

BOARD OF FINANCE
REGULAR MEETING MINUTES
March 25, 2024

I. CALL TO ORDER:

The hybrid meeting was opened at 7:01 p.m. in person and by GoTo Meeting by Houston Putnam Lowry, Chair, present: Harry Captain, Carl Gisnarian, Kathleen Johnson, Micah Rousey, and Cathy Salchert. Brian Loveless attended virtually. A quorum was present.

II. MINUTES OF PRECEDING MEETINGS:

February 26, 2024, Meeting –

Harry Captain expressed his appreciation of the minutes as he was not at the meeting, and they brought him up to date. He also wanted to add his kudos to the Finance team for putting together a good budget, he attended the Town Council meeting along with many of his colleagues and was very impressed.

On a motion made by Micah Rousey seconded by Harry Captain it was voted:

RESOLVED: That the Board of Finance approves the minutes of the February 26, 2024, regular meeting as drafted.

Captain, Gisnarian, Johnson, Loveless, Lowry, Rousey and Salchert voted in favor.
Motion carried 7-0-0.

III. COMMUNICATION FROM MEMBERS:

Micah inquired about adding the total number of units to the Grand List Total Comparison 2023 to 2022 handout. Having this information would be helpful to evaluate the difference between the percentage changes.

Kathleen inquired if the decrease in industrial buildings on the Grand List Total Comparison 2023 to 2022 handout is due to there being more vacant buildings. Tom stated that the assessor could provide a definitive answer, but his understanding is that the income generated is a factor in the value of an industrial building, and it will consequently affect the value and contribute to the decrease in the grand list.

It was clarified that the 2022 figures are inclusive of the assessment values from the previous revaluation 5 years ago and the 2023 figures are inclusive of the current assessment values of the current revaluation, as revaluations are the primary driver of the change of grand list property values.

IV. FINANCE DIRECTOR'S REPORT/MISC.:**• Monthly Financial Report Summary**

Details of the Monthly Financial Report Summary were included in the packet report dated for the period ended 2/29/24 Tom DiStasio discussed the report.

Notable items were:

Revenues:

- Licenses, Fees & Permits are currently at 76% vs 93% this time last year. The primary driver is a decrease in recording and conveyance revenues, whereas building permit revenues are consistent. It is anticipated that we will reach the projected revenues by the end of the fiscal year.
- Intergovernmental revenues were primarily comprised of the receipt \$581,432 in February of Special Education Excess Cost funding from the State of Connecticut. This payment amounts to 67.22% of the amount budgeted for this grant with a second payment anticipated in May.
- Charges for Services are currently at 20% vs 70% this time last year. The primary driver is due to the timing of the recording of revenue for the first two quarters of Open Choice Special Education billing in FY 2023, as of this report these revenues have not been recorded for FY 2024.

Expenditures:

- Expenditures continue to run consistently relative to last year, they're just slightly under budget when adjusted to account for pro rating, that includes prorated annual costs such as health insurance contributions and annualized purchase orders.

In response to Houston's inquiry on how the opioid funds from the State of Connecticut are being used, Tom stated that the Town has not used any of the funds and currently, Alan Rosenberg, Director of Social Services is consulting with surrounding towns and working on plans for the use of the funds.

• Open Choice Funding

At the last meeting there was a question about whether we had an enrollment number in the Open Choice program to achieve the highest bracket of per student grant funding from the state of Connecticut. Tom reached out to the Board of Education and can confirm that based on enrollment for the school year 2023/2024 we are in the highest bracket which amounts to \$8,000 per student.

Harry mentioned discussions years ago regarding funding following the pupil, and inquired if that has been discussed recently as Avon's expenditure is approximately \$19,000 per pupil and we are receiving \$8,000 per pupil in the Open Choice program. Tom was not aware of any recent discussions. As the expenditure does come from the State level, Harry suggested it may be a discussion to be had with our State Legislators.

Harry asked how the Board of Education makes decisions on how many seats are available to the Open Choice Program, if cohorts (groups) of students are limited to the number of spaces that wouldn't require the hiring of another teacher or if that is not a concern? Houston explained that they usually invite a student in first grade and the student usually stays through high school. Rarely would a student start in a later grade, and even more rare would the Board of Education add a student later that would cause the hiring of a new teacher.

- **Revaluation**

At the last meeting the Board requested a breakdown of the impacts of the revaluation by the multiple real estate categories that make up the grand list. Harry DerAsadouran, Town Assessor provided such a breakdown which was included in the meeting documents. The revaluation reflected a 23% increase in real estate and is the primary driver for a 19.67% increase to the overall 2023 grand list as filed in January 2024. The proposed Fiscal Year 2024/2025 budget recommended by the Town Council incorporates a 14.27% decrease in the mill rate for real estate and personal property taxes to account for the spending proposed in the budget, as well as for the significant increase to the grand list.

