

EXPENDITURES

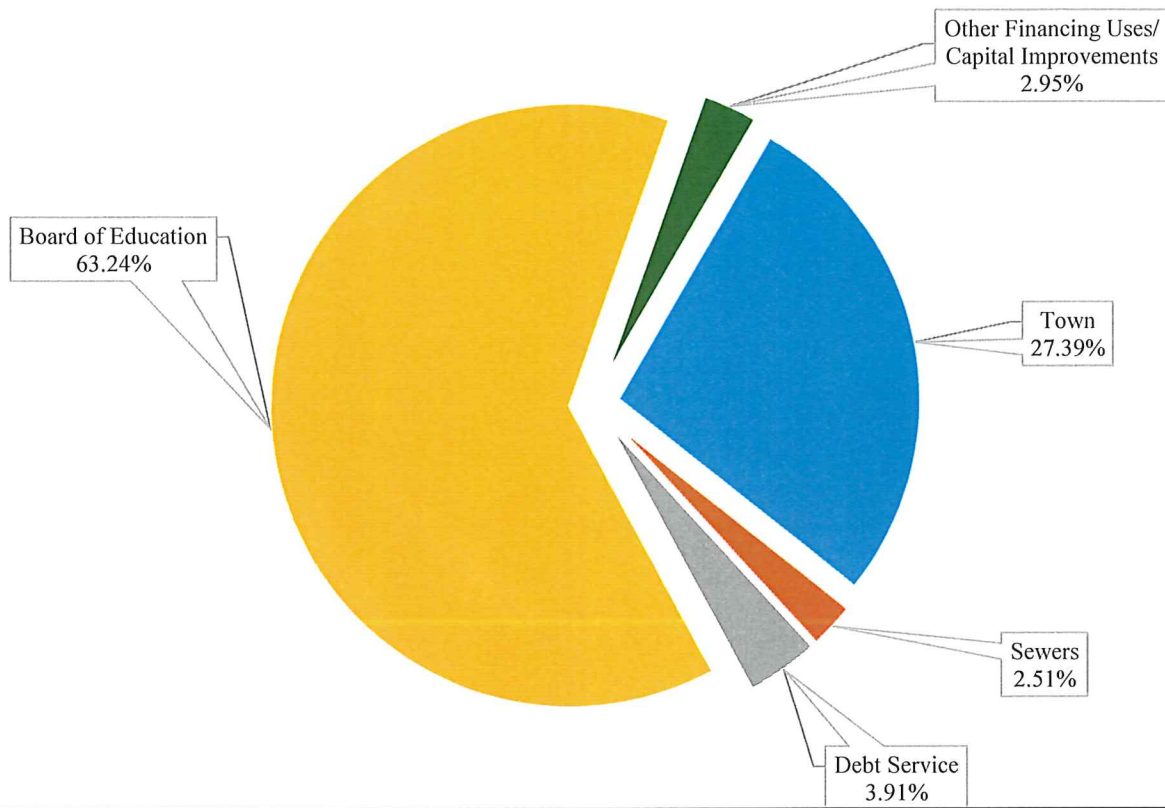
OVERVIEW

The proposed fiscal year 2019/2020 expenditures for the Town, Board of Education, Sewers, Capital and Debt Service Budgets total \$95,716,644. A comparative summary of fiscal years 2017/2018 and 2018/2019 expenditures, as well as a detailed discussion and analysis of expenditure changes in the various budgets, are provided below.

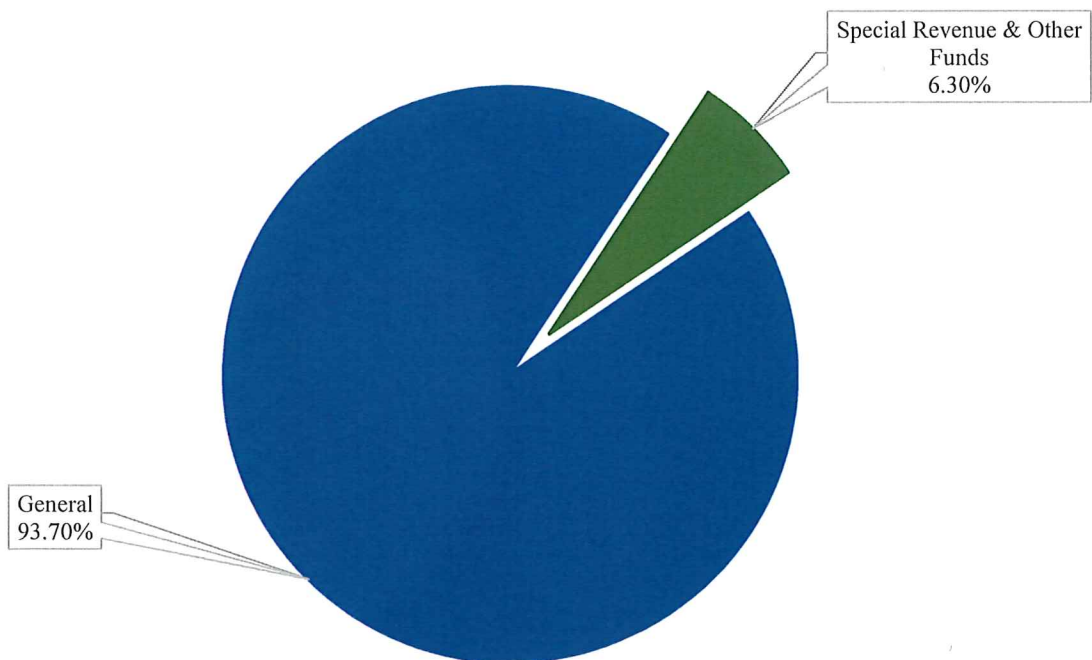
COMPARISON OF FY 2017/2018, FY 2018/2019 AND FY 2019/2020

