841,814)
Administrative Expenses	-	(20,632)	20,632
Net Changes	<u>717,742</u>	<u>1,638,784</u>	<u>(921,042)</u>
Balance - End of Year	<u>\$ 19,135,479</u>	<u>\$ 19,799,355</u>	<u>\$ (663,876)</u>

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

E. Net Pension Liability (Assets) (Continued)

Board of Education Retirement Plan (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the Board of Education, calculated using the current discount rate, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net Pension Liability (Asset)	\$ 1,396,059	\$ (663,876)	\$ (2,423,777)

F. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the Town recognized pension expense (revenue) of \$587,306 for the Town Plan and (\$87,910) for the Board of Education Plan. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Town	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earning on Pension Plan Investments	\$ -	\$ 1,011,428
	Board of Education	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 88,600	\$ -
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	654,794
Total	\$ 88,600	\$ 654,794

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

F. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	Town	Board of Education	Total
2026	\$ 445,669	\$ 371,905	\$ 817,574
2027	(701,094)	(457,741)	(1,158,835)
2028	(510,930)	(328,680)	(839,610)
2029	(245,073)	(151,678)	(396,751)
Total	<u>\$ (1,011,428)</u>	<u>\$ (566,194)</u>	<u>\$ (1,577,622)</u>

Defined Contribution Plans

A. 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 Mission Square Retirement. The Town is required to contribute 2.75% of compensation for the Management Money Purchase Plan participants and between 8.25% and 9.50% 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.

B. 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.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Defined Contribution Plans (Continued)

C. 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, 2025, were \$-0- and \$2,011,774, respectively. Members of the Management Money Purchase Plan are required to contribute 2.75% of their annual earnings, and members of the Full-Time Employees' Plan are required to contribute between 8.25% and 9.50% of their annual earnings. The employees' contributions to each plan were \$-0- and \$2,011,774, respectively. During the year there were no forfeitures.

Connecticut Teachers Retirement System – Pension

A. Plan Description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

B. Benefit Provisions

The plan provides retirement, disability, and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the three years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service with reduced benefit amounts.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

B. Benefit Provisions (Continued)

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the state of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2025, the amount of "on-behalf" contributions made by the state was \$10,829,304, and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of pensionable salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's Proportionate Share of the Net Pension Liability	\$	-
State's Proportionate Share of the Net Pension Liability Associated with the Town		109,865,897
Total		<u><u>\$ 109,865,897</u></u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. At June 30, 2025, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2025, the Town recognized pension expense and revenue of \$12,601,854 in Exhibit II.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increase	3.00% to 6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2019.

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

Cost-of-Living Allowance

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

F. Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer’s Office are summarized in the following table:

Asset Class	Expected Return	Target Allocation
Global Equity	6.80 %	37.00 %
Public Credit	2.90	2.00
Core Fixed Income	0.40	13.00
Liquidity Fund	(0.40)	1.00
Risk Mitigation	0.10	5.00
Private Equity	11.20	15.00
Private Credit	6.10	10.00
Real Estate	6.20	10.00
Infrastructure and Natural Resources	7.70	7.00
Total		<u>100.00 %</u>

G. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town’s proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the state of Connecticut.

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

J. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

Aggregate Pension Information

The Town recognized the following amounts related to pension plans as of and for the year ended June 30, 2025:

Plan	Net Pension Liability (Asset)	Deferred Outflows	Deferred Inflows	Pension Expense (Revenue)
Town Pension Plan	\$ 7,774,858	\$ -	\$ 1,011,428	\$ 587,306
Board of Education Pension Plan	(663,876)	88,600	654,794	(87,910)
Connecticut Teachers Retirement System	-	-	-	12,601,854
Total	<u>\$ 7,110,982</u>	<u>\$ 88,600</u>	<u>\$ 1,666,222</u>	<u>\$ 13,101,250</u>

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM

Town and Board of Education Plans

A. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Other Postemployment 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.

B. Plan Description and Benefits Provided

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 Postemployment Benefits Trust Fund. The plan does not issue a stand-alone financial report.

Management of the OPEB plan is vested with the Town Manager and Director of Finance. Policy oversight is provided by the Ad Hoc Pension Investment Advisory Committee, which consists of six members.

At July 1, 2024, plan membership consisted of the following:

	Other Postemployment Benefits Program	
	Town	Board of Education
Retired Members	73	34
Beneficiaries	5	-
Spouses of Retired Members	50	16
Active Plan Members	90	471
Total Participants	218	521

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Town and Board of Education Plans (Continued)

C. 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:

	Annual Premiums	
	Employee	Spouse
Town Employees:		
Pre-65 Medical Plan		
Future Retirees:		
Public Works, Police and Dispatchers	\$ 12,613	\$ 13,433
Nonorganized	14,758	16,154
Current Retirees	14,758	16,154
Post-65 Medical Plan:		
Cigna Plan	14,758	16,154
Anthem Plan	6,498	6,498
Dental - All Groups	571	808
Board of Education Employees:		
Pre-65 Medical Plan	12,296	13,300
Dental	607	859

For the year ended June 30, 2025, there were \$-0- of member contributions to the Town and BOE plans, respectively. 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 were \$1,784,242 for the Town Plan and \$587,346 for the Board of Education Plan. These contributions were made in accordance with actuarially determined requirements.

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, 2025, was \$300,000. The Town plans on transferring these monies into the OPEB Trust Fund in the future.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Town and Board of Education Plans (Continued)

D. Investments

Investment Policy

The OPEB Plan's policy in regard to the allocation of invested assets are governed by its Investment Policy Statement (IPS), approved by the Town Council on January 6, 2011. A change was made to the allocation rations in the IPS; approved by Town Council September 6, 2018. The investment of these assets shall be guided by the following underlying goals: to achieve the stated actuarial target of the Trust; to exceed the rate of inflation as defined by CPI, by approximately 4% per annum over a full market cycle (a 5- to 10-year period); to maintain sufficient liquidity to meet the obligations of the Trust; to diversify the assets of the Trust in order to reduce the risk of wide swings in market value from year-to-year, or of incurring large losses that could occur from concentrated positions; to achieve investment results over the long-term that compare favorably with those of other municipal investment pools, professionally managed portfolios and appropriate market indexes.

Investment manager performance and compliance with the investment policy is reviewed periodically by a committee of Town officials and an investment advisor consultant.

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 10.08% and 17.54% for the Town Employees OPEB Plan and Board of Education Employees OPEB Plan, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Town and Board of Education Plans (Continued)

E. Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2025. The components of the net OPEB liability of the Town at June 30, 2025 were as follows:

	Employees	
	Town	Board of Education
Total OPEB Liability	\$ 24,759,291	\$ 11,973,433
Plan Fiduciary Net Position	15,821,320	7,655,850
Net OPEB Liability	\$ 8,937,971	\$ 4,317,583
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 63.90 %	 63.94 %

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate - Town	6.00%
Discount Rate - Board of Education	6.00%
Inflation Rate	2.40%
Medical Trend Rate - Town:	
Pre-Medicare	6.50% to 3.80% over 48 Years
Post-Medicare	6.50% to 3.80% over 48 Years
Medical Trend Rate - Board of Education	6.50% to 3.80% over 48 Years
Salary Increases	3.50% Including Inflation*

*Graded by Service for Teachers and Administrators

Mortality – Teachers and Administrators

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2021 for the period after service retirement.

Mortality – All Others

Mortality rates were based on the Pub-2010 mortality table with generational projection of future improvements per the MP-2021 Ultimate Table.

