EXPENDITURES

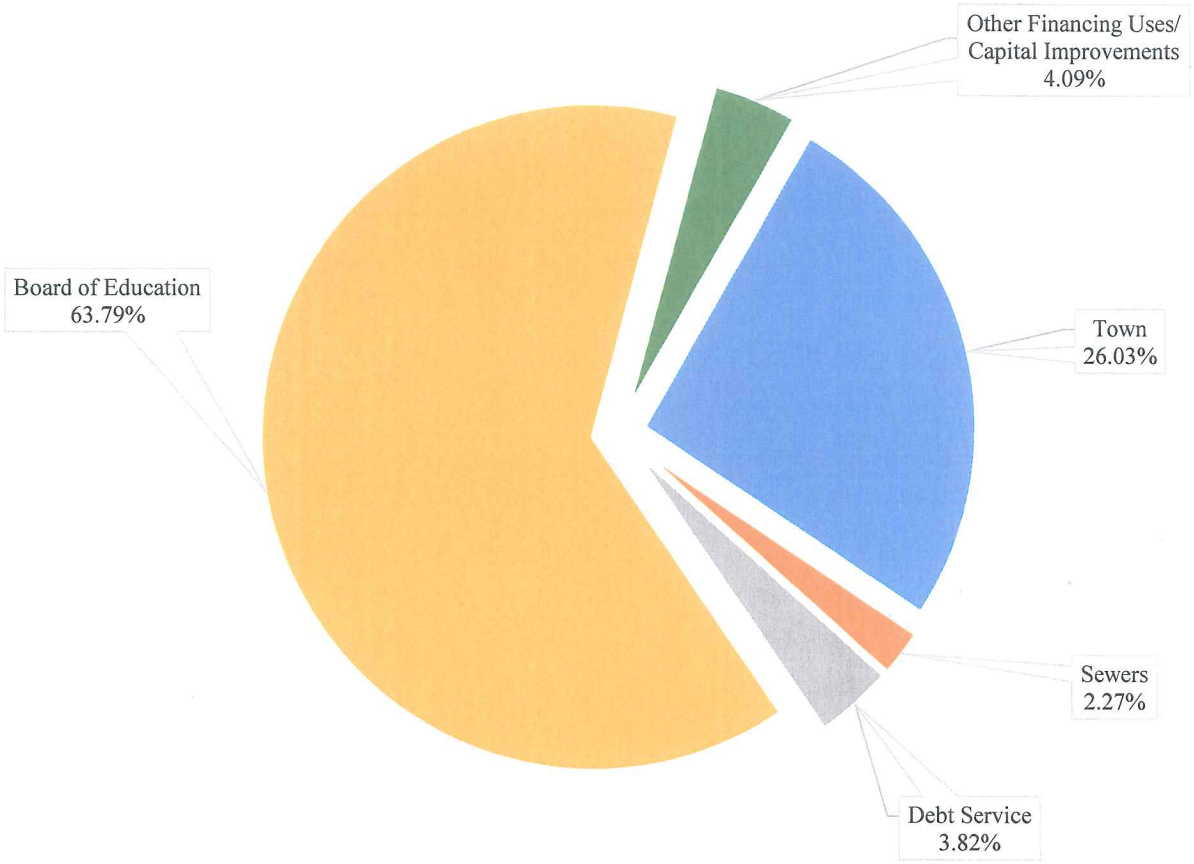
OVERVIEW

The proposed fiscal year 2015/2016 expenditures for the Town, Board of Education, Sewers, Capital and Debt Service Budgets total $86,406,996. A comparative summary of the fiscal year 2013/2014 and fiscal year 2014/2015 expenditures, as well as a detailed discussion and analysis of expenditure changes in the various budgets, are provided below.

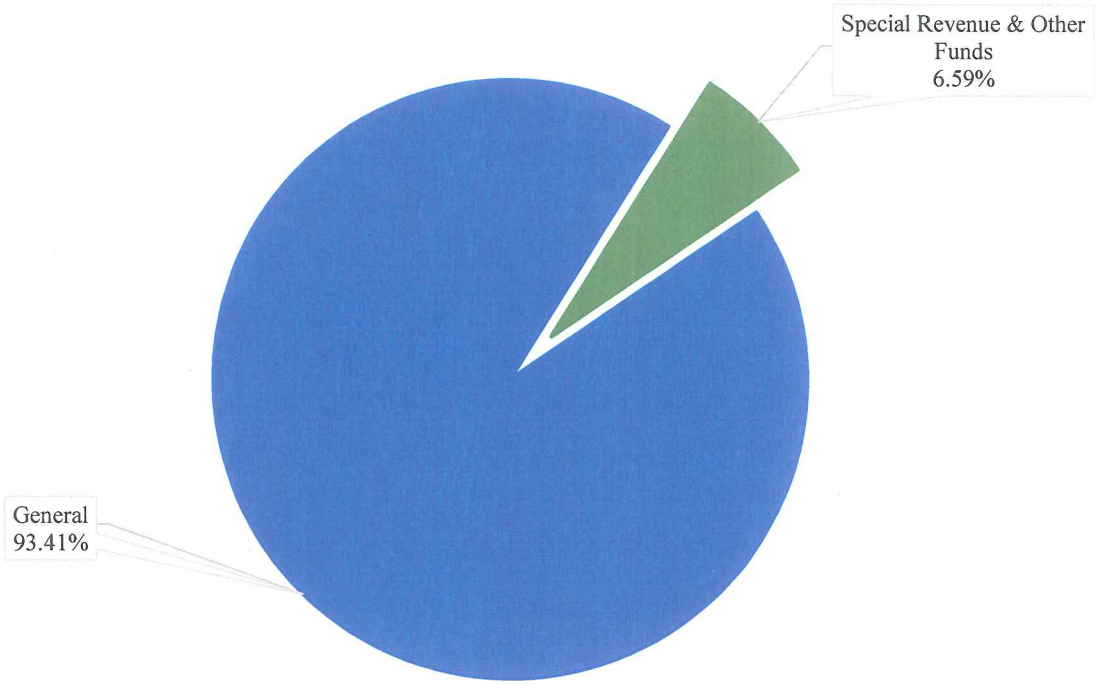
COMPARISON OF FY 2013/2014, FY 2014/2015 AND FY 2015/2016

