

EXPENDITURES

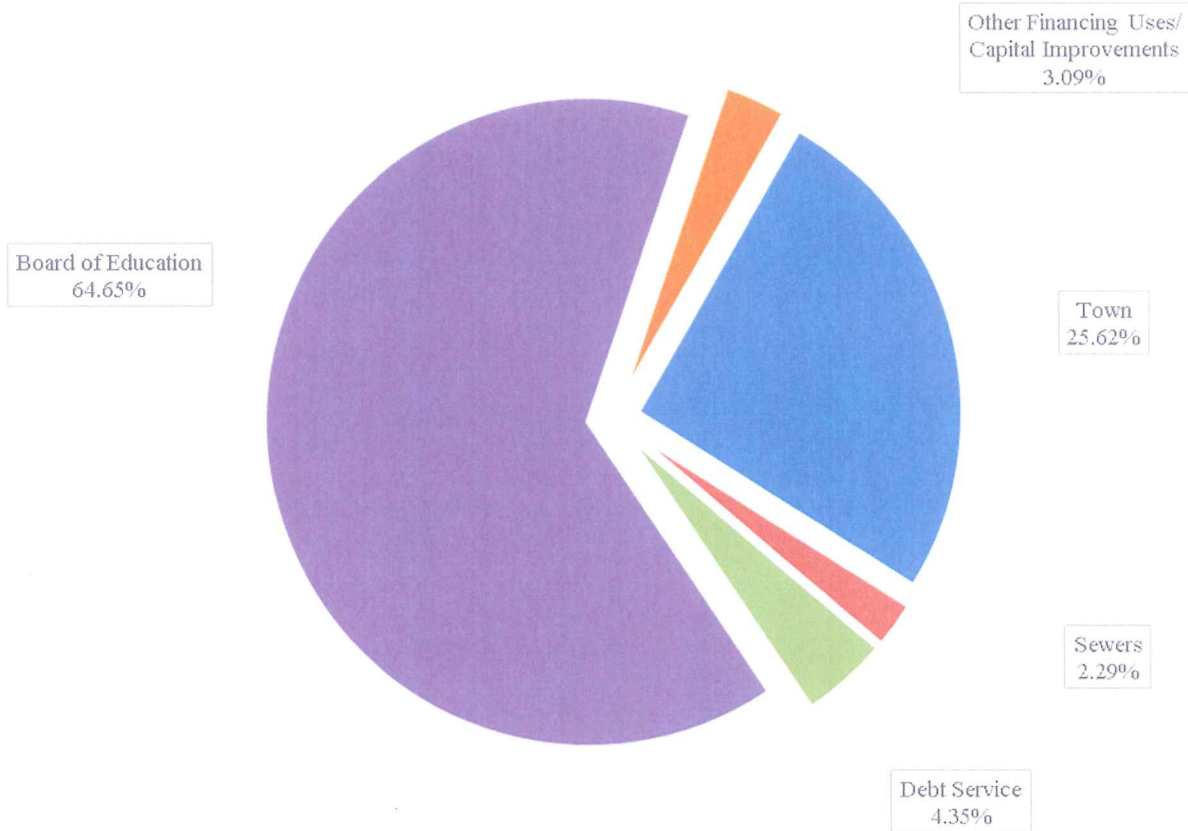
OVERVIEW

The adopted fiscal year 2014/2015 expenditures for the Town, Board of Education, Sewers, Capital and Debt Service Budgets total \$83,887,095. A comparative summary of the fiscal year 2012/2013 and fiscal year 2013/2014 expenditures, as well as a detailed discussion and analysis of expenditure changes in the various budgets, are provided below.

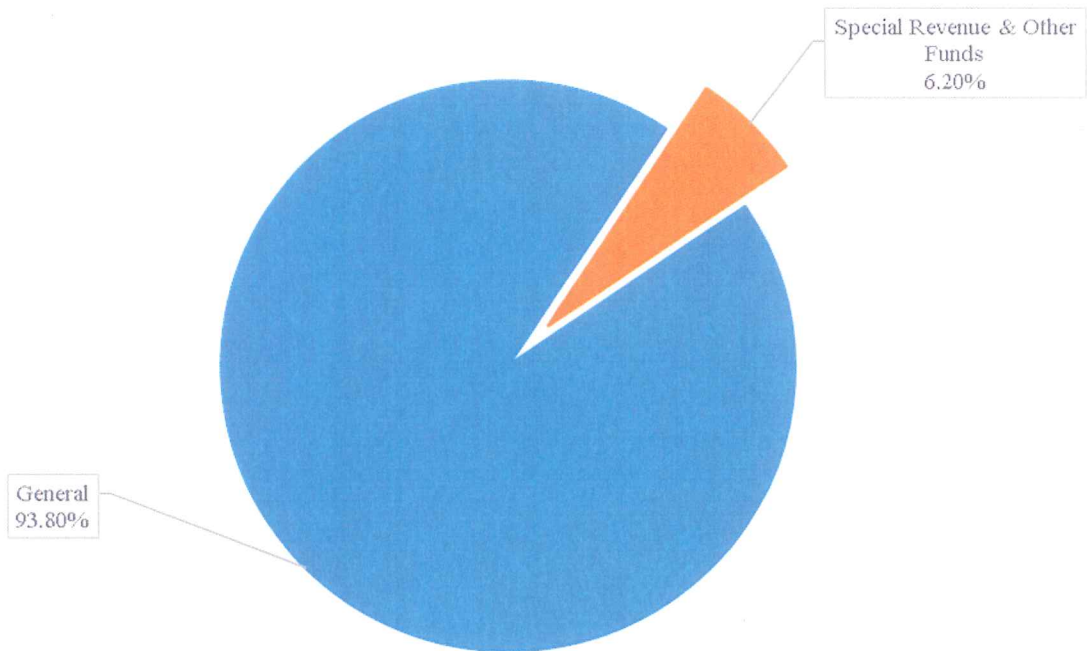
COMPARISON OF FY 2012/2013, FY 2013/2014 AND FY 2014/2015