As a standard part of the budget, usually before the public hearing calculators will be available on the website where a taxpayer can enter their assessment from the previous year, the new assessment based on the proposed budget and see the dollar difference in what their tax bill will be, based on the proposed budget figures.

V. OLD BUSINESS:

23/24-08 Review and Discussion: FY 24/25 Budget

The Town Council recommended a budget at their March 7th meeting. The March version of the FY25 budget was included in the meeting documents and has been posted online, after the Town Council's approved adjustments to the budget, it brings the overall proposed tax increase to 3.3%.

The key dates for the remainder of the budget process are:

- The Board of Finance Public Hearing to be held on April 1st at 7pm at the Avon Free Public Library Community Room and live stream.
- Budget Workshop to be held on April 3rd at 7pm at the Avon Free Public Library Community Room and live stream.
- Annual Budget Meeting to be held on May 6th at 7pm at the Avon Free Public Library Community Room and live stream.
- Budget Referendum to be held May 15th between 6am – 8pm at the Avon Senior Center.

Tom reviewed the PowerPoint presentation for the Town of Avon Board of Finance Public Hearing. A copy of the PowerPoint is included with these minutes.

In response to Brian's question, Tom explained that the total spending is increasing by 5.44% (slide 20) that amount incorporates the general fund spending as well as special revenue funds,

including: debt service, the capital improvement program, sewer funds, recreation funds, grant fund and certain grant fund such as the Town Aid Growth fund and local capital improvement grand funds and Board of Education grant funds. Brian stated that he looked at the total spending increases from 1999 to this past fiscal year and the average increase is 4.24%, the median increase is 3.85%, so at 5.44% we are more than 1.25% higher than we have seen on an annual basis since 1999. He also did the same for the mill rate increase and the average mill rate increase has been 3.45% and the median is at 2.87%, so the recommended increase of 3.3% is below average but higher than the median.

Harry commented that while Brian's math may work on the spending increase year over year, how has inflation gone up on a year-to-year basis over that timeframe or to be exact over the last two years, so we should expect an increase and the increase is below inflation.

Tom added that there needs to be consideration given to where some of the funding is coming from to fund the spending increase as there are significant irregular items that you may not see on a year-to-year basis, such as the \$1.4 million use of assigned fund balance for pavement improvements and \$900,000 in ARPA funding.

Cathy inquired if Tom could provide in a future meeting what the spending percentage would be without those additional revenue sources as that would offer a more accurate comparison to the analysis Brian gave.

In response to Cathy's question on how we measure inflation, Houston explained that he Department of Commerce puts out inflation measures and the standard one for this area would be the All-Urban Wage Earners inflation index, which we can explore at a future meeting.

VI. NEW BUSINESS:

23/24-17 Appropriation: Pavement Management, \$200,000.00

On a motion made by Micah Rousey seconded by Harry Captain it was voted:

RESOLVED: That the Board of Finance hereby appropriates a sum not to exceed \$200,000, from General Fund, Other Financing Sources, Assigned to Road Improvement, Account # 01-0390-43931 and transfer from Account # 01-8700-58000, General Fund, Other Financing Uses, Interfund Transfers Out.

To

Account # 02-4831-53003, Capital Projects Fund (Facil & Equip), Town CIP-Facil/Road Overlay, Road Surface Improvements and Account # 02-0390-43918 Capital Projects Fund (Facil & Equip) Other Financing Sources, Interfund Transfers In, in the amount of \$200,000, for the purpose of road improvements.

Captain, Gisnarian, Johnson, Loveless, Lowry, Rousey and Salchert voted in favor.
Motion carried 7-0-0.

23/24-18 Supplemental Appropriation: Avon Food Bank (ARPA), \$25,000.00

On a motion made by Cathy Salchert seconded by Carl Gisnarian it was voted:

RESOLVED: That the Board of Finance hereby amends the FY 23/24 Budget by increasing:

REVENUES

American Rescue Plan Act Grant, Intergovernmental, American Rescue Plan Act Grant Revenue, Account #50-0330-44037 in the amount of \$25,000 and increasing:

APPROPRIATIONS

American Rescue Plan Act Grant, Human Services, Food Bank Support, Account #50-4203-55165, in the amount of \$25,000 for the purpose of allocating funding received through the American Rescue Plan Act towards the support of the Avon Food Bank.

Captain, Gisnarian, Johnson, Loveless, Lowry, Rousey and Salchert voted in favor.
Motion carried 7-0-0.

