TOWN OF AVON

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BUDGET MESSAGE

TO THE TOWN COUNCIL **JANUARY 29, 2016**

The proposed fiscal year 2016/2017 Town, Board of Education, Sewer, Capital and Debt Service Budgets are submitted for your review. The proposed budgets total $89,403,568. This equates to an increase of $2,996,572 or 3.47%. This budget requires a property tax levy increase of 3.08%. The mill rate would increase from 28.80 to 29.52 or 2.50%.

The total proposed budget, not including the operating budget of the Board of Education, but including the Town, Sewer, Capital and Debt Service Budgets is $32,521,002. This equates to an increase of $1,234,658 or 3.95% over the current year budget of $31,286,344. The increase to the Town operating budget, not including Sewers, Capital and Debt Service budgets is 3.96% or $891,332.

The most significant factors driving the proposed fiscal year 2016/2017 operating budget are:

- Increases in Wages and Salaries $311,405
- Increases in Funding for Other Post-Employment Benefits/ Retiree Health Care Funding $156,778*
- Hospitalization $104,736
- Increase in funding for the Defined Benefit Plan $65,422**

*Offset, in part, by a drawdown of $225,000 from General Fund-Fund Balance Assigned to Post-Employment Benefits
**Offset, in part, by a drawdown of $187,500 from General Fund-Fund Balance Assigned to Pension Contributions

Revenue details are included in Tab B and are summarized in the following table:

COMPARATIVE ANALYSIS: FY 2015/2016 AND FY 2016/2017 BUDGETS ALL FUNDS

REVENUES

CLASSIFICATION	APPROPRIATED FY 2015/2016	RECOMMENDED FY 2016/2017	$ INC/(DEC)	% INC/-DEC
Property Tax & Assessments	$ 74,486,325	$ 76,775,670	$ 2,289,345	3.07%
Intergovernmental	4,984,171	5,214,956	230,785	4.63%
Licenses, Fees & Permits	1,053,825	1,054,445	620	0.06%
Charges for Current Services	4,546,512	4,489,393	(57,119)	-1.26%
Other Local Revenues	479,163	404,632	(74,531)	-15.55%
Other Financing Sources (Uses)	857,000	1,464,472	604,472	70.88%
TOTAL	**$ 86,406,996**	**$ 89,403,568**	**$ 2,996,572**	**3.47%**

EXPENDITURES

CLASSIFICATION	APPROPRIATED FY 2015/2016	RECOMMENDED FY 2016/2017	$ INC/(DEC)	% INC/-DEC
Town Operating Budget	$ 22,492,161	$ 23,383,493	$ 891,332	3.96%
School Operating Budget	55,120,652	56,882,566	1,761,914	3.20%
Sewer Operating Budget	1,962,071	1,947,682	(14,389)	-0.73%
Capital & Debt Service Budgets:				
Debt Service	3,300,940	2,789,290	(511,650)	-15.50%
Capital Budget	3,531,172*	4,400,537**	869,365	24.62%
Subtotal: Capital & Debt Service	6,832,112	7,189,827	357,715	5.24%
TOTAL	**$ 86,406,996**	**$ 89,403,568**	**$ 2,996,572**	**3.47%**

* Includes $820,000 in Sewer Projects paid by Sewer Fund.
** Includes $1,097,000 in Sewer Projects paid by Sewer Fund.

TOWN OF AVON ANNUAL BUDGET
FISCAL YEAR 2016/2017
RECOMMENDED JANUARY 29, 2016

	FY 14/15 ACTUAL	FY 15/16 ADOPTED BUDGET	FY 16/17 GENERAL FUND	FY 16/17 SPECIAL REV. & OTHER FUNDS	FY 16/17 REQUESTED BUDGET	DIFFERENCE	% CHANGE	% BY SUBTOTAL	BUDGET BY TOTAL
REVENUES									
Property Tax & Assessments	72,760,210	74,486,325	76,725,670	50,000	76,775,670	2,289,345	3.07%	85.88%	85.88%
Intergovernmental	6,095,243	4,984,171	3,701,365	1,513,591	5,214,956	230,785	4.63%	5.83%	5.83%
Licenses, Fees, & Permits	1,221,695	1,053,825	1,049,945	4,500	1,054,445	620	0.06%	1.18%	1.18%
Charges for Current Services	4,718,125	4,546,512	1,223,366	3,266,027	4,489,393	(57,119)	-1.26%	5.02%	5.02%
Other Local Revenues	558,152	479,163	379,532	25,100	404,632	(74,531)	-15.55%	0.45%	0.45%
Other Financing Sources (Uses)	7,802	857,000	160,000	1,304,472	1,464,472	607,472	70.88%	1.64%	1.64%
TOTAL REVENUES	85,361,227	86,406,996	83,239,878	6,163,690	89,403,568	2,996,572	3.47%	100.00%	100.00%
EXPENDITURES									
TOWN									
General Government	2,933,179	3,096,390	3,281,506		3,281,506	185,116	5.98%	14.03%	3.67%
Public Safety	9,579,166	9,708,581	10,084,298	17,452	10,101,750	393,169	4.05%	43.20%	11.30%
Public Works	5,541,015	5,583,203	5,689,166	113,809	5,802,975	219,772	3.94%	24.82%	6.49%
Health & Social Services	502,739	483,568	504,567		504,567	20,999	4.34%	2.16%	0.56%
Recreation & Parks	1,132,707	1,145,800	802,931	371,236	1,174,167	28,367	2.48%	5.02%	1.31%
Education - Culture	1,479,743	1,503,905	1,564,196		1,564,196	60,291	4.01%	6.69%	1.75%
Conservation & Development	613,769	636,900	633,600		633,600	(3,300)	-0.52%	2.71%	0.71%
Miscellaneous	333,033	333,814	320,732		320,732	(13,082)	-3.92%	1.37%	0.36%
TOTAL TOWN	22,115,351	22,492,161	22,880,996	502,497	23,383,493	891,332	3.96%	100.00%	26.15%
BOARD OF EDUCATION									
Salaries	32,693,439	33,581,807	34,766,033		34,766,033	1,184,226	3.53%	61.12%	38.89%
Employee Benefits	8,242,353	8,743,144	9,445,758		9,445,758	702,614	8.04%	16.61%	10.57%
Purchased Prf & Tech Services	1,310,564	952,005	1,086,654		1,086,654	134,649	14.14%	1.91%	1.22%
Property Services	937,636	769,489	767,975		767,975	(1,514)	-0.20%	1.35%	0.86%
Other Purchased Services	5,666,331	5,785,758	6,168,358		6,168,358	382,600	6.61%	10.84%	6.90%
General Supplies & Utilities	2,475,576	2,519,002	2,208,846		2,208,846	(310,156)	-12.31%	3.88%	2.47%
Equipment	1,043,353	379,389	320,705		320,705	(58,684)	-15.47%	0.56%	0.36%
Fees & Memberships	81,338	67,405	88,535		88,535	21,130	31.35%	0.16%	0.10%
Cafeteria Operation	1,047,552	1,119,209		1,050,316	1,050,316	(68,893)	-6.16%	1.85%	1.17%
Facility Use	32,900	56,500		54,000	54,000	(2,500)		0.09%	0.06%
Prepaid State & Fed. Grants	1,174,065	1,146,944		925,386	925,386	(221,558)	-19.32%	1.63%	1.04%
TOTAL BOARD OF EDUCATION	54,705,107	55,120,652	54,852,864	2,029,702	56,882,566	1,761,914	3.20%	100.00%	63.62%
SEWERS									
Operating Expense	2,397,623	1,962,071		1,947,682	1,947,682	(14,389)	-0.73%	100.00%	2.18%
TOTAL SEWERS	2,397,623	1,962,071		1,947,682	1,947,682	(14,389)	-0.73%	100.00%	2.18%
DEBT SERVICE									
Bonds	3,647,488	3,300,940	2,789,290		2,789,290	(511,650)	-15.50%	100.00%	3.12%
Notes									
TOTAL DEBT SERVICE	3,647,488	3,300,940	2,789,290	-	2,789,290	(511,650)	-15.50%	100.00%	3.12%
OTHER FINANCING USES									
Capital Improvements									
Facilities	2,234,738	2,678,172	2,131,728	1,683,809	3,815,537	1,137,365	42.47%	86.71%	4.27%
Equipment	1,602,384	853,000	385,000		385,000	(468,000)	-54.87%	8.75%	0.43%
C.N.R.E.F.	50,000		200,000		200,000	200,000	100.00%	4.54%	0.22%
CAPITAL IMPROVEMENT PROGRAM	3,887,122	3,531,172	2,716,728	1,683,809	4,400,537	869,365	24.62%	100.00%	4.92%
TOTAL EXPENDITURES	86,752,691	86,406,996	83,239,878	6,163,690	89,403,568	2,996,572	3.47%	100.00%	100.00%

