EXPENDITURES

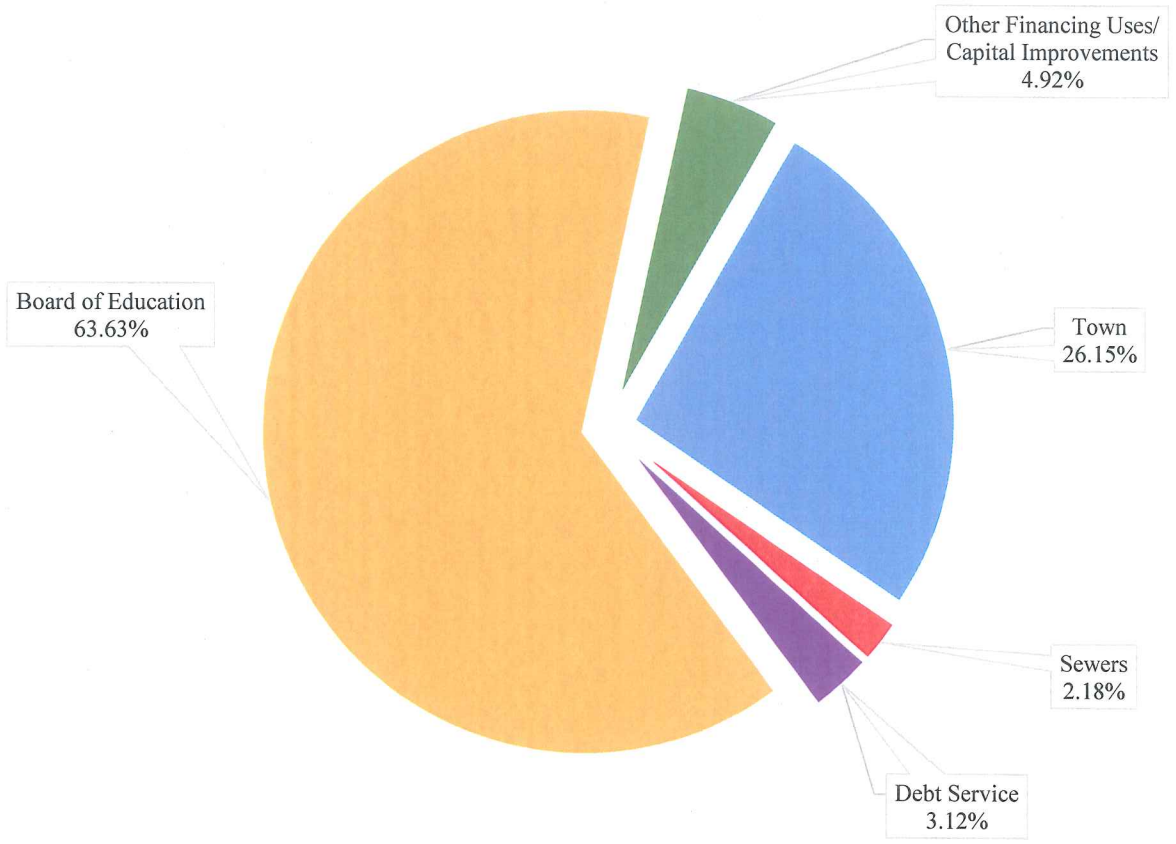
OVERVIEW

The recommended fiscal year 2016/2017 expenditures for the Town, Board of Education, Sewers, Capital and Debt Service Budgets total $89,402,646. A comparative summary of fiscal years 2014/2015 and 2015/2016 expenditures, as well as a detailed discussion and analysis of expenditure changes in the various budgets, are provided below.

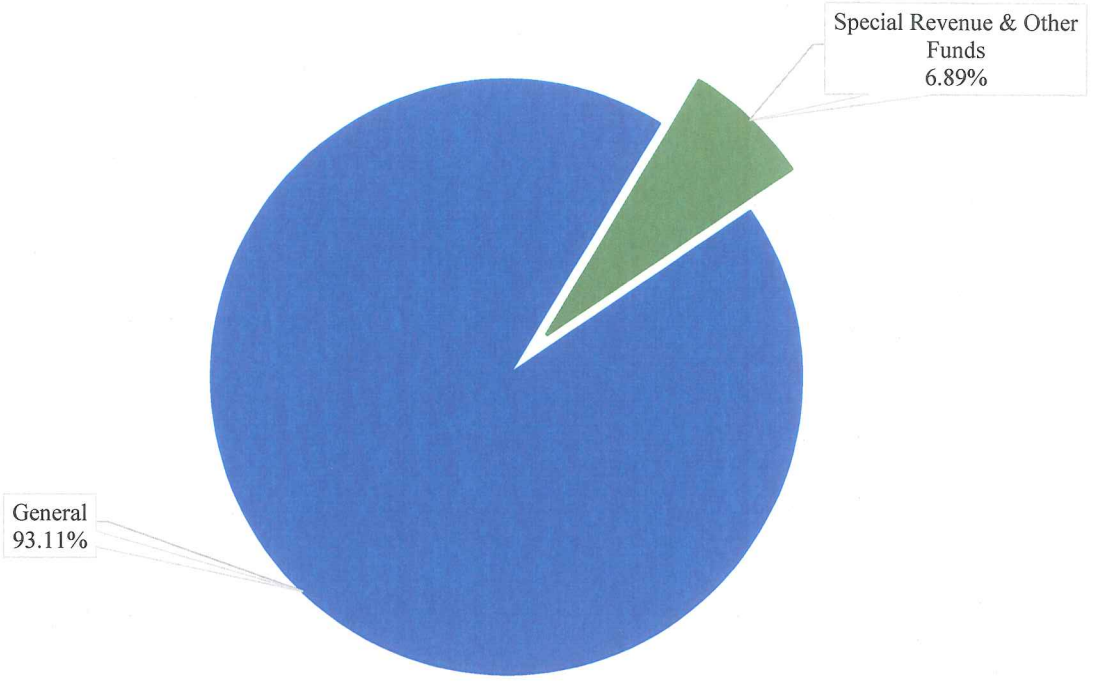
COMPARISON OF FY 2014/2015, FY 2015/2016 AND FY 2016/2017

	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
EXPENDITURES									
TOWN									
General Government	2,933,179	3,096,390	3,286,241		3,286,241	189,851	6.13%	14.05%	3.68%
Public Safety	9,579,166	9,708,581	10,056,868	17,452	10,074,320	365,739	3.77%	48.03%	11.27%
Public Works	5,541,015	5,583,203	5,688,466	113,809	5,802,275	219,072	3.92%	24.81%	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	1,586,669		1,586,669	82,764	5.50%	6.79%	1.77%
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	22,880,074	502,497	23,382,571	890,410	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 Serv	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 BOE	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 IMPRO PROG.	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	89,402,646	2,995,650	3.47%	100.00%	100.00%

Expenditures by Budget FY 2016/2017



Expenditures by Fund FY 2016/2017



EXPENDITURES

The Expenditures portion of this document has been separated on a fund basis and year-to-year comparisons made, where appropriate, to retain comparative continuity for the lay person. The Consolidated Annual Budget by Fund Type is located on Page II of the Budget Message.