23/24-19 Acquisition of Property Located at 65 Nod Road

No action is required at this meeting by the Board of Finance. The discussion is to inform the board members that at the April 4th Town Council meeting there will be a public hearing on the proposed land acquisition. Assuming a positive response from the hearing the Town Council will

- (1) Approve the acquisition subject to approval of project appropriation by the Board of Finance.
- (2) Approve a supplemental appropriation of \$50,000 from committed fund balance (Fund 05) for the cost of the acquisition plus any soft costs.
- (3) Authorize the Town Manager to move forward with the required closing transactions, subject to Board of Finance approval of the supplemental appropriation at their April 15th meeting.

This acquisition will be for just under an acre of land that will convert the existing easement to ownership and allow better access to the sanitary sewer pumping station.

VII. ADJOURN:

On a motion made by Carl Gisnarian, seconded by Micah Rousey, it was voted:

RESOLVED: That the Board of Finance enter to Executive Session at 8:07 p.m. to discuss matters within the scope of Connecticut General Statutes §1-201(b).

Captain, Gisnarian, Johnson, Loveless, Lowry, Rousey and Salchert voted in favor.
Motion carried 7-0-0.

The Board of Finance exited from Executive Session at 8:30 pm.

On a motion made by Harry Captain, seconded by Kathleen Johnson, it was voted:

RESOLVED: That the Board of Finance adjourn the meeting at 8:31 p.m.

Captain, Gismarian, Johnson, Loveless, Lowry, Rousey and Salchert voted in favor.
Motion carried 7-0-0.

Minutes are official only after approval by the Board of Finance, usually at its next meeting.

Respectfully Submitted,

3/28/2024

X 

Signed by: 4076d14e-c6c6-47e4-87a6-04602192bb06

Town of Avon Board of Finance

Public Hearing

Requested Fiscal Year 24/25 Budget

Monday, April 1, 2024

Requested Budget Summary

Property Tax & Assessments
\$98,161,608

Non-Property Tax Revenue
\$17,926,365

Total Revenue Required
\$116,087,973
+5.44%

**Town Requested
Spending**
\$31,058,502
+4.25%

**Other Financing
Uses/CIP
Requested Spending**
\$6,553,311
+23.42%

**Sewers
Requested
Spending**
\$3,305,144
+3.32%

**Debt Service
Requested
Spending**
\$2,890,950
+0.05%

**Board of
Education
Requested
Spending**
\$72,280,066
+4.90%

Board of Finance *Balances*

The
Requested
Amount of
Spending for
Services



The Level of
Revenues
Required to Pay
for these
Requests

*The proposed \$116,087,973 budget
for Fiscal Year 2024/2025 would
require a 3.30% tax increase.*

Board of Finance *Considers*

- The best interest of Avon as a whole
- Input from Town Council and Board of Education
- Interaction with residents
- Public hearing comments
- Economic conditions
- Tax demands of other levels of government
- Estimates of revenue sources and projections
- Future borrowing requirements
- Voting history

Avon Revenue Options *Limited*

- **Restrictive State Laws—**
 - No local income or sales taxes
 - No local tobacco, alcohol, gas, or hotel taxes
- **Avon Revenue Choices—**
 - Property taxes and assessments
 - Non-property tax sources
 - *Licenses, Permits, Fees, Grants*

What is the Grand List & Why is it Important?

The **Grand List** is the compilation, by value, of all taxable and tax exempt property within the Town. The **Grand List** can be broken into four categories:

- (1) **Real Estate** – all residential and commercial property and all improvements such as buildings, sheds, pools etc.
- (2) **Personal Property** – anything that is moveable and is not a permanent part of commercial real estate. For example, the furniture, machinery and equipment owned or leased, and used, by a business.
- (3) **Motor Vehicles** – vehicles that, in the normal course of their operation, most frequently leave from and return to, or remain, within the Town of Avon.
- (4) **Other** – vacant land.

Reminder: Your property is assessed and taxed at 70% of market value.