SHORT AND LONG TERM PROGRAMMATIC GOALS

The proposed fiscal year 2016/2017 Budget reflects the stated **mission** of the Town Council and Board of Finance **to provide quality town services at a reasonable cost to citizens and taxpayers.** The mission and goals are reviewed each year as part of the budget process. Short and long-term programmatic goals are discussed below. A comprehensive ranking of Avon's revenues, expenditures and other economic data as it compares to Connecticut's other 169 local governments was last provided in fiscal year 2009/2010. Unfortunately, the data sources for this information are no longer being compiled and published. Accordingly, this information is no longer included in the budget document. Towns and Cities which are demographically similar and geographically near Avon are listed on A.23.

LONG-TERM PROGRAMMATIC GOALS

MISSION

Provide quality town services at a reasonable cost to all citizens and taxpayers.

Long Term Goals

1. **Provide continuity in planning and development, as the community approaches build out, by: using an approach toward guiding growth as it naturally occurs, rather than artificially blocking or stimulating development;**
2. **Ensure long-term fiscal stability and programmatic effectiveness by providing professional management of the Town's programs and finances resulting in effective and efficient delivery of quality Town services at a low tax rate;**
3. **Provide a quality educational system with a caring and supportive learning environment by ensuring both high faculty standards and superior educational facilities, resulting in well-prepared students capable of successfully entering the nation's most competitive colleges and universities as well as competing in today's increasingly sophisticated world;**
4. **Provide a safe, secure and pleasing environment where people can live, work and play in harmony with their surroundings.**

In June 2011, for the second straight year, Hartford Magazine rated Avon the "best" Town in the Hartford Region in the population category of 15,000 to 30,000. In the same issue, Avon was also named the best overall Town in the Capitol Region, which consists of 30 municipalities. In June 2011, Newsweek reported that Avon High School ranked as the 281st best high school in the United States, and was one of five Connecticut high schools ranked in the Top 300.

In 2009, Connecticut Magazine rated Avon fourth statewide in its "Rating the Towns" article. Avon was the highest ranked town in Hartford County. In 1999, 2000, and again in 2004, Connecticut Magazine rated Avon the second best Town in Connecticut (in the 15,000 to 25,000 population category).

A comprehensive impartial town-wide survey of Avon residents professionally administered in 2004 by the University of Connecticut Center for Survey Research and Analysis found that 99% of residents rank Avon's quality of life as good or excellent. A follow-up study of Avon Businesses conducted in 2005 in conjunction with the Avon Chamber of Commerce by the same center found that 89% of Avon businesses found Avon a good or excellent place to do business.

Mission and Goals	Page #	Town Council Goals: Town Mission	Continuity in Planning	Fiscal, Stability/Program Effectiveness	Quality Education	Safe, Secure, Environment
Town Manager						
Receive a 95%+ rating of Excellent or Very Good on Citizen Satisfaction Surveys.	E5	■				
Registrars of Voters						
Process in accordance with applicable laws.	E7			■		
Town Clerk						
Record, index, scan and return original documents within one business day.	E10			■		
Human Resources						
Manage labor actions and unemployment claims efficiently and effectively.	E12	■				
Finance						
Participate in the annual GFOA budget award program.	E13			■		
Meet or exceed all audit deadlines.	E13			■		
Prepare 100% of budget amendments in accordance with the Town Charter.	E13			■		
Meet 100% of project goals and deadlines.	E13			■		
Accounting						
Increase and promote electronic transactions.	E14	■				
Assessing						
Manage the appeal process outside of the court system.	E15			■		
Collector of Revenue						
Maintain a tax collection rate of 99.00(+)%.	E16			■		
Police Administration						
Reduce the number of motor vehicle accidents in high accident areas.	F4					■
Maintain or reduce the average response time to all calls for service.	F4					■
Fire Prevention						
Ensure that detected fire code violations are abated in 90% of all instances without formal legal proceedings.	F11					■
Maintain Avon's current ISO Split Rating of 4 - 9	F11					■