EXPENDITURES	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
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%
TOTAL TOWN	21,029,106	21,494,682	22,010,485	481,676	22,492,161	997,479	4.64%	100.00%	26.03%
BOARD OF EDUCATION									
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 Serv	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%	0.07%
Prepaid State & Fed. Grants	942,356	975,994		1,146,944	1,146,944	170,950	17.52%	2.08%	1.33%
TOTAL B.O.E.	52,559,034	54,230,554	52,797,999	2,322,653	55,120,652	890,098	1.64%	100.00%	63.79%
SEWERS									
Operating Expense	2,392,703	1,923,732		1,962,071	1,962,071	38,339	1.99%	100.00%	2.27%
TOTAL SEWERS	2,392,703	1,923,732		1,962,071	1,962,071	38,339	1.99%	100.00%	2.27%
DEBT SERVICE									
Bonds	3,858,788	3,647,490	3,300,940		3,300,940	(346,550)	-9.50%	100.00%	3.82%
Notes									
TOTAL DEBT SERVICE	3,858,788	3,647,490	3,300,940		3,300,940	(346,550)	-9.50%	100.00%	3.82%
OTHER FINANCING USES									
Capital Improvements									
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%		
C. I. P.	2,423,542	2,590,637	2,602,203	928,969	3,531,172	940,535	36.31%	100.00%	4.09%
TOTAL EXPENDITURES	82,263,173	83,887,095	80,711,627	5,695,369	86,406,996	2,519,901	3.00%	100.00%	100.00%

Expenditures by Budget FY 2015/2016



Expenditures by Fund FY 2015/2016



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 adopted budget for Town Services represents an increase of 4.66% over the current appropriation of $21,494,682. Town Operating Budget requests of Town Agencies and Departments totaled $23,492,906 and were reduced $1,003,928 by the Town Manager to $22,488,978 (not including sewers). The Town Council increased the Town Operating Budget by $3,183 to $22,492,161. 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 2012/2013 – fiscal year 2015/2016 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 2012/2013	FY 2013/2014	FY 2014/2015	FY 2015/2016	$ Inc/(Dec)	% Inc/-Dec
Personal Services*	$14,578,705	$15,211,928	$15,706,196	$16,555,525	$ 849,349	5.41%
Services & Supplies	5,463,301	5,617,160	5,741,411	5,882,756	141,345	2.46%
Capital Outlay	21,040	22,837	47,075	53,880	6,805	14.46%
TOTAL	$20,063,046	$20,851,925	$21,494,682	$22,492,161	$997,499	4.64%

* Does not include sewers.

PERCENTS OF TOTALS

EXPENDITURE OBJECT	FY 2012/2013	FY 2013/2014	FY 2014/2015	FY 2015/2016
Personal Services*	72.66%	72.95%	73.07%	73.61%
Services & Supplies	27.23%	26.94%	26.71%	26.15%
Capital Outlay	0.11%	0.11%	0.22%	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 with a focus on Public Safety, two previously ½ year funded police officer positions have been funded full year, one previously unfunded police officer position has been fully funded and the formerly contracted Animal Control Officer (ACO) has been hired as a part time employee by shifting funds from the operating budget to cover costs. The School Resource Officer remains authorized with the cost being supported by a $76,000 offset from the BOE budget, net impact to Town's budget remains $16,945. Finally, Auto Allotments, formerly budgeted as part of the operating budget, have been characterized and budgeted as part of the personnel services budget beginning with the FY15/16 budget.

	Salary	Benefits	Total
Police Officer +1040 hrs	$31,409	$10,323	$41,732
Police Officer +1040 hrs	$32,534	$15,265	$47,799
Police Officer +2080 hrs	$65,262	$35,902	$101,164
ACO +1300 hrs	$40,483	$4,307	$44,790
Auto Allotments	$27,543	$4,114	$31,657
	$197,231	**$69,911**	**$267,142**

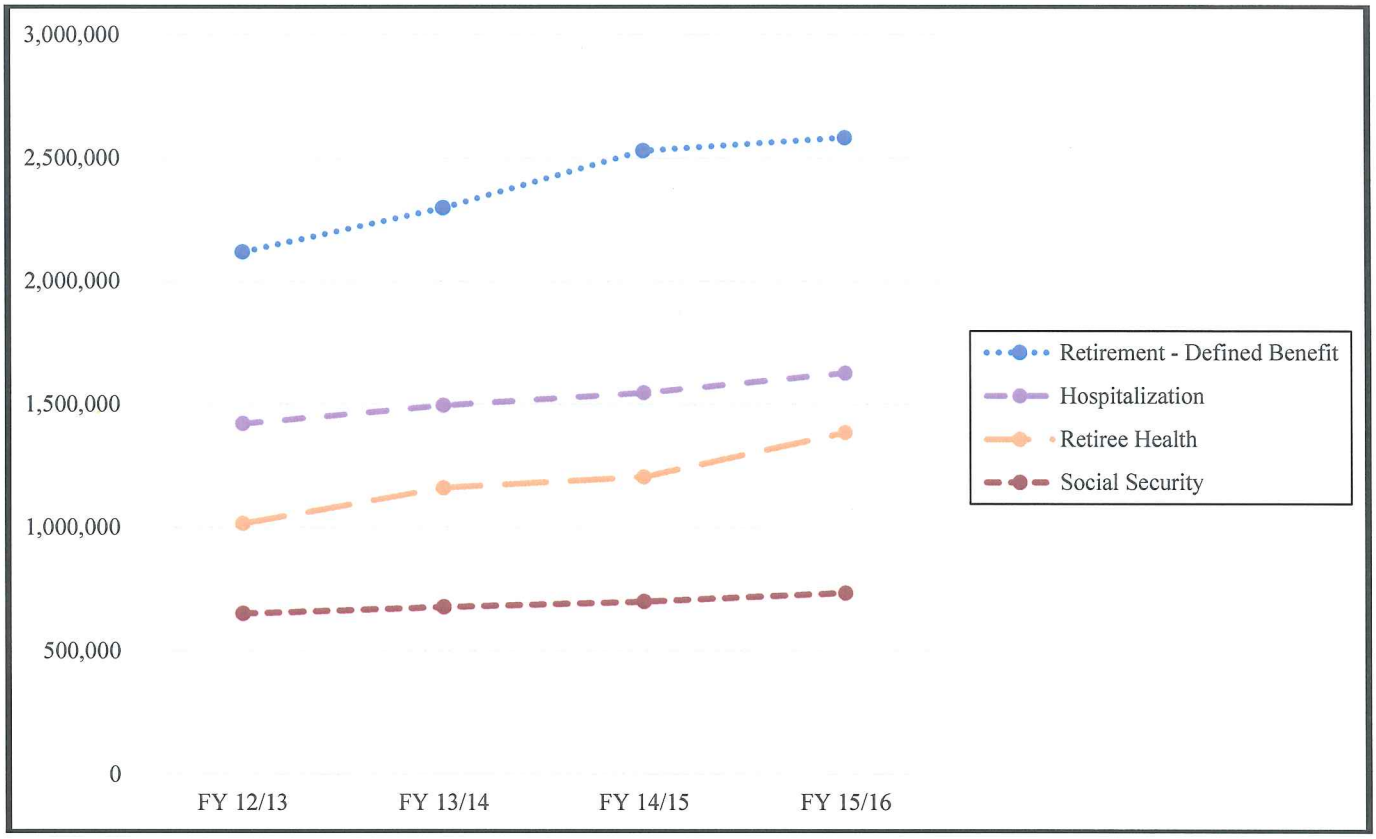
Overall, wages increased by $448,320 as compared to fiscal year 2014/2015, representing a 4.81% increase. However, without the above funding changes relative to positions listed above, wages would have increased $251,089 or 2.70%. A detailed analysis of personnel expenditures, including wages, salaries 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.

