



# TOWN OF AVON



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## BUDGET MESSAGE

TO THE BOARD OF FINANCE

MARCH 5, 2020

The proposed fiscal year 2020/2021 Town, Board of Education, Sewer, Capital and Debt Service budgets are submitted for your review. The proposed budgets total \$99,855,760. This equates to an increase of \$4,461,615 or 4.68% and requires a property tax levy increase of 4.02%. The mill rate would increase from 32.90 to 34.04, or 3.47%.

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 \$36,536,148. This equates to an increase of \$1,671,343 or 4.79% over the current year budget of \$34,864,805. The increase to the Town operating budget, not including Sewers, Capital and Debt Service budgets is 4.92% or \$1,275,094.

The most significant factors contributing to the increase in the proposed fiscal year 2020/2021 operating budget are related to personal services and are as follows:

- |  |            |
|--|------------|
| • Increases in Wages and Salaries                  | \$ 545,813 |
| • Increase in funding for the Defined Benefit Plan | \$ 420,626 |
| • Increase in funding for Hospitalization          | \$ 66,959  |
| • Increase in funding for Retiree Health Insurance | \$ 54,050  |

Revenue details are included in Tab B and Expenditure details are included in Tab C. Revenues and Expenditures are summarized in the following table:

## BUDGET MESSAGE

### COMPARATIVE ANALYSIS: FY 2019/2020 AND FY 2020/2021 BUDGETS ALL FUNDS

#### REVENUES

CLASSIFICATION	APPROPRIATED FY 2019/2020	RECOMMENDED FY 2020/2021	\$ INC/(DEC)	% INC-/DEC
Property Tax & Assessments	\$ 84,744,710	\$ 88,099,188	\$ 3,354,478	3.96%
Intergovernmental	3,733,307	3,495,991	(237,316)	-6.36
Licenses, Fees & Permits	1,032,675	1,021,580	(11,095)	-1.07
Charges for Current Services	5,339,108	6,353,573	1,014,465	19.00
Other Local Revenues	534,345	575,776	41,431	7.75
Other Financing Sources (Uses)	10,000	309,652	299,652	2,996.52
<b>TOTAL</b>	<b><u>\$ 95,394,145</u></b>	<b><u>\$ 99,855,760</u></b>	<b><u>\$ 4,461,615</u></b>	<b><u>4.68%</u></b>

#### EXPENDITURES

CLASSIFICATION	APPROPRIATED FY 2019/2020	RECOMMENDED FY 2020/2021	\$ INC/(DEC)	% INC-/DEC
Town Operating Budget	\$ 25,893,427	\$ 27,168,521	\$ 1,275,094	4.92%
School Operating Budget	60,529,340	63,319,612	2,790,272	4.61
Sewer Operating Budget	2,401,673	2,837,922	436,249	18.16
Capital & Debt Service Budgets:				
Debt Service	3,746,038	2,959,750	(786,288)	-20.99
Capital Budget	2,823,667*	3,569,955**	746,288	26.43
Subtotal: Capital & Debt Service	6,569,705	6,529,705	(40,000)	-0.61
<b>TOTAL</b>	<b><u>\$ 95,394,145</u></b>	<b><u>\$ 99,855,760</u></b>	<b><u>\$ 4,461,615</u></b>	<b><u>4.68%</u></b>

\* Includes \$760,000 in Sewer Projects paid by Sewer Fund.

\*\* Includes \$710,000 in Sewer Projects paid by Sewer Fund.