EXPENDITURES	FY 17/18 ACTUAL	FY 18/19 ADOPTED BUDGET	FY 19/20 GENERAL FUND	FY 19/20 SPECIAL REV. & OTHER FUNDS	FY 19/20 REQUESTED BUDGET	DIFFERENCE	% CHANGE	% BY SUBTOTAL	BUDGET BY TOTAL
TOWN									
General Government	3,473,298	3,534,458	3,540,922		3,540,922	6,464	0.18%	13.51%	3.70%
Public Safety	10,865,192	10,736,949	11,287,713	97,457	11,385,170	648,221	6.04%	43.43%	11.89%
Public Works	6,024,095	6,275,896	6,501,858	180,000	6,681,858	405,962	6.47%	25.49%	6.98%
Health & Social Services	517,550	523,010	568,866		568,866	45,856	8.77%	2.17%	0.59%
Recreation & Parks	1,204,274	1,267,833	866,189	410,690	1,276,879	9,046	0.71%	4.87%	1.33%
Education - Culture	1,662,813	1,683,700	1,721,464		1,721,464	37,764	2.24%	6.57%	1.80%
Conservation & Development	685,684	669,335	694,854		694,854	25,519	3.81%	2.65%	0.73%
Miscellaneous	282,880	338,260	345,913		345,913	7,653	2.26%	1.32%	0.36%
TOTAL TOWN	24,715,786	25,029,441	25,527,779	688,147	26,215,926	1,186,485	4.74%	100.00%	27.39%
BOARD OF EDUCATION									
Salaries	34,012,493	36,256,049	36,963,959		36,963,959	707,910	1.95%	61.07%	38.62%
Employee Benefits	10,181,286	9,464,656	9,870,882		9,870,882	406,226	4.29%	16.31%	10.31%
Purchased Prf & Tech Services	1,337,743	1,658,204	1,410,948		1,410,948	(247,256)	-14.91%	2.33%	1.47%
Property Services	975,850	778,600	796,286		796,286	17,686	2.27%	1.32%	0.83%
Other Purchased Services	6,458,968	6,526,318	6,835,614		6,835,614	309,296	4.74%	11.29%	7.14%
General Supplies & Utilities	2,610,171	2,305,396	2,198,265		2,198,265	(107,131)	-4.65%	3.63%	2.30%
Equipment	1,019,594	382,519	419,200		419,200	36,681	9.59%	0.69%	0.44%
Fees & Memberships	94,563	106,863	110,395		110,395	3,532	3.31%	0.18%	0.12%
Cafeteria Operation	883,623	1,018,710		1,048,991	1,048,991	30,281	2.97%	1.73%	1.10%
Facility Use	42,142	51,000		40,000	40,000	(11,000)	-21.57%	0.07%	0.04%
Prepaid State & Fed. Grants	923,970	834,800		834,800	834,800			1.38%	0.87%
TOTAL BOARD OF ED.	58,540,403	59,383,115	58,605,549	1,923,791	60,529,340	1,146,225	1.93%	100.00%	63.24%
SEWERS									
Operating Expense	2,877,617	2,016,793		2,401,673	2,401,673	384,880	19.08%	100.00%	2.51%
TOTAL SEWERS	2,877,617	2,016,793		2,401,673	2,401,673	384,880	19.08%	100.00%	2.51%
DEBT SERVICE									
Bonds	2,818,850	2,755,750	3,746,038		3,746,038	990,288	35.94%	100.00%	3.91%
Notes									
TOTAL DEBT SERVICE	2,818,850	2,755,750	3,746,038	-	3,746,038	990,288	35.94%	100.00%	3.91%
Capital Improvements									
Facilities	1,817,541	2,321,095	890,580	1,019,727	1,910,307	(410,788)	-17.70%	67.65%	2.00%
Equipment	913,000	618,500	121,360		121,360	(497,140)	-80.38%	4.30%	0.13%
C.N.R.E.F.	175,000	795,000	792,000		792,000	(3,000)	-0.38%	28.05%	0.83%
C. I. P.	2,905,541	3,734,595	1,803,940	1,019,727	2,823,667	(910,928)	-24.39%	100.00%	2.95%
TOTAL EXPENDITURES	91,858,197	92,919,694	89,683,306	6,033,338	95,716,644	2,796,950	3.01%	100.00%	100.00%

Expenditures by Budget FY 2019/2020



Expenditures by Fund FY 2019/2020



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 proposed budget for Town Services represents an increase of 4.74% over the current appropriation of \$25,029,441. Town Operating Budget requests of Town Agencies and Departments totaled \$26,561,379 and were reduced \$345,453 by the Town Manager to \$26,215,926 (not including sewers). The proposed increase in the General Fund Budget is \$1,186,485 which equates to 4.74%.

Tables comparing expenditure totals, and percentages of totals for FY 2016/2017 – FY 2019/2020 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 2016/2017	FY 2017/2018	FY 2018/2019	FY 2019/2020	\$ Inc/(Dec)	% Inc/-Dec
Personal Services*	\$17,213,938	\$17,907,043	\$18,526,209	\$19,472,706	\$946,497	5.11%
Services & Supplies	6,025,171	6,139,750	6,375,982	6,535,090	159,108	2.50%
Capital Outlay	<u>56,409</u>	<u>49,805</u>	<u>127,250</u>	<u>208,130</u>	<u>80,880</u>	<u>63.56%</u>
TOTAL	<u>\$23,295,518</u>	<u>\$24,096,598</u>	<u>\$25,029,441</u>	<u>\$26,215,926</u>	<u>\$1,186,485</u>	<u>4.74%</u>

* Does not include sewers.

PERCENTS OF TOTALS

EXPENDITURE OBJECT	FY 2016/2017	FY 2017/2018	FY 2018/2019	FY 19/20
Personal Services*	73.89%	74.31%	74.02%	74.28%
Services & Supplies	25.87%	25.48%	25.47%	24.93%
Capital Outlay	0.24%	0.21%	0.51%	0.79%

* 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

A Public Works Maintainer II was funded for ¼ year in FY 19. This budget request reflects full year funding for this position. In addition, full year funding for an additional Public Works Maintainer II is recommended. Funding for a part-time Recreation Specialist and part-time Social Services Assistant are also reflected in this request. Approximately ¾ of the funding for the currently vacant Director of Human Resources position has been eliminated and the full-time Assistant Assessor Position has been reduced to part time. The total full time employee count remains the same.