Mission and Goals	Page #	Town Council Goals: Town Mission	Continuity in Planning	Fiscal, Stability/Program	Quality Education	Safe, Secure, Environment
Building Inspection						
Issue 95% of all building permits within 2 days of application receipt.	F15			■		■
Conduct requested field inspections within 2 business days for 95% of all requests.	F15			■		■
Maintain an exceptionally low number of appeals (less than 2 per year) taken to either the Building Code Board of Appeals or State Building Official's office.	F15			■		■
Public Works Administration						
Repair 100% of reported potholes within the statutorily required timeframe.	G3	■				■
Prepare 100% of playing fields for use within two hours of request.	G3	■				■
Respond to 100% of unanticipated snow events within 1 hour.	G3	■				■
Human Services						
Provide vital information or assistance in at least 90% of its cases.	H7	■				■
Parks & Recreation Administration						
Implement Time and Attendance Program for 75% of all employees	I4	■				
Receive 80-90% of all Program Registrations via On-Line Transactions	I4	■				
Receive 50-60% of Facility Reservations via On-Line Transactions	I4	■				
Avon Free Public Library						
Exceed the State's average circulation/capita and visits/capita.	J3				■	
Planning and Zoning						
Process 100% of all applications such that there are no appeals on grounds related to procedural defects.	K3		■	■		
Administer Town land use regulations in a manner that balances the need for housing, transportation, and economic growth with private property rights.	K3		■	■		

TOWN OF AVON STRATEGIC PLANNING DOCUMENTS

Name of Plan	Adoption Date	Purpose
Business Continuity Plan	Feb 2012	To prepare the Town to restore services to the widest extent possible in a minimum time frame in the event of extended service outages caused by factors beyond our control (e.g., natural disasters, man-made events, etc.)
Health Insurance Compliance Plan	Dec 2012	To ensure the Town is compliant with the periodic implementation of various aspects of the Affordable Care Act as well as to be properly budgeted and funded as related taxes become effective and payable.
Waste Water Facilities Plan	Apr 2007	To have a comprehensive document that addresses operations, maintenance, and expansion of the Town's waste water collection system.
Avon Free Public Library Strategic Plan (2007-2010)	Sep 2007	To define the mission and roles of the public library in Avon and to develop strategies and activities to enable the library to overcome challenges and provide the best services possible to the community.
Avon Free Public Library Technology Plan	Oct 2007	To guide technological development in the library, to support the library's mission statement, to stimulate thought and discussion about the technological needs of our community, and to provide structure for planning and budgeting.
Comprehensive Energy Management Plan	Oct 2012	To provide a comprehensive action plan for the management of Town and BOE assets, operations, and energy use, including several non-binding "reach" goals with respect to energy use reduction and use of renewables.
Recreation & Park Facilities Master Plan	Dec 2007	To study expansion of existing recreation facilities and athletic fields and potential development of Town owned parcels for future recreational use and to develop several conceptual recreation plans based upon the report analysis and recommendations.
Natural Resource Inventory & Management Plan	Nov 2009	To guide the management of five properties owned by the Town, including Alsop Meadows Conservation Area, Fisher Meadows Natural Area, Found Land Conservation Area, Huckleberry Hill Conservation Area, and Hazen Park.
Plan of Conservation and Development	Mar 2006	To guide the Planning and Zoning Commission and the citizens of Avon in making decisions regarding land use, transportation, public services, recreation, open space, natural resources, and housing, over the next decade.
Avon Public Schools Strategic Plan (2012-2016)	Sep 2012	To guide overall operations and strategic investments in the Avon Public School Systems.
Pavement Management Program	Nov 2012	To guide annual resource allocation for prioritizing road improvements and rehabilitation based on objective road condition ratings.
Roof Asset Management Plan	Nov 2005	To assist the Public Works Department in prioritizing the strategic replacement or improvement of rooftops on all municipal owned buildings.

Town of Avon Goals, Practices and Policies

The Town Council and Board of Finance, in partnership with the management team, work together to set goals and objectives that underpin policies and inform practices in order to maintain Avon's AAA bond rating and ensure that prudent fiscal stewardship and best practices are standard operating procedure. The following practices and policies, in conjunction with the adopted mission and goals listed on pages IV through VI of the Budget Message, influence, shape, and direct the Town's approach to financial management:

Operating Management

- Town policy (see pages S.18 – S.21): Cash and investments will be maintained in accordance with the Town Charter and the adopted Investment Policy to ensure that proper controls and safeguards are maintained. This policy does not cover the financial assets of the pension plans.
- Town practice: Identify alternatives to current service delivery where departments, in cooperation with the Town Manager's office, will identify activities that could be provided by another source and review service delivery alternatives on an "opportunity" basis.

Revenue

- Town practice: Revenues will not be dedicated for specific purposes unless required by law or Generally Accepted Accounting Practices (GAAP).
- Town practice: Reliance on State aid and grants are minimal. Inconsistent or fluctuating grants should not be used to fund ongoing programs.
- Town practice: User fees and charges (i.e.: Recreation Activities Fund, Sewer Fund, Police Special Services Fund) are examined on a cyclical basis to make certain all direct and indirect costs are recovered.

Operating Budget and Expenditure

- Town policy (refer to Town Council Policy No. 3.1): Purchasing Policy establishes a systematic and uniform system for the procurement of service, supplies, materials, equipment and other commodities required by any department, office or agency of the Town other than the BOE.
- Town practice: Funding basis is derived from current revenues and fund balances carried forward from the prior year, after reserve requirements are met.
- Town practice: The utilization of a financial operating plan estimating expenditures for providing services, and the proposed means of financing them. A balanced budget limits expenditures to available resources.
- Town practice: Consider a cost effective strategy- contracting private (Services & Supplies) services providers (i.e.: janitorial, grounds, snow maintenance, etc.) and joint effort strategies with the school district, other municipalities and agencies.

Capital Management

- Town practice: Capital Improvement Program, where a five-year Capital Improvement Program (CIP) will be developed and updated annually, including anticipated funding sources. Capital improvement projects are defined as infrastructure or equipment purchases or construction that results in a capitalized asset costing more than $20,000 with an expected life (depreciable life) of at least five years.
- Town practice: Pay-as-you-go Capital Improvement Program financing is defined as all sources of revenue other than Town debt issuance. The debt service program capacity from the retirement of debt is shifted to the capital pay-as-you-go line items to restore the Capital Improvement Program.