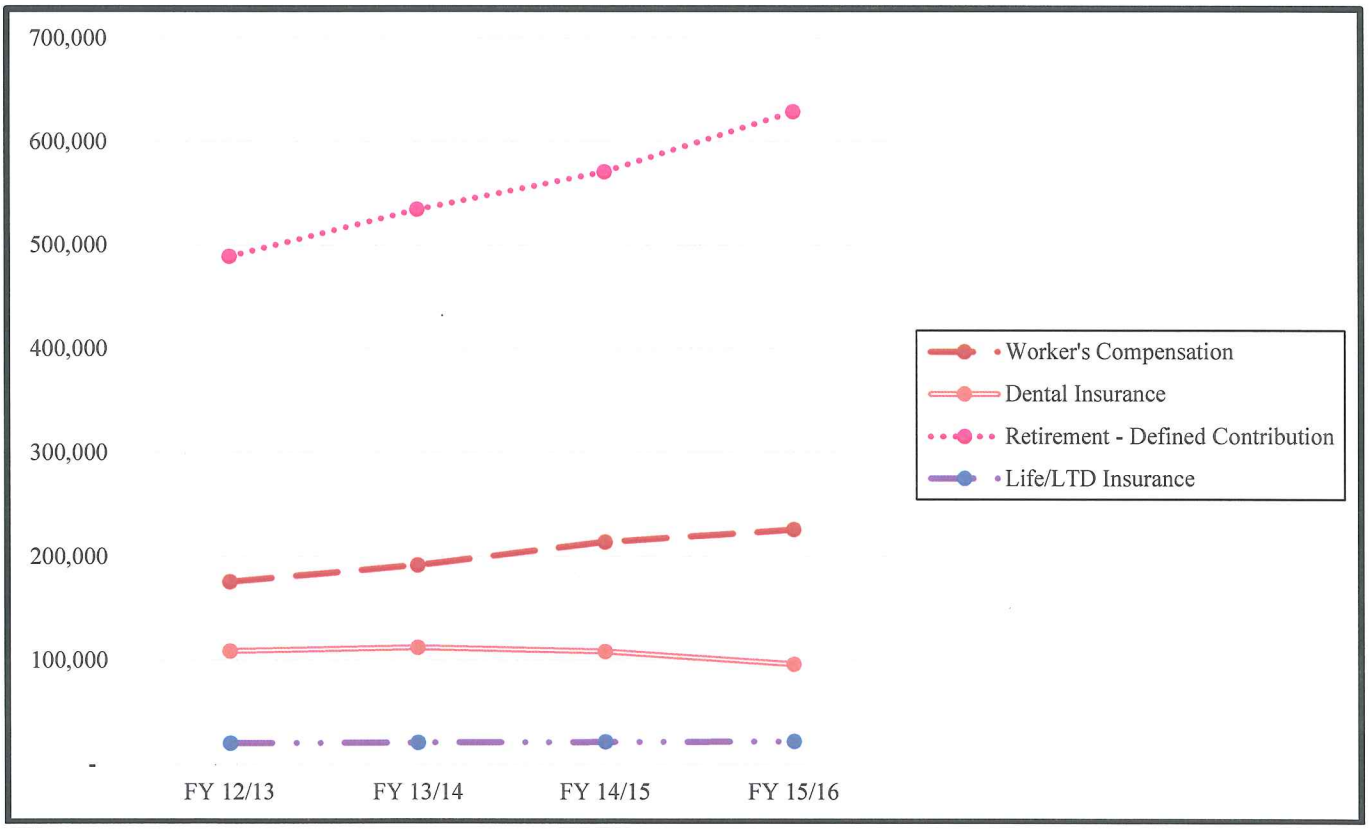
COMPARISON OF PERSONAL SERVICES - FISCAL YEARS 2012/2013 – 2015/2016

	FY 2012/2013	FY 2013/2014	FY 2014/2015	FY 2015/2016	$ Inc/(Dec)	% Inc/-Dec
Wages						
General Government	$1,334,621	$1,372,211	$1,424,256	$1,434,786	$ 10,530	0.74%
Public Safety	3,871,607	3,921,027	3,860,442	4,157,836	297,394	7.70%
Public Works	1,794,202	1,829,218	1,956,348	2,058,828	102,480	5.24%
Health & Social Services	113,100	116,468	119,934	123,388	3,454	2.88%
Recreation & Parks	519,611	527,608	501,151	475,142	(26,009)	-5.19%
Cultural/Education	823,400	847,980	853,475	887,294	33,819	3.96%
Conservation & Development	314,559	321,915	329,017	344,210	15,193	4.62%
Sub Total	$8,771,100	$8,936,427	9,044,623	9,481,484	436,861	4.83%
Sewer Operations	271,303	261,906	268,292	279,751	11,459	4.27%
Total Wages	**$9,042,403**	**$9,198,333**	**$9,312,915**	**$9,761,235**	**$448,320**	**4.81%**
Employee Benefits						
General Government	$ 878,413	$ 943,813	$ 1,002,622	$1,016,491	$ 13,869	1.38%
Public Safety	2,625,134	2,819,113	2,976,974	3,302,139	325,165	10.92%
Public Works	1,455,392	1,565,965	1,676,012	1,744,521	68,509	4.09%
Health & Social Services	79,081	84,512	89,939	92,384	2,445	2.72%
Recreation & Parks	242,374	258,958	274,378	264,728	(9,650)	-3.52%
Cultural/Education	336,845	364,886	386,200	402,751	16,551	4.29%
Conservation & Development	223,366	238,254	255,448	251,027	(4,421)	-1.73%
Sub Total	$ 5,840,605	$ 6,275,501	$ 6,661,573	$7,074,041	$412,468	6.19%
Sewer Operations	197,278	218,280	234,407	232,407	(2,000)	-0.85%
Total Employee Benefits	$ 6,037,883	$ 6,493,781	$ 6,895,980	$7,306,448	$410,468	5.95%
Total – Wages & Benefits	**$15,080,286**	**$15,692,114**	**$16,208,895**	**$17,067,683**	**$858,788**	**5.30%**