TOWN OPERATING BUDGET

As indicated in the Town Manager's Budget Message, the recommended budget for Town Services represents an increase of 3.96% over the current appropriation of $22,492,161. Town Operating Budget requests of Town Agencies and Departments totaled $24,446,692 and were reduced $1,063,199 by the Town Manager to $23,383,493 (not including sewers). The Town Council further reduced the budget to $23,382,571. The Town Operating Budget is composed of three (3) major expenditure objects: Personal Services, Services and Supplies, and Capital Outlay. Tables comparing expenditure totals, and percentages of totals for fiscal year 2013/2014 – fiscal year 2016/2017 are provided below. Detailed analysis of these three expenditure objects occurs on the following pages.

COMPARISON OF GENERAL FUND - MAJOR EXPENDITURE OBJECTS

EXPENDITURE OBJECT	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017	$ Inc/(Dec)	% Inc/-Dec
Personal Services*	$15,211,928	$15,706,196	$16,555,525	$17,300,991	$ 745,466	4.50%
Services & Supplies	5,617,160	5,741,411	5,882,756	6,025,171	142,415	2.42%
Capital Outlay	22,837	47,075	53,880	56,409	2,529	4.69%
TOTAL	$20,851,925	$21,494,682	$22,492,161	$23,382,571	$890,410	3.96%

* Does not include sewers.

PERCENTS OF TOTALS

EXPENDITURE OBJECT	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017
Personal Services*	72.95%	73.07%	73.61%	73.99%
Services & Supplies	26.94%	26.71%	26.15%	25.77%
Capital Outlay	0.11%	0.22%	0.24%	0.24%

* Percentages listed above are for General Fund expenditures only and will not match the percentages on C. 6, which includes both General Fund and Special Revenue Funds.

PERSONAL SERVICES

The total number of full-time employees remained at 106 positions however the Assistant to the Town Manger position has been increased to full year funding and an additional part time clerical position has been added to the Engineering Department. Also an increase to cover the Presidential election and increased hours in the Children's Room at the Avon Free Public Library have added about $10,100 to the personnel services budget.

	Salary	Benefits	Total
Asst to the Town Manager (full year funding)	$35,000	$15,043	$50,043
PT Administrative Clerk - Engineering	13,104	1,025	14,129
Presidential Election	6,000	469	6,469
Add hours – Children's Room	4,099	320	4,419
Part-Time Reference Librarian	20,844	1,629	22,473
	$79,047	**$18,486**	**$97,533**

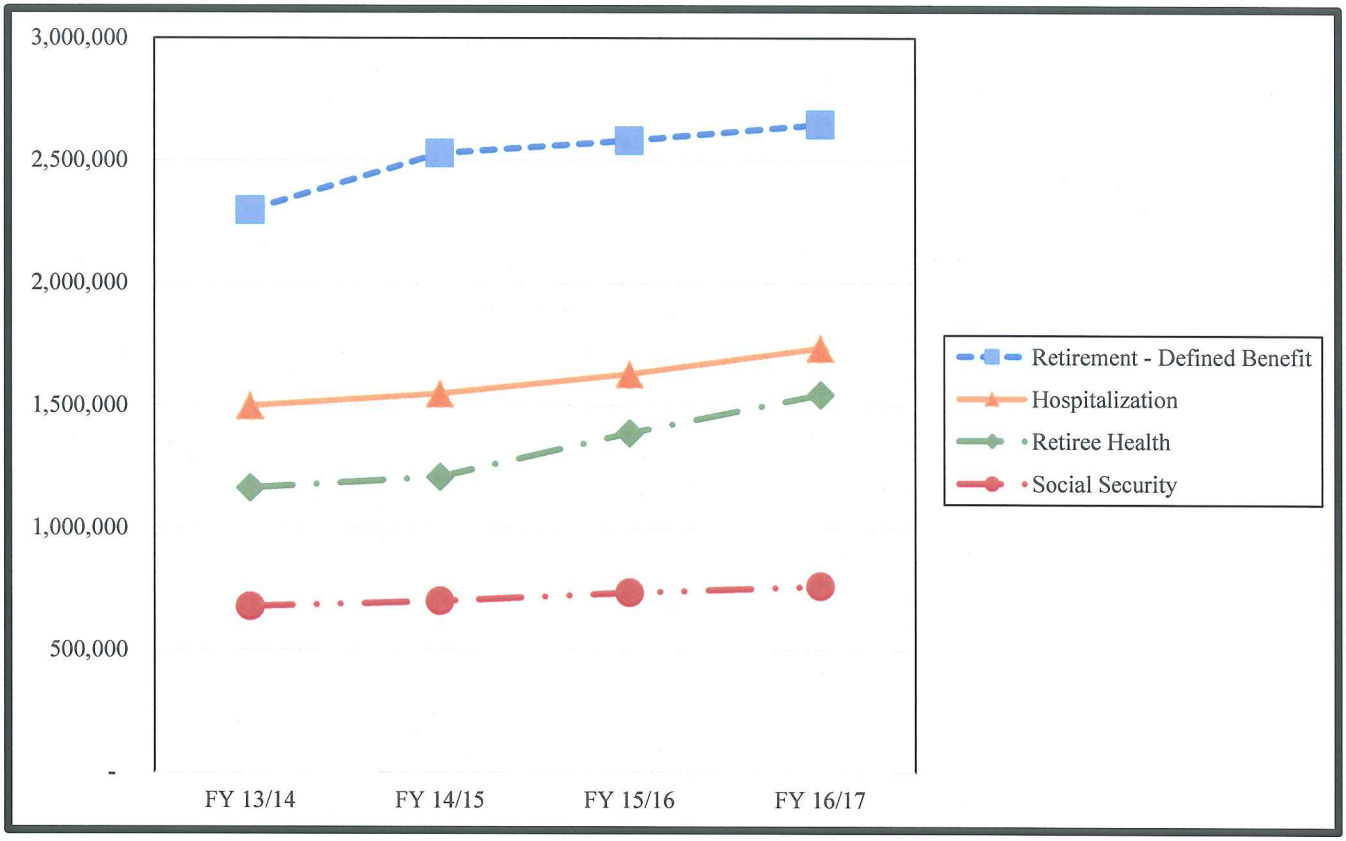
Overall, wages increased by $325,253 as compared to fiscal year 2015/2016, representing a 3.33% increase. However, without the above funding changes relative to positions listed above, wages would have increased $246,206 or 2.52%. A detailed analysis of personnel expenditures, including wages, salaries and benefits is presented on the following page. A listing of authorized full, permanent part-time, and temporary part-time positions can be found on Pages A.18, A.19 and A.20.