# BUDGET MESSAGE

## TOWN OF AVON ANNUAL BUDGET FISCAL YEAR 2020/2021 PROPOSED BY TOWN COUNCIL MARCH 5, 2020

	FY 18/19 ACTUAL	FY 19/20 ADOPTED BUDGET	FY 20/21 GENERAL FUND	FY 20/21 SPECIAL REV. & OTHER FUNDS	FY 20/21 REQUESTED BUDGET	DIFFERENCE	% CHANGE	% BY SUBTOTAL	BUDGET BY TOTAL
REVENUES									
Property Tax & Assessments	82,922,105	84,744,710	88,009,188	90,000	88,099,188	3,354,478	3.96%	88.23%	88.23%
Intergovernmental	4,330,768	3,733,307	1,988,650	1,507,341	3,495,991	(237,316)	-6.36%	3.50%	3.50%
Licenses, Fees, & Permits	1,190,490	1,032,675	1,020,080	1,500	1,021,580	(11,095)	-1.07%	1.02%	1.02%
Charges for Current Services	5,656,996	5,339,108	1,852,650	4,500,923	6,353,573	1,014,465	19.00%	6.36%	6.36%
Other Local Revenues	1,220,570	534,345	564,776	11,000	575,776	41,431	7.75%	0.58%	0.58%
Other Financing Sources (Uses)	523,000	10,000		309,652	309,652	299,652	2996.52%	0.31%	0.31%
TOTAL REVENUES	95,843,929	95,394,145	93,435,344	6,420,416	99,855,760	4,461,615	4.68%	100.00%	100.00%
EXPENDITURES									
TOWN									
General Government	3,415,807	3,501,609	3,654,841		3,654,841	153,232	4.38%	13.45%	3.66%
Public Safety	11,170,182	11,196,031	11,681,318	39,186	11,720,504	524,473	4.68%	43.14%	11.74%
Public Works	6,175,478	6,623,445	6,801,395	180,000	6,981,395	357,950	5.40%	25.70%	6.99%
Health & Social Services	513,097	549,921	586,315		586,315	36,394	6.62%	2.16%	0.59%
Recreation & Parks	1,126,563	1,267,859	930,361	432,512	1,362,873	95,014	7.49%	5.02%	1.36%
Education - Culture	1,705,978	1,720,491	1,784,013		1,784,013	63,522	3.69%	6.57%	1.79%
Conservation & Development	665,953	688,158	712,255		712,255	24,097	3.50%	2.62%	0.71%
Miscellaneous	291,084	345,913	366,325		366,325	20,412	5.90%	1.35%	0.37%
TOTAL TOWN	25,064,142	25,893,427	26,516,823	651,698	27,168,521	1,275,094	4.92%	100.00%	27.21%
BOARD OF EDUCATION									
Salaries	35,572,413	36,963,959	38,799,781		38,799,781	1,835,822	4.97%	61.28%	38.86%
Employee Benefits	9,378,322	9,870,882	10,354,342		10,354,342	483,460	4.90%	16.35%	10.37%
Purchased Prf & Tech Services	1,397,763	1,410,948	1,449,368		1,449,368	38,420	2.72%	2.29%	1.45%
Property Services	981,433	796,286	778,770		778,770	(17,516)	-2.20%	1.23%	0.78%
Other Purchased Services	6,944,449	6,835,614	7,099,317		7,099,317	263,703	3.86%	11.21%	7.11%
General Supplies & Utilities	2,407,001	2,198,265	2,375,163		2,375,163	176,898	8.05%	3.75%	2.38%
Equipment	823,996	419,200	417,861		417,861	(1,339)	-0.32%	0.66%	0.42%
Fees & Memberships	84,844	110,395	118,941		118,941	8,546	7.74%	0.19%	0.12%
Cafeteria Operation	909,701	1,048,991		1,011,269	1,011,269	(37,722)	-3.60%	1.60%	1.01%
Facility Use	50,670	40,000		50,000	50,000	10,000	25.00%	0.08%	0.05%
Prepaid State & Fed. Grants	887,080	834,800		864,800	864,800	30,000	3.59%	1.37%	0.87%
TOTAL BOARD OF EDUCATION	59,437,672	60,529,340	61,393,543	1,926,069	63,319,612	2,790,272	4.61%	100.00%	63.41%
SEWERS									
Operating Expense	2,115,836	2,401,673		2,837,922	2,837,922	436,249	18.16%	100.00%	2.84%
TOTAL SEWERS	2,115,836	2,401,673		2,837,922	2,837,922	436,249	18.16%	100.00%	2.84%
DEBT SERVICE									
Bonds	2,755,750	3,746,038	2,959,750		2,959,750	(786,288)	-20.99%	100.00%	2.96%
Notes									
TOTAL DEBT SERVICE	2,755,750	3,746,038	2,959,750		2,959,750	(786,288)	-20.99%	100.00%	2.96%
OTHER FINANCING USES									
Capital Improvements									
Facilities	2,321,095	1,910,307	1,703,228	1,004,727	2,707,955	797,648	41.75%	75.85%	2.71%
Equipment	618,500	121,360	531,000		531,000	409,640	337.54%	14.87%	0.53%
C.N.R.E.F.	795,000	792,000	331,000		331,000	(461,000)	-58.21%	9.27%	0.33%
CAPITAL IMPROVEMENT PROGRAM	3,734,595	2,823,667	2,565,228	1,004,727	3,569,955	746,288	26.43%	100.00%	3.58%
TOTAL EXPENDITURES	93,107,995	95,394,145	93,435,344	6,420,416	99,855,760	4,461,615	4.68%	100.00%	100.00%

## BUDGET MESSAGE

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### SHORT AND LONG TERM PROGRAMMATIC GOALS

The proposed fiscal year 2020/2021 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.