EXPENDITURES	FY 12/13 ACTUAL	FY 13/14 ADOPTED BUDGET	FY 14/15 GENERAL FUND	FY 14/15 SPECIAL REV. & OTHER FUNDS	FY 14/15 ADOPTED BUDGET	DIFF.	% CHANGE	% BY SUBTOTAL	BUDGET BY TOTAL
TOWN									
General Government	2,932,673	2,956,546	3,075,949		3,075,949	119,403	4.04%	14.31%	3.67%
Public Safety	8,758,632	8,923,180	9,051,716	10,000	9,061,716	138,536	1.55%	42.16%	10.80%
Public Works	6,196,499	4,977,769	5,209,297	113,809	5,323,106	345,337	6.94%	24.76%	6.35%
Health & Social Services	451,957	461,755	473,209		473,209	11,454	2.48%	2.20%	0.56%
Recreation & Parks	1,232,355	1,195,031	824,294	333,710	1,158,004	(37,027)	-3.10%	5.39%	1.38%
Education - Culture	1,456,687	1,420,426	1,453,265		1,453,265	32,839	2.31%	6.76%	1.73%
Conservation & Development	561,665	600,860	626,021		626,021	25,161	4.19%	2.91%	0.75%
Miscellaneous	451,039	316,358	323,412		323,412	7,054	2.23%	1.50%	0.39%
TOTAL TOWN	22,041,507	20,851,925	21,037,163	457,519	21,494,682	642,757	3.08%	100.00%	25.62%
BOARD OF EDUCATION									
Salaries	31,254,558	33,068,813	33,581,445		33,581,445	512,632	1.55%	61.92%	40.03%
Employee Benefits	7,453,901	7,961,006	8,278,529		8,278,529	317,523	3.99%	15.27%	9.87%
Purchased Prof & Tech Services	1,147,175	831,715	856,534		856,534	24,819	2.98%	1.58%	1.02%
Property Services	641,298	763,538	771,691		771,691	8,153	1.07%	1.42%	0.92%
Other Purchased Services	4,890,441	4,940,141	5,659,251		5,659,251	719,110	14.56%	10.44%	6.75%
General Supplies & Utilities	2,316,904	2,498,064	2,448,047		2,448,047	(50,017)	-2.00%	4.51%	2.92%
Equipment	663,504	244,053	257,605		257,605	13,552	5.55%	0.48%	0.31%
Fees & Memberships	57,323	58,756	49,984		49,984	(8,772)	-14.93%	0.09%	0.06%
Cafeteria Operation	1,309,960	1,370,715		1,297,474	1,297,474	(73,241)	-5.34%	2.39%	1.55%
Facility Use	69,375	54,000		54,000	54,000			0.10%	0.06%
Prepaid State & Federal Grants	982,667	1,038,185		975,994	975,994	(62,191)	-5.99%	1.80%	1.16%
Miscellaneous	85,138								
TOTAL BOARD OF ED.	50,872,244	52,828,986	51,903,086	2,327,468	54,230,554	1,401,568	2.65%	100.00%	64.65%
SEWERS									
Operating Expense	1,668,047	1,807,419		1,923,732	1,923,732	116,313	6.44%	100.00%	2.29%
TOTAL SEWERS	1,668,047	1,807,419		1,933,732	1,923,732	116,313	6.44%	100.00%	2.29%
DEBT SERVICE									
Bonds	4,437,321	3,858,790	3,647,490		3,647,490	(211,300)	-5.48%	100.00%	4.35%
Notes									
TOTAL DEBT SERVICE	4,437,321	3,858,790	3,647,490		3,647,490	(211,300)	-5.48%	100.00%	4.35%
OTHER FINANCING USES									
Capital Improvements									
Facilities	797,783	1,607,297	1,314,738	305,899	1,620,637	13,340	0.83%	62.56%	1.93%
Equipment	900,000	506,000	920,000		920,000	414,000	81.82%	35.51%	1.10%
C.N.R.E.F.	75,000	300,000	50,000		50,000	(250,000)	-83.33%	1.93%	0.06%
CAP. IMPROVEMENT PROG.	1,772,783	2,413,297	2,284,738	305,899	2,590,637	177,340	7.35%	100.00%	3.09%
TOTAL EXPENDITURES	80,791,902	81,760,417	78,872,477	5,014,618	83,887,095	2,126,678	2.60%	100.00%	100.00%

Expenditures by Budget FY 2014/2015



Expenditures by Fund FY 2014/2015



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 6.23% over the current appropriation of \$22,225,361. Town Operating Budget requests of Town Agencies and Departments totaled \$23,189,859 and were reduced \$1,698,128 by the Town Manager to \$21,491,731 (not including sewers). The Town Council increased Personal Services by \$2,951. 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 2011/2012 – fiscal year 2014/2015 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 2011/2012	FY 2012/2013	FY 2013/2014	FY 2014/2015	\$ Inc/(Dec)	% Inc/-Dec
Personal Services*	\$14,149,92	\$14,578,705	\$15,211,928	\$15,706,196	\$494,268	3.25%
Services & Supplies	5,380,462	5,463,301	5,617,160	5,741,411	124,251	2.21%
Capital Outlay	<u>22,092</u>	<u>21,040</u>	<u>22,837</u>	<u>47,075</u>	<u>24,238</u>	<u>106.13%</u>
TOTAL	<u>\$19,552,48</u>	<u>\$20,063,046</u>	<u>\$20,851,925</u>	<u>\$21,494,682</u>	<u>\$642,757</u>	<u>3.08%</u>

* Does not include sewers.