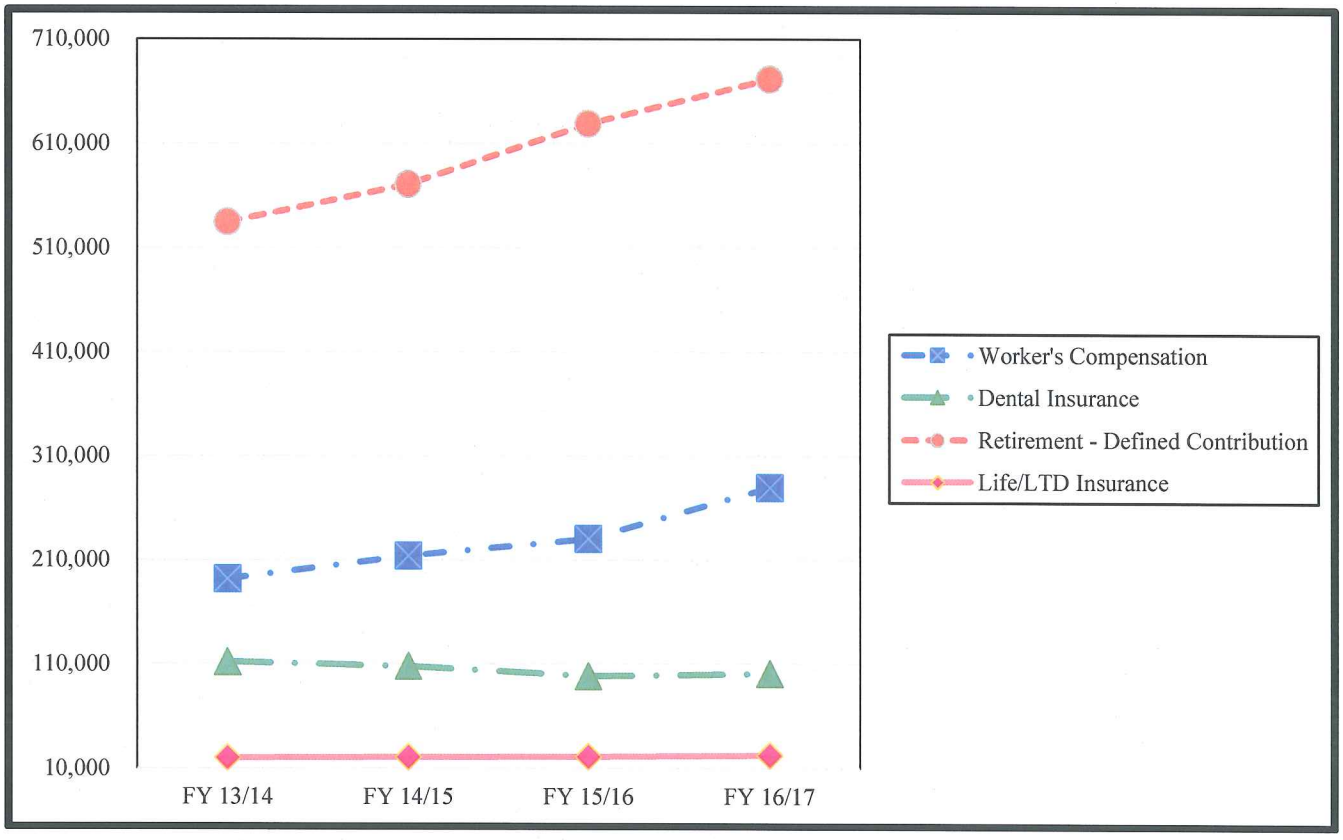
COMPARISON OF PERSONAL SERVICES - FISCAL YEARS 2013/2014 – 2016/2017

	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017	$ Inc/(Dec)	% Inc/-Dec
Wages						
General Government	$1,372,211	$1,424,256	$1,434,786	$1,510,322	$ 75,536	5.26%
Public Safety	3,921,027	3,860,442	4,157,836	4,280,436	122,600	2.95%
Public Works	1,829,218	1,956,348	2,058,828	2,135,314	76,486	3.72%
Health & Social Services	116,468	119,934	123,388	126,165	2,777	2.25%
Recreation & Parks	527,608	501,151	475,142	470,715	(4,427)	-0.93%
Cultural/Education	847,980	853,475	887,294	941,960	54,666	6.16%
Conservation & Development	321,915	329,017	344,210	329,238	(14,972)	-4.35%
Sub Total	8,936,427	9,044,623	9,481,484	9,794,150	312,666	3.30%
Sewer Operations	261,906	268,292	279,751	292,338	12,587	4.50%
Total Wages	**$9,198,333**	**$9,312,915**	**$9,761,235**	**$10,086,488**	**$325,253**	**3.33%**
Employee Benefits						
General Government	$ 943,813	$ 1,002,622	$1,016,491	$1,072,129	$ 55,638	5.47%
Public Safety	2,819,113	2,976,974	3,302,139	3,526,737	224,598	6.80%
Public Works	1,565,965	1,676,012	1,744,521	1,862,181	117,660	6.74%
Health & Social Services	84,512	89,939	92,384	106,192	13,808	14.95%
Recreation & Parks	258,958	274,378	264,728	253,831	(10,897)	-4.12%
Cultural/Education	364,886	386,200	402,751	423,299	20,548	5.10%
Conservation & Development	238,254	255,448	251,027	262,472	11,445	4.56%
Sub Total	$ 6,275,501	$ 6,661,573	$7,074,041	$7,506,841	$432,800	6.12%
Sewer Operations	218,280	234,407	232,407	247,378	14,971	6.44%
Total Employee Benefits	$ 6,493,781	$ 6,895,980	$7,306,448	$7,754,219	$447,771	6.13%
Total – Wages & Benefits	**$15,692,114**	**$16,208,895**	**$17,067,683**	**$17,840,707**	**$773,024**	**4.53%**

The $325,253 increase in Wages reflects the above mentioned administrative positions, hourly increases for non-organized personnel, classification adjustments, step increases and auto allotments. The Town is entering into labor negotiations with UE Local 222, CILU representing Dispatcher employees effective January, 2016. The Town has previously negotiated a 2.75% increase for Public Works, and Police are pending Interest Arbitration as of January, 2016 for a contract which expired 6/30/2015.