The plan has not had a formal actuarial experience study performed.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Town and Board of Education Plans (Continued)

E. Net OPEB Liability (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman’s investment consulting practice as of June 30, 2024. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2025, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Core Fixed Income	2.35 %	30.00 %
U.S. TIPS	1.82	10.00
U.S. Large Cap Equity	5.39	25.00
U.S. Mid Cap Equity	5.83	6.00
U.S. Small Cap Equity	6.80	4.00
Foreign Developed Equity	6.61	17.50
Emerging Markets Equity	8.78	5.00
U.S. REITs	6.71	1.25
Non-U.S. REITs	7.10	1.25
Total		<u>100.00 %</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00% for the Town and 6.00% for the Board of Education plan. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Town and Board of Education Plans (Continued)

E. Net OPEB Liability (Continued)

Changes in the Net OPEB Liability

	Town		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances - Beginning of Year	\$ 22,488,481	\$ 13,945,180	\$ 8,543,301
Changes for the Year:			
Service Cost	442,385	-	442,385
Interest	1,334,080	-	1,334,080
Effect of Economic/ Demographic Gains or Losses	1,705,976	-	1,705,976
Changes of Assumptions	201,347	-	201,347
Benefit Payments	(1,412,978)	(1,412,978)	-
Contributions - Employer	-	1,784,242	(1,784,242)
Net Investment Income	-	1,504,876	(1,504,876)
Net Changes	<u>2,270,810</u>	<u>1,876,140</u>	<u>394,670</u>
Balances - End of Year	<u>\$ 24,759,291</u>	<u>\$ 15,821,320</u>	<u>\$ 8,937,971</u>

	Board of Education		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances - Beginning of Year	\$ 11,218,161	\$ 6,253,210	\$ 4,964,951
Changes for the Year:			
Service Cost	367,192	-	367,192
Interest	685,146	-	685,146
Effect of Economic/ Demographic Gains or Losses	436,564	-	436,564
Effect of Assumptions Changes or Inputs	(396,166)	-	(396,166)
Benefit Payments	(337,464)	(337,464)	-
Contributions - Employer	-	587,346	(587,346)
Net Investment Income	-	1,152,758	(1,152,758)
Net Changes	<u>755,272</u>	<u>1,402,640</u>	<u>(647,368)</u>
Balances - End of Year	<u>\$ 11,973,433</u>	<u>\$ 7,655,850</u>	<u>\$ 4,317,583</u>

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Town and Board of Education Plans (Continued)

E. Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability - Town	<u>\$ 11,976,913</u>	<u>\$ 8,937,971</u>	<u>\$ 6,393,026</u>
	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability - BOE	<u>\$ 5,212,751</u>	<u>\$ 4,317,583</u>	<u>\$ 3,488,237</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability - Town	<u>\$ 6,007,080</u>	<u>\$ 8,937,971</u>	<u>\$ 12,473,289</u>
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability - BOE	<u>\$ 3,119,832</u>	<u>\$ 4,317,583</u>	<u>\$ 5,705,035</u>

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Town and Board of Education Plans (Continued)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the Town recognized OPEB expense (revenue) of \$(1,312,753) for the Town and \$220,492 for the Board of Education. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Town	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,371,471	\$ 6,246,252
Changes of Assumptions	697,060	113,313
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	756,519
Total	\$ 2,068,531	\$ 7,116,084

	Board of Education	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,541,073	\$ 1,335,201
Changes of Assumptions	410,412	1,173,448
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	894,468
Total	\$ 2,951,485	\$ 3,403,117

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	Town	Board of Education	Total
2026	\$ (2,182,566)	\$ (233,825)	\$ (2,416,391)
2027	(2,322,442)	(491,160)	(2,813,602)
2028	(822,517)	(258,506)	(1,081,023)
2029	242,574	(6,691)	235,883
2030	37,398	181,438	218,836
Thereafter	-	357,112	357,112
Total	\$ (5,047,553)	\$ (451,632)	\$ (5,499,185)

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Other Postemployment Benefit – Connecticut State Teachers Retirement Plan

A. Plan Description

Teachers, principals, superintendents, or supervisors engaged in service of public schools plus professional employees at state schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

B. Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$440 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Other Postemployment Benefit – Connecticut State Teachers Retirement Plan (Continued)

B. Benefit Provisions (Continued)

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the state pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$220 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement or Medicare Advantage Plan options, as long as they do not remarry.

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, state employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service, including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service, including 20 years of Connecticut service.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Other Postemployment Benefit – Connecticut State Teachers Retirement Plan (Continued)

B. Benefit Provisions (Continued)

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

C. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the state of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The state contributions are not currently actuarially funded. The state appropriates from the General Fund one-third of the annual costs of the Plan. Administrative costs of the Plan are financed by the state. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut Statutes, it is assumed the state will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

For the year ended June 30, 2025, the amount of "on-behalf" contributions made by the State was \$151,620 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Other Postemployment Benefit – Connecticut State Teachers Retirement Plan (Continued)

D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related state support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's Proportionate Share of the Net OPEB Liability	\$	-
State's Proportionate Share of the Net OPEB Liability Associated with the Town		22,537,273
Total	\$	<u>22,537,273</u>

The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. At June 30, 2025, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2025, the Town recognized OPEB expense and revenue of \$312,268 in Exhibit II.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Health Care Costs Trend Rate	Local Coverage - 6.25% for 2025, decreasing to an ultimate rate of 4.50% by 2031. Retiree Healthcare-Medicare rates known for 2025, 4.50% increase for all subsequent years.
Salary Increases	3.00-6.50%, including inflation
Investment Rate of Return	3.00%, Net of OPEB Plan Investment Expense, including Inflation
Year Fund Net Position will be Depleted	2027

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Other Postemployment Benefit – Connecticut State Teachers Retirement Plan (Continued)

E. Actuarial Assumptions (Continued)

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2014, to June 30, 2019.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 3.64% to 3.93%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- Assumed election rates for post-65 retirees between the Local School District Coverage Subsidy and CTRB Sponsored Medical Plans were updated to reflect the recent plan expense. Spouse coverage election assumptions were also updated with this change;
- Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans.

F. Long-Term Expected Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is 1.26%.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Other Postemployment Benefit – Connecticut State Teachers Retirement Plan (Continued)

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2024.

In addition to the actuarial methods and assumptions of the June 30, 2024, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the state of Connecticut.

I. OPEB Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report at www.ct.gov.

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Other Postemployment Benefit – Connecticut State Teachers Retirement Plan (Continued)

J. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

Aggregate OPEB Information

The Town recognized the following amounts related to OPEB plans as of and for the year ended June 30, 2025:

Plan	Net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense (Revenue)
Town OPEB Plan Board of Education OPEB Plan	\$ 8,937,971	\$ 2,068,531	\$ 7,116,084	\$ (1,312,753)
Connecticut Teachers Retirement System	4,317,583	2,951,485	3,403,117	220,492
	-	-	-	312,268
Total	<u>\$ 13,255,554</u>	<u>\$ 5,020,016</u>	<u>\$ 10,519,201</u>	<u>\$ (779,993)</u>

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 COMBINING TRUST FUND SCHEDULES

Financial statements for the individual pension plans and the OPEB plans as of and for the year ended June 30, 2025 are as follows:

Statement of Fiduciary Net Position

	Pension		Other Post-Employment Benefit Fund		Eliminations	Total Trust Funds
	Town	Board of Education	Town	Board of Education		
Assets:						
Cash and Cash Equivalents	\$ 98,874	\$ 53,367	\$ 17,903	\$ 17,482	\$ -	\$ 187,626
Investments, at Fair Value:						
Guaranteed Interest						
Contract	854,859	509,609	-	-	-	1,364,468
Mutual Funds	29,492,997	19,236,379	15,021,883	11,575,530	-	75,326,789
Total Investments	30,347,856	19,745,988	15,021,883	11,575,530	-	76,691,257
Receivables:						
Due from Other Funds	-	-	796,045	-	(796,045)	-
Total Receivables	-	-	796,045	-	(796,045)	-
Total Assets	30,446,730	19,799,355	15,835,831	11,593,012	(796,045)	76,878,883
Liabilities:						
Accounts Payable	-	-	14,511	4,976	-	19,487
Due to Other Funds	-	-	-	3,932,186	(796,045)	3,136,141
Total Liabilities	-	-	14,511	3,937,162	(796,045)	3,155,628
Net Position:						
Restricted for Pension Benefits	\$ 30,446,730	\$ 19,799,355	\$ 15,821,320	\$ 7,655,850	\$ -	\$ 73,723,255

Statement of Changes in Fiduciary Net Position

	Pension		Other Post-Employment Benefit Fund		Eliminations	Total Trust Funds
	Town	Board of Education	Town	Board of Education		
Additions:						
Contributions:						
Employer	\$ 4,168,877	\$ 645,233	\$ 1,784,242	\$ 587,346	\$ -	\$ 7,185,698
Plan Members	-	135,074	-	-	-	135,074
Total Contributions	4,168,877	780,307	1,784,242	587,346	-	7,320,772
Investment Income:						
Net Change in Fair Value of Investments	1,272,078	1,829,885	1,203,248	1,152,758	-	5,457,969
Interest and Dividends	1,594,400	11,929	301,628	-	-	1,907,957
Total Investment Income	2,866,478	1,841,814	1,504,876	1,152,758	-	7,365,926
Total Additions	7,035,355	2,622,121	3,289,118	1,740,104	-	14,686,698
Deductions:						
Benefits	3,698,567	962,705	1,412,978	337,464	-	6,411,714
Administration	26,213	20,632	-	-	-	46,845
Total Deductions	3,724,780	983,337	1,412,978	337,464	-	6,458,559
Net Change in Net Position	3,310,575	1,638,784	1,876,140	1,402,640	-	8,228,139
Net Position - Beginning of Year	27,136,155	18,160,571	13,945,180	6,253,210	-	65,495,116
Net Position - End of Year	\$ 30,446,730	\$ 19,799,355	\$ 15,821,320	\$ 7,655,850	\$ -	\$ 73,723,255

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 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:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Medical Claims Fund:				
2024 to 2025	\$ 1,188,159	\$ 16,142,765	\$ 16,072,426	\$ 1,258,498
2023 to 2024	622,504	13,076,010	12,510,355	1,188,159

**TOWN OF AVON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 OTHER INFORMATION (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
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		Over (Under)
REVENUES				
Property Taxes:				
Current Levy	\$ 94,441,970	\$ 94,441,970	\$ 93,936,808	\$ (505,162)
Supplemental Real Estate	38,188	38,188	49,815	11,627
Supplemental MV	829,842	829,842	892,873	63,031
Prior Levies	250,000	250,000	550,805	300,805
Interest and Penalties	200,000	200,000	500,820	300,820
Telephone Gross Receipts	41,026	41,026	84,246	43,220
Total Property Taxes	95,801,026	95,801,026	96,015,367	214,341
Intergovernmental:				
State Grants-in-Aid:				
Early Voting Grant	-	-	5,509	5,509
Municipal Grants-In-Aid	196,082	196,082	261,442	65,360
Municipal Revenue Sharing	106,541	106,541	142,054	35,513
Education Cost Sharing (ECS)	909,358	909,358	922,424	13,066
Special Education Excess Cost	940,000	940,000	1,072,503	132,503
Open Choice Attendance	1,069,000	1,069,000	1,048,156	(20,844)
Property Tax Relief - Elderly	-	-	4,592	4,592
Payment in Lieu of Taxes (PILOT)	78,062	78,062	87,749	9,687
Motor Vehicle Tax Reimbursement	827,238	827,238	827,238	-
Youth Services Bureau Grant	32,155	32,155	30,579	(1,576)
Emergency Management Grants	-	-	14,151	14,151
Judicial Branch	-	-	4,450	4,450
Speed Enforcement Program Grant	-	-	63,290	63,290
Auto Theft and Violence Grant	-	-	35,000	35,000
Total Intergovernmental	4,158,436	4,158,436	4,519,137	360,701
Charges for Services:				
General Government:				
Hunting and Fishing	50	50	44	(6)
Recording and Conveyance	550,000	550,000	596,651	46,651
Sale of Maps and Publications	15,105	15,105	18,833	3,728
PA 05-228 Local Cap Recording Fee	5,500	5,500	5,776	276
Town Clerk Land Recording Fee	-	-	1,529	1,529
Public Safety:				
Accident Reports and Photos	1,800	1,800	3,408	1,608
Alarm System	-	-	821	821
Animal Pound Fees	300	300	480	180
Court	-	-	25	25

**TOWN OF AVON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		Over (Under)
REVENUES (CONTINUED)				
Charges for Services (Continued):				
Public Safety (Continued):				
Police Protection	\$ 4,500	\$ 4,500	\$ 4,610	\$ 110
Pistol Permit Fees	-	-	4,970	4,970
Buildings Structures and Equipment	475,000	475,000	965,650	490,650
Animal Licenses	12,000	12,000	2,786	(9,214)
Public Works:				
Landfill - Residential Fees	150,000	150,000	150,758	758
Landfill - Bulky Waste	25,000	25,000	34,040	9,040
Street and Curb	3,050	3,050	500	(2,550)
Health and Social Services:				
Vital Statistics	28,800	28,800	18,545	(10,255)
Recreation and Parks:				
Swim Fees	65,000	65,000	74,476	9,476
Organized Summer Programs	45,000	45,000	48,446	3,446
Educational - Cultural:				
Library	100	100	73	(27)
Board of Education:				
Empl Bnft Contr Dental/Life	103,000	103,000	99,922	(3,078)
Vendor Refunds	-	-	6,945	6,945
Tuition Receipts Parent Paid	175,000	175,000	253,328	78,328
Team Mentor Prog State Pmts	-	-	1,841	1,841
Student Parking Fees	30,000	30,000	34,030	4,030
Sped Interdist Tuition Receipt	1,908,019	1,908,019	2,310,354	402,335
Non-Resident Tuition	-	-	11,790	11,790
Sports Program Participation Fees	214,000	214,000	166,770	(47,230)
Conservation and Development	13,920	13,920	12,350	(1,570)
Total Charges for Services	<u>3,825,144</u>	<u>3,825,144</u>	<u>4,829,751</u>	<u>1,004,607</u>
Investment Income	1,087,911	1,087,911	2,143,154	1,055,243
Other Local Revenues:				
Refunds and Reimbursements	35,000	35,000	116,822	81,822
BOE Retiree Contributions, Dental/Life	-	-	19,561	19,561
Miscellaneous	437	437	3,254	2,817
Returned Check Fees	-	-	60	60
Rents and Reimbursements	60,000	60,000	98,427	38,427
Board of Education Miscellaneous Revenue	-	-	512	512
Salvage and Demolition Sales	8,500	8,500	15,598	7,098
Interlocal Program Funding	-	-	3,942	3,942
Sale of Property	10,000	10,000	54,853	44,853
Lease Interest Revenue	-	-	26,777	26,777
Fisher Drive Lease Revenue	-	65,000	86,851	21,851
Opioid Settlement Revenue (Restricted)	-	146,484	39,653	(106,831)
Liquor Surcharge Remittance (Restricted)	-	26,763	10,131	(16,632)
Cancelled Encumbrances	-	-	46,009	46,009
Total Other Local Revenues	<u>113,937</u>	<u>352,184</u>	<u>522,450</u>	<u>170,266</u>
Total Revenues	104,986,454	105,224,701	108,029,859	2,805,158