New Money Raised by Annual Growth in Net Grand List

FY 2023/2024 Net Grand List (Adjusted for 2023 Revaluation)	\$3,214,748,921
FY 2024/2025 Net Grand List (Before Board of Assessment Appeals)	\$3,217,394,166
% Increase	0.08%
\$ Raised by growth in Net Grand List	\$77,691

Calculating FY 24/25 Mill Rate Increase

(Considering the 2023 Revaluation)

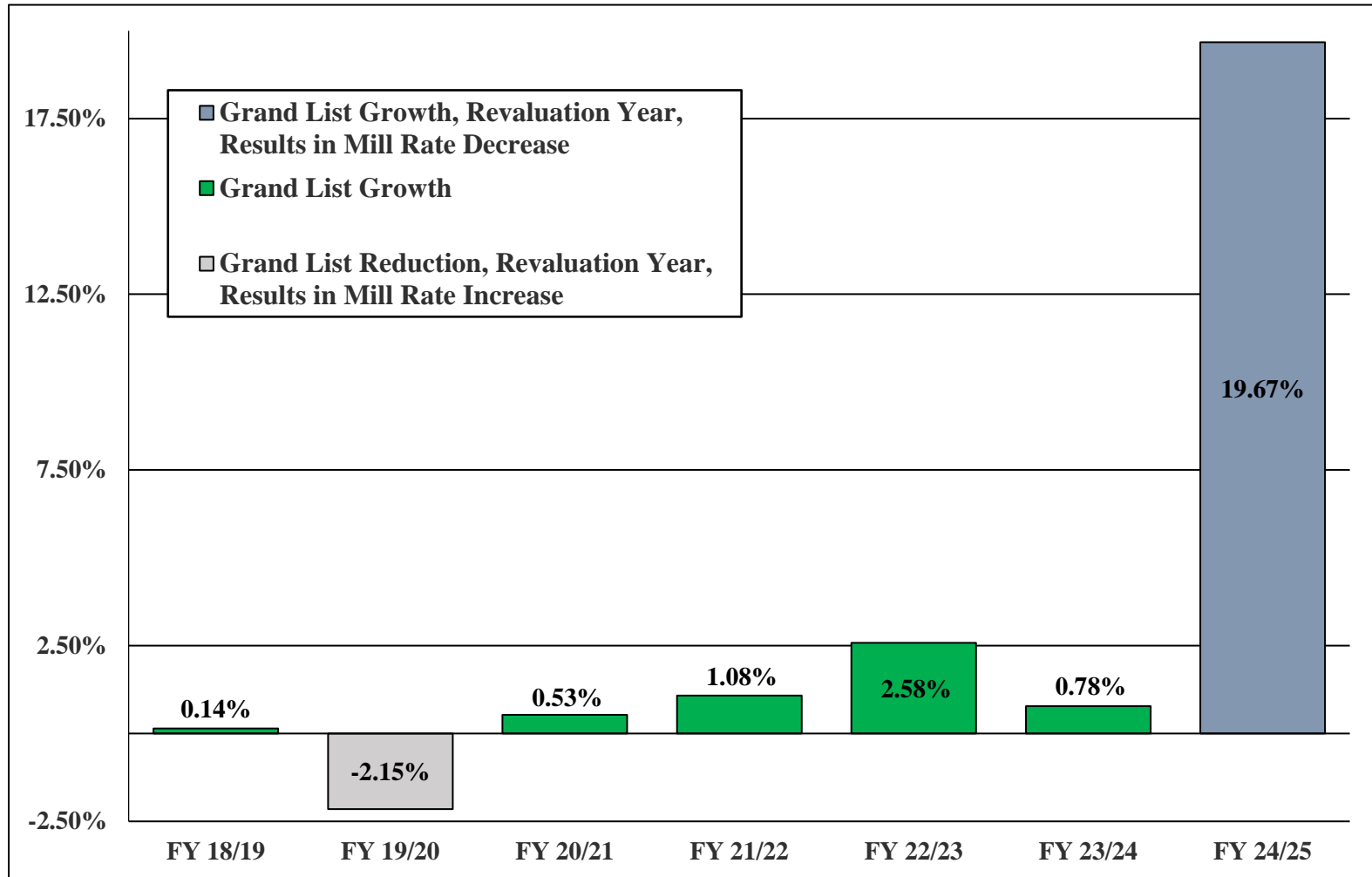
- Step 1: Establish a new base mill rate by applying the prior year tax levy to the prior Grand List, adjusted for the impacts of the revaluation.
- Step 2: Apply the FY 24/25 Tax Levy to the filed 2023 Grand List, which accounts for ALL adjustments including those driven by the revaluation.