Debt Management

- Town policy (see page S.9): True or Operating Lease Policy establishes criteria when considering a true or operating lease. By allowing the Town to lease rather than purchase, the lease offers more flexibility in terms of adjusting to changes is treated as an operating expense in the income statement and does not affect the balance sheet.
- Town policy (see pages S.10 through S.17): The Debt Policy establishes parameters and guidance to make decisions on capital spending and issuance of debt as a means to fund them. In order to minimize debt service expenditures, the Town shall endeavor to take appropriate actions to maintain its "Aaa/AAA" credit ratings from Moody's and Standard & Poor's.
- Town practice: Prior to new debt, the Financial Advisor presents debt modeling and performs analysis showing how new issued and current debt impacts the Town's debt capacity; conformance with Town debt policies will accompany every future bond issue proposal.
- Town practice: To keep per capita debt at an acceptable level to municipal securities rating agencies.
- Town practice: To retire 50% of debt within 10 years.
- Town practice: Bond interest earnings will be limited to funding changes to the bond financed CIP, or be applied to debt service payment on the bonds issued for CIP.

Fund Balance and Reserves

- Town policy (see page S.22): The Town established a General Fund Unassigned Fund Balance Policy with a goal of 10% Unassigned Fund Balance.
- Town policy (see page S.22): Use of Unassigned General Fund Balance Policy where any use of "surplus" should only be considered after a showing of substantial support for such use by the requesting authority. Approval of any request shall be given upon a finding that such use will meet an extraordinary need or unusual opportunity, and that such use will result in a tangible significant benefit to the Town.
- Town practice: 10% of annual Special Revenue Funds operating expenditures reserved for unforeseen emergency expenditures.
- Town practice: Self-insurance reserves will be monitored by a health consultant from a qualified actuarial firm, who will be retained, on an annual basis, and who provides recommendations on appropriate funding levels.
- Town practice: All fund assignments and reserves will be evaluated annually for adequacy and use requirements. As an example Assignment of General Fund Balance, generated from the sale of assets, is assigned and to be used for future capital asset purchases.

Financial Reporting

- Town practice: Submit Town's Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA) Certification of Achievement for Excellence in Financial Reporting Program.
- Town practice: Submit annual adopted budget to the GFOA Distinguished Budget Presentation Program.
- Town practice: Financial reporting on a monthly, quarterly, and end-of-fiscal year basis.

The proposed fiscal year 2016/2017 budget includes the following short-term financial goals and budget assumptions:

I. Fiscal Year 2016/2017 Operating Budget

a. Revenues: (For Details See Tab B)

b. Property Tax and Assessments: The following goals and assumptions have been made in estimating both Property Tax and Assessment Revenues for fiscal year 2016/2017:

- Grand List Growth (assessed valuation of Real and Personal Property) at the time of budget preparation was estimated at $14,701,750 or a .57% increase. The Assessor subsequently filed the grand list with an increase of .66% or $17,076,670.
- In fiscal year 2016/2017, Supplemental Real Estate and Supplemental Vehicle tax revenue are budgeted at fiscal year 2015/2016 level;
- Assessment Appeals and Tax Refunds will approximate 1% of tax revenues;
- Property Tax Collections will exceed 98.5% with the reserve for uncollectible at $595,565; and

2. Licenses, Fees and Permits: Revenues from Licenses, Fees and Permits are projected to increase by $620.

3. State and Intergovernmental Grants: This category reflects a net increase of $230,785 or 4.63% as compared to the prior year. This is primarily due to budgeting $261,442 for the Manufacturing Transition Grant. An increase of $198,535 is also budgeted in Town Aid Road. Although Avon receives a small portion of its total revenues from state grants, reductions in these grants do impact Town services.

4. Charges for Current Services: This category reflects a net reduction of $57,119. Recreation and Parks related fees are estimated to increase by $15,643. Sewer connection and use charges are estimated to increase by $72,694.

5. Other Local Revenues: Interest on Investments is budgeted to remain flat at $90,000, due to historically low interest rates that have been pushed down to nearly zero, reflecting the Federal Reserve Bank's action in protecting the economy. Net reductions in this category equate to $74,531.

6. Other Financing Sources: As was also the case in fiscal year 2015/2016, there is no budgeted or planned use of General Fund Unassigned Fund Balance in the proposed fiscal year 2016/2017 budget. Due to favorable tax collections, intergovernmental revenues and charges for services in fiscal year 2014/2015, various assignments in the General Fund were approved. Fund Balance Assigned to Capital Reserve in the General Fund is budgeted in the amount of $160,000 to partially offset the proposed fiscal year 2016/2017 Capital Budget.

b. Expenditures: (For Details see Tab C):

1. Personal Services:

FY 14/15	FY 15/16	FY 15/16	FY 16/17
$15,211,928	$15,706,196	$16,555,525	$17,287,213

Personal services wages and benefits comprise 73.93% of the Town Operating Budget.

a. Wages and Salaries: The total number of authorized full-time employees consists of 106 positions however 104 positions are funded with one authorized Police Lieutenant and one C-Squad Officer remaining unfunded. Overall wages increased by $311,405 as compared to fiscal year 2015/2016 representing a 3.19% increase. An in-depth discussion on wages and salaries can be found on page C. 4.

b. Benefits:

Benefits continue to be a major part of Personal Services costs. The fiscal year 2016/2017 budget includes:

- A substantial increase ($252,922, 9.30%), for the seventh year in a row, to the Defined Benefit Plan (closed in 1997). The interest rate has been reduced from 7.375% to 7.25%; the reduction accounts for $31,000, or 12.26%, of the overall Defined Benefit increase. Additional reductions to the interest rate assumptions will be required in the future.
- Defined Contribution Benefit Plan contribution increased by $42,725 due in part to a greater percentage of Town employees participating in this plan as retirements of Defined Benefit employees occur as well as negotiated contractual increases in the contribution percentage.
- Hospitalization funding increased by $104,736; however, the total impact continues to be mitigated by approximately twenty-seven (29) employees opting out of the Plan through the Town's Health Insurance Waiver Program.
- The Retiree Health increase of $156,778 is twofold driven first by an annual increase of $125,000 toward the required OBEB contribution and secondly by an additional $31,778 to support active retiree funding.

2. Supplies and Services:

FY 13/14	FY 14/15	FY 15/16	FY 16/17
$5,617,160	$5,741,411	$5,882,756	$6,039,371

The Services and Supplies portion of the Town's municipal budget totals $6,039,371 for fiscal year 2016/2017, an increase of $156,615 (2.66%). In order to efficiently manage

the budget, the Town has contracted for private services in the past where analysis shows that this is the most effective way to provide basic services, and it will be continued this year. The increase in cost is due to contractual services, fire hydrant rentals and an increase in the operating grant to the Avon Volunteer Fire Department.