PERCENTS OF TOTALS

EXPENDITURE OBJECT	FY 2011/2012	FY 2012/2013	FY 2013/2014	FY 2014/2015
Personal Services*	72.37%	72.66%	72.95%	73.07%
Services & Supplies	27.52%	27.23%	26.94%	26.71%
Capital Outlay	0.11%	0.11%	0.11%	0.22%

* 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 increased by one to 106 positions as compared to fiscal year 2013/2014, with the addition of increasing the part-time Senior Center Coordinator position to full time. In addition, a previously authorized but unfunded Police Officer position has been fully funded (\$92,945 salary and benefits) and shall serve as a School Resource Officer with the cost being supported by a \$76,000 offset from the BOE budget, net impact to Town's budget is \$16,945. However, the prior year ¼ FTE Police Lieutenant position is no longer funded. The Town is additionally authorized to hire an additional unfunded police officer with funding developed from other budgeted sources if it is successful in filling all of its other authorized and funded police positions.

	Salary	Benefits	Total
Senior Ctr Coord +622.5 hrs	\$18,818	\$22,427	\$41,245
School Resource Off +2080 hrs	\$11,455	\$5,490	\$16,945
Police Lieutenant -487.50 hrs	<u>(\$25,094)</u>	<u>(\$9,183)</u>	<u>(\$34,277)</u>
	\$5,179	\$18,734	\$23,913

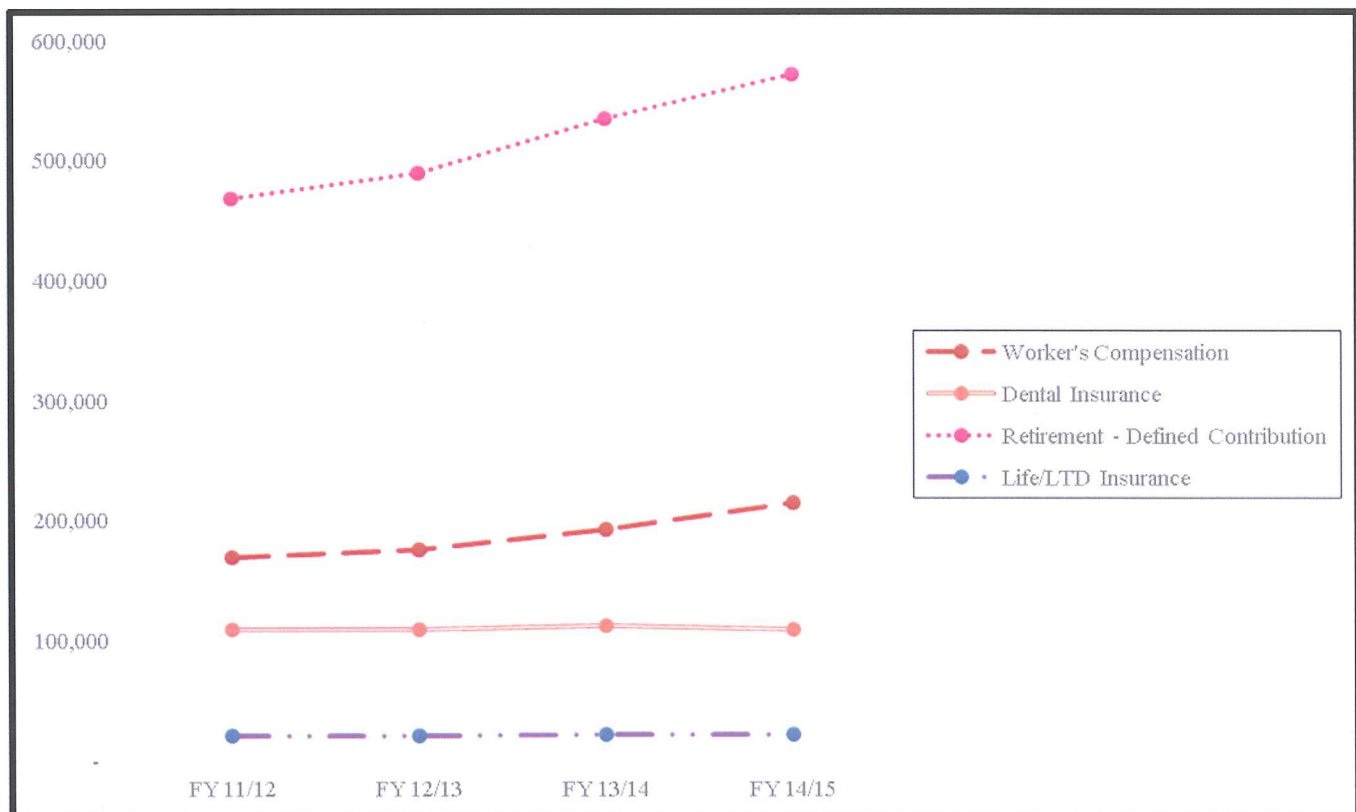
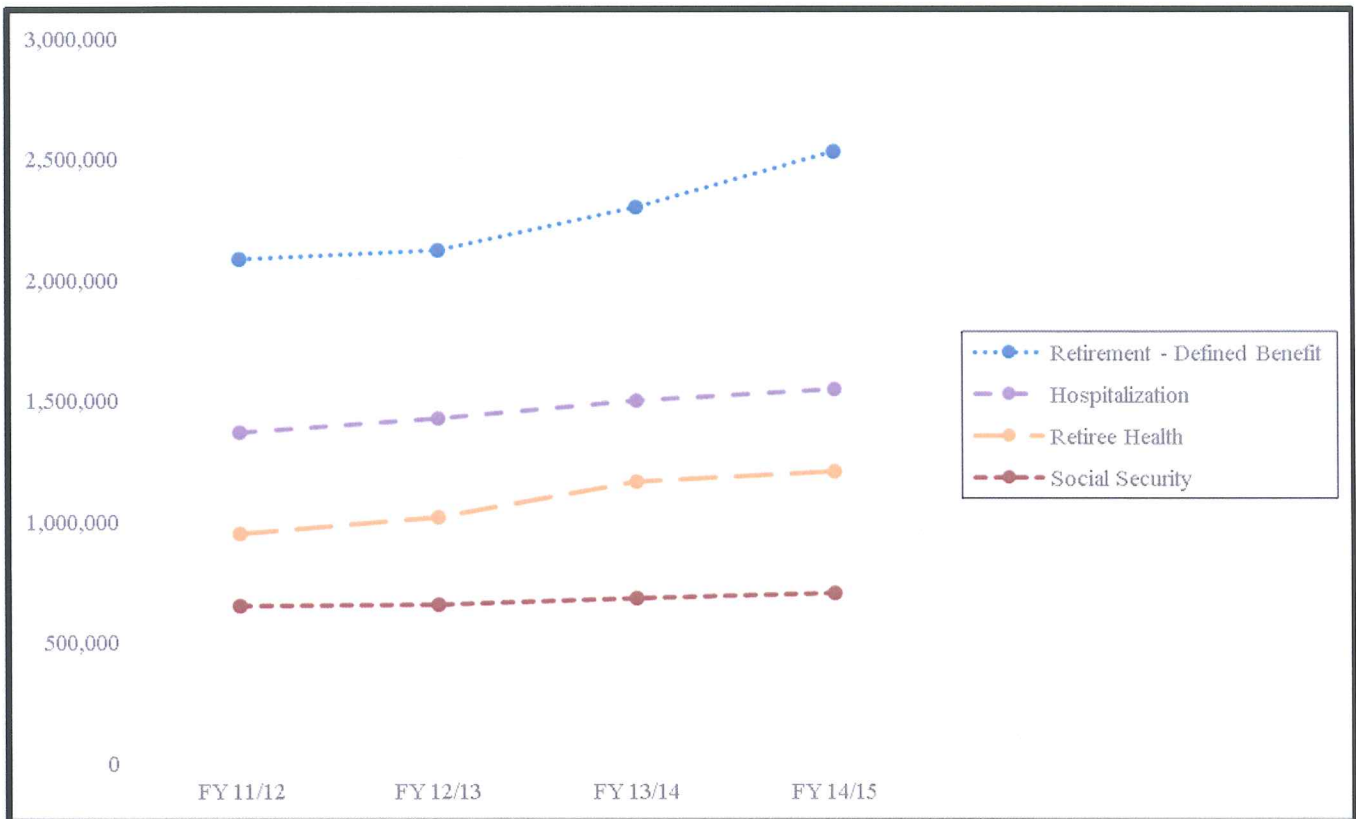
Overall, wages increased by \$114,582 as compared to fiscal year 2013/2014, representing a 1.25% increase. However, without the above funding changes relative to positions listed above, wages would have increased \$109,403 or 1.19%. A detailed analysis of personnel expenditures, including wages, salaries 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 2011/2012 – 2014/2015