Benefit Rate Changes FY 13/14– FY 16/17





COMPARISON OF WAGE CHANGES & BENEFIT RATE CHANGES

	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017	$ Inc/(Dec)	% Inc/-Dec
Social Security	$ 678,532	$ 700,326	$734,448	$760,844	$ 26,396	3.59%
Retirement Defined Benefit *	2,297,723	2,528,989	2,581,422	2,646,844	65,422	2.53%
Retirement Defined Contribution	534,701	570,922	628,881	670,872	41,991	6.68%
Hospitalization	1,496,611	1,546,575	1,626,613	1,731,349	104,736	6.44%
Dental Insurance	112,327	108,203	98,555	100,907	2,352	2.39%
Workers' Compensation	191,792	213,895	230,073	279,090	49,017	21.30%
Life/LTD Insurance	20,610	21,113	21,578	22,657	1,079	5.00%
Retiree Health**/ ***	1,161,485	1,205,957	1,384,878	1,541,656	156,778	11.32%
Total Benefits	6,493,781	6,895,980	7,306,448	7,754,219	447,771	6.13%
Wages	9,198,333	9,312,915	9,761,235	10,086,488	325,253	3.33%
Total Benefits and Wages	15,692,114	16,208,895	17,067,683	17,840,707	773,024	4.53%
Total Town/Sewer Budgets****	$22,659,344	$23,418,414	$24,454,232	$25,331,175	$876,943	3.59%

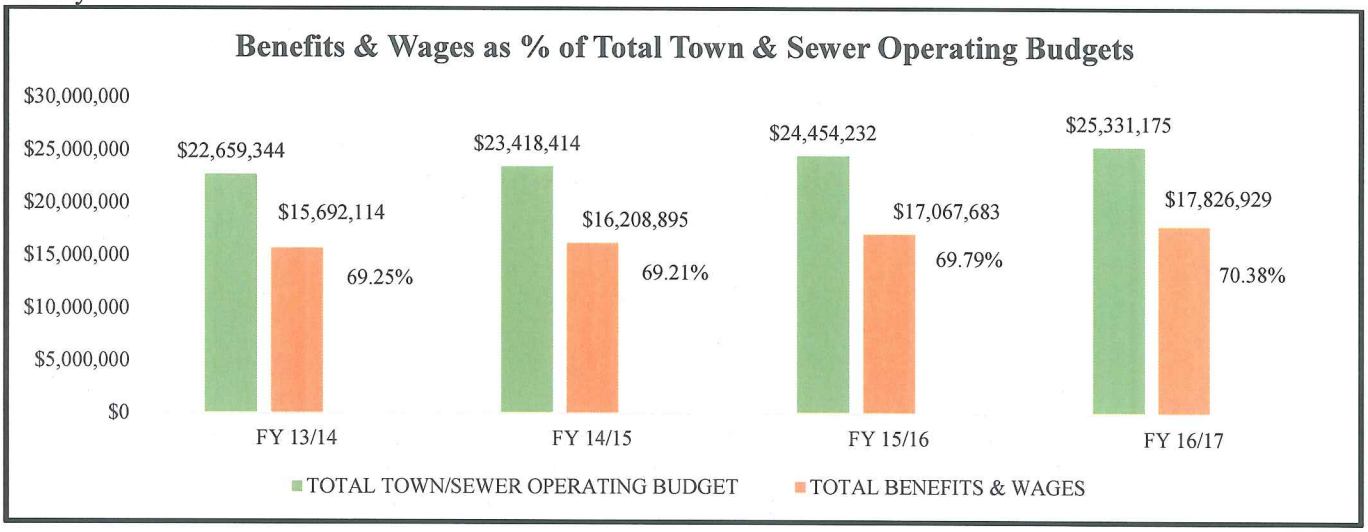
* In fiscal year 2013/2014, an additional $120,000 was funded from Fund Balance Assigned for Pension (FBAP); total ARC was funded at actuarially recommended level of $2,367,723 and funding of $50,000 for actuarial and financial consultant services. In fiscal year 2014/2015, an additional $132,500 is funded from FBAP; total ARC funding at actuarially recommended level of $2,611,489 and funding of $50,000 for actuarial and financial consultant services. In fiscal year 2015/2016, an additional $187,500 is funded from FBAP; total ARC funding at actuarially recommended level of $2,718,922 and funding of $50,000 for actuarial and financial consultant services. In fiscal year 2016/2017, an additional $187,500 was funded from FBAP; total ARC was funded at actuarially recommended level of $2,784,344 and funding of $50,000 for actuarial and financial consultant services.

** In fiscal year 2013/2014, an additional $100,000 was funded from Fund Balance Assigned for OPEB (FBAO); total OPEB contribution was funded at actuarially recommended level of $500,000. In fiscal year 2014/2015, an additional $100,000 is funded from FBAO; total OPEB contribution is funded at actuarially recommended level of $625,000. In fiscal year 2015/2016, an additional $225,000 is funded from FBAO; total OPEB contribution is funded at actuarially recommended level of $750,000. In FY 2016/2017 an additional $225,000 is funded from FBAO; total OPEB contribution is funded at actuarially recommended level of $875,000.