3. Capital Outlay:

FY 13/14	FY 14/15	FY 15/16	FY 16/17
$22,837	$47,075	$53,880	$56,909

Capital Outlay includes capital items of less than $20,000 with a life expectancy of less than five (5) years. Capital Outlay represents 0.24% of the operating budget.

II. Capital Improvement Program & Debt Service (For Details, see Tab R)

Capital Budget and Debt Service Expenditures
FY 2012/2013 to FY 2016/2017

FISCAL YEARS	Appropriated 2012/2013	Appropriated 2013/2014	Appropriated 2014/2015	Appropriated 2015/2016	Recommended 2016/2017
Debt-Service	$4,546,338	$3,858,790	$3,647,490	$3,300,940	$2,789,290
Capital Improvement Program	$1,772,783	$2,413,297	$2,590,637	$3,531,172	$4,400,537
TOTAL	$6,319,171	$6,272,087	$6,238,127	$6,832,112	$7,189,827

a. Capital Improvement Program

Projects, programs and equipment over $20,000 and with a life expectancy over five (5) years are included in the Capital Improvement Program. The Town budget reflects a continued emphasis on "Pay-as-you-go" cash funded Capital Improvement Program. (See Tabs O & R for details).

The proposed Capital Budget for fiscal year 2016/2017 is $4,400,537. The top six Capital Budget Items, not including sewer related projects, are as follows:

Road Surface Improvements	$1,053,537
APD Building Improvements	$ 250,000
AMS Science Labs-Phase II	$ 228,000
PGS Air Handling/RTU Rpl.-Phase 1	$ 227,000
Rpl. 1990 Aerial Truck Replacement	$ 200,000
Old Wheeler Lane Bridge Rehabilitation	$ 200,000
Total	**$2,158,537**

b. Debt Service

The Town Debt Service Budget is $2,789,290 a decrease of $511,650 or -15.50% from fiscal year 2015/2016. The gross obligation of $3,039,288 is offset by the use of $250,000 in accumulated bond and note sale premium (noted in Tab M). $250,000 in accumulated bond and note sale premium was also used to offset the gross debt service obligation in fiscal year 2015/2016.

Approximately 80% of the Town's Debt Service is committed to the Town's support for its educational facilities, while 20% has been allocated for non-educational projects. The decline in debt service reflects the planned retirement of debt. While the Town has not been able to take advantage of the interest rate situation from a revenue standpoint, the low interest rates have been advantageous in issuing debt. It is the Town's intent to keep its per capita debt at a level acceptable to municipal securities rating agencies and to retire its debt rapidly.

This approach rewarded the Town in June 1998, with AAA/Aaa ratings from both Standard & Poor's and Moody's (the first such upgrade in Connecticut by Moody's in nineteen years). This rating was reaffirmed by both rating agencies in June 2002, Standard and Poor's in 2005, by both agencies in 2008 and 2009. In October 2012, both Moody's and Standard and Poor reaffirmed the AAA rating with a stable outlook.

RESERVES

Use of Undesignated General Fund Balance:

The Town's General Fund Unassigned Fund Balance for the fiscal year ending June 30, 2015 amounted to $8,003,009 or 9.17% of fiscal year 2014/2015 General Fund expenditures and transfers out. The adopted goal of the Town Council is to maintain a level of unassigned fund balance equal to 10% of the current year adopted budget. No use of unassigned fund balance was budgeted for fiscal year 2015/2016 and no use of fund balance has been budgeted for fiscal year 2016/2017.

Budget Message Conclusion

The annual budget process provides the community with the opportunity and means to review past accomplishments and identify collective goals and objectives for the future. The fiscal year 2016/2017 budget process began in August 2015. The energy, time and resources spent in the budget's creation will be reflected in products purchased and services delivered during the next year. Objectives established in years past have been met, revised or reaffirmed. New objectives have been adopted where appropriate.

Respectfully Submitted,

Brandon Robertson
Town Manager

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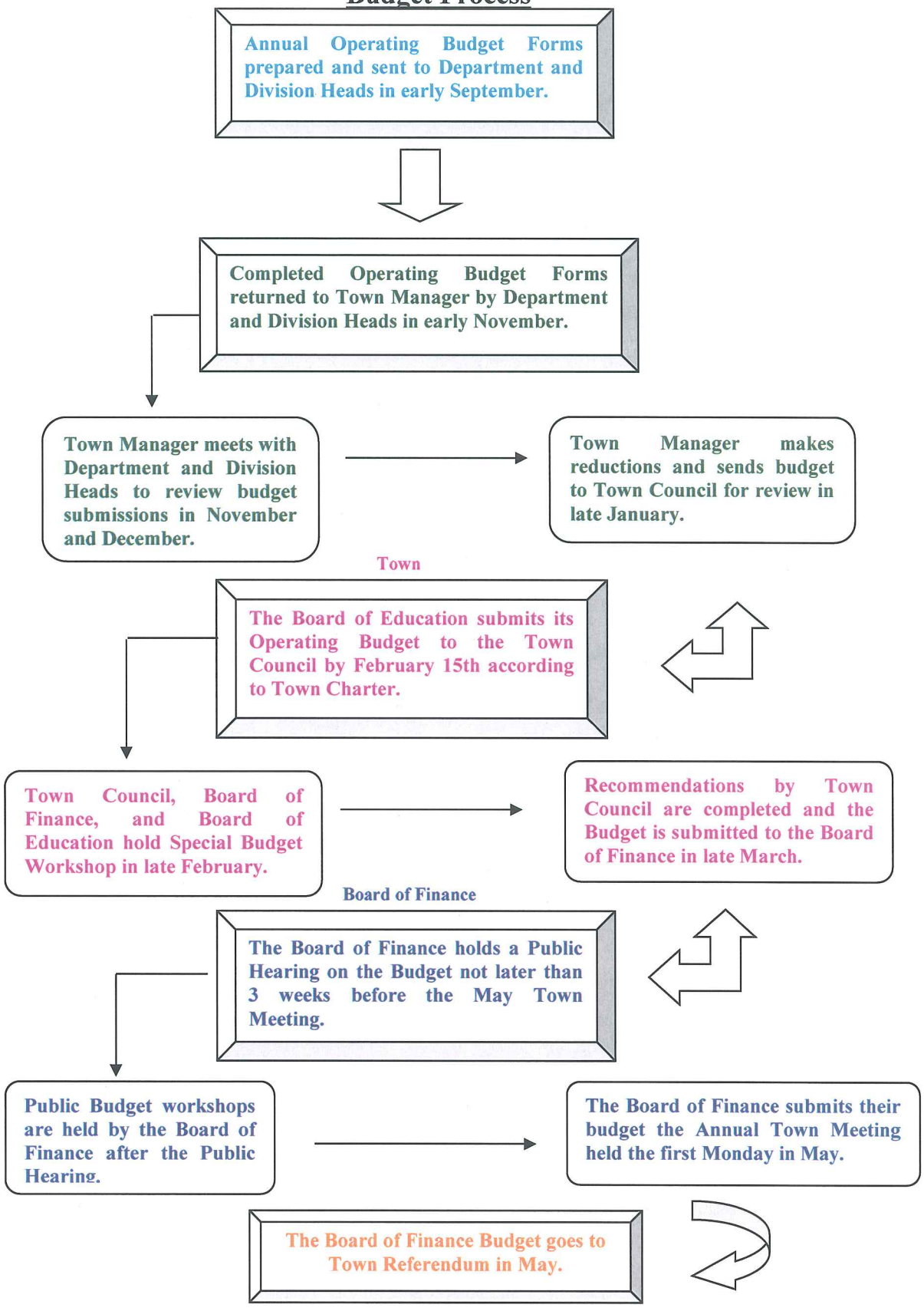
Budget Process



