



# TOWN OF AVON



60 West Main Street • Avon, CT • 06001-3743  
www.avonct.gov

## BUDGET MESSAGE

TO THE BOARD OF FINANCE

MARCH 6, 2015

The proposed fiscal year 2015/2016 Town, Board of Education, Sewer, Capital and Debt Service Budgets are submitted for your review. The proposed budget totals \$86,406,996. This equates to an increase of \$2,519,901 or 3.00 %. This budget requires a property tax levy increase of 2.48%. The mill rate would increase from 28.32 to 28.80.

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 \$31,286,344. This equates to an increase of \$1,629,803 or 5.49% over the current year budget of \$29,656,541. Approximately 60% of this increase is due to increased funding in the Capital Budget. The increase to the Town operating budget, not including Sewers, Capital and Debt Service budgets is 4.64%, or \$997,479.

The most significant factors driving the proposed fiscal year 2015/2016 operating budget are:

- Increases in Wages and Salaries \$448,320\*
- Increases in Funding for Other Post-Employment Benefits/  
Retiree Health Care Funding \$403,921\*\*
- Increase in funding for the Defined Benefit Plan \$239,933\*\*\*

\*\$169,688 of this amount is due to funding for Public Safety Positions

\*\*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

We are anticipating revenue reductions in certain areas. Please see Tab B for details. The largest reductions are as follows:

- Elimination of Grants for Municipal Projects \$213,211
- Reduction in Town Aid Road \$196,930

We are anticipating revenue increases in certain areas. Please see Tab B for details. The largest increases are as follows:

- BOE Open Choice Attendance \$135,000
- BOE Special Education Excess Cost \$127,424

**BUDGET MESSAGE**

**COMPARATIVE ANALYSIS: FY 2014/2015 AND FY 2015/2016 BUDGETS ALL FUNDS**

<b>REVENUES</b>				
<b>CLASSIFICATION</b>	<b>APPROPRIATED FY 2014/2015</b>	<b>RECOMMENDED FY 2015/2016</b>	<b>\$ INC/(DEC)</b>	<b>% INC-/DEC</b>
Property Tax & Assessments	\$ 72,721,955	\$ 74,486,325	\$ 1,764,370	2.43%
State & Federal Grants	4,940,842	4,984,171	43,329	0.88%
Licenses, Fees & Permits	1,054,725	1,053,825	(900)	-0.09%
Charges for Current Services	4,370,778	4,546,512	175,734	4.02%
Other Local Revenues	498,663	479,163	(19,500)	-3.91%
Other Financing Sources (Uses)	300,132	857,000	556,868	185.54%
<b>TOTAL</b>	<b><u>\$ 83,887,095</u></b>	<b><u>\$ 86,406,996</u></b>	<b><u>\$ 2,519,901</u></b>	<b><u>3.00%</u></b>

<b>EXPENDITURES</b>				
<b>CLASSIFICATION</b>	<b>APPROPRIATED FY 2014/2015</b>	<b>RECOMMENDED FY 2015/2016</b>	<b>\$ INC/(DEC)</b>	<b>% INC-/DEC</b>
Town Operating Budget	\$ 21,494,682	\$ 22,492,161	\$ 997,479	4.64%
School Operating Budget	54,230,554	55,120,652	890,098	1.64%
Sewer Operating Budget	1,923,732	1,962,071	38,339	1.99%
Capital & Debt Service Budgets:				
Debt Service	3,647,490	3,300,940	(346,550)	-9.50%
Capital Budget	2,590,637	3,531,172	* 940,535	36.31%
Subtotal: Capital & Debt Service	6,238,127	6,832,112	593,985	9.52%
<b>TOTAL</b>	<b><u>\$ 83,887,095</u></b>	<b><u>\$ 86,406,996</u></b>	<b><u>\$ 2,519,901</u></b>	<b><u>3.00%</u></b>