	<u>FY</u> <u>2011/2012</u>	<u>FY</u> <u>2012/2013</u>	<u>FY</u> <u>2013/2014</u>	<u>FY</u> <u>2014/2015</u>	<u>\$</u> <u>Inc/(Dec)</u>	<u>%</u> <u>Inc/-Dec</u>
Wages						
General Government	\$1,294,955	\$1,334,621	\$1,372,211	\$1,424,256	\$ 52,045	3.79%
Public Safety	3,737,527	3,871,607	3,921,027	3,860,442	(60,585)	-1.55%
Public Works	1,744,600	1,794,202	1,829,218	1,956,348	127,130	6.95%
Health & Social Services	109,505	113,100	116,468	119,934	3,466	2.98%
Recreation & Parks	509,492	519,611	527,608	501,151	(26,457)	-5.01%
Cultural/Education	813,993	823,400	847,980	853,475	5,495	0.65%
Conservation & Development	305,162	314,559	321,915	329,017	7,102	2.21%
Sub Total	\$8,514,328	\$8,771,100	\$8,936,427	9,044,623	108,196	1.21%
Sewer Operations	259,757	271,303	261,906	268,292	6,386	2.44%
Total Wages	<u>\$8,774,085</u>	<u>\$9,042,403</u>	<u>\$9,198,333</u>	<u>\$9,312,915</u>	<u>\$114,582</u>	<u>1.25%</u>
Employee Benefits						
General Government	\$ 838,487	\$ 878,413	\$ 943,813	\$ 1,002,622	\$ 58,809	6.23%
Public Safety	2,548,333	2,625,134	2,819,113	2,976,974	157,861	5.60%
Public Works	1,402,877	1,455,392	1,565,965	1,676,012	110,047	7.03%
Health & Social Services	75,728	79,081	84,512	89,939	5,427	6.42%
Recreation & Parks	228,215	242,374	258,958	274,378	15,420	5.95%
Cultural/Education	327,485	336,845	364,886	386,200	21,314	5.84%
Conservation & Development	214,473	223,366	238,254	255,448	17,194	7.22%
Sub Total	\$ 5,635,598	\$ 5,840,605	\$ 6,275,501	\$ 6,661,573	\$386,072	6.15%
Sewer Operations	183,437	197,278	218,280	234,407	16,127	7.39%
Total Employee Benefits	<u>\$ 5,819,035</u>	<u>\$ 6,037,883</u>	<u>\$ 6,493,781</u>	<u>\$ 6,895,980</u>	<u>\$402,199</u>	<u>6.19%</u>
Total – Wages & Benefits	<u>\$14,593,120</u>	<u>\$15,080,286</u>	<u>\$15,692,114</u>	<u>\$16,208,895</u>	<u>\$516,781</u>	<u>3.29%</u>

The \$114,582 increase in Wages reflects hourly increases for non-organized personnel, classification adjustments and step increases. The Town is entering into labor negotiations with AFSCME Local 1303-096 representing Public Works employees effective January 2014. The Town has previously negotiated a 2.00% increase for Police, and a 2.25% increase for Dispatcher bargaining units.