The $448,320 increase in Wages reflects the above mentioned newly funded Public Safety positions, hourly increases for non-organized personnel, classification adjustments, step increases and auto allotments. The Town is entering into labor negotiations with IBPO Local 541 representing Police employees effective January 2015. The Town has previously negotiated a 2.60% increase for Public, and a 2.25% increase for Dispatcher bargaining units.

Benefit Rate Changes FY 12/13– FY 15/16





COMPARISON OF WAGE CHANGES & BENEFIT RATE CHANGES

	FY 2012/2013	FY 2013/2014	FY 2014/2015	FY 2015/2016	$ Inc/(Dec)	% Inc/-Dec
Social Security	$ 652,313	$ 678,532	$ 700,326	$734,448	$ 34,122	4.87 %
Retirement Defined Benefit *	2,119,020	2,297,723	2,528,989	2,581,422	52,433	2.07%
Retirement Defined Contribution	489,378	534,701	570,922	628,881	57,959	10.15%
Hospitalization	1,422,267	1,496,611	1,546,575	1,626,613	80,038	5.18%
Dental Insurance	108,883	112,327	108,203	98,555	(9,648)	-8.92%
Workers' Compensation	175,722	191,792	213,895	230,073	16,178	7.56%
Life/LTD Insurance	19,913	20,610	21,113	21,578	465	2.20%
Retiree Health**/ ***	1,017,387	1,161,485	1,205,957	1,384,878	178,921	14.84%
Total Benefits	6,037,883	6,493,781	6,895,980	7,306,448	410,468	5.95%
Wages	9,042,355	9,198,333	9,312,915	9,761,235	448,320	4.81%
Total Benefits and Wages	15,081,238	15,692,114	$16,208,895	$17,067,683	$858,788	5.30%
Total Town/Sewer Budgets****	$21,815,572	$22,659,344	$23,418,414	$24,454,232	$1,035,818	4.42%

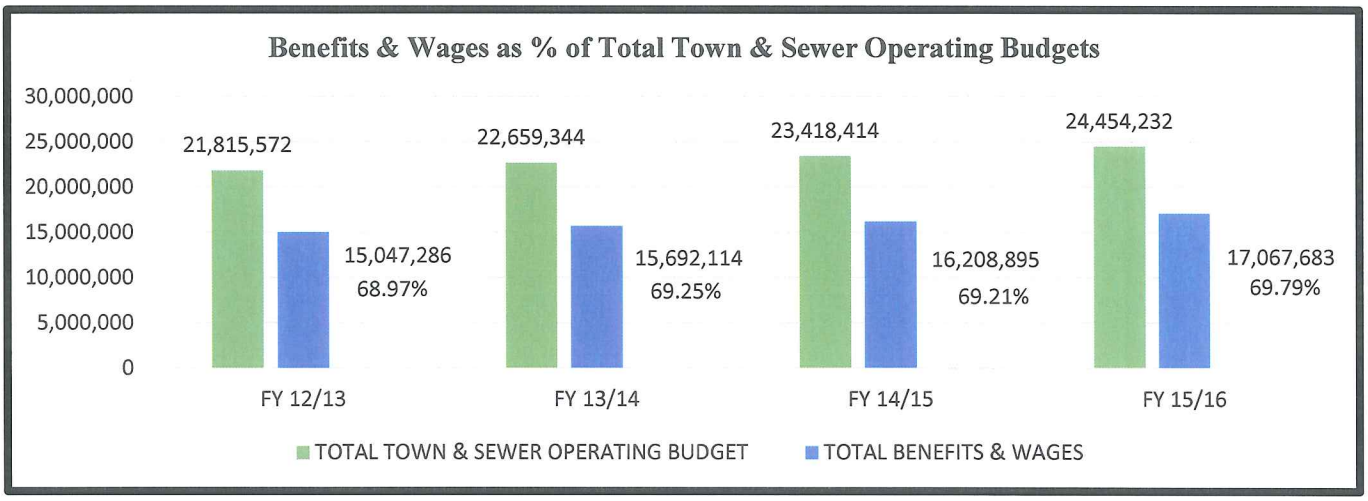
* In fiscal year 2012/2013, an additional $60,000 was funded from Fund Balance Assigned for Pension (FBAP); total ARC was funded at actuarially recommended level of $2,179,020. In fiscal year 2013/2014, an additional $120,000 was funded from FBAP; total ARC was funded at actuarially recommended level 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 2012/2013, an additional $50,000 was funded from Fund Balance Assigned for OPEB (FBAO); total OPEB contribution was funded at actuarially recommended level of $375,000. In fiscal year 2013/2014, an additional $100,000 was funded from 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.