**TOWN OF AVON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		Over (Under)
OTHER FINANCING SOURCES				
Appropriation of Fund Balance	\$ 1,250,000	\$ 2,300,000	\$ -	\$ (2,300,000)
Assigned for Pension	-	200,000	-	(200,000)
Assigned to Postemployment Benefits	-	150,000	-	(150,000)
Assigned for Board of Education	100,588	100,588	-	(100,588)
Assigned for Road Improvements	1,400,000	1,600,000	-	(1,600,000)
Assigned for Capital Reserve	-	375,200	-	(375,200)
Transfers In	-	-	103,208	103,208
Total Other Financing Sources	<u>2,750,588</u>	<u>4,725,788</u>	<u>103,208</u>	<u>(4,622,580)</u>
Total Revenues and Other Financing Sources	<u>\$ 107,737,042</u>	<u>\$ 109,950,489</u>	108,133,067	<u>\$ (1,817,422)</u>
Cancelled Encumbrances			(46,009)	
State Teachers' Retirement Pension Expense			10,829,304	
State Teachers' Retirement OPEB Expense			<u>151,620</u>	
Balance, GAAP Basis			<u>\$ 119,067,982</u>	

**TOWN OF AVON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance Under (Over)
	Original	Final		
EXPENDITURES				
Town Council:				
General Government:				
Legislative - Town Council	\$ 55,333	\$ 51,856	\$ 51,856	\$ -
Executive - Town Manager	633,490	660,608	660,608	-
Judicial - Probate	9,595	9,595	9,595	-
Elections	192,738	229,997	229,997	-
Legal Services	185,000	191,387	191,387	-
Town Clerk's Office	270,245	294,524	294,524	-
Human Resources	315,063	317,330	317,272	58
Finance	1,954,613	1,969,081	1,967,896	1,185
Total General Government	<u>3,616,077</u>	<u>3,724,378</u>	<u>3,723,135</u>	<u>1,243</u>
Public Safety:				
Police Protection	6,443,188	7,081,787	7,081,787	-
Fire Protection	2,241,171	2,368,802	2,368,802	-
Central Communications	781,849	700,045	700,045	-
Protective Inspection	451,201	450,895	450,895	-
Other Protection	73,693	70,416	70,416	-
Total Public Safety	<u>9,991,102</u>	<u>10,671,945</u>	<u>10,671,945</u>	<u>-</u>
Public Works:				
Administration	451,967	463,712	463,339	373
Highways	1,784,496	1,678,157	1,678,157	-
Sanitation	401,052	349,824	349,824	-
Machinery and Equipment	1,121,948	1,039,954	1,039,954	-
Building and Grounds	2,193,424	2,360,637	2,360,133	504
Engineering	403,931	414,222	414,008	214
Total Public Works	<u>6,356,818</u>	<u>6,306,506</u>	<u>6,305,415</u>	<u>1,091</u>
Health and Social Services:				
Conservation of Health	187,087	184,432	184,432	-
Social Services	412,652	824,059	824,059	-
Total Health and Social Services	<u>599,739</u>	<u>1,008,491</u>	<u>1,008,491</u>	<u>-</u>
Recreation and Parks:				
Recreation	843,809	792,068	791,939	129
Parks	56,880	54,424	54,424	-
Senior Center	37,731	38,195	38,026	169
Community Activities	37,844	39,143	38,719	424
Total Recreation and Parks	<u>976,264</u>	<u>923,830</u>	<u>923,108</u>	<u>722</u>
Educational - Cultural:				
Library	1,821,747	1,770,463	1,770,463	-
Conservation and Development:				
Planning and Zoning	496,746	507,051	506,751	300
Conservation of Natural Resources	50,449	41,265	40,900	365
Total Conservation and Development	<u>547,195</u>	<u>548,316</u>	<u>547,651</u>	<u>665</u>

**TOWN OF AVON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance Under (Over)
	Original	Final		
EXPENDITURES (CONTINUED)				
Miscellaneous:				
Claims and Losses	\$ 8,000	\$ -	\$ -	\$ -
Municipal Insurance	574,796	540,264	540,264	-
Employee Benefit Funding	5,625,960	5,991,254	5,991,254	-
Intergovernmental Expenditure	68,390	59,927	59,927	-
Maintenance - Leased Properties	-	64,677	64,677	-
Contingency	10,000	-	-	-
Total Miscellaneous	<u>6,287,146</u>	<u>6,656,122</u>	<u>6,656,122</u>	<u>-</u>
Total Town Council	30,196,088	31,610,051	31,606,330	3,721
Board of Education:				
Salaries	44,073,119	43,699,178	43,473,248	225,930
Employee Benefits	11,970,047	11,931,483	11,926,401	5,082
Purchased Prf and Tech Services	1,360,544	2,111,620	2,149,508	(37,888)
Property Services	927,586	1,011,615	1,250,538	(238,923)
Other Purchased Services	8,312,824	7,827,114	7,637,207	189,907
General Supplies and Utilities	2,643,784	2,711,872	2,854,372	(142,500)
Equipment	369,609	357,873	377,924	(20,051)
Fees and Membership	156,991	163,749	144,530	19,219
Total Board of Education	<u>69,814,504</u>	<u>69,814,504</u>	<u>69,813,728</u>	<u>776</u>
Debt Service:				
Bonds and Bond Anticipation Notes	<u>2,890,950</u>	<u>2,818,750</u>	<u>2,818,750</u>	<u>-</u>
Total Expenditures	102,901,542	104,243,305	104,238,808	4,497
OTHER FINANCING USES				
Transfers Out	<u>4,835,500</u>	<u>5,707,184</u>	<u>5,707,184</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 107,737,042</u>	<u>\$ 109,950,489</u>	109,945,992	<u>\$ 4,497</u>
Encumbrances Outstanding June 30, 2025, Charged to Budgetary Expenditures during the Year Ended June 30, 2025			(452,127)	
Encumbrances Received and Liquidated in the Current Year			1,044,730	
State Teachers' Retirement Pension Expense			10,829,304	
State Teachers' Retirement OPEB Expense			<u>151,620</u>	
Balance, GAAP Basis			<u>\$ 121,519,519</u>	