Benefit Rate Changes FY 11/12– FY 14/15

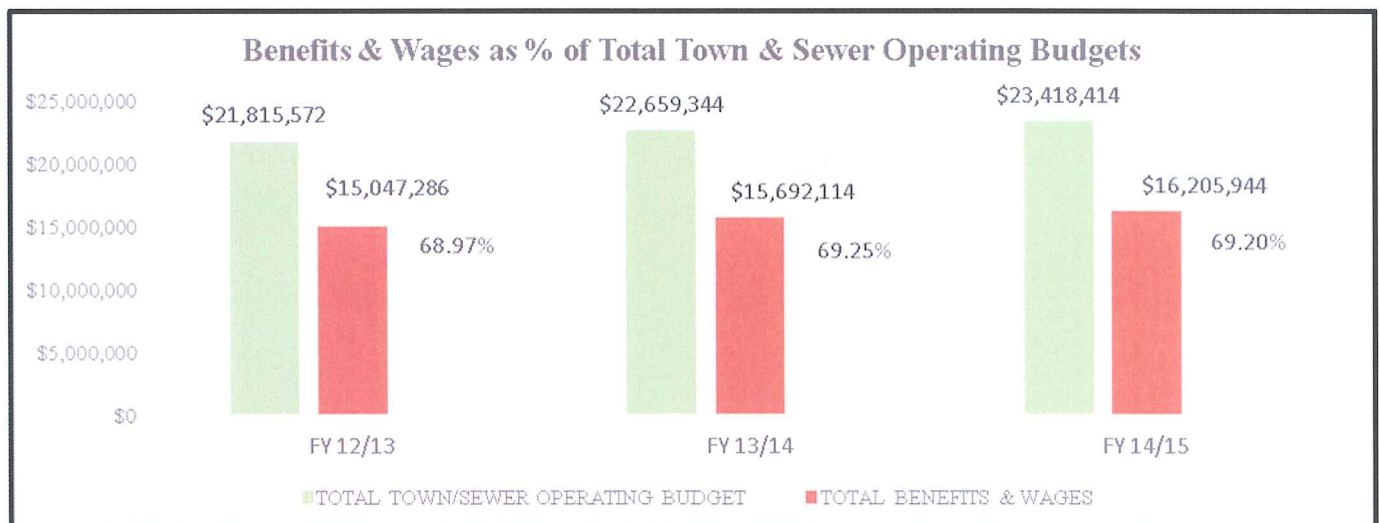


COMPARISON OF WAGE CHANGES & BENEFIT RATE CHANGES

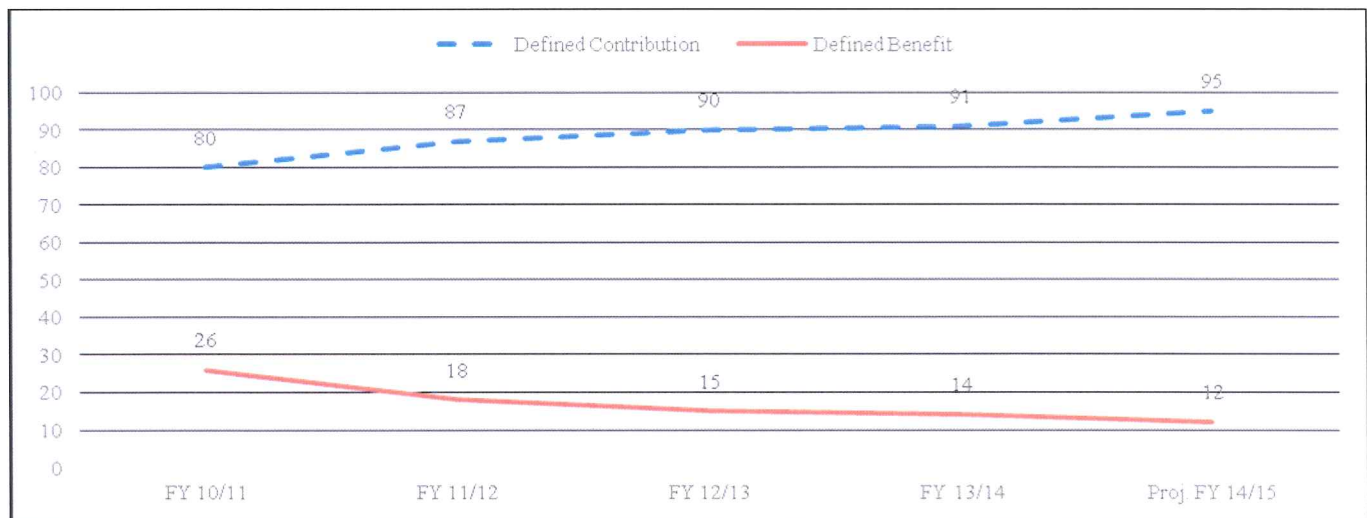
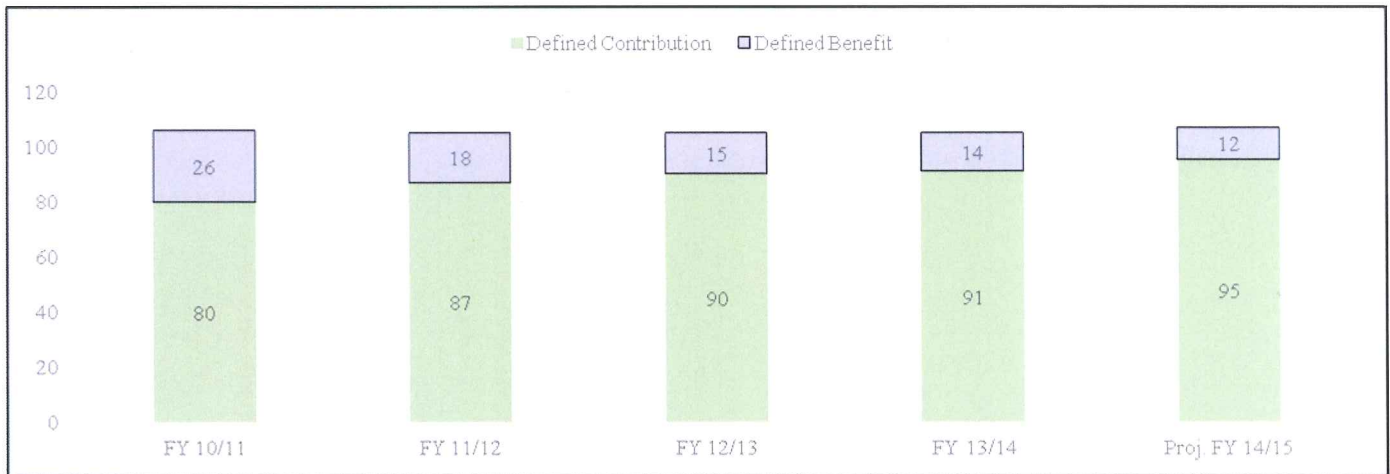
	<u>FY</u> <u>2011/2012</u>	<u>FY</u> <u>2012/2013</u>	<u>FY</u> <u>2013/2014</u>	<u>FY</u> <u>2014/2015</u>	<u>\$</u> <u>Inc/(Dec)</u>	<u>%</u> <u>Inc/-Dec</u>
Social Security	\$ 649,847	\$ 652,313	\$ 678,532	\$ 700,326	\$ 21,794	3.21%
Retirement Defined Benefit *	2,085,829	2,119,020	2,297,723	2,528,989	231,266	10.07%
Retirement Defined Contribution	468,238	489,378	534,701	570,922	36,221	6.77%
Hospitalization	1,366,787	1,422,267	1,496,611	1,546,575	49,964	3.34%
Dental Insurance	108,632	108,883	112,327	108,203	(4,124)	-3.67%
Workers' Compensation	169,144	175,722	191,792	213,895	22,103	11.52%
Life/LTD Insurance	20,318	19,913	20,610	21,113	503	2.44%
Retiree Health**/ ***	950,240	1,017,387	1,161,485	1,205,957	44,472	3.83%
Total Benefits	5,819,035	6,037,883	6,493,781	6,895,980	402,199	6.19%
Wages	8,774,085	9,042,355	9,198,333	9,312,915	114,582	1.25%
Total Benefits and Wages	14,593,120	15,081,238	15,692,114	\$16,208,895	\$516,781	3.29%
Total Town/Sewer Budgets****	\$21,261,687	\$21,815,572	\$22,659,344	\$23,418,414	\$759,070	3.35%