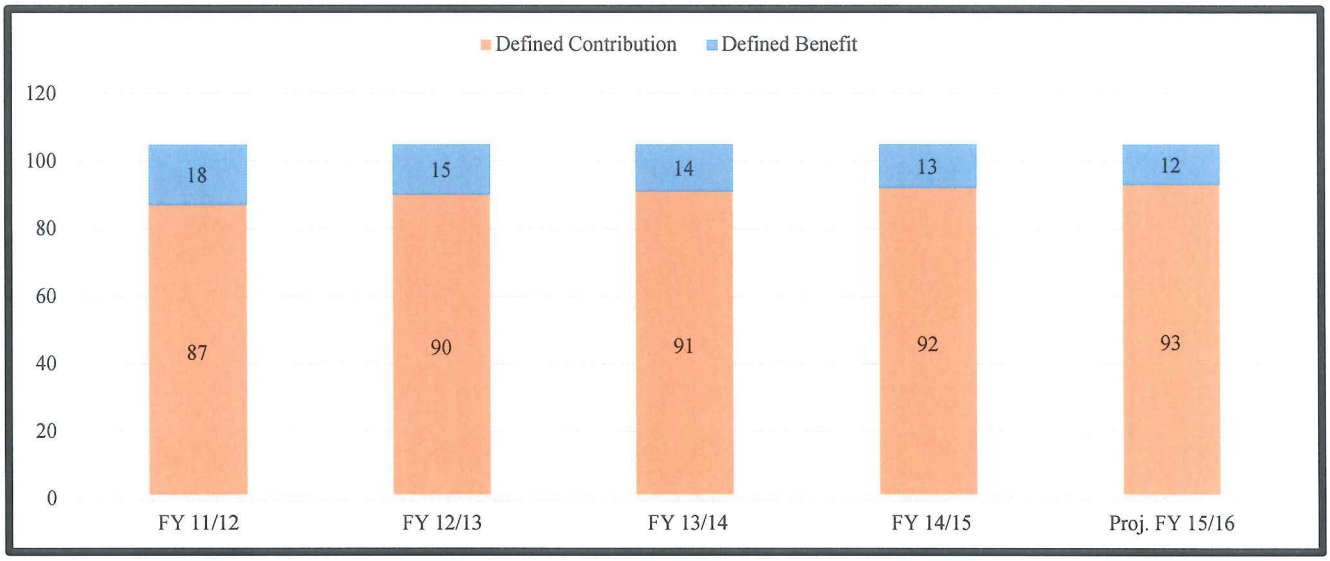
*** Of the $1,017,387 in fiscal year 2012/2013, $325,000 was Post Retiree Medical Benefit Trust Fund (PRMBT) and $692,387 was net cost of current Retiree Health costs. Of the $1,161,485 in fiscal year 2013/2014, $400,000 was PRMBT Fund and $761,485 was net current retiree cost. Of the $1,205,957 in fiscal 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.

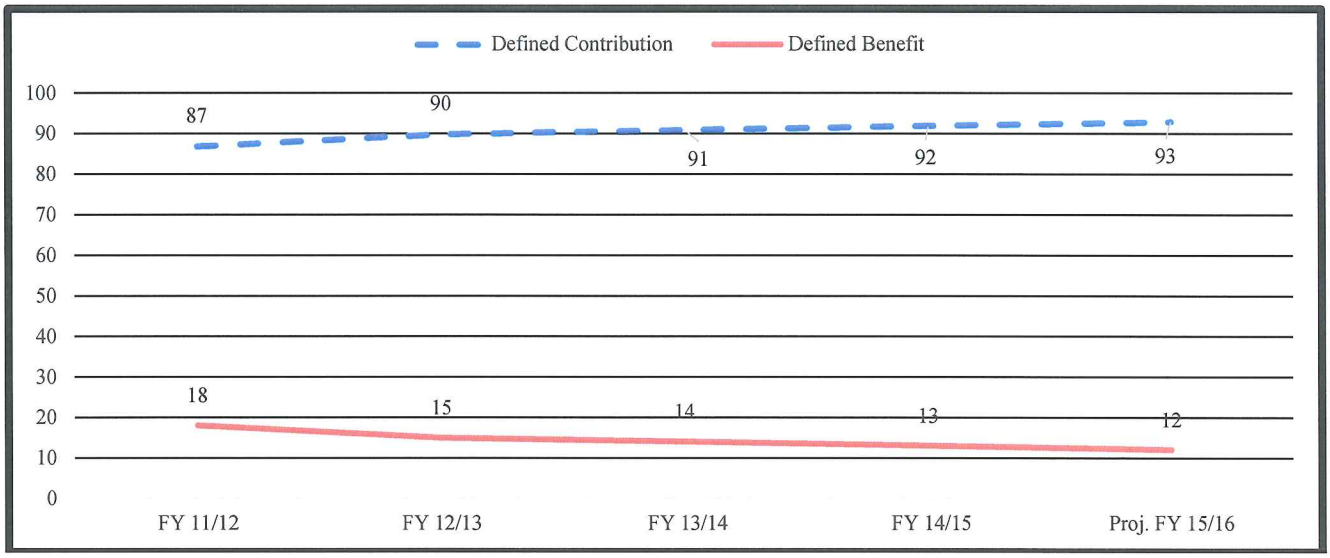
**** Percentages listed above include both General Fund and Special Revenue Funds and will not match the percentages on C. 3, which only include General Fund expenditures.

The increase in the Retirement Defined Benefit was based upon recommendation of the actuaries for estimated 2015 contributions as well as the Town reducing the expected interest assumption by .125% to a revised 7.375%. 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.