TOWN OF AVON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AVON RETIREMENT SYSTEM – TOWN
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ -	\$ -	\$ -	\$ 17,870	\$ 17,565	\$ 15,576	\$ 14,551	\$ 72,683	\$ 106,979	\$ 146,076
Interest	2,251,319	2,321,057	2,421,148	2,576,768	2,623,537	2,623,031	2,721,665	2,801,325	2,881,746	2,925,097
Effect of Economic/Demographic Gains or Losses	324,506	207,280	(225,557)	(651,638)	291,057	(283,029)	189,868	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-	-	-	808,194	297,926	142,719	(87,525)
Changes of Assumptions	-	-	(184,148)	835,245	-	3,037,111	-	814,832	820,553	426,171
Benefit Payments, Including Refunds of Member Contributions	(3,698,567)	(3,682,932)	(3,676,393)	(3,595,091)	(3,763,907)	(3,778,449)	(3,625,729)	(3,625,343)	(3,665,823)	(3,595,436)
Net Change in Total Pension Liability	(1,122,742)	(1,154,595)	(1,664,950)	(816,846)	(831,748)	1,614,240	108,549	361,423	286,174	(185,617)
Total Pension Liability - Beginning of Year	39,344,330	40,498,925	42,163,875	42,980,721	43,812,469	42,198,229	42,089,680	41,728,257	41,442,083	41,627,700
Total Pension Liability - End of Year	38,221,588	39,344,330	40,498,925	42,163,875	42,980,721	43,812,469	42,198,229	42,089,680	41,728,257	41,442,083
Plan Fiduciary Net Position:										
Contributions - Employer	4,168,877	3,987,869	3,927,111	3,914,810	3,718,708	3,315,082	3,156,575	2,974,142	2,784,344	2,718,922
Contributions - Employee	-	5,766	5,671	27,865	-	-	87,658	31,969	47,386	58,945
Net Investment Income	2,866,478	2,782,048	2,253,335	(4,136,828)	5,351,459	1,410,151	1,066,219	1,604,141	2,065,484	(221,261)
Benefit Payments, Including Refunds of Member Contributions	(3,698,567)	(3,682,932)	(3,676,393)	(3,595,091)	(3,763,907)	(3,778,449)	(3,625,729)	(3,625,343)	(3,665,823)	(3,595,436)
Administrative Expense	(26,213)	(25,144)	(23,345)	(23,144)	(24,509)	(22,948)	(22,342)	(22,640)	(21,453)	(21,846)
Net Change in Plan Fiduciary Net Position	3,310,575	3,067,607	2,486,379	(3,812,388)	5,281,751	923,836	662,381	962,269	1,209,938	(1,060,676)
Plan Fiduciary Net Position - Beginning of Year	27,136,155	24,068,548	21,582,169	25,394,557	20,112,806	19,188,970	18,526,589	17,564,320	16,354,382	17,415,058
Plan Fiduciary Net Position - End of Year	30,446,730	27,136,155	24,068,548	21,582,169	25,394,557	20,112,806	19,188,970	18,526,589	17,564,320	16,354,382
Town's Net Pension Liability - End of Year	<u>\$ 7,774,858</u>	<u>\$ 12,208,175</u>	<u>\$ 16,430,377</u>	<u>\$ 20,581,706</u>	<u>\$ 17,586,164</u>	<u>\$ 23,699,663</u>	<u>\$ 23,009,259</u>	<u>\$ 23,563,091</u>	<u>\$ 24,163,937</u>	<u>\$ 25,087,701</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.66 %	68.97 %	59.43 %	51.19 %	59.08 %	45.91 %	45.47 %	44.02 %	42.09 %	39.46 %
Covered Payroll	\$ 259,247	\$ 261,027	\$ 257,458	\$ 397,310	\$ 396,939	\$ 644,025	\$ 835,010	\$ 968,415	\$ 1,008,320	\$ 1,146,084
Town's Net Pension Liability as a Percentage of Covered Payroll	2,999.02 %	4,676.98 %	6,381.77 %	5,180.26 %	4,430.44 %	3,679.93 %	2,755.57 %	2,433.16 %	2,396.46 %	2,188.99 %

TOWN OF AVON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
AVON RETIREMENT SYSTEM – BOARD OF EDUCATION
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 366,671	\$ 428,993	\$ 457,707	\$ 520,931	\$ 527,305	\$ 495,815	\$ 490,495	\$ 576,814	\$ 563,301	\$ 536,754
Interest	1,098,604	1,079,622	1,061,164	1,014,448	992,341	890,338	903,576	858,481	782,703	712,072
Changes in Benefit Terms	-	-	-	-	-	-	-	-	-	(152,845)
Effect of Economic/Demographic Gains or Losses	215,172	(223,608)	(397,682)	(11,715)	(241,544)	(40,629)	(896,489)	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-	-	-	-	(68,982)	175,488	252,702
Changes of Assumptions	-	-	(66,745)	-	448,682	1,371,068	354,292	347,954	310,917	-
Benefit Payments, Including Refunds of Member Contributions	(962,705)	(851,554)	(588,475)	(772,537)	(610,215)	(527,035)	(564,062)	(448,848)	(308,945)	(293,632)
Net Change in Total Pension Liability	717,742	433,453	465,969	751,127	1,116,569	2,189,557	287,812	1,265,419	1,523,464	1,055,051
Total Pension Liability - Beginning of Year	18,417,737	17,984,284	17,518,315	16,767,188	15,650,619	13,461,062	13,173,250	11,907,831	10,384,367	9,329,316
Total Pension Liability - End of Year	19,135,479	18,417,737	17,984,284	17,518,315	16,767,188	15,650,619	13,461,062	13,173,250	11,907,831	10,384,367
Plan Fiduciary Net Position:										
Contributions - Employer	645,233	676,227	771,139	856,552	797,132	610,663	698,616	622,289	514,235	508,433
Contributions - Employee	135,074	138,523	162,782	174,648	187,835	210,397	226,274	227,313	277,493	304,720
Net Investment Income	1,841,814	1,864,706	1,525,269	(2,681,685)	3,525,422	930,705	676,111	861,522	1,048,650	(46,816)
Benefit Payments, Including Refunds of Member Contributions	(962,705)	(851,554)	(588,475)	(772,537)	(610,215)	(527,035)	(564,062)	(448,848)	(308,945)	(293,632)
Administrative Expense	(20,632)	(19,249)	(17,853)	(19,732)	(18,974)	(18,079)	(17,293)	(17,793)	(14,746)	(13,785)
Net Change in Plan Fiduciary Net Position	1,638,784	1,808,653	1,852,862	(2,442,754)	3,881,200	1,206,651	1,019,646	1,244,483	1,516,687	458,920
Plan Fiduciary Net Position - Beginning of Year	18,160,571	16,351,918	14,499,056	16,941,810	13,060,610	11,853,959	10,834,313	9,589,830	8,073,143	7,614,223
Plan Fiduciary Net Position - End of Year	19,799,355	18,160,571	16,351,918	14,499,056	16,941,810	13,060,610	11,853,959	10,834,313	9,589,830	8,073,143
Town's Net Pension Liability (Asset) - End of Year	\$ (663,876)	\$ 257,166	\$ 1,632,366	\$ 3,019,259	\$ (174,622)	\$ 2,590,009	\$ 1,607,103	\$ 2,338,937	\$ 2,318,001	\$ 2,311,224
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.47 %	98.60 %	90.92 %	82.77 %	101.04 %	83.45 %	88.06 %	82.24 %	80.53 %	77.74 %
Covered Payroll	\$ 2,666,138	\$ 2,852,692	\$ 3,263,355	\$ 3,565,716	\$ 3,800,852	\$ 3,988,673	\$ 4,793,820	\$ 4,885,541	\$ 4,459,116	\$ 4,872,609
Town's Net Pension Liability as a Percentage of Covered Payroll	(24.90)%	9.01 %	50.02 %	84.67 %	(4.59)%	64.93 %	33.52 %	47.87 %	51.98 %	47.43 %