TOWN OF AVON FY 2016/2017 BUDGET CALENDAR

ACTIVITY	RECOMMENDED DATE	LATEST DATE PER TOWN CHARTER
Capital Budget Forms Prepared and sent to Departments	August 03, 2015	
Operating Budget Forms Prepared and sent to Departments	September 04, 2015	
Completed Capital Budget Forms returned to Town Manager	October 02, 2015	
(d) CIP Budgets presented at Town Council Meetings by Department Heads	Nov. – Dec. 2015	
Completed Operating Budget Forms returned to Town Manager	October 30, 2015	February 15, 2016
(a) Town Manager meets with Department Heads to review budget submissions.	Nov. – Dec. 2015	
(b) Town Manager makes recommended reductions.	Dec. 2015 – Jan. 2016	
Town Manager's Proposed Operating and Capital Budgets submitted to Town Council	January 15, 2016	March 01, 2016
Board of Education Budget to Town Council	February 05, 2016	February 15, 2016
(c) Town Council, Board of Finance, and Board of Education meet at Special Budget Workshop.	February 06, 2016	
(d) Further reductions are made by Town Manager's Office if necessary.	February 2016	
Capital Improvement Program Submitted to Planning & Zoning Commission for Sec. 8-24 Review	March 01, 2016	
Budget Work by Town Council completed and Budget submitted to Board of Finance	March 28, 2016	April 01, 2016
Public Hearing on Budget held by Board of Finance not later than three (3) weeks before May 02, 2016 Town Meeting	April 11, 2016	April 11, 2016
(e) Board of Finance holds evening Budget Workshop(s) after the Public Hearing		
Board of Finance Completes Work on Budget	April 13, 2016	
Copy of Budget approved by the Board of Finance printed in Newspaper at least five (5) days before the Annual Town Meeting	April 26, 2016	April 27, 2016
Annual Town and Budget Meeting First Monday in May	May 02, 2016	May 02, 2016
First Referendum	May 11, 2016	May 13, 2016
Second Referendum (if necessary)	June 01, 2016	June 03, 2016
Third Referendum (if necessary)	June 22, 2016	June 24, 2016

AVON'S BUDGET PROCESS

AN OVERVIEW

Avon's Town Charter, which was adopted in 1959 in accordance with the Connecticut General Statutes, and amended in 1964, 1969, 1975, 1980, and 1998, governs the Town's budgetary procedures. Where the Charter is silent, state law governs financial activities the Town might undertake or enter into. The specific legal requirements of the respective offices, agencies, boards and commissions with regard to the budget process are outlined below, as well as a calendar depicting both the recommended and mandatory dates on which actions must occur.

In reality, the budget process is a priority-setting process: defining and prioritizing needs, evaluating alternatives, and then funding or staffing the appropriate alternative to meet the needs. For Town Departments, this begins in August of the year preceding the budget year. At that time, the Town Manager's Office distributes its budget guidance to all departments, agencies, boards and commissions of the Town. The budget guidance includes the budget calendar (usually adopted by the Council in early August), appropriate forms, and any special instructions or policy guidance that would affect the selection, prioritization, staffing requirements or implementation of the budget process.

Capital Budget requests, including those of the Board of Education, are submitted earlier than operational budgets in order to allow the Town Council, Board of Finance and interested citizens an opportunity to hear Department Heads explain and justify their requests in public. A series of public meetings are scheduled beginning in October and extending through late November for these presentations. After the presentations are completed, the Town Manager prepares a recommended Capital Improvement Program that includes Board of Education projects. This program is then submitted to the Town Council for review and modification, if appropriate, in conjunction with the Town Manager's recommended operating budget in late January. The Town Council then establishes an informal schedule of budget work sessions to review, discuss and revise the Town Manager's Operating and Capital Budgets. These work sessions are open to the public and comments on the budget by interested groups or individuals are welcome.

During this same period, the Board of Education and Superintendent of Schools has been preparing the Board of Education's Operating Budget for submission to the Town Council. While the Town Council cannot directly modify the Board of Education's budget, they can make recommendations to the Board of Finance and the Town Meeting. The Board of Education must submit its budget to the Town Council by February 15th.

Upon completion of its review, the Town Council makes appropriate adjustments and formally recommends a consolidated (Town and Board of Education) budget to the Board of Finance. The Board of Finance conducts a Public Hearing in accordance with the Charter, followed by several public meetings to review, in detail, the consolidated budget. The public once again has an opportunity for input (at the Public Hearing) and during the Board of Finance work sessions. After a review of the Budget, the Board of Finance makes what it feels are appropriate adjustments to the budget and recommends a budget to the Annual Budget Meeting in May, which is then adjourned to a referendum.

The Annual Budget Meeting allows for further explanation and input to the budget prior to the referendum, in accordance with the Charter. Once adopted, the Budget takes effect on July 1, beginning the fiscal year. Amendments to the adopted budget can be made in several ways as follows:

(a) Section 9.5.1 (e) of the Avon Town Charter allows the Board of Finance to make additional appropriations from unappropriated general fund resources upon favorable recommendation of the Town Council and certification from the Town Manager that such funds are available.