- * 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 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.
- *** 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.)
- **** 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 2014 contributions as well as the Town reducing the expected interest assumption by .125% to a revised 7.50%. 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.

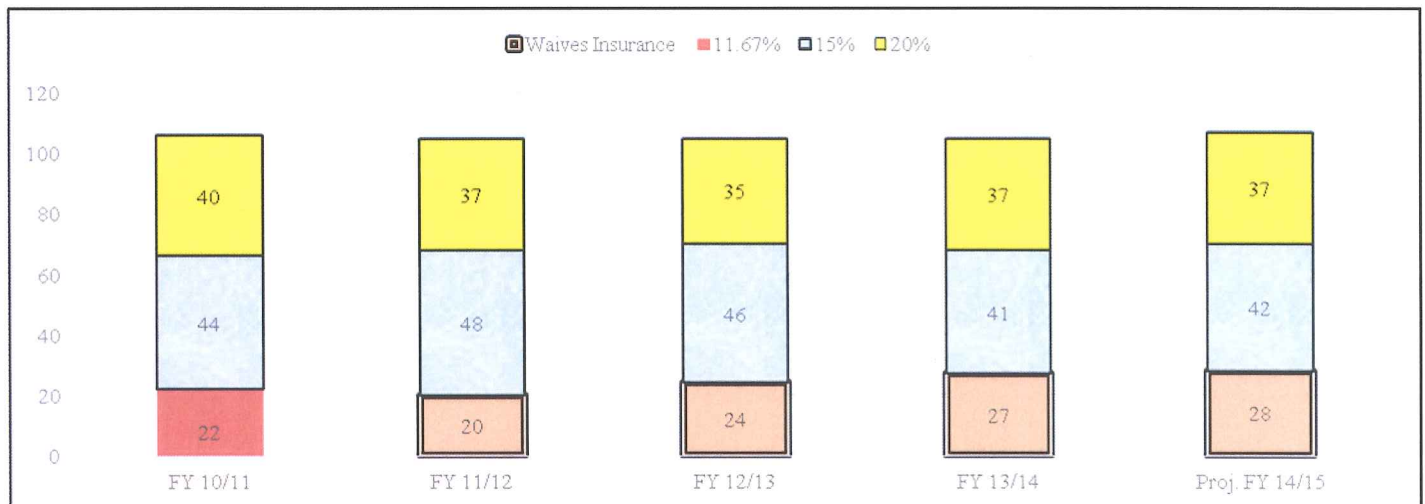


Employees on Defined Contribution and Defined Benefit Plans from FY 2010/2011– FY 2014/2015



Healthcare Coverage

Note: 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 \$402,199 or 6.19%. However, without the previously mentioned funding changes to several full-time positions on C. 3, benefits would have increased by \$381,443 or 5.87%. 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.