**TOWN OF AVON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AVON RETIREMENT SYSTEM – TOWN PENSION PLAN
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially-Determined Contribution	\$ 4,168,877	\$ 3,987,869	\$ 3,927,111	\$ 3,914,810	\$ 3,718,708	\$ 3,298,082	\$ 3,140,575	\$ 2,965,142	\$ 2,784,344	\$ 2,718,922
Contributions in Relation to the Actuarially-Determined Contribution	<u>4,168,877</u>	<u>3,987,869</u>	<u>3,927,111</u>	<u>3,914,810</u>	<u>3,718,708</u>	<u>3,315,082</u>	<u>3,156,575</u>	<u>2,974,142</u>	<u>2,784,344</u>	<u>2,718,922</u>
Contribution Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,000)</u>	<u>\$ (16,000)</u>	<u>\$ (9,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 259,247	\$ 261,027	\$ 257,458	\$ 397,310	\$ 396,939	\$ 644,025	\$ 835,010	\$ 968,415	\$ 1,008,320	\$ 1,146,084
Contributions as a Percentage of Covered Payroll	1,608.07 %	1,527.76 %	1,525.34 %	985.33 %	936.85 %	514.74 %	378.03 %	307.11 %	276.14 %	237.24 %

Notes to Schedule:

Valuation Date July 1, 2024
 Measurement Date June 30, 2025

Actuarially-determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Layered
Remaining Amortization Period	10 Years
Amortization Growth Rate	3.50%
Asset Valuation Method	5 Year Non-Asymptotic, No Corridor
Inflation	2.75%
Salary Increases	3.50%
Cost of Living Adjustments	None
Investment Rate of Return	6.00%
Turnover	Age-Based Table
Retirement Age	All active members are assumed to retire on their normal retirement dates.
Mortality	PubS-2010 Mortality Table for Police and PubG-2010 Mortality Table for All Others with Generational Projection per the MP-2021 Ultimate Scale

**TOWN OF AVON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AVON RETIREMENT SYSTEM – BOARD OF EDUCATION PENSION PLAN
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially-Determined Contribution	\$ 640,024	\$ 676,227	\$ 771,139	\$ 856,552	\$ 797,132	\$ 610,663	\$ 698,616	\$ 622,289	\$ 514,235	\$ 504,392
Contributions in Relation to the Actuarially-Determined Contribution	<u>645,233</u>	<u>676,227</u>	<u>771,139</u>	<u>856,552</u>	<u>797,132</u>	<u>610,663</u>	<u>698,616</u>	<u>622,289</u>	<u>514,235</u>	<u>508,433</u>
Contribution Excess	<u>\$ (5,209)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,041)</u>
Covered Payroll	\$ 2,666,138	\$ 2,852,692	\$ 3,263,355	\$ 3,565,716	\$ 3,800,852	\$ 3,988,673	\$ 4,793,820	\$ 4,885,541	\$ 4,459,116	\$ 4,872,609
Contributions as a Percentage of Covered Payroll	24.20 %	23.70 %	23.63 %	24.02 %	20.97 %	15.31 %	14.57 %	12.74 %	11.53 %	10.43 %

Notes to Schedule:

Valuation Date July 1, 2024
 Measurement Date June 30, 2025

Actuarially-determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Closed
Remaining Amortization Period	10 Years
Amortization Growth Rate	3.50%
Asset Valuation Method	5 Year Non-Asymptotic, No Corridor
Inflation	2.75%
Salary Increases	3.50%
Cost of Living Adjustments	None
Investment Rate of Return	6.00%
Retirement Age and Turnover	Age-Based Table
Mortality	PubG-2010 Mortality with Generational Projection per the MP-2021 Ultimate Scale

**TOWN OF AVON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
AVON RETIREMENT SYSTEM – TOWN PENSION PLAN
LAST TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.90 %	10.81 %	9.56 %	(15.15)%	24.46 %	6.87 %	5.40 %	8.62 %	12.52 %	(1.22)%

**TOWN OF AVON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
AVON RETIREMENT SYSTEM – BOARD OF EDUCATION PENSION PLAN
LAST TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	10.07 %	11.28 %	10.26 %	(15.40)%	26.81 %	7.64 %	5.94 %	8.67 %	12.59 %	(0.58)%

TOWN OF AVON, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
AVON RETIREMENT SYSTEM – TOWN
LAST NINE FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:									
Service Cost	\$ 442,385	\$ 448,670	\$ 372,525	\$ 707,117	\$ 735,627	\$ 769,285	\$ 727,436	\$ 594,273	\$ 555,395
Interest	1,334,080	1,311,390	2,085,649	2,019,461	2,087,116	2,200,650	2,190,751	2,052,127	1,942,235
Effect of Economic/Demographic Gains or Losses	1,705,976	-	(13,946,823)	-	(388,119)	-	(8,561)	-	-
Changes of Assumptions	201,347	-	1,204,184	-	(922,678)	(3,440,258)	641,321	-	-
Benefit Payments	(1,412,978)	(1,339,317)	(1,272,034)	(1,392,083)	(1,173,614)	(1,309,633)	(764,223)	(833,086)	(1,095,722)
Net Change in Total OPEB Liability	2,270,810	420,743	(11,556,499)	1,334,495	338,332	(1,779,956)	2,786,724	1,813,314	1,401,908
Total OPEB Liability - Beginning of Year	22,488,481	22,067,738	33,624,237	32,289,742	31,951,410	33,731,366	30,944,642	29,131,328	27,729,420
Total OPEB Liability - End of Year	24,759,291	22,488,481	22,067,738	33,624,237	32,289,742	31,951,410	33,731,366	30,944,642	29,131,328
Plan Fiduciary Net Position:									
Contributions - Employer	1,784,242	2,021,000	1,972,000	1,924,000	1,887,122	2,020,072	1,975,319	2,130,593	1,946,608
Contributions - Member	-	-	-	-	-	-	-	-	153,311
Net Investment Income	1,504,876	1,341,933	1,077,243	(832,246)	571,708	104,299	142,369	132,046	169,420
Benefit Payments	(1,412,978)	(1,339,317)	(1,272,034)	(1,392,083)	(1,173,614)	(1,309,633)	(764,223)	(833,086)	(1,079,312)
Administrative Expense	-	(4,850)	(17,000)	(30,125)	(12,352)	(7,150)	(23,473)	(5,900)	(16,410)
Net Change in Plan Fiduciary Net Position	1,876,140	2,018,766	1,760,209	(330,454)	1,272,864	807,588	1,329,992	1,423,653	1,173,617
Plan Fiduciary Net Position - Beginning of Year	13,945,180	11,926,414	10,166,205	10,496,659	9,223,795	8,416,207	7,086,215	5,662,562	4,488,945
Plan Fiduciary Net Position - End of Year	15,821,320	13,945,180	11,926,414	10,166,205	10,496,659	9,223,795	8,416,207	7,086,215	5,662,562
Net OPEB Liability - End of Year	<u>\$ 8,937,971</u>	<u>\$ 8,543,301</u>	<u>\$ 10,141,324</u>	<u>\$ 23,458,032</u>	<u>\$ 21,793,083</u>	<u>\$ 22,727,615</u>	<u>\$ 25,315,159</u>	<u>\$ 23,858,427</u>	<u>\$ 23,468,766</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	63.90 %	62.01 %	54.04 %	30.23 %	32.51 %	28.87 %	24.95 %	22.90 %	19.44 %
Covered Payroll	\$ 9,430,386	\$ 9,430,386	\$ 9,682,685	\$ 9,682,685	\$ 7,970,045	\$ 7,970,045	\$ 5,277,848	\$ 5,277,848	\$ 4,848,188
Net OPEB Liability as a Percentage of Covered Payroll	94.78 %	90.59 %	104.74 %	242.27 %	273.44 %	285.16 %	479.65 %	452.05 %	484.07 %