\* Includes \$820,000 in Sewer Projects paid by Sewer Fund

# BUDGET MESSAGE

## TOWN OF AVON ANNUAL BUDGET FISCAL YEAR 2015/2016 PROPOSED BY TOWN COUNCIL MARCH 6, 2015

	FY 13/14 ACTUAL	FY 14/15 ADOPTED BUDGET	FY 15/16 GENERAL FUND	FY 15/16 SPECIAL REV. & OTHER FUNDS	FY 15/16 REQUESTED BUDGET	DIFFERENCE	% CHANGE	% BY SUBTOTAL	BUDGET BY TOTAL
<b>REVENUES</b>									
Property Tax & Assessments	71,381,666	72,721,955	74,425,660	60,665	74,486,325	1,764,370	2.43%	86.20%	86.20%
Intergovernmental	5,396,125	4,940,842	3,447,802	1,536,369	4,984,171	43,329	0.88%	5.77%	5.77%
Licenses, Fees, & Permits	1,346,220	1,054,725	1,047,825	6,000	1,053,825	(900)	-0.09%	1.22%	1.22%
Charges for Current Services	4,531,335	4,370,778	1,302,277	3,244,235	4,546,512	175,734	4.02%	5.26%	5.26%
Other Local Revenues	502,622	498,663	461,063	18,100	479,163	(19,500)	-3.91%	0.55%	0.55%
Other Financing Sources (Uses)	194,027	300,132	27,000	830,000	857,000	556,868	185.54%	0.99%	0.99%
<b>TOTAL REVENUES</b>	<b>83,351,995</b>	<b>83,887,095</b>	<b>80,711,627</b>	<b>5,695,369</b>	<b>86,406,996</b>	<b>2,519,901</b>	<b>3.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>EXPENDITURES</b>									
<b>TOWN</b>									
General Government	2,916,098	3,075,949	3,096,390		3,096,390	20,441	0.66%	13.77%	3.58%
Public Safety	9,076,255	9,061,716	9,691,107	17,474	9,708,581	646,865	7.14%	43.16%	11.24%
Public Works	5,100,396	5,323,106	5,469,394	113,809	5,583,203	260,097	4.89%	24.82%	6.46%
Health & Social Services	486,315	473,209	483,568		483,568	10,359	2.19%	2.15%	0.56%
Recreation & Parks	1,152,501	1,158,004	795,407	350,393	1,145,800	(12,204)	-1.05%	5.09%	1.33%
Education - Culture	1,398,579	1,453,265	1,503,905		1,503,905	50,640	3.48%	6.69%	1.74%
Conservation & Development	600,151	626,021	636,900		636,900	10,879	1.74%	2.83%	0.74%
Miscellaneous	298,811	323,412	333,814		333,814	10,402	3.22%	1.48%	0.39%
<b>TOTAL TOWN</b>	<b>21,029,106</b>	<b>21,494,682</b>	<b>22,010,485</b>	<b>481,676</b>	<b>22,492,161</b>	<b>997,479</b>	<b>4.64%</b>	<b>100.00%</b>	<b>26.03%</b>
<b>BOARD OF EDUCATION</b>									
Salaries	32,033,762	33,581,445	33,581,807		33,581,807	362	0.00%	60.92%	38.86%
Employee Benefits	7,877,790	8,278,529	8,743,144		8,743,144	464,615	5.61%	15.86%	10.12%
Purchased Prf & Tech Services	732,439	856,534	952,005		952,005	95,471	11.15%	1.73%	1.10%
Property Services	968,808	771,691	769,489		769,489	(2,202)	-0.29%	1.40%	0.89%
Other Purchased Services	5,365,021	5,659,251	5,785,758		5,785,758	126,507	2.24%	10.50%	6.70%
General Supplies & Utilities	2,505,937	2,448,047	2,519,002		2,519,002	70,955	2.90%	4.57%	2.92%
Equipment	891,565	257,605	379,389		379,389	121,784	47.28%	0.69%	0.44%
Fees & Memberships	68,461	49,984	67,405		67,405	17,421	34.85%	0.12%	0.08%
Cafeteria Operation	1,059,084	1,297,474		1,119,209	1,119,209	(178,265)	-13.74%	2.03%	1.30%
Facility Use	113,811	54,000		56,500	56,500	2,500	0.10%	0.10%	0.07%
Prepaid State & Fed. Grants	942,356	975,994		1,146,944	1,146,944	170,950	17.52%	2.08%	1.33%
<b>TOTAL BOARD OF EDUCATION</b>	<b>52,559,034</b>	<b>54,230,554</b>	<b>52,797,999</b>	<b>2,322,653</b>	<b>55,120,652</b>	<b>890,098</b>	<b>1.64%</b>	<b>100.00%</b>	<b>63.79%</b>
<b>SEWERS</b>									
Operating Expense	2,392,703	1,923,732		1,962,071	1,962,071	38,339	1.99%	100.00%	2.27%
<b>TOTAL SEWERS</b>	<b>2,392,703</b>	<b>1,923,732</b>		<b>1,962,071</b>	<b>1,962,071</b>	<b>38,339</b>	<b>1.99%</b>	<b>100.00%</b>	<b>2.27%</b>
<b>DEBT SERVICE</b>									
Bonds	3,858,788	3,647,490	3,300,940		3,300,940	(346,550)	-9.50%	100.00%	3.82%
Notes									
<b>TOTAL DEBT SERVICE</b>	<b>3,858,788</b>	<b>3,647,490</b>	<b>3,300,940</b>	<b>-</b>	<b>3,300,940</b>	<b>(346,550)</b>	<b>-9.50%</b>	<b>100.00%</b>	<b>3.82%</b>
<b>OTHER FINANCING USES</b>									
<b>Capital Improvements</b>									
Facilities	1,617,542	1,620,637	1,749,203	928,969	2,678,172	1,057,535	65.25%	75.84%	3.10%
Equipment	506,000	920,000	853,000		853,000	(67,000)	-7.28%	24.16%	0.99%
C.N.R.E.F.	300,000	50,000				(50,000)	-100.00%		
<b>CAPITAL IMPROVEMENT PROGRAM</b>	<b>2,423,542</b>	<b>2,590,637</b>	<b>2,602,203</b>	<b>928,969</b>	<b>3,531,172</b>	<b>940,535</b>	<b>36.31%</b>	<b>100.00%</b>	<b>4.09%</b>
<b>TOTAL EXPENDITURES</b>	<b>82,263,173</b>	<b>83,887,095</b>	<b>80,711,627</b>	<b>5,695,369</b>	<b>86,406,996</b>	<b>2,519,901</b>	<b>3.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## BUDGET MESSAGE