	Salary	Benefits	Total
Public Works Maintainer II (Full-Time)	\$55,964	\$36,941	\$92,905
Public Works Maintainer II (Full-Time)	55,964	36,941	92,905
Recreation Program Specialist (Part-Time)	23,237	1,810	25,047
Social Services Assistant (Part-Time)	<u>14,817</u>	<u>1,155</u>	<u>15,972</u>
	\$149,982	\$76,847	\$226,829

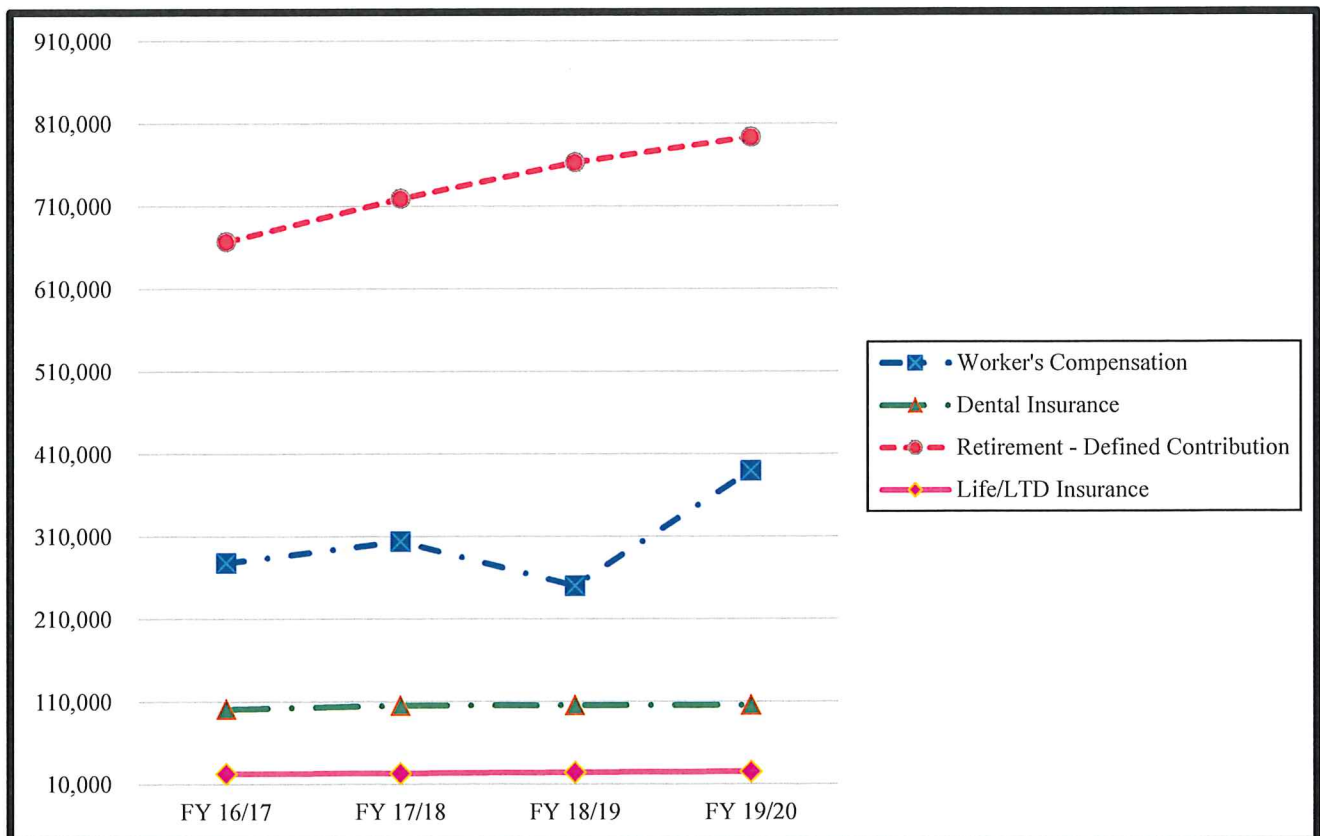
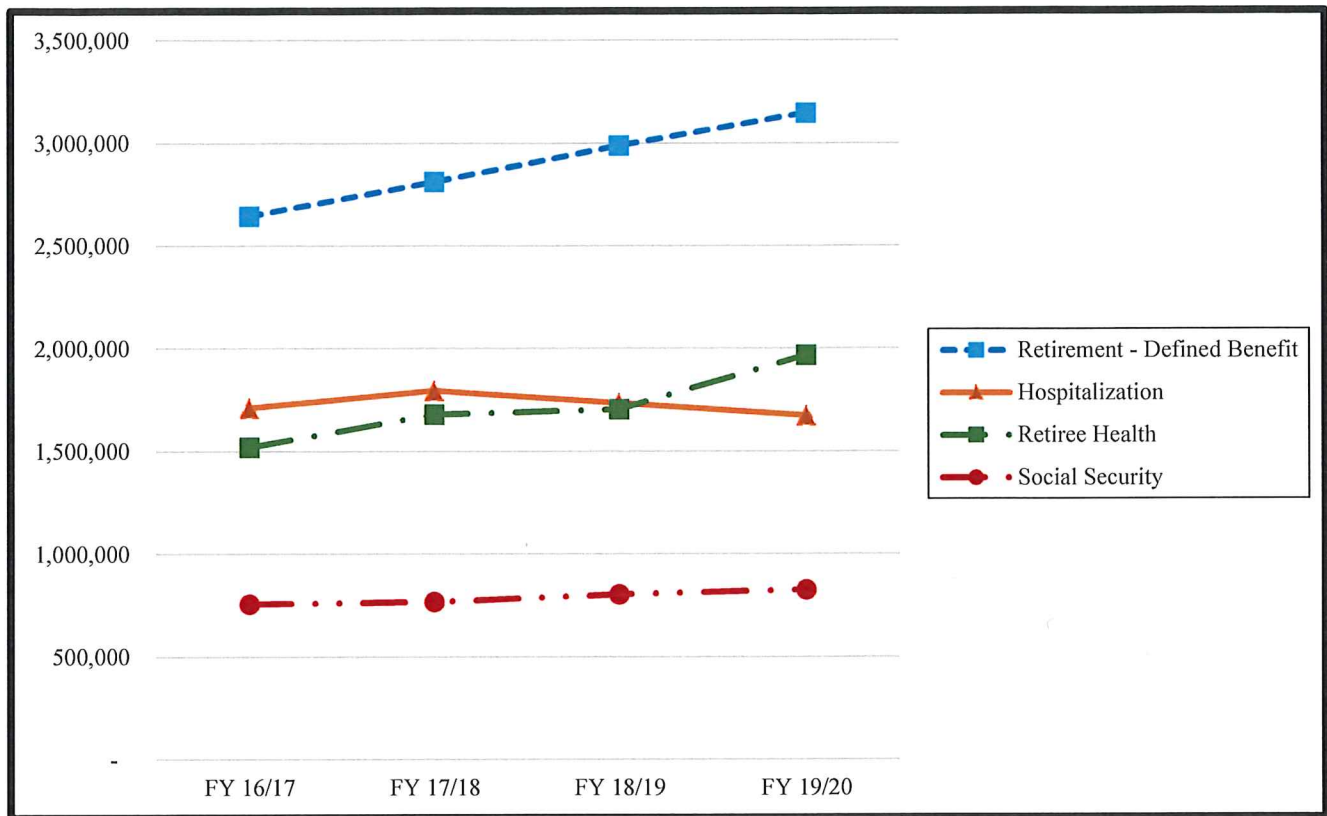
Overall, wages increased by \$413,837 as compared to fiscal year 2018/2019, representing a 3.86% increase. However, without the above funding changes relative to positions listed above, wages would have increased \$263,855 or 2.46%. A detailed analysis of personnel expenditures, including wages, salaries 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 2016/2017 – 2019/2020