(b) Section 9.5.1 (g) of the Avon Town Charter allows the Board of Finance, upon favorable Recommendation of the Town Council, to make emergency appropriations not exceeding four per cent of the current tax levy 'for the purpose of meeting a public emergency which threatens the lives, health or property of citizens.'

(c) Other amendments to the Town Budget are made in the same fashion, and in accordance with the Charter, as the Annual Budget. These are provided below under 'Legal Requirements'.

The budget process is dynamic and lengthy, with plenty of opportunity for public input. Specific questions concerning the budget process are welcome, and interested citizens or groups are urged to contact the Town Manager's Office for details.

LEGAL REQUIREMENTS OF THE TOWN CHARTER

Section 9.1.1 of the Avon Town Charter deals with the duties of the various Town Agencies, Boards, Departments and Commissions with respect to the Budget and reads as follows:

"It shall be the duty of the Town Manager, with the assistance of the Department of Finance, to compile preliminary estimates for the annual budget.

The head of each office or agency of the Town supported wholly or in part from Town funds, or for which a specific Town appropriation is made, including the Chairman of the Board of Education shall, on or before February 15, file with the Town Manager on forms provided by the Town Manager, expenditure requests of that office or agency and the revenue, other than tax revenues, to be collected thereby in the ensuing fiscal year.

Expenditure requests, except the request of the Board of Education, shall be submitted in accordance with a budget classification plan formulated by the Town Manager with the approval of the Town Council and the Board of Finance. Expenditure requests of the Board of Education shall be submitted in accordance with a budget classification plan formulated by the Board of Finance and approved by the Town Council. Such requests shall be accompanied by data setting forth a program or programs showing services, activities and work accomplished during the current year and to be accomplished during the ensuing year.

Any office or agency shall include as part of its requests, estimates of the cost of proposed capital improvement projects for the ensuing fiscal year and four fiscal years thereafter. Such requests and estimates shall be in the form and at such time as prescribed by the Town Manager.

***Duties of the Town Manager*:**

Section 7.3.2 of the Town Charter deal with the duties of the Town Manager with respect to the Capital Improvement Program and reads as follows:

(j) Without eliminating the foregoing, the Town Manager shall have the following duties:

"to prepare and submit to the Town Council, as directed, an annual budget and Capital Improvement Program."

Section 9.2.1 of the Avon Town Charter deals with the duties of the Town Manager with respect to the Budget and reads as follows:

"on or before March 1, the Town Manager shall present to the Town Council a budget consisting of:

(f) a written statement outlining the important features of the budget plan;

(b) detailed estimates of revenues 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;

(c) estimates of 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 estimated for the current fiscal year, the requests of the several offices and agencies for the ensuing fiscal year, and the Town Manager shall, at the request of the Town Council, present reasons for any of his recommendations".

(e) as a part of the annual budget as a separate report attached thereto the Town Manager shall present a program concerning proposed municipal capital improvement projects for the ensuing year and for the four fiscal years thereafter, a copy of which shall be transmitted to the Zoning and Planning Commission. The Town Manager shall recommend to the Town Council a program of projects for the ensuing fiscal year and a method of financing the same. Such method may include but need not be limited to the special tax levy provided in Sec. 9.4.1 of this chapter for the benefit of the "Capital & Non-Recurring Expenditure Fund."

***Duties of the Town Council*:**

Section 9.3.1 of the Town Charter deals with the duties of the Town Council with respect to the budget and reads as follows:

"On or before April 1, the Town Council shall present and recommend to the Board of Finance the budget for the ensuing fiscal year prepared and presented by the Town Manager pursuant to Sec. 9.2 with such modifications as the Town Council deems appropriate. As respects the budget proposal of the Board of Education, such alterations or changes shall be in the form of recommendations. A copy of the budget as recommended by the Town Council shall be available for public inspection at the office of the Town Manager."

Duties of the Board of Finance:

Section 9.4.1 of the Town Charter deals with the duties of the Board of Finance with respect to the budget and reads as follows:

(a) the Board of Finance shall hold one or more public hearings not later than three weeks before the annual budget meeting at which any elector or taxpayer may have an opportunity to be heard regarding the budget for the ensuing year;

(g) after the Board of Finance public hearing or hearings, and after consultation with the Town Council and the Board of Education, the Board of Finance shall make these revisions in the budget as the Board of Finance deems desirable and shall recommend the budget so revised to the Annual Budget Meeting. Summary copies of the budget showing estimated revenues by major sources and recommended appropriations by office or agency shall be available in sufficient numbers for public distribution at the office of the Town Manager and at the public hearing or hearings;

(c) the revised budget as submitted to the Annual Budget Meeting shall not be in less detail than the recommended totals for each office or agency. Sufficient copies of the budget to be presented to the Annual Budget meeting shall be available to the public in the office of the Town Manager, and at least five days prior to the Annual Budget Meeting the Board of Finance shall cause to be published in a newspaper having a circulation in the Town, a summary of the budget showing estimated revenues by major sources and recommended appropriations by major sources;

(d) the Annual Budget Meeting shall receive and consider a resolution for the adoption of the budget recommended by the Board of Finance pursuant to Section 9.4.1(b);

(e) at the conclusion of the discussion on the resolution for the adoption of the budget recommended by the Board of Finance to the Annual Budget Meeting, the moderator shall adjourn the Annual Budget Meeting to a date certain on a weekday not less than 7 days nor more than 14 days thereafter for a referendum vote by voting machine by those eligible by law to cast ballots for that purpose. All ballots shall be cast in accordance with the provisions of the General Statutes;

(f) if the majority of the ballots cast at any referendum of the adjourned Annual Budget meeting on a budget recommended by the Board of Finance shall be "Yes" the budget shall be deemed approved as of the date of such affirmative vote;

(g) an official copy of the approved budget at any referendum setting forth appropriations in accordance with the budget classification established under sec. 9.1.1 shall be filed by the Board of Finance with the Town Clerk within one week following such approval;

(h) within ten days after the approval of the budget at any referendum, the Board of Finance shall fix the tax rate in mills which shall be levied on the taxable property in the Town for the ensuing fiscal year. In accordance with the provisions of Chapter 108 of the General Statutes, as amended, the Board of Finance may levy annually a tax not to exceed two mills to be assessed upon the taxable property in the Town at the same time as the regular annual taxes for Town expenses for the benefit of a fund to be known as the "Capital and Non-Recurring Expenditure Fund" established for the purpose of paying the cost of capital improvements for which the Town is authorized to issue bonds and for no other purpose;

(i) the Board of Finance shall have the power to transfer from time to time to this fund any portion of the resources of the general fund not otherwise appropriated. Appropriations for construction or for other permanent improvements, from whatever source derived, shall not lapse until the purpose for which the appropriation was made shall have been accomplished, or abandoned by action by the Board of Finance, or by Town Meeting, whichever authorized the original appropriation provided any project shall be deemed to have been abandoned if three fiscal years shall elapse without an expenditure from or encumbrance of the appropriation therefore.