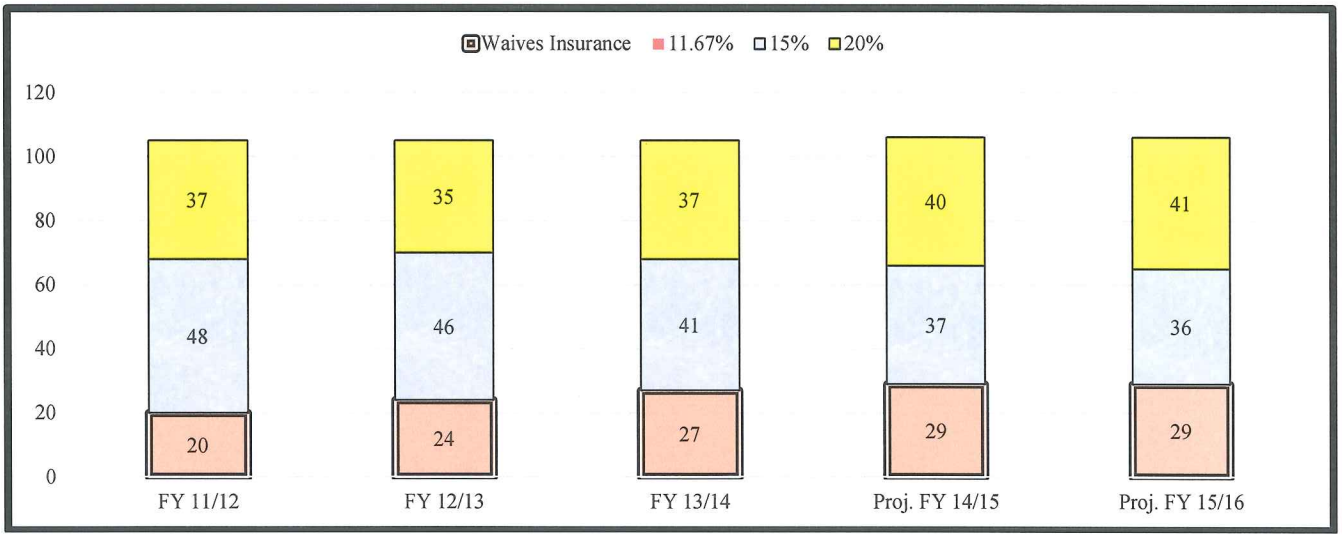


Employees on Defined Contribution and Defined Benefit Plans from FY 2011/2012– FY 2015/2016





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 $410,468 or 5.95%. However, without the previously mentioned funding changes to several full-time positions on C. 3, benefits would have increased by $340,557 or 4.94%. 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 participation as well as increased funding of the actuarially determined OPEB contribution.

The Town's Workers Compensation premium has increased based on several 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.

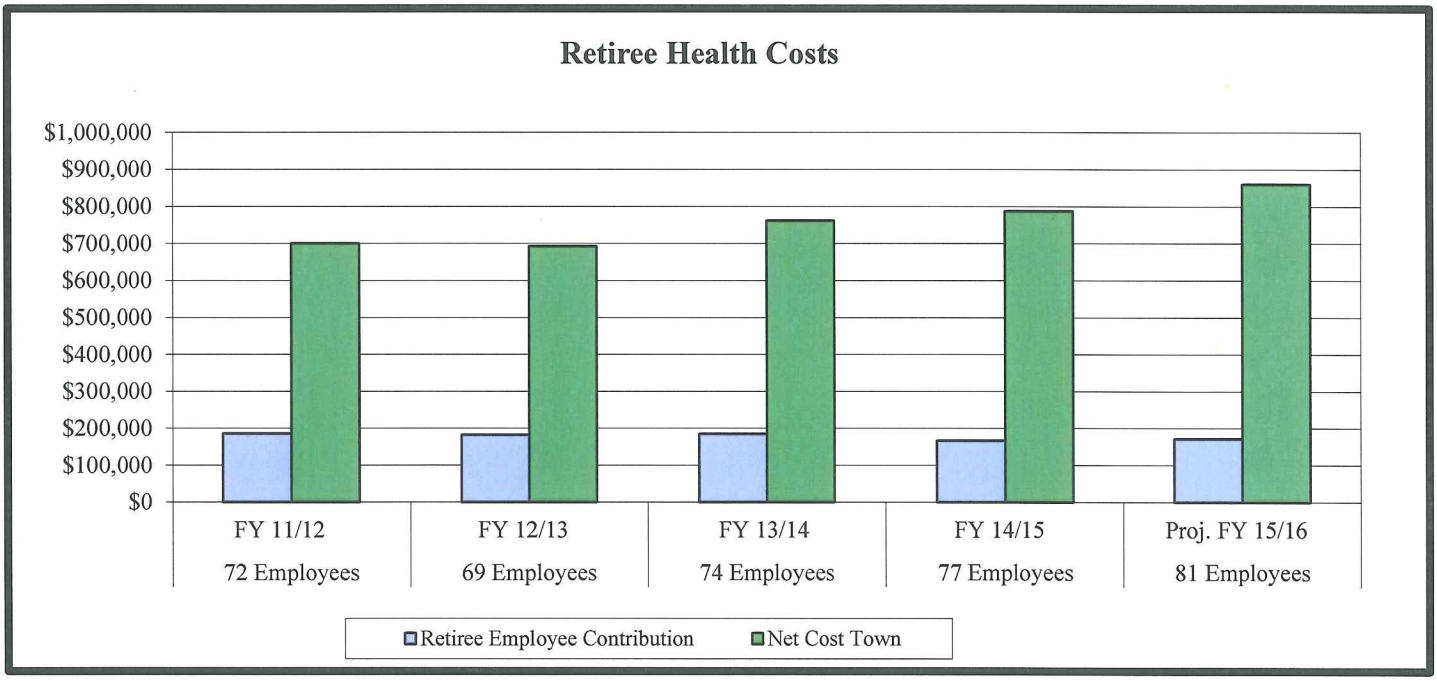
Retiree Health ($1,384,878) is accounted for in the following manner:

1. $525,000 is for a portion of the actuarially determined contribution of $750,000 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. $859,878 is budgeted for the Town's contribution for current retiree health costs. In fiscal year 2014/2015, $680,957 was budgeted which was reduced from $787,832 due to final availability of $106,875 in ERRP funds.