---

### SHORT AND LONG TERM PROGRAMMATIC GOALS

The proposed fiscal year 2015/2016 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.22.

### 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 281<sup>st</sup> 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.

**BUDGET MESSAGE**

Town Council Goals

Mission and Goals	Page #	Town Mission	Continuity in Planning	Fiscal, Stability/Program Effectiveness	Quality Education	Safe, Secure, Environment
<b>Town Manager</b>						
Receive a 95%+ rating of Excellent or Very Good on Citizen Satisfaction Surveys.	E5					
<b>Registrars of Voters</b>						
Process in accordance with applicable laws.	E7					
<b>Town Clerk</b>						
Record, index, scan and return original documents within one business day.	E10					
<b>Human Resources</b>						
Manage labor actions and unemployment claims efficiently and effectively.	E12					
<b>Finance</b>						
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					
<b>Accounting</b>						
Increase and promote electronic transactions.	E14					
<b>Assessing</b>						
Manage the appeal process outside of the court system.	E15					
<b>Collector of Revenue</b>						
Maintain a tax collection rate of 99.00(+)%.	E16					
<b>Police Administration</b>						
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					
<b>Fire Prevention</b>						
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					

**BUDGET MESSAGE**

↙ **Town Council Goals** ↘

Mission and Goals	Page #	Town Mission	Continuity in Planning	Fiscal, Stability/Program	Quality Education	Safe, Secure, Environment
<b>Building Inspection</b>						
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					
<b>Public Works Administration</b>						
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					
<b>Human Services</b>						
Provide vital information or assistance in at least 90% of its cases.	H7					
<b>Parks &amp; Recreation Administration</b>						
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					
<b>Avon Free Public Library</b>						
Exceed the State's average circulation/capita and visits/capita.	J3					
<b>Planning and Zoning</b>						
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					

**BUDGET MESSAGE**

**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.

## **BUDGET MESSAGE**

### **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.

## **BUDGET MESSAGE**

---

### **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.

## BUDGET MESSAGE

The proposed fiscal year 2015/2016 budget includes the following short-term financial goals and budget assumptions:

### I. Fiscal Year 2015/2016 Operating Budget

#### a. Revenues: (For Details See Tab B)

1. Property Tax and Assessments: The following goals and assumptions have been made in estimating both Property Tax and Assessment Revenues for fiscal year 2015/2016:
  - Grand List Growth (assessed valuation of Real and Personal Property) will be an increase of \$19,803,700, or .77%;
  - In fiscal year 2015/2016, Supplemental Real Estate and Supplemental Vehicle tax revenue are budgeted at FY 14/15 level;
  - CGS Section 12-80a allows telecommunication services to elect, on an annual basis, to have their personal property assessed by the state rather than by the assessor of the town in which the property is located. OPM notifies the company of the personal property tax that they must pay to the municipality. As in fiscal year 2014/2015, the anticipated revenue from this source in the proposed budget is \$60,000;
  - Assessment Appeals and Tax Refunds will approximate 1% of tax revenues;
  - Property Tax Collections will exceed 98.5% with the reserve for uncollectible at \$605,565; and
2. Licenses, Fees and Permits: Revenues from Licenses, Fees and Permits are projected to remain flat at this time.
3. State and Intergovernmental Grants: This category reflects a net increase of \$43,329 or 0.88% as compared to the prior year. 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:
  - Police Services special revenues are projected to increase \$7,474 in the upcoming fiscal year, based upon anticipated Special Services activity;
  - Sewer use and connection special revenues are expected to increase by a combined \$339,806 or 22.1%;
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.