9.4.2 Rejection of Budget

(a) Subject to the provisions of Section 9.4.4, in the event the majority of the ballots cast at a referendum conducted pursuant to Section 9.4.1(e) or conducted pursuant to Section 9.4.2(c)(ii) shall be "No" the Annual Budget Meeting shall be deemed to be further adjourned to a date certain to be designated by the Town Council in accordance with Section 9.4.2(c)(i), except as prohibited by Section 9.4.2(d).

(b) Within 20 days after a vote at referendum which results in the rejection of a budget recommended by the Board of Finance pursuant to either Section 9.4.1(b) or pursuant to Section 9.4.2(b)(iii) the Board of Finance shall:

(i) after any consultation with the Town Council and the Board of Education the Board of Finance deems advisable, determine those modifications, if any, to the rejected budget the Board of Finance deems appropriate.

(ii) conduct a public hearing on the rejected budget including those modifications, if any, determined to be appropriate by the Board of Finance pursuant Section 9.4.2(b)(i).

(iii) recommend to the Town Council a budget for vote thereon at referendum at the adjourned Annual Budget Meeting on the date designated by the Town Council in accordance with Section 9.4.2.(c)(i).

(c) Upon receipt from the Board of Finance of a recommended budget pursuant to Section 9.4.2(b)(iii) the Town Council shall:

(i) designate a date for a vote at referendum on a budget recommended by the Board of Finance pursuant to Section 9.4.2(b)(iii), which date shall be not more than 30 days after the vote on the budget rejected at the immediately prior referendum.

(ii) instruct the Town Clerk to publish a timely call for a vote at referendum on a budget recommended by the Board of Finance on the date designated by the Town Council pursuant to Section 9.4.2(c)(i) by those eligible by law to cast ballots for that purpose, which call shall set forth the recommendation of the Board of Finance made pursuant to Section 9.4.2(b)(iii).

9.4.3 No more than two referenda may be conducted on budgets recommended by the Board of Finance to the Town Council pursuant to Section 9.4.2(b)(iii) for the same fiscal year.

9.4.4 If the number of persons voting at any referendum conducted pursuant to this Chapter shall be less than nine percent (9%) of the electors of the municipality, as determined by the last completed active registry list, the budget voted upon shall be deemed approved notwithstanding that a majority of the votes cast shall be for rejection of the budget.

9.5 Expenditures and Accounting

(a) No purchase shall be made by any office or agency of the Town other than the Board of Education except with the approval of the Town Manager or authorized agent.

(b) No voucher, claim or charge against the Town by other than the Board of Education shall be paid until the same has been approved the Town Manager or authorized agent. No voucher, claim or charge against the Board of Education shall be paid until the same has been approved by the Superintendent of Schools or authorized agent. Checks for the payment of approved claims other than those against the Board of Education shall be drawn by the Town Manager and shall be valid only when countersigned by the Treasurer or authorized agent. In the absence or inability to act of either the Town Manager or the Treasurer, with respect to the above duty, the Council chairman is authorized to substitute temporarily for either but not for both of them. Checks for approved claims against the Board of Education shall be drawn by the Superintendent of Schools or authorized agent and shall be valid only when countersigned by the Treasurer or authorized agent. In the absence or inability to act of either the Superintendent of Schools or authorized agent or the Treasurer with respect to the above duty, the Chairman of the Board of Education is authorized to substitute temporarily for either but not both of them. Any provisions of this Charter to the contrary notwithstanding, the Town Manager or authorized agent may exercise the powers vested in the Superintendent of Schools or authorized agent with respect to purchasing, the approval of vouchers, claims or charges against the Board of Education, and the drawing of checks to pay approved claims, but only if and to the extent and for the period requested by the Board of Education and approved by the Town Council.

(c) The Town Manager or authorized agent shall prescribe the time at which and the manner in which persons receiving money on account of the Town shall pay the same to the Town Treasurer.

(d) The several offices and agencies of the Town shall not obligate the Town to spend money for any purpose in excess of the amount appropriated for such office or agency; provided, when any office or agency except the Board of Education shall desire a transfer of funds between its appropriations such office or agency shall, with the approval of the Town Council, make application to the Board of Finance whose duty it shall be to examine into the matter, and upon its approval such transfer may be made except that said Board of Finance may, by resolution, delegate to the Town Council all or any part of its authority to examine into and approve such transfers. Authority delegated to the Town Council to transfer between appropriations for such office or agency shall not exceed 1/10 of 1% of the current Town Operating Budget.

(e) Additional appropriations over and above the total budget may be made from time to time by the Board of Finance upon favorable recommendation of the Town Council and certification from the Town Manager that there are available unappropriated general fund resources in excess of the proposed additional appropriations.

(f) Upon the request of the Town Council, the Board of Finance may, by resolution, transfer any unencumbered appropriation or portion thereof from one office or agency to another, except that said Board of Finance may, by resolution, delegate to the Town Council all or any part of its authority to examine into and approve such transfer. Authority delegated to the Town Council to transfer any unencumbered appropriation or portion thereof from one office or agency to another shall not exceed 1/10 of 1% of the current Town Operating Budget.

(g) Emergency appropriations not exceeding an amount four percent of the current tax levy in any one fiscal year may be made upon the favorable recommendation of the Town Council to the Board of Finance and by vote of not less than four members of said Board of Finance for the purpose of meeting a public emergency which threatens the lives, health or property of citizens. In the absence of available unappropriated general fund resources to meet such appropriation, the Board of Finance shall provide additional means of financing in a manner consistent with the provisions of the general statutes and of this Charter.

(h) Each order drawn upon the Treasurer shall state the office or agency or the appropriation against which it is to be drawn.

(i) Every payment made in violation of the provisions of this Charter shall be deemed illegal and every official authorizing or making such payment or any part thereof shall be jointly and severally liable to the Town for the full amount so paid or received. If any appointive officer or employee of the Town shall knowingly incur any obligation or shall authorize or make any expenditure in violation of the provisions of this Charter or take part therein, such action may be the cause for his removal.

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