	FY <u>2016/2017</u>	FY <u>2017/2018</u>	FY <u>2018/2019</u>	FY <u>2019/2020</u>	\$ <u>Inc/(Dec)</u>	% <u>Inc/-Dec</u>
Wages						
General Government	\$1,510,322	1,520,536	1,574,645	1,524,131	(50,514)	-3.21%
Public Safety	4,240,322	4,329,830	4,579,758	4,839,303	259,545	5.67%
Public Works	2,135,314	2,193,948	2,273,615	2,412,704	139,089	6.12%
Health & Social Services	126,165	130,348	133,959	151,793	17,834	13.31%
Recreation & Parks	470,715	485,740	508,105	527,511	19,406	3.82%
Cultural/Education	941,960	966,771	1,002,822	1,017,343	14,521	1.45%
Conservation & Development	329,238	333,573	338,548	345,403	6,855	2.02%
Sub Total	9,754,036	9,960,746	10,411,452	10,818,188	406,736	3.91%
Sewer Operations	292,338	298,136	306,341	313,442	7,101	2.32%
Total Wages	<u>\$10,046,374</u>	<u>10,258,882</u>	<u>10,717,793</u>	<u>11,131,630</u>	<u>413,837</u>	<u>3.86%</u>
Employee Benefits						
General Government	\$1,068,911	1,132,581	1,189,755	1,232,819	43,064	3.62%
Public Safety	3,500,351	3,725,705	3,742,048	3,981,071	239,023	6.39%
Public Works	1,847,429	2,001,245	2,071,266	2,270,535	199,269	9.62%
Health & Social Services	105,963	116,075	109,221	118,333	9,112	8.34%
Recreation & Parks	252,325	247,484	265,333	282,688	17,355	6.54%
Cultural/Education	422,909	444,568	452,497	468,771	16,274	3.60%
Conservation & Development	262,014	278,639	284,637	300,301	15,664	5.50%
Sub Total	\$7,459,902	7,946,297	8,114,757	8,654,518	539,761	6.65%
Sewer Operations	247,378	266,553	266,004	280,953	14,949	5.62%
Total Employee Benefits	<u>\$7,707,280</u>	<u>8,212,850</u>	<u>8,380,761</u>	<u>8,935,471</u>	<u>554,710</u>	<u>6.62%</u>
Total – Wages & Benefits	<u>\$17,753,654</u>	<u>18,471,732</u>	<u>19,098,554</u>	<u>20,067,101</u>	<u>968,547</u>	<u>5.07%</u>

The \$413,837 increase in Wages reflects the above mentioned positions, hourly increases for non-organized personnel, classification adjustments and step increases. The Town is entering into labor negotiations with Local #22, CILU representing Communications Dispatcher Union employees commencing February, 2019. The Town has previously negotiated a 2.50% increase for Police and 2.00% increase for Public Works effective July 1, 2019.