### 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 2017, Avon Public Schools were ranked #1 in WFSB's 2017 Best School Districts in Connecticut with an A+ for academics and an A+ for teachers. In May 2019, Avon High School was one of 41 Connecticut high schools that was awarded the 2019 College Success Award by GreatSchools, a national nonprofit organization that provides information on educational opportunities to parents. Niche, a marketing research company specializing in education statistics, recently released its 2020 list of Best School Districts in Connecticut and ranked Avon as 14th in the state. SchoolDigger ranked Avon High School 6<sup>th</sup> out of 121 Connecticut high schools. In January 2020, the State released the latest results from the Next Generation Accountability System, which awards a single score based on standardized test scores, graduation rates, and college readiness, among other factors. Avon schools scored between 75.79 and 90.1, and ranked among the top schools in the Hartford area, and the state.

In 2009, Connecticut Magazine rated Avon fourth statewide, and first in Hartford County, in its "Rating the Towns" article. In 2019, Niche ranked Avon #2 on a list of "The Best Places to Live in the Hartford Area." In 2016 the Town contracted with Great Blue Research to conduct a comprehensive impartial town-wide survey as part of the update to the Plan of Conservation and Development that is required every ten years. Respondents were asked to rate the quality of life in Avon, 93.1% provided a rating of either "excellent" or "good."

## BUDGET MESSAGE

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



## BUDGET MESSAGE

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

## BUDGET MESSAGE

### TOWN OF AVON STRATEGIC PLANNING DOCUMENTS

Name of Plan	Adoption Date	Purpose
Avon Free Public Library Strategic Plan (2018-2022)	March 2018	This five year plan charts the course for even greater community engagement, responsible growth, and enhanced offerings and services. It serves as a flexible framework to be built upon and amended to reflect and address the challenge of change.
Avon Free Public Library Technology Plan	June 2015	This plan is intended to guide technological development in the Library for the next three years. It will support the library's mission statement, align with our strategic plan, stimulate thought and discussion about the technological needs of our community, and provide structure for planning and budgeting for technology over the next three years.
Avon Public Schools Blueprint for Excellence Strategic Plan (2018-2019)	Dec 2018	To guide overall operations and strategic investments in the Avon Public School Systems.
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.)
Commission on Accreditation for Law Enforcement Agencies	Accredited Since 1993	CALEA Accreditation is a national standard and a proven management model that provides Police Departments of all sizes with a dynamic strategic plan that promotes the efficient use of resources and improves the delivery of services.
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.
Information Technology Plan	Dec 2016	This document identifies goals and objectives for the Town of Avon's Information Technology infrastructure for the next several years.
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.
Pavement Management Program	Nov 2017	To guide annual resource allocation for prioritizing road improvements and rehabilitation based on objective road condition ratings.
Plan of Conservation and Development	Nov 2016	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. An update to the POCD was completed in 2016.
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.
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.
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.

## BUDGET MESSAGE

### Five-Year Financial Forecasting

Understanding the economic environment in which the Town operates is critical to achieving our future priorities. Standard and Poor's and Moody's reviewed the Town's credit rating in February 2016. The Town's AAA rating, originally awarded in 1998, was reaffirmed. The S&P report noted the strength of Avon's economy citing several factors. Likewise, Moody's noted that "Over the longer term, Avon's economic(s) will likely remain stable given its favorable location and strong demographic profile" (2). While Avon's fundamentals are strong, we do recognize the value and importance of long range planning and we have developed a financial forecast.

