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 20 year Bond for $6.56M to finance the approved projects mentioned below:
  - 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 BANs; as needed.

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 2025 (un-audited) tax collection was $32,380,866 resulting in a total debt limit for the Town of East Haddam on June 30, 2025, of $227 million. East Haddam's total bonded debt on June 30, 2025, was $22.9 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 2025-2026 budget in accordance with the adopted Board of Finance Debt Management Policy: |

Debt per capita (population 9,021)	Recommended under $3,000	$2,539 on June 30, 2025
Debt to the full value of the Equalized Net Grand List ($2,058,985,098) for October 1, 2023 Grand List)	Recommended under 3%	1.98% on June 30, 2025
Rate of debt retirement	Recommended retirement of 50% of total debt in 10 years or less	42.5% on June 30, 2025
Debt service to the proposed budget expenditures	A recommended ratio below 10%, ideally between 2% and 8%	The ratio for the approved 2026 budget was 6.5%.

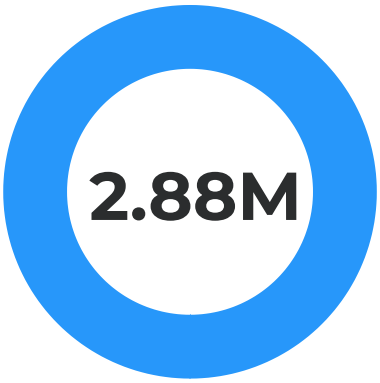
TOWN OF EAST HADDAM
EXISTING LONG-TERM DEBT

	Open Space and 4-8 Middle School Refinance of 2008 Bonds		Elementary School, Firehouses, Town-Wide Radios and Municipal Office Complex of 2020		2010 4-8 Middle School and Open Space Refinanced 2020		Open Space of 2020		2025 Bond (ES HVAC, HS Chiller, OS Kronberg, HS Athletic Complex, ES Envelope)		Gross Debt		
Fiscal Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**			**Principal**	**Interest**	
2027	855,000	46,750	835,000	415,775	170,000	36,250	45,000	3,949	395,000	285,506	2,300,000	788,230	
2028	845,000	23,238	880,000	372,900	170,000	27,750	45,000	3,071	395,000	265,756	2,335,000	692,715	
2029			810,000	330,650	170,000	19,250	45,000	2,194	395,000	246,006	1,420,000	598,100	
2030			850,000	293,400	175,000	11,500	45,000	1,316	395,000	226,256	1,465,000	532,473	
2031			815,000	260,100	200,000	4,000	45,000	439	395,000	206,506	1,455,000	471,045	
2032			845,000	226,900					395,000	186,756	1,240,000	413,656	
2033			880,000	196,800					395,000	167,006	1,275,000	363,806	
2034			905,000	170,025					390,000	147,256	1,295,000	317,281	
2035			930,000	142,500					390,000	129,581	1,320,000	272,081	
2036			955,000	114,225					390,000	113,981	1,345,000	228,206	
2037			950,000	85,650					390,000	98,381	1,340,000	184,031	
2038			985,000	56,625					390,000	82,781	1,375,000	139,406	
2039			1,010,000	26,700					390,000	67,181	1,400,000	93,881	
2040			190,000	8,700					390,000	51,581	580,000	60,281	
2041									135,000	35,981	135,000	35,981	
2042									135,000	25,481	135,000	25,481	
2043									135,000	19,997	135,000	19,997	
2044									135,000	14,344	135,000	14,344	
2045									135,000	8,606	135,000	8,606	
2046			195,000	2,925						2,869	195,000	5,794	
	1,700,000	69,988	12,035,000	2,703,875	885,000	98,750	225,000	10,969	6,170,000	2,381,816	21,015,000	5,265,397	26,280,397
Interest Rate:	2.0-4.0%				2.0-3.75%				3.62%				
Issued:	Nov-15				Aug-10				6/1/2025				
Allocation	97% 4-8 Middle School 3% Open Space				56% 4-8 Middle School 44% Open Space				21% ES Envelope 18% HS Athletic Complex 4 % Open Space 57% HVAC ES/HS Chiller				

Debt Service Financials

Expenditures by Object Summary

FY27 Expenditures by Object Summary



Miscellaneous **$2,881,980** 100.00%

Expenditures by Object Summary 1

Category	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved 2025-2026 Budget	FY 2027 Budgeted	FY 2026 Approved 2025-2026 Budget vs. FY 2027 Budgeted ($ Change)	FY 2026 Approved 2025-2026 Budget vs. FY 2027 Budgeted (% Change)
Miscellaneous	$2,830,487.50	$2,644,712.50	$3,058,400.56	$2,881,980.00	-$176,420.56	-5.77%
REDEMPTION OF PRINCIPAL	$2,100,000.00	$1,990,000.00	$2,420,000.00	$2,130,000.00	-$290,000.00	-11.98%
HVAC/Envelope/Athletic Complex/OpenSpace	-	-	$395,000.00	$395,000.00	-	0.00%
Open Space/4-8 Middle School Refinance (2008)	-	-	$875,000.00	$855,000.00	-$20,000.00	-2.29%
Elementary School, Town-Wide Radios, Municipal Office Complex (2020)	-	-	$1,105,000.00	$835,000.00	-$270,000.00	-24.43%
Open Space (2020)	-	-	$45,000.00	$45,000.00	-	0.00%
INTEREST	$730,487.50	$654,712.50	$638,400.56	$751,980.00	$113,579.44	17.79%
HVAC/Envelope/Athletic Complex/OpenSpace	-	-	$60,387.56	$285,506.00	$225,118.44	372.79%
Open Space/4-8 Middle School Refinance (2008)	-	-	$68,625.00	$46,750.00	-$21,875.00	-31.88%
Elementary School, Town-Wide Radios, Municipal Office Complex (2020)	-	-	$504,775.00	$415,775.00	-$89,000.00	-17.63%
Open Space (2020	-	-	$4,613.00	$3,949.00	-$664.00	-14.39%
Total Expenditures	**$2,830,487.50**	**$2,644,712.50**	**$3,058,400.56**	**$2,881,980.00**	**-$176,420.56**	**-5.77%**