STEP	AMOUNT NEEDED FOR PROPERTY TAX LEVY*	÷	GRAND LIST	X 1,000	=	MILL RATE 1 Mill = 1/1000 of a Dollar
#1	\$94,404,769 (FY 23/24 Tax Levy)	÷	\$3,214,748,921 (Post-Revaluation 2022 Grand List)	X 1,000	=	29.37 (New Base)
#2	\$97,615,739 (FY 24/25 Tax Levy)	÷	\$3,217,394,166 (Filed 2023 Grand List)	X 1,000	=	30.34 (Proposed FY 24/25 Mill Rate)

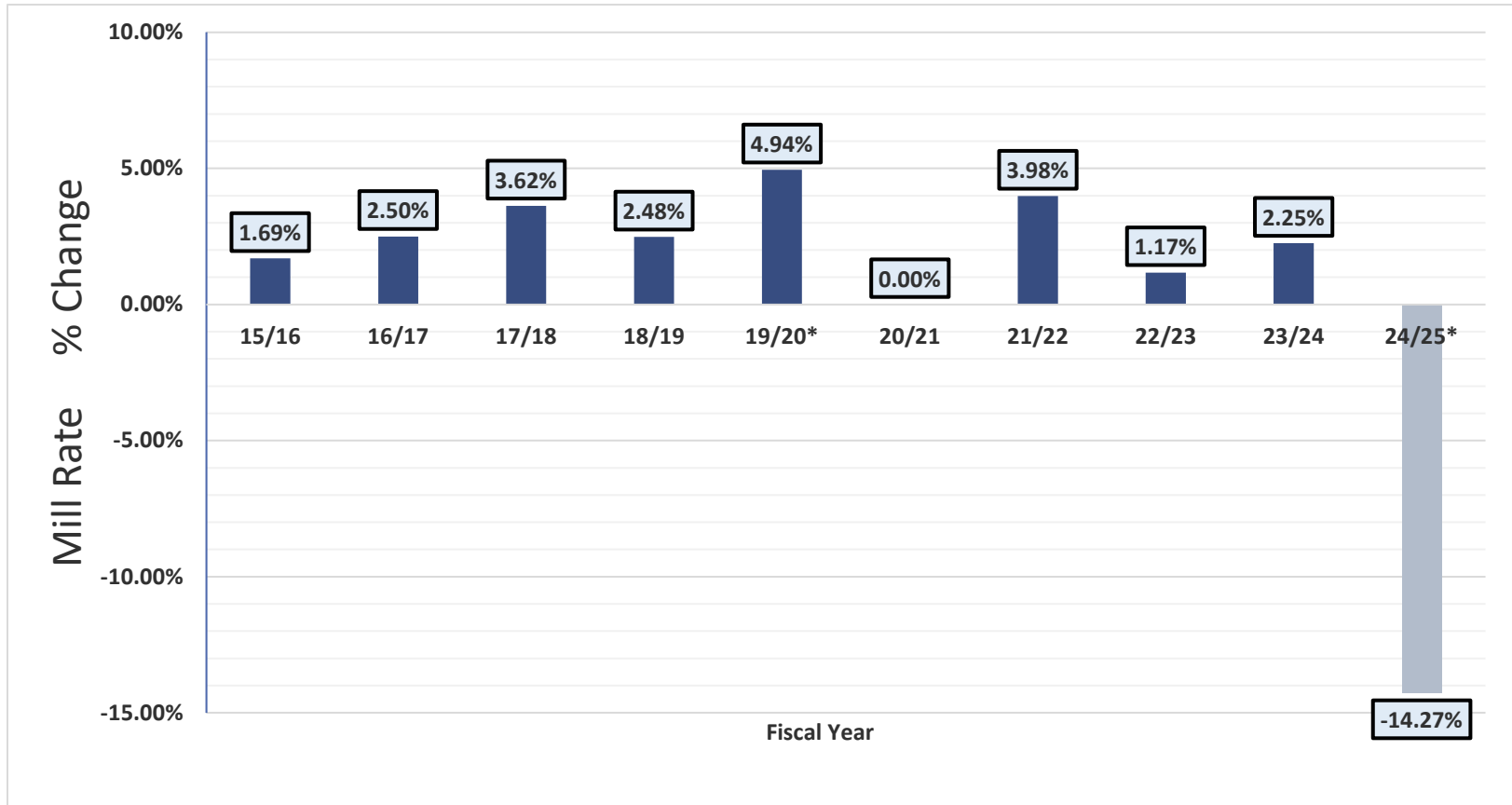
* The "Property Tax Levy" does not include supplemental real estate, supplemental motor vehicle, prior levies, interest & penalties, sewer & water assessments, & telecommunications taxes.

$$0.97 \text{ Mill Rate Increase} \div 29.37 \text{ Base Mill Rate} = \underline{\underline{3.30\% \text{ INCREASE}}}$$

Avon Grand List Changes



Mill Rate Change Comparison



* Revaluation Year

Mill Rate: 28.80 29.82 30.59 31.35 32.90 32.90 34.21 34.61 35.39 30.34

Revenue Raised by Source

	Adopted FY 23/24	Requested FY 24/25	% Inc/ -Dec
Taxes & Assessments	\$ 94,987,422	\$ 98,161,608	3.34%
<i>% of revenues</i>	86.28%	84.56%	
Non-Property Tax Sources	\$ 15,109,119	\$ 17,926,365	7.13%
<i>% of revenues</i>	13.72%	15.44%	
TOTAL	\$ 110,096,541	\$ 116,087,973	5.44%
Net Grand List	\$ 2,688,484,306	\$ 3,217,394,166*	19.67%
Mill Rate Required	35.39	30.34	-14.27%