Financial Forecasting is the process of projecting revenues and expenditures over the long term to identify trends that may have an influence on policies, goals or the provision of services. The following revenue and expenditure projections are dynamic best estimates based on a set of assumptions including economic conditions, historical trends, existing obligations, and other variables. Projections are subject to change based on a myriad of factors including, but not limited to, changes in intergovernmental revenue receipts, the stock of residential and/or commercial property, employee salary and benefit costs, and the expansion or reduction of municipal services, facilities, or infrastructure.

The following matrix contains revenue and expenditure projections for the fiscal years 2021/2022-2025/2026. In general, the Town used an extrapolation method to predict future behavior by projecting historical trends forward. Expenditure and revenue increases were determined using an average of the previous five fiscal years.<sup>\*</sup> For instance, the average growth for fiscal years 2016/2017-2020/2021 was used to project growth in fiscal year 2021/2022. Average growth for fiscal years 2017/2018-2021/2022 was used to project growth in fiscal year 2022/2023, and so on. Existing contractual obligations and trends in intergovernmental revenue receipts were also taken into account, as well as known market trends for personal services items such as health insurance and worker's compensation.

For each fiscal year projected in this forecast, revenues are expected to meet expenditures. If trends continue, the Town should expect an overall average rate of growth of 2.42%, or about \$2.3 million, year over year for Town, Board of Education, Capital and Debt Service Budgets, which is fairly consistent with growth in previous years. It is important to note that this is a status quo forecast, showing that the Town can provide existing services at current levels. It does not account for expanded programming or services, the completion of new capital projects, or the issuance of new debt.

<sup>\*</sup>Note: Board of Education salary line item extrapolated based on six year averages.