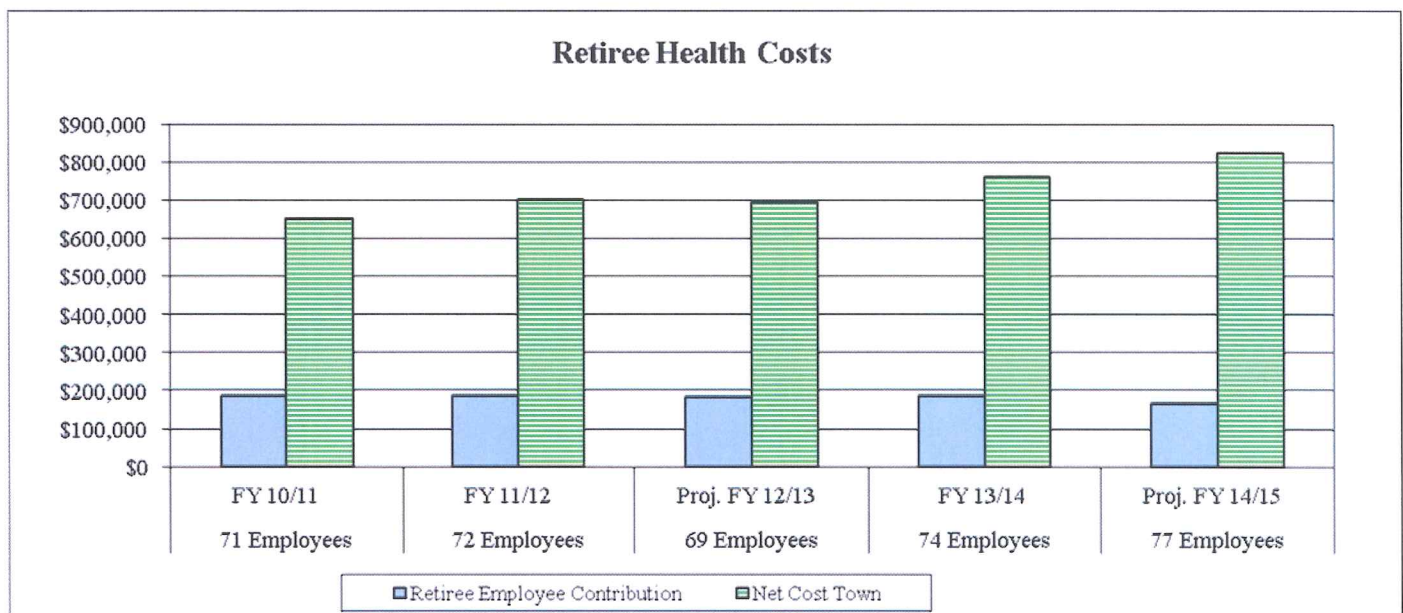
The Town's Workers Compensation premium has increased based on several lost-time incidents. The Town's overall Workers' Compensation remains low compared to other Municipalities, as pro-active risk management administration and employee safety practiced by Town employees have had a beneficial impact.

Retiree Health (\$1,205,957) is accounted for in the following manner:

1. \$525,000 is for a portion of the actuarially determined contribution by the General Fund and Sewer Fund to the Post-Retirement Medical Benefit Trust Fund, an increase of \$125,000 as compared to last fiscal year's contribution.
2. \$680,957 is budgeted for the Town's contribution for current retiree health costs, reduced from actual \$787,832 due to final availability of \$106,875 ERP funds. In fiscal year 2013/2014, \$761,485 was budgeted.

RETIREE HEALTH, HEART AND HYPERTENSION COSTS

	2010/2011	2011/2012	2012/2013	2013/2014	Proj. 2014/2015
Number of Retired Employees Receiving Health Insurance	71	72	69	74	77
Gross Cost	\$838,003	\$886,089	\$874,715	\$946,472	\$954,737
Retired Employee Contribution	\$186,066	\$185,849	\$182,328	\$184,987	\$166,905
Net Town Cost	\$651,937	\$700,240	\$692,387	\$761,485	\$787,832
Number of Employees/Retirees Receiving H & H Benefits	2	1	1	2	2
Annual Cost of H & H Benefits	\$35,000	\$10,000	\$186,513	\$15,000	\$15,000



SERVICES AND SUPPLIES

The Services and Supplies portion of the Town's municipal budget totals \$5,741,411 for fiscal year 2014/2015, an increase of \$124,251 (2.21%) over the fiscal year 2013/2014 Services and Supplies budget of \$5,617,160. Major increases over \$10,000 include:

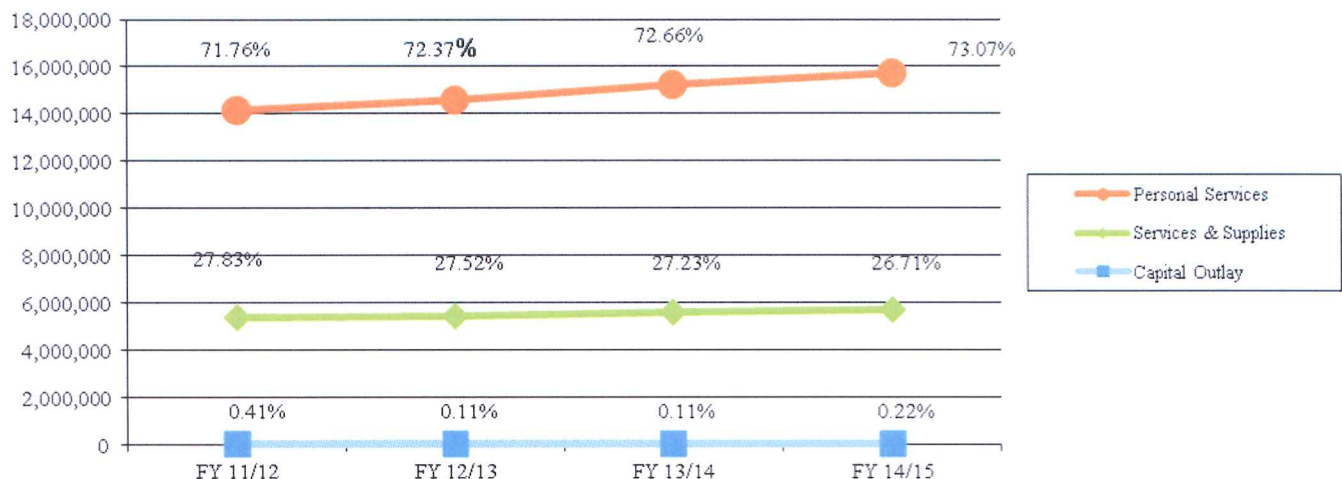
Major Increases	FY 2013/2014	FY 2014/2015	\$ Inc/(Dec)	% Inc/-Dec
Sewage Collection & Disposal – Services	763,000	833,000	70,000	9.17%
Fire Fighting – AVFD Operating Grant	571,262	599,826	28,564	5.00%
Fire Fighting – Hydrant Rentals	726,000	742,000	16,000	2.20%
Roadways – General Service	111,225	125,725	14,500	13.04%
Total	<u>\$2,171,487</u>	<u>2,300,551</u>	<u>\$129,064</u>	<u>5.94%</u>