## BUDGET MESSAGE

6. Other Financing Sources: As was also the case in fiscal year 2014/2015, there is no budgeted or planned use of General Fund Unassigned Fund Balance in the proposed fiscal year 2015/2016 budget. Due to favorable tax collections, intergovernmental revenues and charges for services in fiscal year 2013/2014, various assignments in the General Fund were increased. Fund Balance Assigned to Capital Reserve in the General Fund in the amount of \$27,000 is budgeted to partially fund the proposed 2015/2016 Capital Budget.

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

1. Personal Services:

FY 12/13	FY 13/14	FY 14/15	FY 15/16
\$14,578,705	\$15,211,928	\$15,706,196	\$16,555,525

Personal services wages and benefits comprise 73.57% of the Town Operating Budget.

- a. Wages and Salaries: The total number of authorized full-time employees remains at 107 positions however 105 positions are funded with one authorized Police Lieutenant and one C-Squad Officer remaining unfunded. Overall wages increased by \$448,320 as compared to fiscal year 2014/2015 representing a 4.81% increase. An in-depth discussion on wages and salaries can be found on page C. 3.

b. Benefits:

Benefits continue to be a major part of Personal Services costs. The fiscal year 2015/2016 budget includes:

- A substantial increase (\$239,933, 9.49%), for a sixth year in a row, to the Defined Benefit Plan (closed in 1997). The interest rate has been reduced from 7.50% to 7.375%; the reduction accounts for \$28,689, or 12%, 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 \$57,959 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 \$80,038; however, the total impact has been mitigated by approximately twenty-nine (29) employees opting out of the Plan through the Town's Health Insurance Waiver Program.

2. Supplies and Services:

FY 12/13	FY 13/14	FY 14/15	FY 15/16
\$5,463,301	\$5,617,160	\$5,741,411	\$5,882,756

The Services and Supplies portion of the Town's municipal budget totals \$5,882,756 for fiscal year 2015/2016, an increase of \$141,345 (2.46%). In order to efficiently manage

**BUDGET MESSAGE**

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:

<u>FY 12/13</u>	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 15/16</u>
\$21,040	\$22,837	\$47,050	\$53,880

Capital Outlay includes capital items of less than \$20,000 with a life expectancy of less than five (5) years. Capital Outlay represents 0.22% of the operating budget.

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

**Capital Budget and Debt Service Expenditures  
FY 2011/2012 to FY 2015/2016**

<u>FISCAL YEARS</u>	<u>Appropriated 2011/2012</u>	<u>Appropriated 2012/2013</u>	<u>Appropriated 2013/2014</u>	<u>Appropriated 2014/2015</u>	<u>Recommended 2015/2016</u>
Debt-Service	\$4,808,189	\$4,546,338	\$3,858,790	\$3,647,490	\$3,300,940
Capital Improvement Program	\$1,416,857	\$1,772,783	\$2,413,297	\$2,590,637	\$3,531,172
<b>TOTAL</b>	<u>\$6,225,046</u>	<u>\$6,319,171</u>	<u>\$6,272,087</u>	<u>\$6,238,127</u>	<u>\$6,832,112</u>

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 2015/2016 is \$3,531,172. The top six Capital Improvement Projects, not including sewer related projects, are as follows:

Fire Apparatus Replacement	\$ 493,000
Science Laboratories at Avon Middle School	\$ 429,000
Road Surface Improvements	\$ 376,772
Replacement of a Dump Truck	\$ 200,000
HVAC Replacement at Roaring Brook School	\$ 190,000
Sycamore Hills Improvements and Restoration	<u>\$ 170,400</u>
<b>Total</b>	<b>\$1,859,172</b>

## BUDGET MESSAGE

---

### b. Debt Service

The Town Debt Service Budget is \$3,300,940, a decrease of (\$346,550) or -9.5% from FY 15. The gross obligation of \$3,550,940 is \$96,552 or -2.6% lower than the previous year. This gross obligation is reduced by the use of \$250,000 in accumulated bond and note sale premium (noted in Tab M). 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

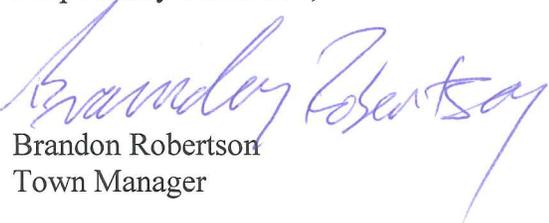
### Use of Undesignated General Fund Balance:

The Town's General Fund Unassigned Fund Balance for the fiscal year ending June 30, 2014 amounted to \$8,687,086 or 10.45% of fiscal year 2013/2014 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 fund balance was budgeted for fiscal year 2014/2015 and no use of fund balance has been budgeted for fiscal year 2015/2016.

### 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 2015/2016 budget process began in August 2014. 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

