Debt Service



Valerie Belles
Finance Director

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 2024-2025 Major Service Level Accomplishments

- To continue to monitor the Town's debt obligations.
- Issued a short term Bond Anticipation Note for $4.37M to finance approved projects below. The BAN matures in June 2025.
  - Elementary School Envelope - Windows & Doors
  - Elemantary SChool Envelope - Masonry & Exterior
  - Athletic Complex
  - Open Space - Kromberg Property
  - ES/HS HVAC Improvements

Fiscal Year 2025-2026 Major Service Level Goals

- To continue to monitor the Town's debt obligations.
- To complete financing through issuing bonds for the town-approved projects included in the short term BAN; which is due to mature in June 2025.

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 2024 (un-audited) tax collection was $30,821,678 resulting in a total debt limit for the Town of East Haddam on June 30, 2023, of $216 million. East Haddam's total bonded debt on June 30, 2024, was $24.7 million (un-audited). 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 2024-2025 budget in accordance with the adopted Board of Finance Debt Management Policy:

Debt per capita (population 8,973)	Recommended under $3,000	$2,262 on June 30, 2023
Debt to the full value of the Grand List ($1,199,335,720) for October 2, 2023 Grand List)	Recommended under 3%	1.69% on June 30, 2023
Rate of debt retirement	Recommended retirement of 50% of total debt in 10 years or less	59% on June 30, 2023
Debt service to the proposed budget expenditures	A recommended ratio below 10%, ideally between 2% and 8%	The ratio for the approved 2024 budget was 7.4%.

Expenditures by Expense Type

Name	Account ID	FY2023 Actual	FY2024 Actual	FY2025 Budgeted	FY2026 Budgeted	FY2026 Budgeted ($ Change)	FY2026 Budgeted (% Change)
Expense Objects							
Miscellaneous							
REDEMPTION OF PRINCIPAL	10548990-58310	$2,140,000	$2,100,000	$1,990,000	$2,422,238	$432,238	21.7%
HVAC/Envelope/Athletic Complex/OpenSpace	*10548990-58310*	*$0*	*$0*	*$0*	*$397,238*	*$397,238*	*N/A*
Open Space/4-8 Middle School Refinance (2008)	*10548990-58310*	*$0*	*$0*	*$890,000*	*$875,000*	*-$15,000*	*-1.7%*
Elementary School, Town-Wide Radios, Municipal Office Complex (2020)	*10548990-58310*	*$0*	*$0*	*$1,055,000*	*$1,105,000*	*$50,000*	*4.7%*
Open Space (2020)	*10548990-58310*	*$0*	*$0*	*$45,000*	*$45,000*	*$0*	*0%*
INTEREST	10548990-58320	$813,017	$730,488	$654,713	$868,341	$213,628	32.6%
HVAC/Envelope/Athletic Complex/OpenSpace	*10548990-58320*	*$0*	*$0*	*$0*	*$290,328*	*$290,328*	*N/A*
Open Space/4-8 Middle School Refinance (2008)	*10548990-58320*	*$0*	*$0*	*$90,875*	*$68,625*	*-$22,250*	*-24.5%*
Elementary School, Town-Wide Radios, Municipal Office Complex (2020)	*10548990-58320*	*$0*	*$0*	*$558,775*	*$504,775*	*-$54,000*	*-9.7%*
Open Space (2020	*10548990-58320*	*$0*	*$0*	*$5,063*	*$4,613*	*-$450*	*-8.9%*
Total Miscellaneous:		**$2,953,017**	**$2,830,488**	**$2,644,713**	**$3,290,579**	**$645,866**	**24.4%**
Total Expense Objects:		**$2,953,017**	**$2,830,488**	**$2,644,713**	**$3,290,579**	**$645,866**	**24.4%**