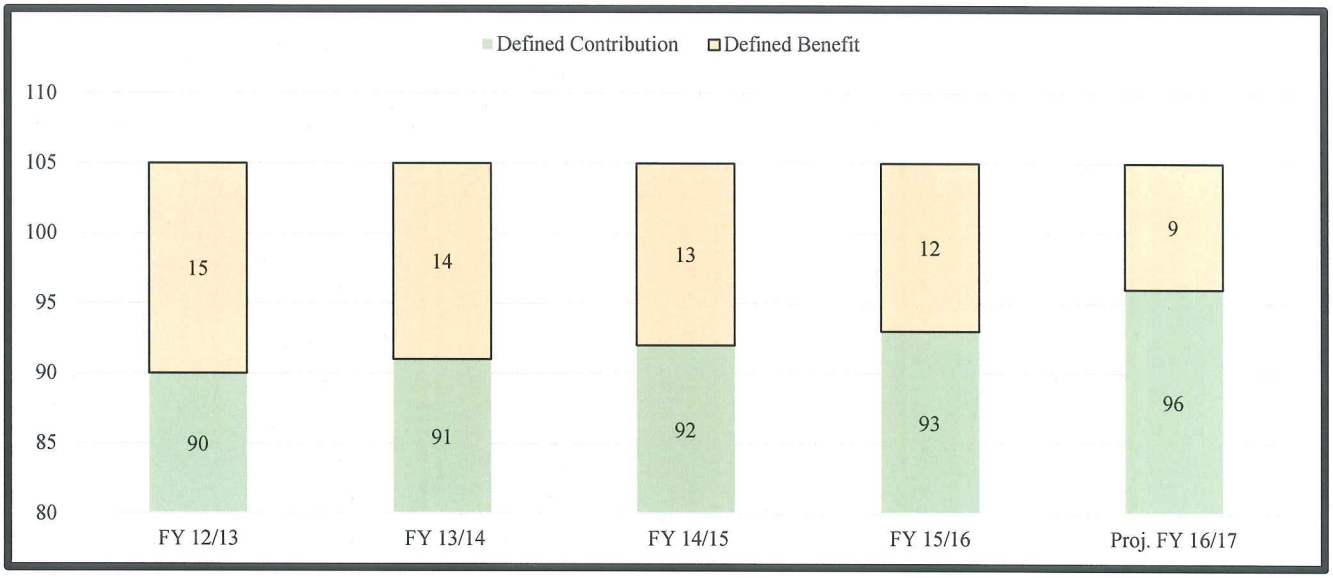
*** Of the $1,161,485 in fiscal year 2013/2014, $400,000 was Post Retiree Medical Benefit Trust Fund (PRMBT) and $761,485 was net current retiree cost. Of the $1,205,957 in fiscal year 2014/2015, $525,000 is PRMBT Fund and $680,957 is net current retiree cost. (Total net current retiree cost is $787,832 reduced by $106,875 final balance of ERRP funding.). Of the $1,384,878 in fiscal year 2015/2016, $525,000 is PRMBT Fund and $859,878 is net current retiree cost. Of the 1,541,656 in FY 2016/2017 $650,000 is PRMBT and $891,656 is net current retiree cost.

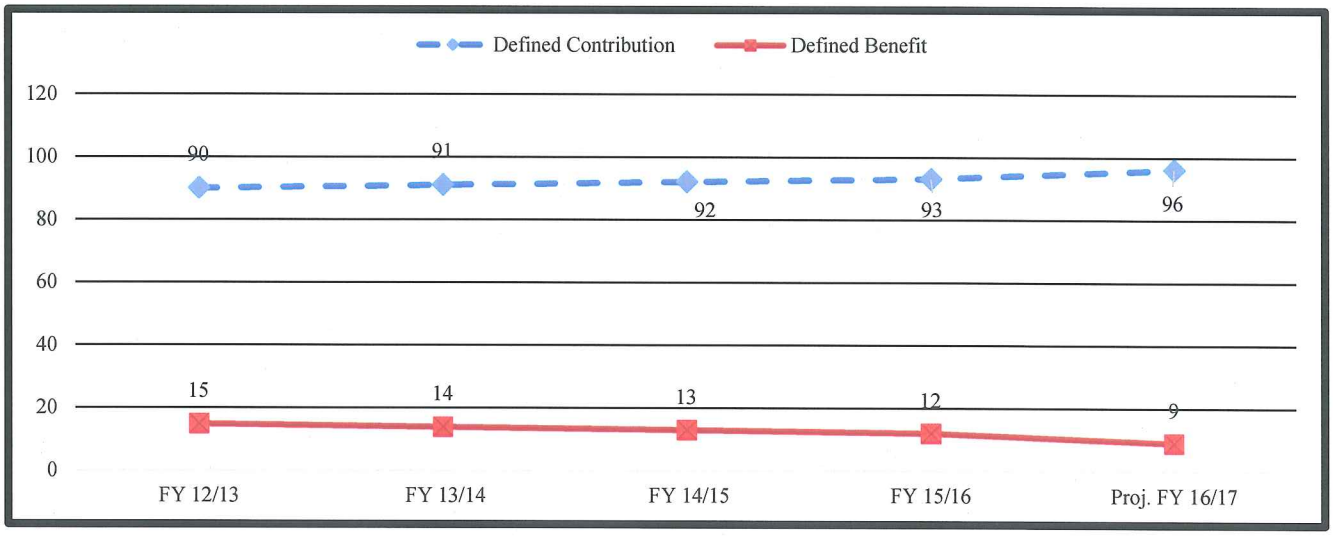
**** Percentages listed above include both General Fund and Special Revenue Funds and will not match the percentages on C. 3, which only include General Fund expenditures.

The increase in the Retirement Defined Benefit was based upon recommendation of the actuaries for estimated 2016 contributions as well as the Town reducing the expected interest assumption by .125% to a revised 7.25%. All current Town employees contribute 15% - 20% toward their healthcare coverage. All new hires for the Police, Dispatchers, Non-Organized and Public Works employees contribute 20% toward both health and dental care. As a result of the Town's and its consultants' proactive management efforts, life insurance, long-term disability, and dental have stabilized significantly. Also, in concert with our mutual consultant, the Town continues to team with the Avon Schools administration to mitigate and monitor escalating health care costs as well as Patient Protection and Affordable Care Act impacts. The Town's OPEB Contribution will continually increase by $125,000 over the next several years, per recommendations from the Town's actuary.

