

Debt Service

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Debt consists primarily of bonds (long-term debt), capital loan obligations (long-term debt), and bond anticipation notes (short-term debt). Bonds are issued to permanently finance general-purpose projects and school projects. Bond anticipation notes are used to provide temporary financing for projects. At the completion of the project long-term debt is issued. The Town created the Capital Projects Savings Fund to fund the debt service principal and interest payments for the projects approved at the referendum in 2015. The four approved projects were the Municipal Office Complex, firehouse improvements, elementary improvements, and town-wide radios.

Fiscal Year 2022-2023 Major Service Level Accomplishments

- To continue to monitor the Town's debt obligations.
- Completed bond authorizations for future debt issuances for the approved elementary school envelope.

Fiscal Year 2023-2024 Major Service Level Goals

- To continue to monitor the Town's debt obligations.
- To plan for future debt issuances for the renovation of Firehouse #2 as well as other proposed projects on the horizon.
- To evaluate and determine the best use of ARPA Funds while minimizing future-debt

Additional Information

Debt Limitations: The legal debt limitations in accordance with the Connecticut State Statute are seven (7) times the tax collection rate. The fiscal year 2020 tax collection in thousands was \$26,937 resulting in a total debt limit for the Town of East Haddam on June 30, 2020, of \$189 million. East Haddam's total bonded debt on June 30, 2022, was \$23.1 million. The town's indebtedness does not exceed legal limitations.

Board of Finance Debt Management Policy Information: Below are key ratios with regard to the Town's indebtedness for the 2021-2022 budget in accordance with the adopted Board of Finance Debt Management Policy:

Debt per capita (population 8,997)	Recommended under \$3,000	\$2,807 on June 30, 2021
Debt to the full value of the Grand List (\$1,278,278,750 for October 2, 2020 Grand List)	Recommended under 3%	1.98% on June 30, 2021
Rate of debt retirement	Recommended retirement of 50% of total debt in 10 years or less	69% on June 30, 2021
Debt service to the proposed budget expenditures	A recommended ratio below 10%, ideally between 2% and 8%	The ratio for the approved 2022 budget was 9.4%.

Expenditures by Expense Type

Name	Account ID	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Budgeted	FY24 Requests as of 2-9-23b (General Fund)	FY2023 Budgeted vs. FY24 Requests as of 2-9- 23b (General Fund) (\$ Change)	FY2023 Budgeted vs. FY24 Requests as of 2-9- 23b (General Fund) (%) Change)
Expense Objects								
Miscellaneous								
REDEMPTION OF PRINCIPAL	10548990-58310	\$1,370,000	\$1,360,221	\$2,155,000	\$2,140,000	\$2,100,000	-\$40,000	-1.9%
<i>Open Space/4-8 Middle School Refinance (2008)</i>	<i>10548990-58310</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$950,000</i>	<i>\$890,000</i>	<i>-\$60,000</i>	<i>-6.3%</i>
<i>Elementary School, Town-Wide Radios, Municipal Office Complex (2020)</i>	<i>10548990-58310</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$990,000</i>	<i>\$1,025,000</i>	<i>\$35,000</i>	<i>3.5%</i>
<i>Webster Bank Open Space (2013)</i>	<i>10548990-58310</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$155,000</i>	<i>\$140,000</i>	<i>-\$15,000</i>	<i>-9.7%</i>
<i>Open Space (2020)</i>	<i>10548990-58310</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$45,000</i>	<i>\$45,000</i>	<i>\$0</i>	<i>0%</i>
USDA REDEMPTION OF PRINCIPAL	10548990-58315	\$481,590	\$499,048		\$0	\$0	\$0	0%
INTEREST	10548990-58320	\$338,915	\$264,635	\$1,246,401	\$812,926	\$730,488	-\$82,438	-10.1%
<i>Open Space/4-8 Middle School Refinance (2008)</i>	<i>10548990-58320</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$155,575</i>	<i>\$117,575</i>	<i>-\$38,000</i>	<i>-24.4%</i>
<i>Elementary School, Town-Wide Radios, Municipal Office Complex (2020)</i>	<i>10548990-58320</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$645,950</i>	<i>\$605,650</i>	<i>-\$40,300</i>	<i>-6.2%</i>
<i>Webster Bank Open Space (2013)</i>	<i>10548990-58320</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$5,438</i>	<i>\$1,750</i>	<i>-\$3,688</i>	<i>-67.8%</i>
<i>Open Space (2020)</i>	<i>10548990-58320</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$5,963</i>	<i>\$5,513</i>	<i>-\$450</i>	<i>-7.5%</i>
USDA INTEREST	10548990-58325	\$500,087	\$482,629		\$0	\$0	\$0	0%
Total Miscellaneous:		\$2,690,592	\$2,606,533	\$3,401,401	\$2,952,926	\$2,830,488	-\$122,438	-4.1%
Total Expense Objects:		\$2,690,592	\$2,606,533	\$3,401,401	\$2,952,926	\$2,830,488	-\$122,438	-4.1%