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 2014/2015 total \$47,075, an increase of \$24,238 (106.13%) from fiscal year 2013/2014. Major expenditures over \$3,000 include:

Major Increases	FY 2013/2014	FY 2014/2015	\$ Inc/(Dec)	% Inc/-Dec
Ambulance Services – Other Equipment (AED)	2,347	12,125	9,778	416.62%
Police Communications – Radios	3,000	9,770	6,770	225.67%
Machinery & Equipment – Maintenance	0	6,700	6,700	100.00%
Sewage Collection & Disposal – Maint.	11,000	15,000	4,000	36.36%
Sewage Collection & Disposal – Tech.	7,000	10,000	3,000	42.86%
Total	<u>\$23,347</u>	<u>\$53,595</u>	<u>30,248</u>	<u>129.56%</u>

**Major Expenditure Objects FY 2011/2012 - FY 2014/2015
Percents of Totals**



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	2011/2012 Budgeted	2012/2013 * Budgeted	2013/2014 * Budgeted	2014/2015 * Adopted
Salaries	\$ 30,759,950	\$ 31,254,558	\$ 33,068,813	\$33,581,445
Employee Benefits	6,817,125	7,453,901	7,961,006	8,278,529
Purchased Professional & Tech Services	347,152	1,147,175	831,715	856,534
Property Services	687,423	641,298	763,538	771,691
Other Purchased Services	3,368,102	4,890,441	4,940,141	5,659,251
General Supplies & Utilities	2,449,188	2,316,904	2,498,064	2,448,047
Equipment	201,767	663,504	244,053	257,605
Fees & Memberships	76,537	57,323	58,756	49,984
SUBTOTAL GENERAL FUND	<u>\$44,707,244</u>	<u>\$48,425,104</u>	<u>\$50,366,086</u>	<u>\$51,903,086</u>
Special Revenue Fund				
Cafeteria Operation	\$ 974,792	\$ 1,309,960	\$ 1,370,715	\$1,297,474
Prepaid State & Federal Grants	1,406,211	982,667	1,038,185	975,994
Use of School Facilities	10,000	69,375	54,000	54,000
Miscellaneous		85,138		
	<u>\$ 2,965,002</u>	<u>\$ 2,447,140</u>	<u>\$ 2,462,900</u>	<u>2,327,468</u>
Total Special Revenue Fund				
	<u>\$47,098,247</u>	<u>50,872,244</u>	<u>\$52,828,986</u>	<u>\$54,230,554</u>
TOTAL ALL FUNDS				

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

SEWER OPERATING BUDGET

The \$1,923,732 for the operation and maintenance of the sewer system is offset by revenues from the Special Revenues Fund. The \$1,564,174 budget includes \$502,699 in Personal Services and \$1,031,975 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 \$116,313 (6.44%).

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 2014/2015 appropriation for Capital and Debt Service Budgets totals \$6,238,127, a decrease of \$33,960 (-0.54%) from the fiscal year 2013/2014 appropriation of \$6,272,087. For fiscal year 2014/2015, the Debt Service (principal and interest payments) on Bonds, Bond Anticipation Notes, and Short-Term Notes totals \$3,647,490, a decrease of \$211,300 (-5.48%).

The appropriation of \$50,000 to the CNREF (Account 493) is a decrease of \$250,000 (-83.33%) from the fiscal year 2013/2014 appropriation of \$300,000. The Capital Equipment (Account 485.03) shows an increase of \$414,000 (81.82%) and the Capital Facilities (Account 485.01) shows an increase of \$13,340 (0.83%) from \$1,607,297 to \$1,620,637.

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 2011/2012 - FY 2014/2015**

FISCAL YEARS	Appropriated 2011/2012	Appropriated 2012/2013	Appropriated 2013/2014	Adopted 2014/2015
Debt Service: Long Term	\$4,808,189	\$4,546,338	\$3,858,790	\$3,647,490
Short Term	-	-	-	-
Sub-Total	\$4,808,189	\$4,546,338	\$3,858,790	\$3,647,490
Capital Improvement Program:				
CNREF	\$ 80,560	\$ 75,000	\$300,000	\$ 50,000
Facilities	1,136,297	797,783	1,607,297	1,620,637
Equipment	<u>200,000</u>	<u>900,000</u>	<u>506,000</u>	920,000
Sub-Total	\$1,416,857	\$1,772,783	\$2,413,297	\$2,590,637
TOTAL	<u>\$6,225,046</u>	<u>\$6,319,121</u>	<u>\$6,272,087</u>	<u>\$6,238,127</u>