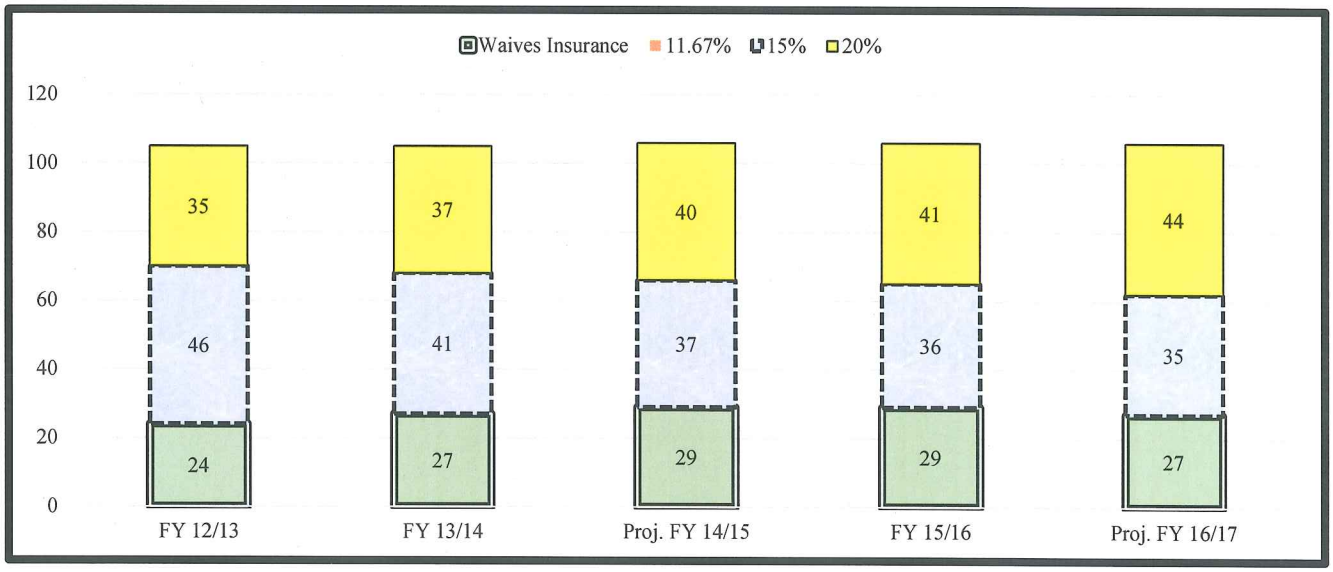


Employees on Defined Contribution and Defined Benefit Plans from FY 2012/2032– FY 2016/2017





Healthcare Coverage - Effective 7/1/2011 all participating employees contribute either 15% or 20% to health insurance. Twenty seven employees currently waive medical coverage from the Town and are covered through spousal or other insurance.



Employee benefits have increased by $447,771 or 6.13%. However, without the previously mentioned funding changes to several full-time positions on C. 3, benefits would have increased by $429,285 or 5.88%. The actual increase is caused by a number of factors, including increased contribution to the defined benefit plan largely due to market experience and change in the interest rate assumption, increased defined contribution plan employer match, increased funding of the actuarially determined OPEB contribution and a spike in Workers Compensation premium cost.

The Town's Workers Compensation premium has increased based on several prior lost-time incidents. The Town's overall Workers' Compensation remains low compared to other Municipalities, as pro-active risk management administration and employee safety practiced by Town employees have had a beneficial impact and a change in insurance carriers has been effectuated mitigating future spikes in premium.

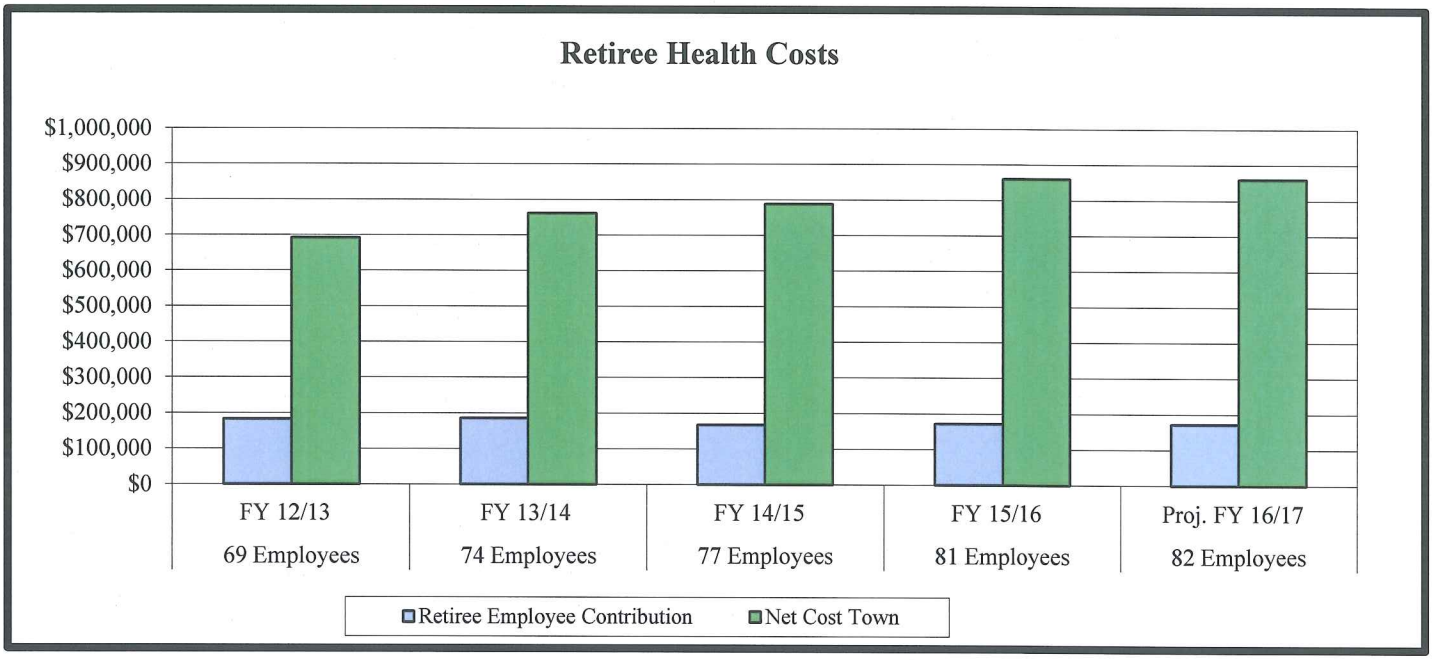
Retiree Health ($1,541,656) is accounted for in the following manner:

1. $650,000 is for a portion of the actuarially determined contribution of $875,000 by the General Fund and Sewer Fund to the Post-Retirement Medical Benefit Trust Fund. The balance of $225,000 is funded from the fund balance assigned to OPEB.

2. $891,656 is budgeted for the Town's contribution for current retiree health costs. In fiscal year 2015/2016, $859,878 was budgeted.