** Before Board of Assessment Appeals*

Property Tax and Assessments

Property Tax & Assessments contributes <u>84.56%</u> of FY 24/25 Required Revenue	Adopted FY 23/24	Required FY 24/25	FY 24/25 % Prop. Tax & Assess.
a) Residential	\$69,990,198	\$75,782,474	77.20%
b) Commercial/Industrial	12,071,642	10,958,503	11.16%
c) Motor Vehicles	8,205,744	7,080,745	7.21%
d) Personal Property	3,975,586	3,631,898	3.70%
e) Other	161,599	162,119	0.17%
Subtotal	\$94,404,769	\$97,615,739	99.44%
f) Assessments – Various	582,653	545,869	0.56 %
Total	\$94,987,422	\$98,161,608	100.00%

Source: Assessor's Office

Non-Property Tax Revenue

Non-Property Tax contributes <u>15.44%</u> of FY 24/25 Required Revenue	Adopted FY 23/24	Required FY 24/25	FY 24/25 % Non-Prop. Tax
Intergovernmental <i>i.e. grants</i>	\$4,845,272	\$6,583,241	36.72%
Licenses, Fees & Permits <i>i.e. building permits, recording & conveyance</i>	1,088,114	1,080,625	6.03%
Charges for Current Services <i>i.e. landfill, recreation fees</i>	7,388,941	7,168,254	39.99%
Other Local Revenues & Other Financing Sources <i>i.e. investment interest</i>	1,786,792	3,094,245	17.26%
TOTAL	\$15,109,119	\$17,926,365	100.00%

Calculating the Tax Increase Based on Proposed Spending

1. Total Unified Budget Request	\$ 116,087,973
<i>Where do we get the Money?</i>	
2. Non-Property Tax Revenues <i>(intergovernmental, fees, permits, etc.)</i>	\$ 17,926,365
3. Other Assessments <i>(supplemental motor vehicle, prior levies, sewer assessments, etc.)</i>	\$ 545,869
4. Grand List at New Base Mill Rate (includes Revaluation Impact & Annual Growth)	\$ 94,494,867
Subtotal	\$ 112,967,101
<i>Where do we get the Rest?</i>	
5. Additional Funding Needed	\$ 3,120,872
6. Tax Increase Required to Fund Budget Request	\$ 3,120,872 ÷ 94,494,867
	<u>= 3.30%</u>

Tax Impact

Requested Spending Assessed Home Values in Avon (Single Family Homes & Condos)

House Market Values (Post Reval)	Assessed House Values (Post Reval)	<u>Base Property Tax</u> Considering Revaluation (29.37 mills)	<u>New Property Tax</u> If Budget is Approved (30.34 mills)	<u>Difference</u> Proposed Tax Increase (0.97 mills)
\$375,000	\$262,500	\$7,710	\$7,964	\$254
\$525,000	\$367,500	\$10,793	\$11,150	\$357
\$675,000	\$472,500	\$13,877	\$14,336	\$459
\$825,000	\$577,500	\$16,961	\$17,521	\$560
\$975,000	\$682,500	\$20,045	\$20,707	\$662
\$1,125,000	\$787,500	\$23,129	\$23,893	\$764