RETIREE HEALTH, HEART AND HYPERTENSION COSTS

	2011/2012	2012/2013	2013/2014	2014/2015	Proj. 2015/2016
Number of Retired Employees Receiving Health Insurance	72	69	74	77	81
Gross Cost	$886,089	$874,715	$946,472	$954,737	$1,031,835
Retired Employee Contribution	$185,849	$182,328	$184,987	$166,905	$171,957
Net Town Cost	$700,240	$692,387	$761,485	$787,832	$859,878
Number of Employees/Retirees Receiving H & H Benefits	1	1	2	2	0
Annual Cost of H & H Benefits	$10,000	$186,513	$15,000	$54,270	$0



SERVICES AND SUPPLIES

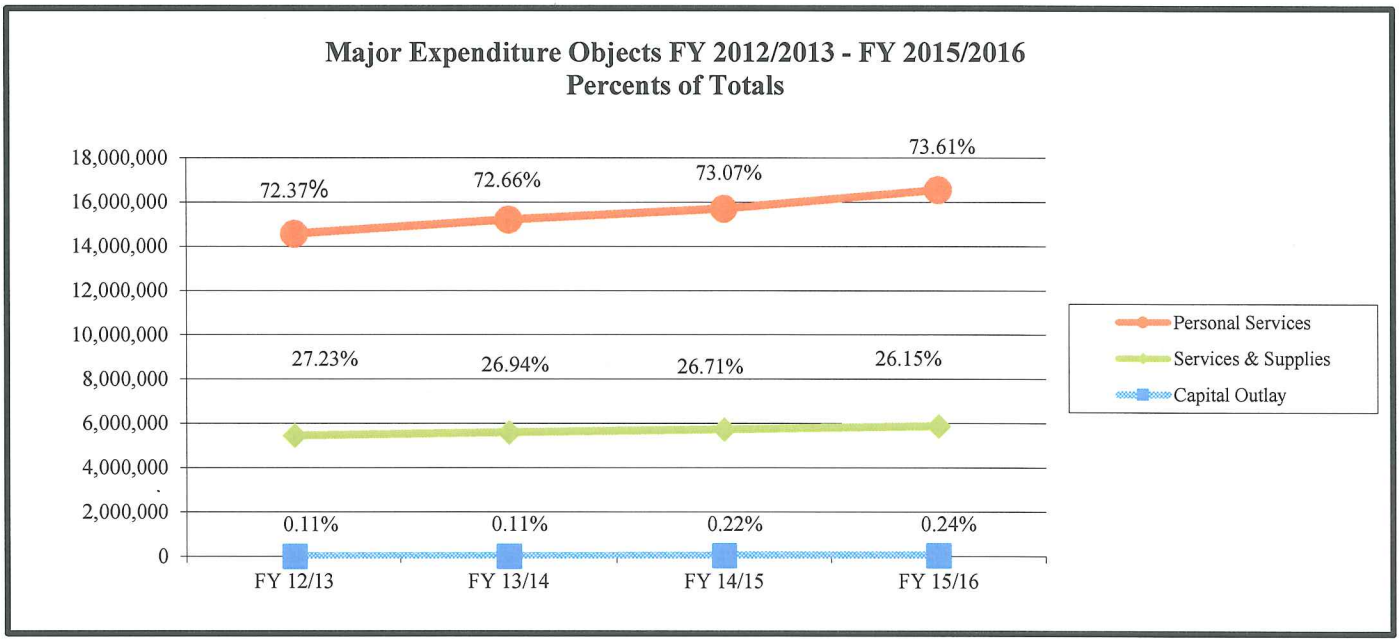
The Services and Supplies portion of the Town's municipal budget totals $5,882,756 for fiscal year 2015/2016, an increase of $141,345 (2.46%) over the fiscal year 2014/2015 Services and Supplies budget of $5,741,411. Major increases over $10,000 include:

Major Increases	FY 2014/2015	FY 2015/2016	$ Inc/(Dec)	% Inc/-Dec
PW Buildings & Grounds – Buildings	$ 192,532	$ 247,805	$ 55,273	28.71%
Fire Fighting – Other	742,000	789,703	47,703	6.43%
Sewers – Services Other	833,000	863,000	30,000	3.60%
PW Buildings & Grounds – Land	183,650	209,250	25,600	13.94%
Fire Fighting – Town Organizations	599,826	617,820	17,994	3.00%
Municipal Insurance	241,402	251,714	10,312	4.27%
PW Roadways – Parts & Repairs	85,000	95,000	10,000	11.76%
Total	**$2,877,410**	**$3,074,292**	**$196,882**	**6.84%**

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 adopted for fiscal year 2015/2016 total $53,880, an increase of $6,805 (14.46%) from fiscal year 2014/2015. Major expenditures over $1,200 include:

Major Increases	FY 2014/2015	FY 2015/2016	$ Inc/(Dec)	% Inc/-Dec
Police Administration – Other Equipment	$ 0	$11,700	$11,700	100.00%
Recreation Activities – Equipment	1,800	3,600	1,800	100.00%
Criminal Investigation – Fixed Equipment	0	1,120	1,120	100.00%
Criminal Investigation – Other Equipment	0	1,000	1,000	100.00%
Total	**$1,800**	**$17,420**	**$15,620**	**867.78%**



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	2012/2013 * Budgeted	2013/2014 * Budgeted	2014/2015 * Budgeted	2015/2016 * Recommended
Salaries	$ 31,254,558	$ 33,068,813	$33,581,445	$33,581,807
Employee Benefits	7,453,901	7,961,006	8,278,529	8,743,144
Purchased Professional & Tech Services	1,147,175	831,715	856,534	952,005
Property Services	641,298	763,538	771,691	769,489
Other Purchased Services	4,890,441	4,940,141	5,659,251	5,785,758
General Supplies & Utilities	2,316,904	2,498,064	2,448,047	2,519,002
Equipment	663,504	244,053	257,605	379,389
Fees & Memberships	57,323	58,756	49,984	67,405
SUBTOTAL GENERAL FUND	**$48,425,104**	**$50,366,086**	**$51,903,086**	**$52,797,999**
Special Revenue Fund				
Cafeteria Operation	$ 1,309,960	$ 1,370,715	$1,297,474	$1,119,209
Prepaid State & Federal Grants	982,667	1,038,185	975,994	1,146,944
Use of School Facilities	69,375	54,000	54,000	56,500
Miscellaneous	85,138			
Total Special Revenue Fund	**$ 2,447,140**	**$ 2,462,900**	**$2,327,468**	**$2,322,653**
TOTAL ALL FUNDS	**$50,872,244**	**$52,828,986**	**$54,230,554**	**$55,120,652**

* **Please note that a change in budgeting was implemented for 2012/2013**

SEWER OPERATING BUDGET

The $1,962,071 for the operation and maintenance of the sewer system is offset by revenues from the Special Revenues Fund. The $1,962,071 budget includes $512,158 in Personal Services and $1,064,274 in Supplies and Services, of which the majority is for treatment contracts with the Towns of Farmington, Simsbury, and Canton. The Sewer Operating Budget has increased $38,339 (1.99%).