# BUDGET MESSAGE

## TOWN OF AVON FIVE YEAR FINANCIAL FORECASTING - GENERAL FUND FY 2021/2022 - FY 2025/2026

	ADOPTED FY 2019/2020	PROJECTED FY 2020/2021	PROJECTED FY 2021/2022	PROJECTED FY 2022/2023	PROJECTED FY 2023/2024	PROJECTED FY 2024/2025	PROJECTED FY 2025/2026
Taxes and Assessments	\$ 84,624,710	\$ 88,009,188	\$ 89,238,103	\$ 91,257,900	\$ 93,666,073	\$ 96,123,167	\$ 98,665,621
Intergovernmental	2,278,650	1,988,650	2,338,650	2,338,650	2,338,650	2,338,650	2,338,650
Licenses, Fees & Permits	1,030,175	1,020,080	1,035,381	1,051,326	1,067,096	1,083,529	1,100,216
Charges for Current Services	986,750	1,852,650	1,868,768	1,885,026	1,901,426	1,917,968	1,934,655
Other Local Revenues	520,345	564,776	568,560	572,380	576,215	580,076	583,962
Other Financing Sources							
<b>TOTAL REVENUES</b>	<b>\$ 89,440,630</b>	<b>\$ 93,435,344</b>	<b>\$ 95,049,462</b>	<b>\$ 97,105,282</b>	<b>\$ 99,549,460</b>	<b>\$ 102,043,390</b>	<b>\$ 104,623,103</b>
\$ Inc/(Dec)		3,994,714	1,614,118	2,055,820	2,444,177	2,493,930	2,579,713
% Inc/(Dec)		4.47%	1.73%	2.16%	2.52%	2.51%	2.53%
<b>EXPENDITURES</b>							
<b>Town</b>							
General Government	3,501,609	3,654,841	3,737,075	3,829,754	3,926,071	4,020,296	4,116,783
Public Safety	11,178,397	11,681,318	11,979,192	12,326,588	12,681,594	13,062,042	13,453,903
Public Works	6,443,445	6,801,395	6,957,827	7,165,866	7,370,957	7,547,860	7,729,009
Health & Social Services	549,921	586,315	600,973	619,002	637,572	656,699	676,400
Recreation & Parks	857,169	930,361	949,433	969,372	993,788	1,013,663	1,033,937
Education - Culture	1,720,491	1,784,013	1,820,764	1,867,375	1,913,313	1,959,232	2,006,254
Conservation & Development	688,158	712,255	733,623	755,998	780,549	804,356	828,889
Miscellaneous	345,913	366,325	375,455	384,813	394,404	402,884	411,546
<b>TOTAL TOWN</b>	<b>\$ 25,285,103</b>	<b>\$ 26,516,823</b>	<b>\$ 27,154,342</b>	<b>\$ 27,918,769</b>	<b>\$ 28,698,248</b>	<b>\$ 29,467,033</b>	<b>\$ 30,256,721</b>
	3.71%	4.87%	2.40%	2.82%	2.79%	2.68%	2.68%
<b>Board of Education</b>							
Salaries	36,963,959	38,799,781	39,401,178	39,080,374	39,820,185	40,572,786	41,339,612
Employee Benefits	9,870,882	10,354,342	10,514,834	10,447,209	10,708,390	10,976,099	11,250,502
Purchased Professional & Tech Services	1,410,948	1,449,368	1,471,833	2,383,635	2,598,162	2,831,997	3,086,877
Property Services	796,286	778,770	790,841	802,212	810,234	818,337	826,520
Other Purchased Services	6,835,614	7,099,317	7,209,356	7,932,780	8,329,419	8,745,890	9,183,185
General Supplies & Utilities	2,198,265	2,375,163	2,411,978	2,387,128	2,399,064	2,411,059	2,423,114
Equipment	419,200	417,861	424,338	482,921	511,897	542,611	575,167
Fees & Memberships	110,395	118,941	120,785	120,275	123,884	127,600	131,428
<b>TOTAL BOE</b>	<b>\$ 58,605,549</b>	<b>\$ 61,393,543</b>	<b>\$ 62,345,143</b>	<b>\$ 63,636,536</b>	<b>\$ 65,301,234</b>	<b>\$ 67,026,379</b>	<b>\$ 68,816,404</b>
	1.76%	4.76%	1.55%	2.07%	2.62%	2.64%	2.67%
<b>Debt Service</b>							
Bonds	3,746,038	2,959,750	3,636,375	3,551,850	3,653,850	4,154,575	4,223,750
Notes	-	-	-	-	-	-	-
<b>TOTAL DEBT SERVICE</b>	<b>\$ 3,746,038</b>	<b>\$ 2,959,750</b>	<b>\$ 3,636,375</b>	<b>\$ 3,551,850</b>	<b>\$ 3,653,850</b>	<b>\$ 4,154,575</b>	<b>\$ 4,223,750</b>
	35.94%	-20.99%	22.86%	-2.32%	2.87%	13.70%	1.67%
<b>Other Financing Uses</b>							
<b>Capital Improvements</b>							
<b>TOTAL CIP</b>	<b>1,803,940</b>	<b>2,565,228</b>	<b>1,913,603</b>	<b>1,998,128</b>	<b>1,896,128</b>	<b>1,395,403</b>	<b>1,326,228</b>
	-41.10%	42.20%	-25.40%	4.42%	-5.10%	-26.41%	-4.96%
<b>TOTAL EXPENDITURES</b>	<b>\$ 89,440,630</b>	<b>\$ 93,435,344</b>	<b>\$ 95,049,462</b>	<b>\$ 97,105,282</b>	<b>\$ 99,549,460</b>	<b>\$ 102,043,390</b>	<b>\$ 104,623,103</b>
\$ Inc/(Dec)		\$ 3,994,714	\$ 1,614,118	\$ 2,055,820	\$ 2,444,177	\$ 2,493,930	\$ 2,579,713
% Inc/(Dec)		4.47%	1.73%	2.16%	2.52%	2.51%	2.53%

## **BUDGET MESSAGE**

### **Town of Avon Goals, Practices and Policies**

The Town Council and Board of Finance, in partnership with the management team and outside professionals, collaborate to establish policies and practices that underpin our goals and objectives. The goal of this collaboration is 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.25 – S.28): 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 models where departments, in cooperation with the Town Manager's office, identify services and activities that could be provided through a more cost effective/efficient method.

#### **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 and revenue estimates must be prudently budgeted. 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 ensure all direct and indirect costs are recovered.

#### **Operating Budget and Expenditures**

- 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. The policy is reviewed periodically to ensure it reflects best practices.
- Town practice: Funding basis is derived from current revenues and fund balances carried forward from the prior year after unassigned fund balance targets are satisfied.
- 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.

#### **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 fund the Capital Budget.

## **BUDGET MESSAGE**

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### **Debt Management**

- Town policy (see page S.16): 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.17 through S.24): 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 Capital Projects.