Benefit Rate Changes FY 16/17– FY 19/20



COMPARISON OF WAGE CHANGES & BENEFIT RATE CHANGES

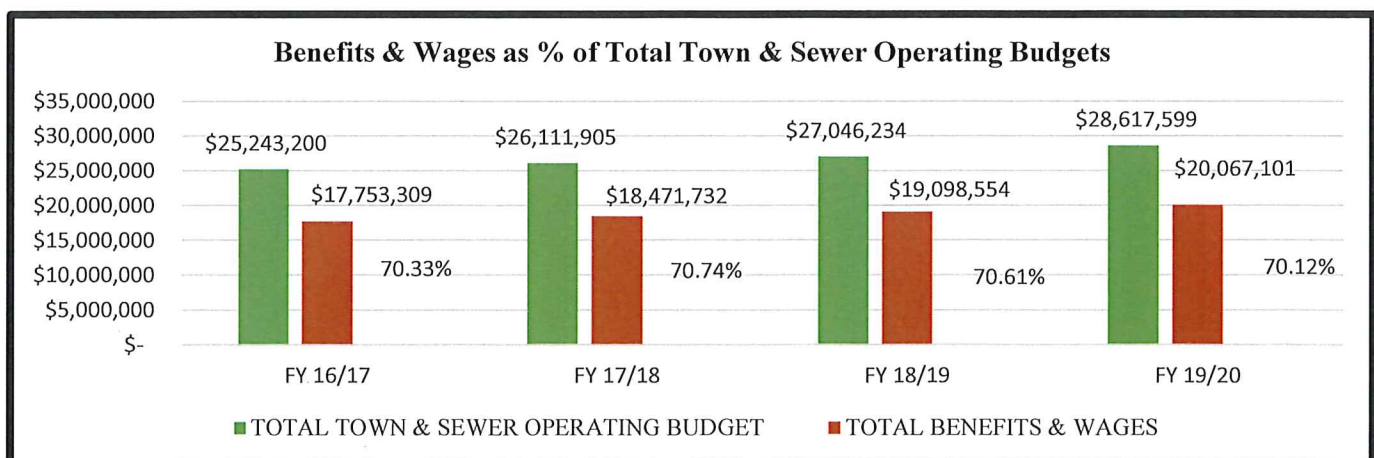
	FY 2016/2017	FY 2017/2018	FY 2018/2019	FY 2019/2020	\$ Inc/(Dec)	% Inc-/Dec
Social Security	\$758,362	\$769,946	\$ 804,839	827,852	\$23,013	2.86%
Retirement Defined Benefit *	2,646,844	2,813,142	2,990,575	3,148,082	157,507	5.27%
Retirement Defined Contribution	667,425	719,593	763,441	794,220	30,779	4.03%
Hospitalization	1,711,349	1,796,844	1,735,163	1,674,533	(60,630)	-3.49%
Dental Insurance	100,907	105,283	105,792	105,792	0	0.00%
Workers' Compensation	278,128	304,226	250,320	390,061	139,741	55.82%
Life/LTD Insurance	22,657	23,223	24,312	24,859	547	2.25%
Retiree Health**/ ***	1,521,608	1,680,593	1,706,319	1,970,072	263,753	15.46%
Total Benefits	7,707,280	8,212,850	8,380,761	8,935,471	554,710	6.62%
Wages	10,046,374	10,258,882	10,717,793	11,131,630	413,837	3.86%
Total Benefits and Wages	17,753,654	18,471,732	19,098,554	20,067,101	968,547	5.07%
Total Town/Sewer Budgets****	\$25,243,200	\$26,111,905	\$27,046,234	\$28,617,599	\$1,571,365	5.81%

* In FY 2016/2017, an additional \$187,500 was funded from FBAP; total ARC was funded at actuarially recommended level of \$2,784,344 and funding of \$50,000 for actuarial and financial consultant services. In FY 2017/2018, an additional \$202,000 was funded from Fund Balance Assigned for Pension (FBAP); total ARC was funded at actuarially recommended level of \$2,965,142 and funding of \$50,000 for actuarial and financial consultant services. In FY 2018/2019 an additional \$200,000 was funded from FBAP; total ARC was funded at actuarially recommended level of \$3,140,575 and funding of \$50,000 for actuarial and financial consultant services. In FY 2019/2020 an additional \$200,000 was funded from FBAP; total ARC was funded at actuarially recommended level of \$3,298,082 and funding of \$50,000 for actuarial and financial consultant services.

** In FY 2016/2017 an additional \$225,000 is funded from FBAO; total OPEB contribution is funded at actuarially recommended level of \$875,000. In fiscal year 2017/2018, an additional \$250,000 was funded from OPEB Special Revenue Fund (SRF); total OPEB contribution was funded at actuarially recommended level of \$986,000. In FY 2018/2019, an additional \$168,000 was funded from FBAO; total OPEB contribution was funded at actuarially recommended level of \$974,000. In FY 2019/2020 an additional \$150,000 was funded from FBAO; total OPEB contribution was funded at actuarially recommended level of \$1,048,000.

*** Of the 1,521,608 in FY 2016/2017 \$650,000 is PRMBT and \$871,608 is net current retiree cost. Of the \$1,680,593 in FY 2017/2018, \$736,000 was Post Retiree Medical Benefit Trust Fund (PRMBT) and \$944,593 was net current retiree cost. Of the \$1,706,319 in FY 2018/2019, \$806,000 was Post Retiree Medical Benefit Trust Fund (PRMBT) and \$900,319 was net current retiree cost. Of the \$1,970,072 in FY 2019/2020, \$1,048,000 was Post Retiree Medical Benefit Trust Fund (PRMBT) and \$922,072 was net current retiree cost.

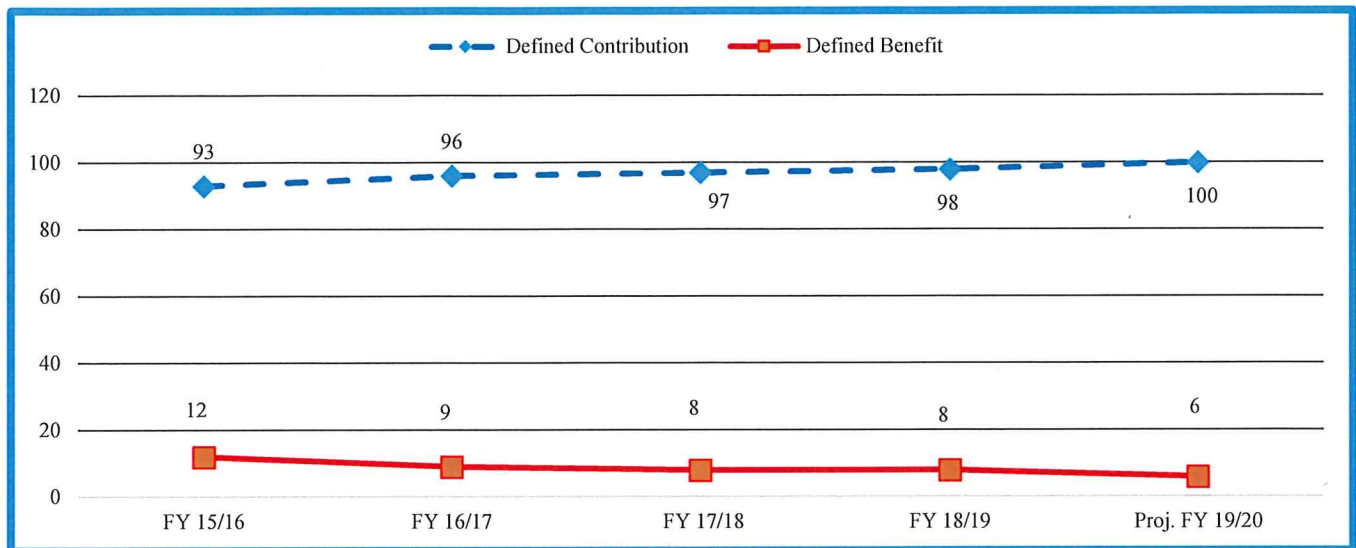
**** Percentages listed above include both General Fund and Special Revenue Funds and will not match the percentages on C. 3, which only include General Fund expenditures.