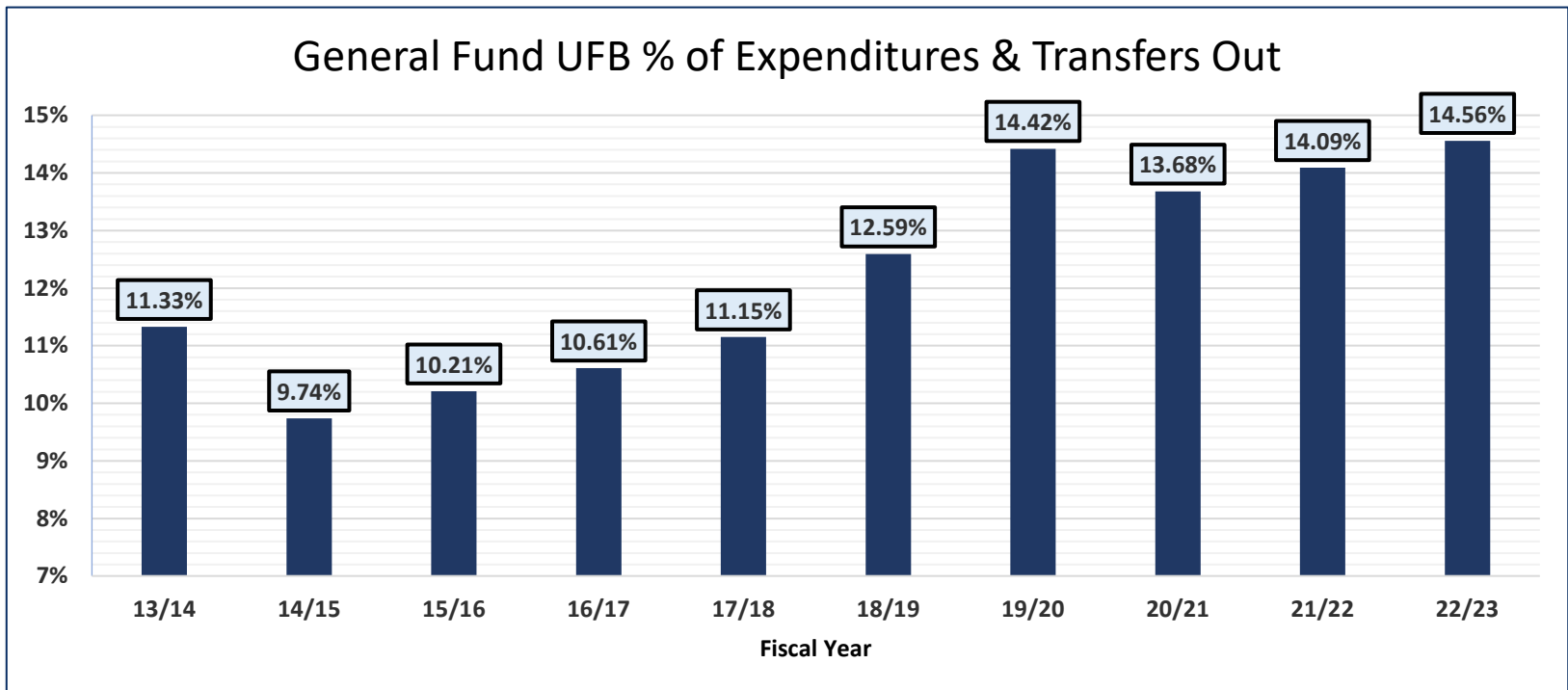
Reminder: Your property is assessed and taxed at 70% of market value.

For your specific real estate & motor vehicle taxes, please visit:

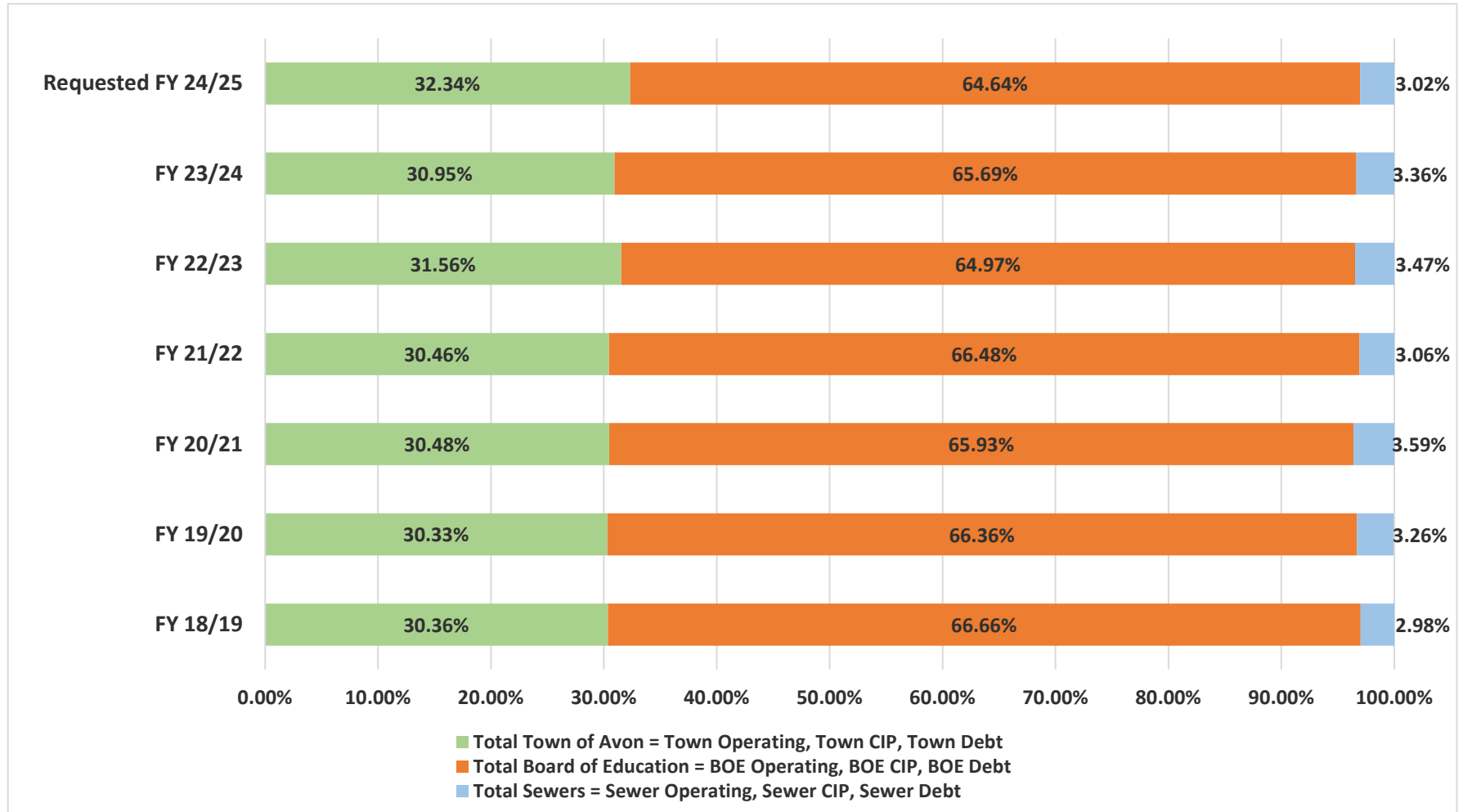
www.avonassessor.com

Unassigned Fund Balance

- **Unassigned Fund Balance**: General Fund balance that is available for appropriation.
- **Town Council Policy**: It is the goal of the Town of Avon to maintain a minimum unassigned fund balance of 15% of general fund expenditures and transfers out. (*Updated: February 1, 2024*)



Spending Trends



Note: CIP= Capital Improvement Program

Board of Education Requested Spending FY 24/25

	Requested <u>FY 24/25</u>	% of Total Budget
Board of Education Operating	\$ 72,280,066	62.26%
BOE Share of Debt Service	1,871,883	1.61%
BOE Share of Capital Improvement Program (CIP)	890,000	0.77%
BOE Operating, Debt, CIP and Other Financing Uses TOTAL	\$ 75,041,949	64.64%

Town & Sewers Requested Spending FY 24/25

	Requested <u>FY 24/25</u>	% of Total Budget
Town of Avon Operating	\$ 31,058,502	26.75%
Town Share of Debt Service	1,019,067	0.88%
Town Share of Capital Improvement Program (CIP)	5,458,311	4.71%
SUBTOTAL	\$ 37,535,880	32.34%
Sewers Operating, and Share of CIP	3,510,144	3.02%
Town & Sewer Operating, Debt, CIP and Other Financing Uses TOTAL	\$ 41,046,024	35.36%

Requested Budget Summary

	<u>Adopted FY 23/24</u>	<u>Requested FY 24/25</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ -Decrease</u>
Town Operating	\$ 29,793,187	\$ 31,058,502	\$ 1,265,315	4.25%
Board of Education	68,905,081	72,280,066	3,374,985	4.90%
Debt Service	2,889,400	2,890,950	1,550	0.05%
Capital Improvement	4,559,906*	6,553,311**	1,993,405	43.72%
Sewers	3,198,967	3,305,144	106,177	3.32%
Other Financing Uses	750,000	-	(750,000)	-100.00%
TOTAL	\$ 110,096,541	\$ 116,087,973	\$ 5,991,432	5.44%

* Includes \$505,000 in Sewer Projects paid by Sewer Fund.

** Includes \$205,000 in Sewer Projects paid by Sewer Fund, \$182,000 in Recreation Projects paid by Fisher Meadows/Fisher Old Farms Fund, and \$906,000 in Road Improvement Projects, Sidewalk Projects, and Equipment purchases paid by the American Rescue Plan Fund.

Next Steps

Budget Workshop

Not a public hearing, but open to public to observe

Wednesday, April 3 @ 7 PM

Avon Free Public Library – Community Room
(Livestreamed)

(Additional Dates TBD, if needed)

Annual Budget Meeting

Monday, May 6 @ 7 PM

Avon Free Public Library – Community Room
(Livestreamed)

Budget Referendum

Wednesday, May 15 @ 6 AM – 8 PM

Avon Senior Center