RETIREE HEALTH, HEART AND HYPERTENSION COSTS

	2012/2013	2013/2014	2014/2015	2015/2016	Projected 2016/2017
Number of Retired Employees Receiving Health Insurance	69	74	77	81	82
Gross Cost	$874,715	$946,472	$954,737	$1,031,835	1,066,093
Retired Employee Contribution	$182,328	$184,987	$166,905	$171,957	174,437
Net Town Cost	$692,387	$761,485	$787,832	$859,878	891,656
Number of Employees/Retirees Receiving H & H Benefits	1	2	2	1	1
Annual Cost of H & H Benefits	$186,513	$15,000	$54,270	$500	$108



SERVICES AND SUPPLIES

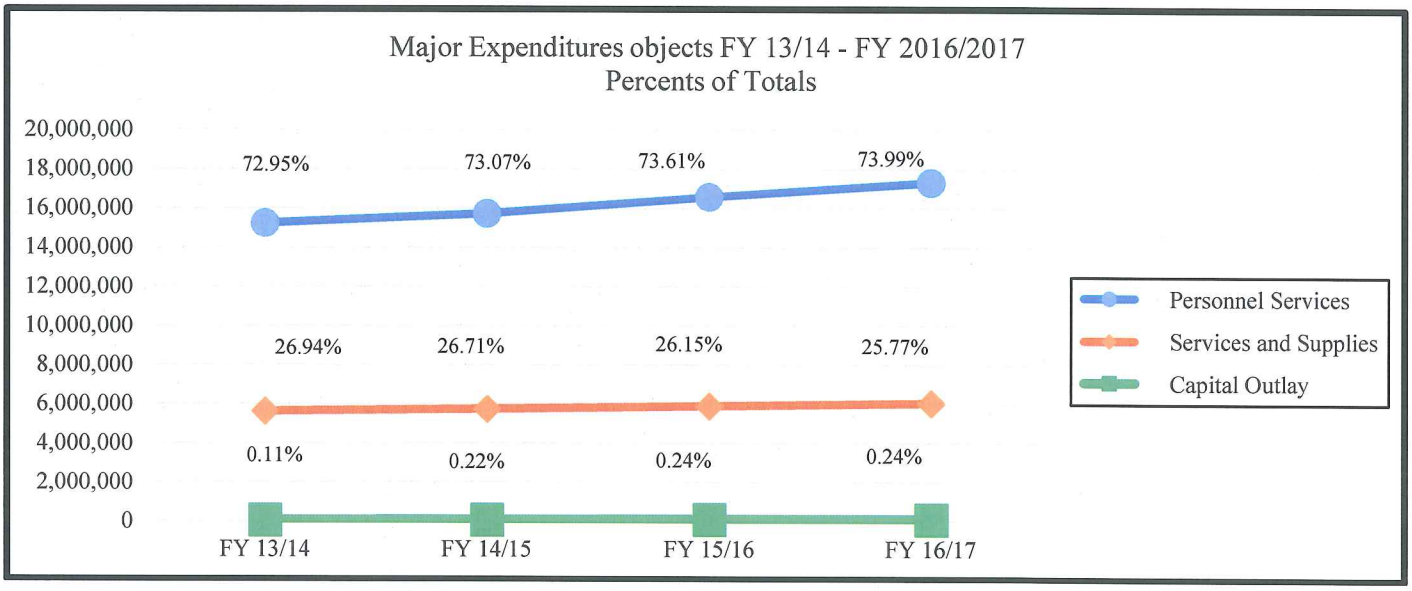
The Services and Supplies portion of the Town's municipal budget totals $6,025,171 for fiscal year 2016/2017, an increase of $142,415(2.42%) over the fiscal year 2015/2016 Services and Supplies budget of $5,882,756. Major increases over $10,000 include:

Major Increases	FY 2015/2016	FY 2016/2017	$ Inc/(Dec)	% Inc/-Dec
Recreation & Parks – Services Other	$ 141,000	$ 176,000	$ 35,000	24.82%
Fire Fighting – Other	789,703	820,000	30,297	3.84%
Sewer Collection & Disposal – Other	863,000	888,000	25,000	2.90%
Fire Fighting – Town Organizations	617,820	632,170	14,350	2.32%
Patrol Services – Parts & Repairs	30,000	40,000	10,000	33.33%
Sewage Coll. & Disp. – Equipment Other	24,250	34,250	10,000	41.24%
Total	**$2,465,773**	**$2,590,420**	**$124,647**	**5.06%**

CAPITAL OUTLAY

The third major category of Town expenditure is Capital Outlay. This includes capital equipment or facilities improvements of $20,000 or less and a life expectancy of less than five (5) years. Expenditures recommended for fiscal year 2016/2017 total $56,409, an increase of $2,529 (4.69%) from fiscal year 2015/2016. Major expenditures over $2,000 include:

Major Increases	FY 2015/2016	FY 2016/2017	$ Inc/(Dec)	% Inc/-Dec
Library – Other Equipment	$ 0	$ 5,000	$ 5,000	100.00%
Police Detectives – Fixed Equipment	1,120	5,869	4,749	424.02%
Communications – Other Equipment	0	4,200	4,200	100.00%
Police Detectives – Other Equipment	1,000	3,945	2,945	294.50%
Total	**$2,120**	**$19,014**	**$16,894**	**796.89%**



SCHOOL OPERATING BUDGET

The Board of Education accounting system is mandated by the State of Connecticut. The Board of Education is required to submit their budget to the Town Council no later than February 15.

Account/Expenditures General Fund	2013/2014 Budgeted	2014/2015 Budgeted	2015/2016 Budgeted	2016/2017 Recommended
Salaries	$ 33,068,813	$33,581,445	$33,581,807	$34,766,033
Employee Benefits	7,961,006	8,278,529	8,743,144	9,445,758
Purchased Professional & Tech Services	831,715	856,534	952,005	1,086,654
Property Services	763,538	771,691	769,489	767,975
Other Purchased Services	4,940,141	5,659,251	5,785,758	6,168,358
General Supplies & Utilities	2,498,064	2,448,047	2,519,002	2,208,846
Equipment	244,053	257,605	379,389	320,705
Fees & Memberships	58,756	49,984	67,405	88,535
SUBTOTAL GENERAL FUND	**$50,366,086**	**$51,903,086**	**$52,797,999**	**$54,852,864**
Special Revenue Fund				
Cafeteria Operation	$ 1,370,715	$1,297,474	$1,119,209	$1,050,316
Prepaid State & Federal Grants	1,038,185	975,994	1,146,944	925,386
Use of School Facilities	54,000	54,000	56,500	54,000
Total Special Revenue Fund	**$ 2,462,900**	**$2,327,468**	**$2,322,653**	$2,029,702
TOTAL ALL FUNDS	**$52,828,986**	**$54,230,554**	**$55,120,652**	**$56,882,566**

SEWER OPERATING BUDGET

The $1,947,682 for the operation and maintenance of the sewer system is offset by revenues from the Special Revenues Fund. The $1,947,682 budget includes $539,716 in Personal Services and $1,114,438 in Supplies and Services, and Capital Outlay, of which the majority is for treatment contracts with the Towns of Farmington, Simsbury, and Canton. The Sewer Operating Budget decreased by $14,389 (-0.73%).