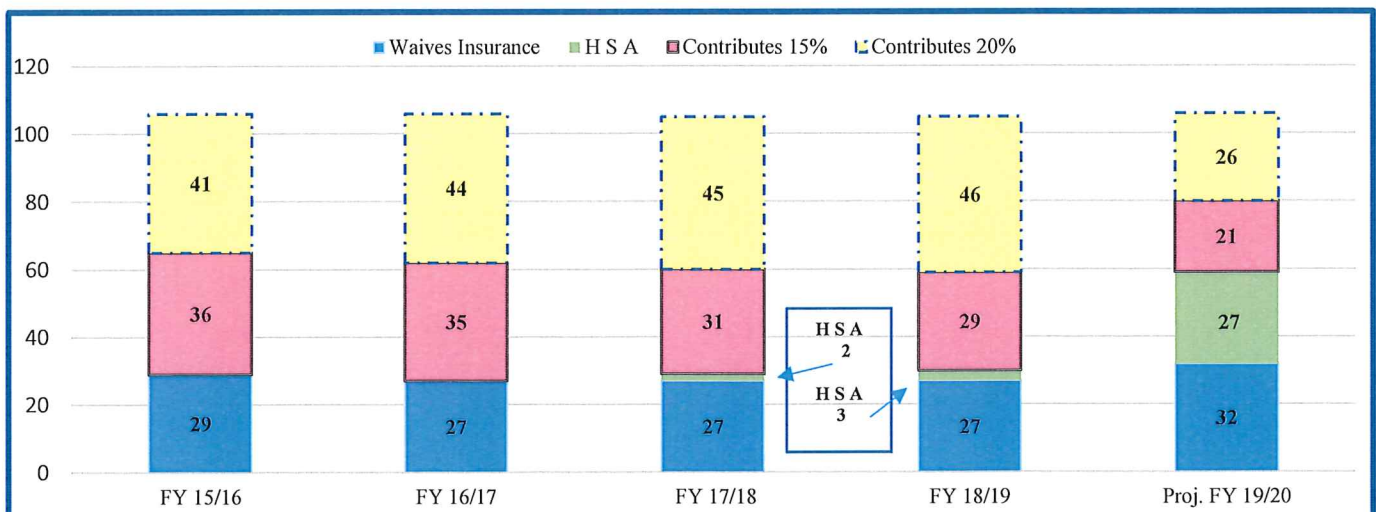
The increase in the Retirement Defined Benefit was based upon recommendation of the actuaries for estimated 2020 contributions, as well as the Town reducing the expected interest assumption by .25% to a revised 6.50%.

Per the Retirement Plan for Employees of the Town of Avon Actuarial Valuation as of July 1, 2018 for Fiscal Year Ending June 30, 2020, the long-range forecast results indicate that the final payment of the Town's contributions will be ending in Fiscal Year 2028. This forecast is based on the following assumptions: that the interest rate decreased from 6.75% in 2019 to 6.50% in 2020, that the Town will pay the Actuarially Determined Contribution each year, that the assets will return the assumed interest rate on a market value basis each year, and that there are no future changes in the actuarial methods, the assumptions, or in the plan provisions.

Employees on Defined Contribution and Defined Benefit Plans from FY 2015/2016 – FY 2019/2020



All current Town employees, except Police Officers, contribute 15% - 20% toward their PPO healthcare coverage or 18% toward a HDHP/HSA. All new hires, except Police Officers, contribute 20% toward both health and dental care. All new Police hires contribute 15% toward a HDHP/HSA, and 20% for dental. 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 in the upcoming years per recommendations from the Town's actuary.



Healthcare Coverage - Effective 7/1/2011 all participating employees contribute either 15% or 20% to health insurance. Thirty-two employees currently waive medical coverage from the Town and are covered through spousal or other insurance. Reductions in the value of the waiver have been negotiated with the Bargaining Unit representing the Police. The first year of a phased in reduction plan will be implemented for unaffiliated employees beginning in FY 20. Effective July 1, 2016, the Town introduced a voluntary high deductible health plan/health savings account (HSA) as an alternative option to the Town's PPO plan. Effective July 1, 2018 all Police Officers participate in a mandatory HDHP/HSA Plan.

Employee benefits have increased by \$554,710 or 6.52%. However, without the previously mentioned funding changes to several positions on C. 3, benefits would have increased by \$477,863 or 5.70%. The actual increase is caused by a number of factors, including increased contribution to the defined benefit plan largely due to market experience and the reduction of .25% in the interest rate assumption and increased defined contribution plan employer match.