*This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

TOWN OF AVON, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
AVON RETIREMENT SYSTEM – BOARD OF EDUCATION
LAST NINE FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:									
Service Cost	\$ 367,192	\$ 329,510	\$ 365,438	\$ 302,652	\$ 293,675	\$ 324,791	\$ 283,422	\$ 374,035	\$ 349,565
Interest	685,146	651,609	508,937	492,237	553,426	557,676	700,168	654,981	607,202
Effect of Economic/Demographic Gains or Losses	436,564	-	3,143,700	-	(1,476,230)	-	(2,385,800)	-	-
Effect of Assumptions Changes or Inputs	(396,166)	-	(974,510)	-	657,091	(568,997)	363,110	-	-
Benefit Payments	(337,464)	(578,772)	(679,276)	(482,320)	(215,763)	(475,620)	(375,581)	(212,941)	(381,547)
Net Change in Total OPEB Liability	755,272	402,347	2,364,289	312,569	(187,801)	(162,150)	(1,414,681)	816,075	575,220
Total OPEB Liability - Beginning of Year	11,218,161	10,815,814	8,451,525	8,138,956	8,326,757	8,488,907	9,903,588	9,087,513	8,512,293
Total OPEB Liability - End of Year	11,973,433	11,218,161	10,815,814	8,451,525	8,138,956	8,326,757	8,488,907	9,903,588	9,087,513
Plan Fiduciary Net Position:									
Contributions - Employer	587,346	780,206	867,274	778,945	922,682	887,456	620,355	1,389,412	1,096,301
Contributions - Member	-	-	-	-	-	-	-	-	162,121
Net Investment Income (Loss)	1,152,758	968,488	615,834	(979,962)	1,291,946	175,735	190,834	53,128	16,759
Benefit Payments	(337,464)	(578,772)	(679,276)	(482,320)	(215,763)	(475,620)	(375,581)	(212,941)	(381,137)
Administrative Expense	-	-	-	-	-	-	-	-	(410)
Net Change in Plan Fiduciary Net Position	1,402,640	1,169,922	803,832	(683,337)	1,998,865	587,571	435,608	1,229,599	893,634
Plan Fiduciary Net Position - Beginning of Year	6,253,210	5,083,288	4,279,456	4,962,793	2,963,928	2,376,357	1,940,749	711,150	(182,484)
Plan Fiduciary Net Position - End of Year	7,655,850	6,253,210	5,083,288	4,279,456	4,962,793	2,963,928	2,376,357	1,940,749	711,150
Net OPEB Liability - End of Year	<u>\$ 4,317,583</u>	<u>\$ 4,964,951</u>	<u>\$ 5,732,526</u>	<u>\$ 4,172,069</u>	<u>\$ 3,176,163</u>	<u>\$ 5,362,829</u>	<u>\$ 6,112,550</u>	<u>\$ 7,962,839</u>	<u>\$ 8,376,363</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	63.94 %	55.74 %	47.00 %	50.64 %	60.98 %	35.60 %	27.99 %	19.60 %	7.83 %
Covered Payroll	\$ 37,834,092	\$ 37,834,092	\$ 45,406,131	\$ 45,406,131	\$ 26,770,839	\$ 26,770,839	\$ 29,004,929	\$ 29,004,929	\$ 27,317,927
Net OPEB Liability as a Percentage of Covered Payroll	11.41 %	13.12 %	12.63 %	9.19 %	11.86 %	20.03 %	21.07 %	27.45 %	30.66 %

*This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

**TOWN OF AVON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB – TOWN
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution (1)	\$ 1,784,242	\$ 1,847,948	\$ 3,078,072	\$ 2,860,082	\$ 3,163,176	\$ 2,986,851	\$ 2,700,739	\$ 2,548,324	\$ 2,356,683	\$ 2,169,173
Contributions in Relation to the Actuarially-Determined Contribution	<u>1,784,242</u>	<u>2,021,000</u>	<u>1,972,000</u>	<u>1,924,000</u>	<u>1,887,122</u>	<u>2,020,072</u>	<u>1,975,319</u>	<u>2,130,593</u>	<u>1,946,608</u>	<u>1,809,878</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (173,052)</u>	<u>\$ 1,106,072</u>	<u>\$ 936,082</u>	<u>\$ 1,276,054</u>	<u>\$ 966,779</u>	<u>\$ 725,420</u>	<u>\$ 417,731</u>	<u>\$ 410,075</u>	<u>\$ 359,295</u>
Covered Payroll	\$ 9,430,386	\$ 9,430,386	\$ 9,682,685	\$ 9,682,685	\$ 7,970,045	\$ 7,970,045	\$ 5,277,848	\$ 5,277,848	\$ 4,848,188	N/A
Contributions as a Percentage of Covered Payroll	18.92 %	21.43 %	20.37 %	19.87 %	23.68 %	25.35 %	37.43 %	40.37 %	40.15 %	N/A

(1) Actuarially Determined Contribution prior to fiscal year ending June 30, 2018 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45.

Notes to Schedule:

Valuation Date July 1, 2024
 Measurement Date June 30, 2025

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Amortization Period	10 Years
Amortization Growth Rate	0.00%
Asset Valuation Method	5-Year Smoothed Fair Value, Non-Asymptotic, No Corridor
Inflation	2.40%
Salary Increases, including Inflation	3.50%
Discount Rate	6.00%

**TOWN OF AVON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB – BOARD OF EDUCATION
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution (1)	\$ 737,346	\$ 780,206	\$ 743,750	\$ 778,945	\$ 922,682	\$ 887,456	\$ 1,177,141	\$ 1,111,525	\$ 1,063,989	\$ 974,866
Contributions in Relation to the Actuarially-Determined Actuarially Determined Contribution	<u>587,346</u>	<u>780,206</u>	<u>867,274</u>	<u>778,945</u>	<u>922,682</u>	<u>887,456</u>	<u>620,355</u>	<u>1,389,412</u>	<u>1,096,301</u>	<u>569,278</u>
Contribution Deficiency (Excess)	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ (123,524)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 556,786</u>	<u>\$ (277,887)</u>	<u>\$ (32,312)</u>	<u>\$ 405,588</u>
Covered Payroll	\$ 37,834,092	\$ 37,834,092	\$ 45,406,131	\$ 45,406,131	\$ 26,770,839	\$ 26,770,839	\$ 29,004,929	\$ 29,004,929	\$ 27,317,927	\$ 27,317,927
Contributions as a Percentage of Covered Payroll	1.55 %	2.06 %	1.91 %	1.72 %	3.45 %	3.32 %	2.14 %	4.79 %	4.01 %	2.08 %

(1) Actuarially Determined Contribution prior to fiscal year ending June 30, 2018 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45.