CAPITAL & DEBT SERVICE BUDGETS - CAPITAL BUDGET

The Capital Improvement Program is a long-range list of capital projects that are proposed by the Town Council and Board of Education for the next ten years. The first five years are provided in detail; the second five-year period in summary fashion only. The first year of the program is called the Capital Budget.

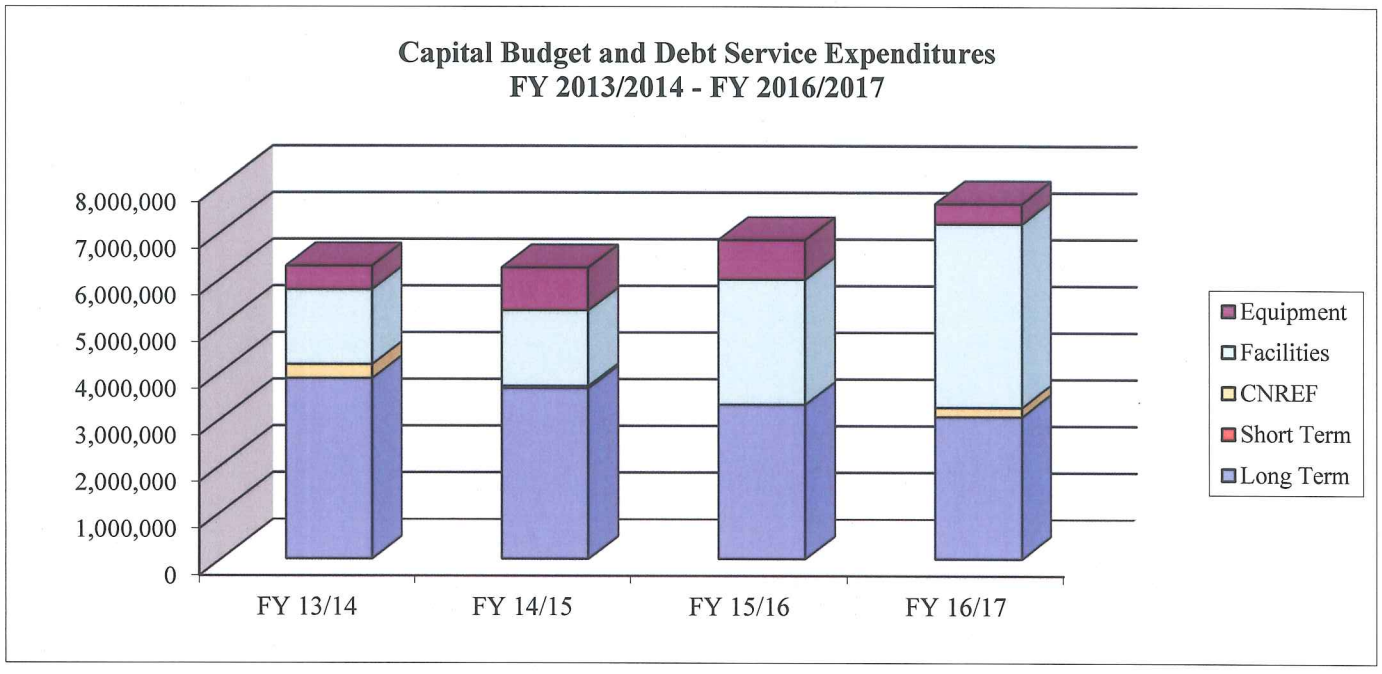
The fiscal year 2016/2017 appropriation for Capital and Debt Service Budgets totals $7,189,827, an increase of $357,715 (5.24%) from the fiscal year 2015/2016 appropriation of $6,832,112. For fiscal year 2016/2017, the Debt Service (principal and interest payments) on Bonds, Bond Anticipation Notes, and Short-Term Notes totals $2,789,290, a decrease of $511,650 (-15.50%).

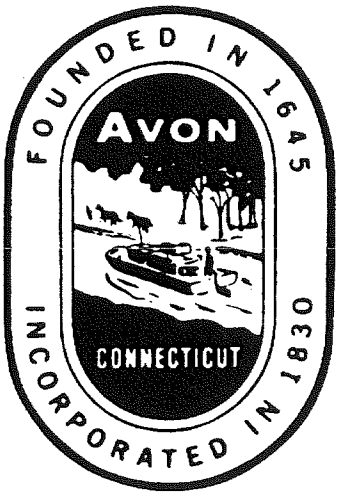
The CNREF (Account 493) shows an increase of $200,000 from the fiscal year 2015/2016 appropriation of $0. The Capital Equipment (Account 485.03) shows a decrease of $468,000 (-54.87%) and the Capital Facilities (Account 485.01) shows an increase of $1,137,365 (42.47%) from $2,678,172 to $3,815,537.

A Summary Schedule for the adopted Capital Improvement Program for the ensuing fiscal year and four subsequent fiscal years is included under the Capital Improvement section. A summary of Capital Budget and Debt Service Expenditures over the past three years, as well as those appropriated for fiscal year 2016/2017, are included in the charts below.

CAPITAL BUDGET AND DEBT SERVICE EXPENDITURES
FY 2013/2014 - FY 2016/2017

FISCAL YEARS	Appropriated 2013/2014	Appropriated 2014/2015	Appropriated 2015/2016	Recommended 2016/2017
Debt Service: Long Term	**$3,858,790**	**$3,647,490**	**$3,300,940**	**$2,789,290**
Short Term	-	-	-	-
Sub-Total	**$3,858,790**	**$3,647,490**	**$3,300,940**	**$2,789,290**
Capital Improvement Program:				
CNREF	$300,000	$ 50,000	$ 0	$ 200,000
Facilities	1,607,297	1,620,637	2,678,172	3,815,537
Equipment	506,000	920,000	853,000	385,000
Sub-Total	**$2,413,297**	**$2,590,637**	**$3,531,172**	**$4,400,537**
TOTAL	**$6,272,087**	**$6,238,127**	**$6,832,112**	**$7,189,827**




FOUNDED IN 1645
AVON
CONNECTICUT
INCORPORATED IN 1830