### **Fund Balance and Reserves**

- Town policy (see page S.29): The Town established a General Fund Unassigned Fund Balance Policy with a goal of 10% Unassigned Fund Balance.
- Town policy (see page S.29): 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 and 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 managed in conjunction with a consultant from a qualified actuarial firm who will provide 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 2020/2021 budget includes the following short-term financial goals and budget assumptions:

### **I. Fiscal Year 2020/2021 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 2020/2021:
  - Grand List Growth (assessed valuation of Real and Personal Property) at the time of budget preparation was estimated at \$2,573,057,212 an increase of \$13,714,076 or 0.535%.
  - In fiscal year 2020/2021, Supplemental Real Estate revenue is level funded at \$55,750; Supplemental Motor Vehicle tax revenue is also level funded at \$492,136, for 2020/2021.
  - Assessment Appeals and Tax Refunds will approximate 1% of tax revenues;
  - Property Tax Collections will exceed 98.5% with the reserve for uncollectible at \$505,565; and
2. Licenses, Fees and Permits: Revenues from Licenses, Fees and Permits are funded at \$1,021,580, a decrease of \$11,095 year over year.
3. State and Intergovernmental Grants: This category reflects a net reduction of funding in the amount of \$237,316 or -6.36%. This reduction is due to an estimated reduction in the revenues that the Board of Education anticipates receiving through the Special Education Excess Cost Grant. Funding received under this program is a function of the needs of qualifying students as determined by State Department of Education formulas. For a more detailed discussion of intergovernmental revenue trends and underlying assumptions please see page B.5. Although Avon receives a small portion of its total revenues from state grants, reductions in these grants do impact Town services.
4. Charges for Current Services: This category reflects a net increase of \$1,014,465. The most significant increases impact Board of Education Special Education Tuition Reimbursement in the amount of \$800,000 and Sewer Use Charges-Fund #05 in the amount of \$170,597.
5. Other Local Revenues: Net increases in this category equate to \$41,431.
6. Other Financing Sources: As was also the case in fiscal year 2019/2020, there is no budgeted or planned use of General Fund Unassigned Fund Balance in the proposed fiscal year 2020/2021 budget. Due to favorable tax collections, intergovernmental revenues and charges for services in fiscal year 2018/2019, various assignments in the General Fund were approved.

## BUDGET MESSAGE

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

#### 1. Personal Services:

FY 17/18	FY 18/19	FY 19/20	FY 20/21
\$17,907,043	\$18,526,209	\$19,275,969	\$20,304,341

Personal services wages and benefits comprise 74.73% of the Town Operating Budget.

- a. Wages and Salaries: Overall wages increased by \$545,813 as compared to fiscal year 2019/2020 representing a 4.92% increase. The total number of budgeted full-time positions is proposed to increase from 106 to 109 year over year, including (1) full-year funding for an additional Police Officer (funded for ½ year), (2) the reclassification of the Assistant Building Official from part-time to full-time status, (3) PT Administrative Clerk to PT Sr. Administrator Coordinator in Public Works, and (4) the reclassification of an Administrative Secretary in the Engineering Department from part-time to full-time status (55% in Fund 01, and 45% in Fund 05). Note that the reclassification of the Assistant Building Official occurred in FY20 but was unbudgeted, making the total actual full-time employee count 107 positions in fiscal year 2019/2020. The proposed fiscal year 2020/2021 budget reflects full-year funding for this reclassification. The total employee count also includes one authorized, but unfunded Police Officer. The proposed budget also includes the reclassification of the Assistant to the Town Manager to the Assistant Town Manager; an Assessment Technician to Assistant Assessor; a part-time Recycling Coordinator at the Landfill; and four additional hours/week in the Children's & Teen Room at the Avon Free Public Library. An in-depth discussion on wages and salaries can be found on page C.4.

#### b. Benefits:

Benefits continue to be a major part of Personal Services costs. The fiscal year 2020/2021 budget includes:

- An increase (\$420,626, 13.36%), for the eleventh year in a row, to the Defined Benefit Plan (closed in 1997). The interest rate has been reduced from 6.50% to 6.25% based on a recommendation of the plan actuary; the reduction accounts for \$74,666, or 17.75%, of the overall Defined Benefit increase. Additional reductions to the interest rate assumptions may be required in the future. Also contributing to the increase are the application of new public sector pension plan mortality tables (PUB 2010) in the valuation calculations completed by the plan actuary, but is offset by the pension assignment in the General Fund.
- The Town's contribution to the Defined Contribution Benefit Plan increased by \$34,784 due in part to proposed wage and salary increases for participating employees.
- Hospitalization funding increased by \$66,959. The total impact of this line item continues to be mitigated by approximately thirty-two (32) employees opting out of the Plan through the Town's Health Insurance Waiver Program, as well as negotiated reductions to the value of the waiver for certain employee groups and increased participation in the Town's HDHP/HSA health insurance plan rather than the traditional PPO. An in-depth discussion of employee healthcare coverage can be found on page C.7.