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.

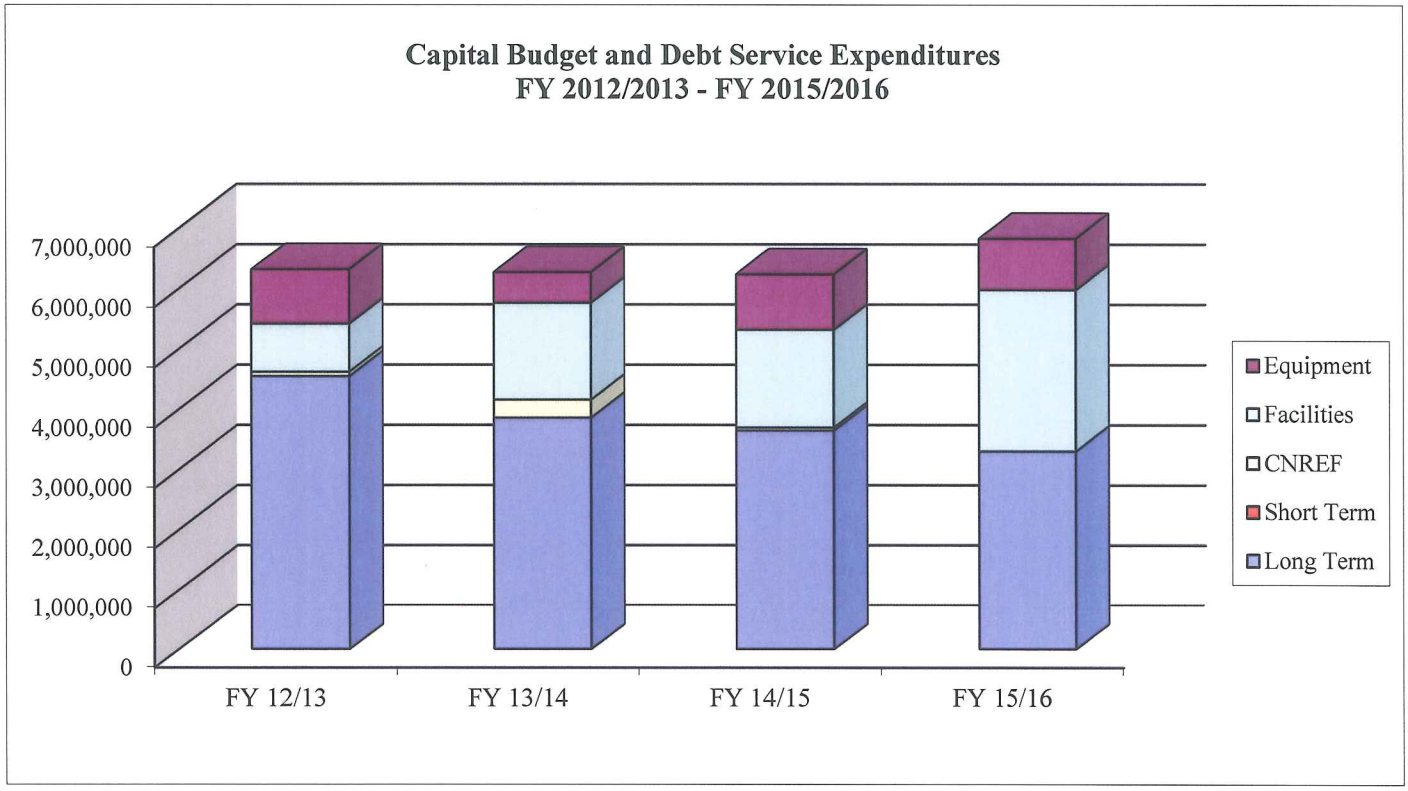
The fiscal year 2015/2016 appropriation for Capital and Debt Service Budgets totals $6,832,112, an increase of $593,985 (9.52%) from the fiscal year 2014/2015 appropriation of $6,238,127. For fiscal year 2015/2016, the Debt Service (principal and interest payments) on Bonds, Bond Anticipation Notes, and Short-Term Notes totals $3,300,940, a decrease of $346,550 (-9.5%).

The CNREF (Account 493) shows a decrease of $50,000 from the fiscal year 2014/2015 appropriation of $50,000. The Capital Equipment (Account 485.03) shows a decrease of $67,000 (-7.28%) and the Capital Facilities (Account 485.01) shows an increase of $1,057,535 (65.25%) from $1,620,637 to $2,678,172.

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 four years, as well as those appropriated for fiscal year 2014/2015, are included in the charts below.

CAPITAL BUDGET AND DEBT SERVICE EXPENDITURES
FY 2012/2013 - FY 2015/2016

FISCAL YEARS	Appropriated 2012/2013	Appropriated 2013/2014	Adopted 2014/2015	Recommended 2015/2016
Debt Service: Long Term	**$4,546,338**	**$3,858,790**	**$3,647,490**	**$3,300,940**
Short Term	-	-	-	-
Sub-Total	**$4,546,338**	**$3,858,790**	**$3,647,490**	**$3,300,940**
Capital Improvement Program:				
CNREF	$ 75,000	$300,000	$ 50,000	$ 0
Facilities	797,783	1,607,297	1,620,637	2,678,172
Equipment	900,000	506,000	920,000	853,000
Sub-Total	**$1,772,783**	**$2,413,297**	**$2,590,637**	**$3,531,172**
TOTAL	**$6,319,121**	**$6,272,087**	**$6,238,127**	**$6,832,112**



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AVON

CONNECTICUT

INCORPORATED IN 1830