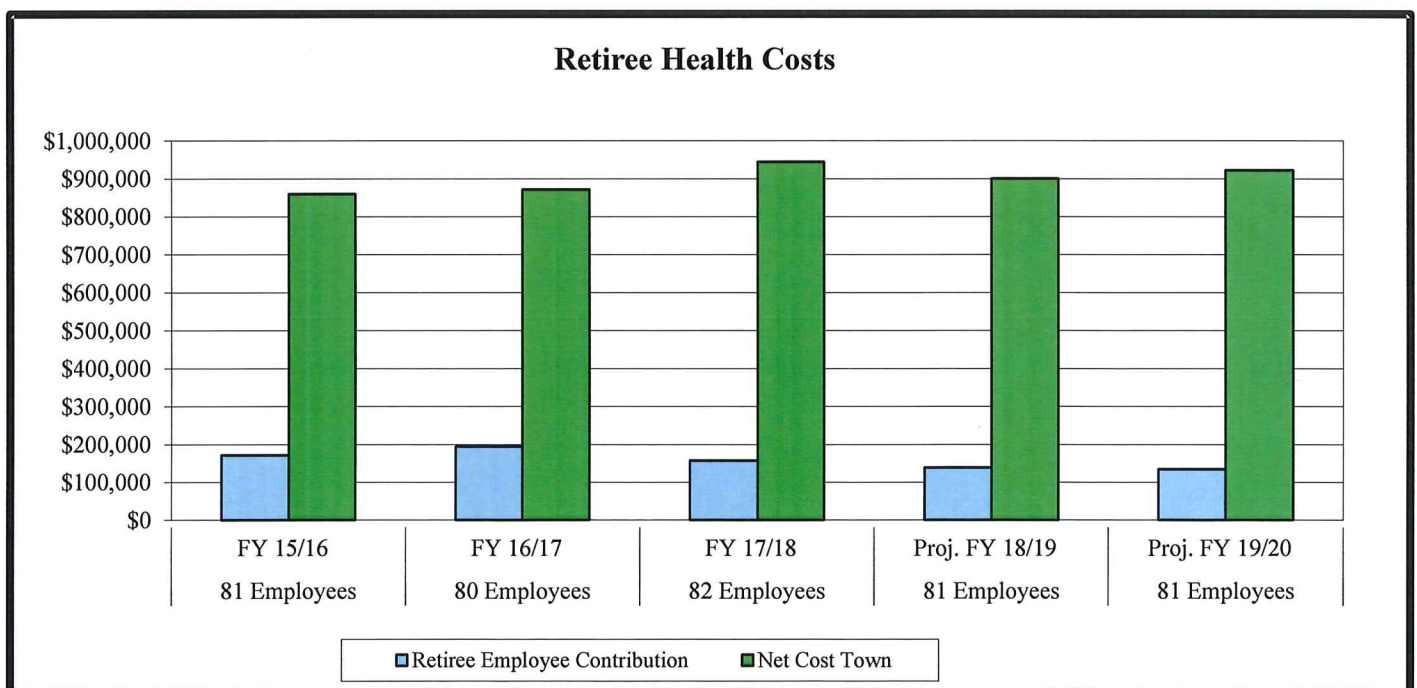
It should be noted that the Town's overall Worker's Compensation costs remain comparatively low due to its proactive risk management administration and employee safety programs that are coordinated in conjunction with our carrier and independent consultant. This cost has increased due to the industry wide increase in risk assigned to various function performed by Town employees. There was a secondary adjustment to reflect costs more in-line with past experience.

Retiree Health (\$1,970,072) is accounted for in the following manner:

1. \$1,048,000 is the actuarially determined contribution by the General Fund and Sewer Fund to the Post-Retirement Medical Benefit Trust Fund.
2. \$922,072 is budgeted for the Town's contribution for current retiree health costs. In fiscal year 2018/2019, \$900,319 was budgeted.

RETIREE HEALTH, HEART AND HYPERTENSION COSTS

	FY 2015/2016	FY 2016/2017	FY 2017/2018	FY 2018/2019	Projected 2019/2020
Number of Retired Employees Receiving Health Insurance	81	80	82	81	81
Gross Cost	\$1,031,835	\$1,066,093	\$1,101,832	\$1,039,519	\$1,056,550
Retired Employee Contribution	\$171,957	\$194,485	\$157,239	\$139,200	\$134,477
Net Town Cost	\$859,878	\$871,608	\$944,593	\$900,319	\$922,072
Number of Employees/Retirees Receiving H & H Benefits	1	1	1	1	1
Annual Cost of H & H Benefits	\$294	\$300	\$300	\$300	\$300



SERVICES AND SUPPLIES

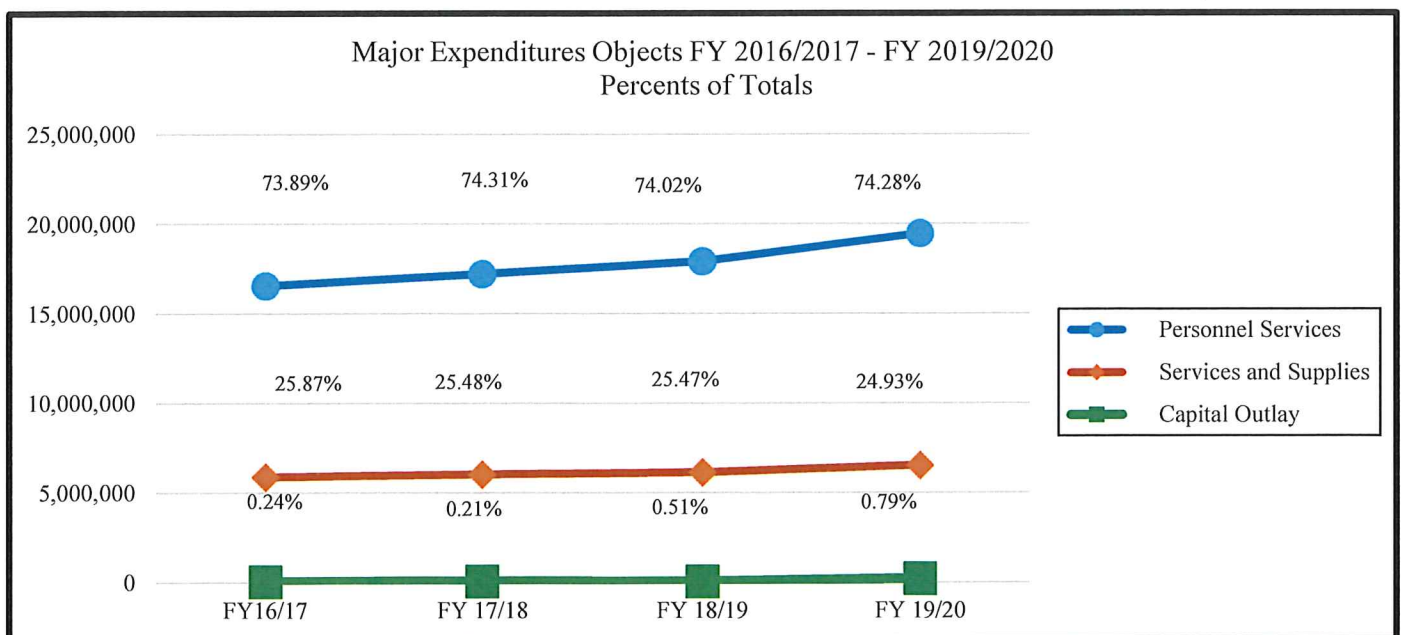
The Services and Supplies portion of the Town's municipal budget totals \$6,535,090 for fiscal year 2019/2020, an increase of \$159,108 (2.50%) over the fiscal year 2018/2019 Services and Supplies budget of \$6,375,982. Major increases over \$10,000 include:

Major Increases	FY 2018/2019	FY 2019/2020	\$ Inc/(Dec)	% Inc/-Dec
Firefighting – Grants & Contributions	\$ 665,380	\$ 735,564	\$70,184	10.55%
Public Works - Land	250,000	300,885	50,885	20.35%
FVHD – Services and Consultants	98,515	114,000	15,485	15.72%
Legal Services	175,000	185,000	10,000	5.71%
Total	<u>\$1,188,895</u>	<u>\$1,335,449</u>	<u>\$146,554</u>	<u>12.33%</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 2019/2020 total \$208,130, an increase of \$80,880 (63.56%) from fiscal year 2018/2019. Major capital outlay expenditures adopted for fiscal year 2019/2020 include:

Major Increases	FY 2018/2019	FY 2019/2020	\$ Inc/(Dec)	% Inc/-Dec
Police Patrol - Vehicles	\$0	\$58,000	\$58,000	100.00%
Total	\$0	\$58,000	\$58,000	100.00%



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	2016/2017 Budgeted	2017/2018 Budgeted	2018/2019 Budgeted	2019/2020 Recommended
Salaries	\$34,302,774	\$34,734,933	\$36,256,049	\$36,963,959
Employee Benefits	9,368,901	10,223,770	9,464,656	9,870,882
Purchased Professional & Tech Services	1,378,850	1,448,302	1,658,204	1,410,948
Property Services	719,022	727,881	778,600	796,286
Other Purchased Services	6,780,938	6,638,213	6,526,318	6,835,614
General Supplies & Utilities	2,144,708	2,122,918	2,305,396	2,198,265
Equipment	436,300	341,542	382,519	419,200
Fees & Memberships	108,169	69,070	106,863	110,395
SUBTOTAL GENERAL FUND	<u>\$55,239,662</u>	<u>\$56,306,629</u>	<u>\$57,478,605</u>	<u>\$58,605,549</u>
Special Revenue Fund				
Cafeteria Operation	\$ 864,360	\$ 1,088,233	\$ 1,018,710	\$1,048,991
Use of School Facilities	21,120	54,000	51,000	40,000
Prepaid State & Federal Grants	1,018,906	844,113	834,800	834,800
Total Special Revenue Fund	<u>\$ 1,904,386</u>	<u>\$ 1,986,346</u>	<u>\$ 1,904,510</u>	<u>\$1,923,791</u>
TOTAL BOARD OF EDUCATION	<u>\$57,144,048</u>	<u>\$58,292,975</u>	<u>\$59,383,115</u>	<u>\$60,529,340</u>

SEWER OPERATING BUDGET

The \$2,401,673 for the operation and maintenance of the sewer system is offset by revenues from the Special Revenues Fund. The \$2,401,673 budget includes \$594,395 in Personal Services, \$1,486,450 in Supplies and Services, and \$320,828 in Capital Outlay, of which the majority (\$293,528) is for treatment contracts with the Towns of Farmington, Simsbury, and Canton. The Sewer Operating Budget increased by \$384,880 (19.08%).

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 2019/2020 appropriation for Capital and Debt Service Budgets totals \$6,569,705, an increase of \$79,360 (1.22%) from the fiscal year 2018/2019 appropriation of \$6,490,345. For fiscal year 2019/2020, the Debt Service (principal and interest payments) on Bonds, Bond Anticipation Notes, and Short-Term Notes totals \$3,746,038, an increase of \$990,288 (35.94%).

The CNREF (Account 493) shows a decrease of \$3,000 from the fiscal year 2018/2019 appropriation of \$795,000. The Capital Equipment (Account 485.03) shows a decrease of \$497,140 (-80.38%) and the Capital Facilities (Account 485.01) shows a decrease of \$410,788 (-17.70%) from \$2,321,095 to \$1,910,307.

A Summary Schedule for the adopted Capital Improvement Program for the ensuing fiscal year and four subsequent fiscal years is included under the Capital Improvement section. A summary of Capital Budget and Debt Service Expenditures over the past three years, as well as those appropriated for fiscal year 2018/2019, are included in the charts below.

**CAPITAL BUDGET AND DEBT SERVICE EXPENDITURES
FY 2016/2017 - FY 2019/2020**

FISCAL YEARS	Appropriated 2016/2017	Appropriated 2017/2018	Appropriated 2018/2019	Recommended 2019/2020
Debt Service: Long Term	\$2,779,790	\$2,818,850	\$2,755,750	\$3,746,038
Short Term	-	-	-	-
Sub-Total	\$2,779,790	\$2,818,850	\$2,755,750	\$3,746,038
Capital Improvement Program:				
CNREF	\$ 200,000	\$ 175,000	\$ 795,000	\$ 792,000
Facilities	3,825,037	2,601,506	2,321,095	1,910,307
Equipment	385,000	913,000	618,500	121,360
Sub-Total	\$4,410,037	\$3,689,506	\$3,734,595	\$2,823,667
TOTAL	<u>\$7,189,827</u>	<u>\$6,508,356</u>	<u>\$6,490,345</u>	<u>\$6,569,705</u>