Notes to Schedule:

Valuation Date July 1, 2024
Measurement Date June 30, 2025

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Closed
Amortization Period	17 Years
Amortization Growth Rate	3.50%
Asset Valuation Method	5-Year Smoothed Fair Value, Non-Asymptotic, No Corridor
Inflation	2.40%
Salary Increases	Graded by Service for Teachers and Administrators; 3.50% for All Others
Discount Rate	6.00%

**TOWN OF AVON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB – TOWN
LAST NINE FISCAL YEARS***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	10.08 %	10.21 %	9.43 %	(7.13)%	5.52 %	1.07 %	1.64 %	2.45 %	4.10 %

*This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

**TOWN OF AVON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB – BOARD OF EDUCATION
LAST NINE FISCAL YEARS***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	17.54 %	17.84 %	12.95 %	(17.65)%	34.04 %	5.78 %	8.05 %	4.73 %	10.20 %

*This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

TOWN OF AVON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST EIGHT FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Town's Proportion of the Net OPEB Liability	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Town's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Town	<u>22,537,273</u>	<u>11,183,692</u>	<u>11,273,860</u>	<u>11,220,688</u>	<u>19,395,147</u>	<u>18,154,088</u>	<u>17,942,658</u>	<u>23,351,462</u>
Total	<u>\$ 22,537,273</u>	<u>\$ 11,183,692</u>	<u>\$ 11,273,860</u>	<u>\$ 11,220,688</u>	<u>\$ 19,395,147</u>	<u>\$ 18,154,088</u>	<u>\$ 17,942,658</u>	<u>\$ 23,351,462</u>
Town's Covered Payroll	\$ 34,384,080	\$ 33,217,492	\$ 32,427,942	\$ 31,601,739	\$ 29,968,136	\$ 29,414,259	\$ 28,723,475	\$ 27,547,607
Town's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Payroll	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.40 %	11.92 %	9.46 %	6.11 %	2.50 %	2.08 %	1.49 %	1.79 %

Notes to Schedule:

Changes in Benefit Terms

There were no changes to benefit terms since the prior Measurement Date.

Changes of Assumptions

Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2024 was updated to equal the SEIR of 3.93% as of June 30, 2024;

Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;

Assumed election rates for post-65 retirees between the Local School District Coverage Subsidy and CTRB Sponsored Medical Plans were updated to reflect the recent plan expense. Spouse coverage election assumptions were also updated with this change; and

Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans.

Actuarial Cost Method

Entry Age

Amortization Method

Level Percent of Payroll over an Open Period

Remaining Amortization Period

30 Years

Asset Valuation Method

Fair Value of Assets

Investment Rate of Return

3.00%, Net of Investment Related Expense including Price Inflation

Price Inflation

2.50%

*This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

Appendix B

Form of Opinion of Bond Counsel

[FORM OF OPINION OF BOND COUNSEL]

July __, 2026

Town of Avon,
 Avon, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of Avon, Connecticut (the “Town”), a Tax Regulatory Agreement of the Town, dated July __, 2026 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$3,430,000 Town of Avon, Connecticut General Obligation Bonds, Issue of 2026, dated July __, 2026 (the “Bonds”), maturing on July 15 in each of the years, in the principal amounts and bearing interest payable on January 15, 2027 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2027	\$225,000	[]%	2035	\$230,000	[]%
2028	225,000	[]	2036	230,000	[]
2029	225,000	[]	2037	230,000	[]
2030	225,000	[]	2038	230,000	[]
2031	230,000	[]	2039	230,000	[]
2032	230,000	[]	2040	230,000	[]
2033	230,000	[]	2041	230,000	[]
2034	230,000	[]			[]

with principal payable at the principal office of U.S. Bank Trust Company, National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of June and December in each year, by check mailed to such registered owner at the address as shown on the registration books of the Town kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Respectfully,

Appendix C

Form of Continuing Disclosure Agreement

[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

Town of Avon, Connecticut
\$3,430,000 General Obligation Bonds, Issue of 2026
(Bank Qualified)
dated July ___, 2026

July ___, 2026

WHEREAS, the Town of Avon, Connecticut (the “Town”) has heretofore authorized the issuance of \$3,430,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2026, dated July ___, 2026 (the “Bonds”), maturing on the dates and in the amounts set forth in the Town’s Official Statement dated July ___, 2026 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated June 30, 2026 (the “Notice of Sale”); and

WHEREAS, in the Notice of Sale, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the “Rule”), and the Town desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this “Agreement”) is to be made, executed and delivered by the Town in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 2 and 3 of this Agreement.

“Financial Obligation” shall mean any (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). Municipal securities as to which a final official statement has been filed with the Repository, consistent with the Rule, shall not be considered a Financial Obligation.

“Fiscal Year End” shall mean the last day of the Town’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” shall mean the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“SEC” shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The Town shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the Town:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Town per capita;

(G) the ratios of total direct debt and total overall net debt of the Town to the Town’s net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Town’s pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Town’s audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the Town which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Town reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule. The Town also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Town shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Town shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material;
- (xv) incurrence of a Financial Obligation by any obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of any obligated person, any of which affect Bondholders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of any obligated person, any of which reflect financial difficulties.

Section 5. Notice of Failure. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Bonds.

IN WITNESS WHEREOF, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF AVON, CONNECTICUT

By: _____

Name: Brandon L. Robertson

Title: Town Manager

By: _____

Name: Tom G. DiStasio

Title: Town Treasurer/Director of Finance

Appendix D

Notice of Sale

NOTICE OF SALE
\$3,430,000
TOWN OF AVON, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2026
(BANK QUALIFIED)

Electronic bids (as described herein) will be received by the **TOWN OF AVON, CONNECTICUT** (the “Town”), until 11:30 A.M. (E.T.) Wednesday,

JULY 8, 2026

(the “Sale Date”) for the purchase of all, but not less than all, of the \$3,430,000 Town of Avon, Connecticut General Obligation Bonds, Issue of 2026 (the “Bonds”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

The Town reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY®**. Prospective bidders are advised to check for such **PARITY®** postings prior to the above stated sale time.

The Bonds

The Bonds will be dated July 22, 2026, mature in the principal amounts of \$225,000 on July 15 in each of the years 2027 to 2030, both inclusive, and \$230,000 on July 15 in each of the years 2031 to 2041, both inclusive, bear interest payable on January 15, 2027 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated June 30, 2026 (the “Preliminary Official Statement”).

The Bonds maturing on or before July 15, 2033 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2034 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after July 15, 2033, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective prices (expressed as a percentage of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
July 15, 2033 and thereafter	100%

Nature of Obligation

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and interest on the Bonds when due. The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Bonds SHALL be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent in Federal funds to DTC or its nominee as registered owner of the Bonds. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to i-Deal LLC’s BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

Bid Specifications/Basis of Award

Each bid must be for the entire \$3,430,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, computed and rounded to six decimal places.

For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 22, 2026, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued, if any, to July 22, 2026, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the bid. The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

The Town reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Hartford, Connecticut (“Bond Counsel”), and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Bonds is excludable from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations, (iii) under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Bonds, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank Trust Company, National Association, Hartford, Connecticut, and will be available for examination upon request.

Obligation to Deliver Issue Price Certificate

Pursuant to the Code and applicable Treasury Regulations, the Town must establish the “issue price” of the Bonds. In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds. The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Matthew A. Spoerndle, Senior Managing Director, a division of First Security Municipal

Advisors, Inc. (“Phoenix Advisors”), Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the Town (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal bonds which has an established industry reputation for underwriting new issuances of municipal bonds, (ii) its bid is a firm offer to purchase the Bonds, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, the winning bidder will abide by the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a third party distribution agreement between a national lead underwriter and a regional

firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Settlement of the Bonds

The Bonds will be available for delivery on or about July 22, 2026. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

The Preliminary Official Statement is in a form “deemed final” by the Town for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished a reasonable number of copies of the final Official Statement prepared for the Bonds at the Town’s expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the Town’s Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The Town will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Related Information

For more information regarding the Bonds and the Town, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the Town.

BRANDON L. ROBERTSON
Town Manager

TOM G. DISTASIO
Treasurer/Director of Finance

June 30, 2026