## BUDGET MESSAGE

- The Retiree Health increase of \$54,050 is driven by an annual increase of \$35,000 toward the required OPEB contribution and an increase of \$19,050 required to support active retirees.

### 2. Supplies and Services:

<b>FY 17/18</b>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>
\$6,139,750	\$6,375,982	\$6,525,328	\$6,789,635

The Services and Supplies portion of the Town's municipal budget totals \$6,789,635 for fiscal year 2020/2021, an increase of \$264,307 (4.05%). In order to efficiently manage the budget, the Town has contracted for private services in the past where analysis shows that this is the most effective way to provide basic services. This approach will be continued and enhanced as appropriate.

The increase in Supplies and Services is due to increases in the following areas: Recreation – Community Activities (community event); Building & Grounds Division (contractual services); Avon Volunteer Fire Department (operating grant); Computer Operations (IT consultant services); Highway Division (auto parts and repairs); Town Manager's Office (services and consultants); Municipal Insurance (anticipated premium costs); Solid Waste (municipal solid waste (MSW) tipping fees); and Police Station (upgraded electronic lock system).

### 3. Capital Outlay:

<b>FY 17/18</b>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>
\$49,805	\$127,250	\$92,130	\$74,545

Capital Outlay includes capital items of less than \$20,000 and/or a life expectancy of less than five (5) years. Capital Outlay represents 0.27% of the operating budget. There are no major capital outlay items included in the fiscal year 2020/2021 operating budget.

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

### **Capital Budget and Debt Service Expenditures FY 2016/2017 to FY 2020/2021**

<b>FISCAL YEARS</b>	<b>Appropriated 2016/2017</b>	<b>Appropriated 2017/2018</b>	<b>Appropriated 2018/2019</b>	<b>Appropriated 2019/2020</b>	<b>Recommended 2020/2021</b>
Debt-Service	\$2,779,790	\$2,818,850	\$2,755,750	\$3,746,038	\$2,959,750
Capital Improvement Program	\$4,410,037	\$3,689,506	\$3,734,595	\$2,823,667	\$3,569,955
<b>TOTAL</b>	<b>\$7,189,827</b>	<b>\$6,508,356</b>	<b>\$6,490,345</b>	<b>\$6,569,705</b>	<b>\$6,529,705</b>

#### **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).



## BUDGET MESSAGE

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The proposed Capital Budget for fiscal year 2020/2021 is \$3,569,955. The top six Capital Budget Items, not including sewer related projects, are as follows:

HVAC Repairs – Town Buildings	\$ 1,358,228
Cider Brook Bridge Rpl.	\$ 331,000
Road Improvements	\$ 259,727
RBS Roof Replacement Phase II	\$ 210,000
2002 Sterling Dump Truck Rpl.	\$ 210,000
Fire Apparatus Replacement	\$ 205,000

<b>Total</b>	<b>\$ 2,573,955</b>
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### **b. Debt Service**

The Town Debt Service Budget is \$2,959,750, a decrease of \$786,288 or -20.99% from fiscal year 2018/2019. 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. 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. Historically, low interest rates have been advantageous to the Town only when issuing debt; the Town had not been able to take advantage of the interest rate situation from a revenue standpoint. However, given current favorable market conditions, for the last several years and again in fiscal year 2020/2021, the Town is budgeting \$340,000 in revenue expected from interest income.

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 and 2016 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, 2019 amounted to \$11,175,459 or 12.59% of fiscal year 2018/2019 General Fund expenditures and transfers out. The adopted goal of the Town Council is to maintain a level of unassigned fund balance equal to 10% of the current year adopted budget. No use of unassigned fund balance was budgeted for fiscal year 2019/2020 and no use of fund balance has been budgeted for fiscal year 2020/2021.

## BUDGET MESSAGE

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### 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 2020/2021 budget process began in August 2019. 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