



TOWN OF AVON



60 West Main Street • Avon, CT • 06001-3719
www.avonct.gov

BUDGET MESSAGE

TO THE BOARD OF FINANCE

MARCH 3, 2016

The proposed fiscal year 2016/2017 Town, Board of Education, Sewer, Capital and Debt Service Budgets are submitted for your review. The proposed budgets total \$89,402,646. This equates to an increase of \$2,995,650 or 3.47%. This budget requires a property tax levy increase of 3.18%. The mill rate would increase from 28.80 to 29.52 or 2.50%.

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 \$32,520,080. This equates to an increase of \$1,233,736 or 3.94% over the current year budget of \$31,286,344. The increase to the Town operating budget, not including Sewers, Capital and Debt Service budgets is 3.96% or \$890,410.

The most significant factors driving the proposed fiscal year 2016/2017 operating budget are:

- | | |
|---|------------|
| • Increases in Wages and Salaries | \$325,253 |
| • Increases in Funding for Other Post-Employment Benefits/
Retiree Health Care Funding | \$156,778* |
| • Hospitalization | \$104,736 |
| • Increase in funding for the Defined Benefit Plan | \$65,422** |

*Offset, in part, by a drawdown of \$225,000 from General Fund-Fund Balance Assigned to Post-Employment Benefits

**Offset, in part, by a drawdown of \$187,500 from General Fund-Fund Balance Assigned to Pension Contributions

Revenue details are included in Tab B and are summarized in the following table:

BUDGET MESSAGE

COMPARATIVE ANALYSIS: FY 2015/2016 AND FY 2016/2017 BUDGETS ALL FUNDS

REVENUES

CLASSIFICATION	APPROPRIATED FY 2015/2016	RECOMMENDED FY 2016/2017	\$ INC/(DEC)	% INC/-DEC
Property Tax & Assessments	\$ 74,486,325	\$ 76,845,778	\$ 2,359,453	3.17%
Intergovernmental	4,984,171	5,214,956	230,785	4.63%
Licenses, Fees & Permits	1,053,825	1,054,445	620	0.06%
Charges for Current Services	4,546,512	4,489,393	(57,119)	-1.26%
Other Local Revenues	479,163	403,602	(75,561)	-15.77%
Other Financing Sources (Uses)	857,000	1,394,472	537,472	62.72%
TOTAL	<u>\$ 86,406,996</u>	<u>\$ 89,402,646</u>	<u>\$ 2,995,650</u>	<u>3.47%</u>

EXPENDITURES

CLASSIFICATION	APPROPRIATED FY 2015/2016	RECOMMENDED FY 2016/2017	\$ INC/(DEC)	% INC/-DEC
Town Operating Budget	\$ 22,492,161	\$ 23,382,571	\$ 890,410	3.96%
School Operating Budget	55,120,652	56,882,566	1,761,914	3.20%
Sewer Operating Budget	1,962,071	1,947,682	(14,389)	-0.73%
Capital & Debt Service Budgets:				
Debt Service	3,300,940	2,789,290	(511,650)	-15.50%
Capital Budget	3,531,172*	4,400,537**	869,365	24.62%
Subtotal: Capital & Debt Service	6,832,112	7,189,827	357,715	5.24%
TOTAL	<u>\$ 86,406,996</u>	<u>\$ 89,402,646</u>	<u>\$ 2,995,650</u>	<u>3.47%</u>

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

** Includes \$1,097,000 in Sewer Projects paid by Sewer Fund.

BUDGET MESSAGE

TOWN OF AVON ANNUAL BUDGET FISCAL YEAR 2016/2017 PROPOSED BY TOWN COUNCIL MARCH 3, 2016

	FY 14/15 ACTUAL	FY 15/16 ADOPTED BUDGET	FY 16/17 GENERAL FUND	FY 16/17 SPECIAL REV. & OTHER FUNDS	FY 16/17 REQUESTED BUDGET	DIFFERENCE	% CHANGE	% BY SUBTOTAL	BUDGET BY TOTAL
REVENUES									
Property Tax & Assessments	72,760,210	74,486,325	76,795,778	50,000	76,845,778	2,359,453	3.17%	85.95%	85.95%
Intergovernmental	6,095,243	4,984,171	3,701,365	1,513,591	5,214,956	230,785	4.63%	5.83%	5.83%
Licenses, Fees, & Permits	1,221,695	1,053,825	1,049,945	4,500	1,054,445	620	0.06%	1.18%	1.18%
Charges for Current Services	4,718,125	4,546,512	1,223,366	3,266,027	4,489,393	(57,119)	-1.26%	5.02%	5.02%
Other Local Revenues	558,152	479,163	378,502	25,100	403,602	(75,561)	-15.77%	0.45%	0.45%
Other Financing Sources (Uses)	7,802	857,000	90,000	1,304,472	1,394,472	537,472	62.72%	1.56%	1.56%
TOTAL REVENUES	85,361,227	86,406,996	83,238,956	6,163,690	89,402,646	2,995,650	3.47%	100.00%	100.00%
EXPENDITURES									
TOWN									
General Government	2,933,179	3,096,390	3,286,241		3,286,241	189,851	6.13%	14.05%	3.68%
Public Safety	9,579,166	9,708,581	10,056,868	17,452	10,074,320	365,739	3.77%	43.08%	11.27%
Public Works	5,541,015	5,583,203	5,688,466	113,809	5,802,275	219,072	3.92%	24.81%	6.49%
Health & Social Services	502,739	483,568	504,567		504,567	20,999	4.34%	2.16%	0.56%
Recreation & Parks	1,132,707	1,145,800	802,931	371,236	1,174,167	28,367	2.48%	5.02%	1.31%
Education - Culture	1,479,743	1,503,905	1,586,669		1,586,669	82,764	5.50%	6.79%	1.77%
Conservation & Development	613,769	636,900	633,600		633,600	(3,300)	-0.52%	2.71%	0.71%
Miscellaneous	333,033	333,814	320,732		320,732	(13,082)	-3.92%	1.37%	0.36%
TOTAL TOWN	22,115,351	22,492,161	22,880,074	502,497	23,382,571	890,410	3.96%	100.00%	26.15%
BOARD OF EDUCATION									
Salaries	32,693,439	33,581,807	34,766,033		34,766,033	1,184,226	3.53%	61.12%	38.89%
Employee Benefits	8,242,353	8,743,144	9,445,758		9,445,758	702,614	8.04%	16.61%	10.57%
Purchased Prf & Tech Services	1,310,564	952,005	1,086,654		1,086,654	134,649	14.14%	1.91%	1.22%
Property Services	937,636	769,489	767,975		767,975	(1,514)	-0.20%	1.35%	0.86%
Other Purchased Services	5,666,331	5,785,758	6,168,358		6,168,358	382,600	6.61%	10.84%	6.90%
General Supplies & Utilities	2,475,576	2,519,002	2,208,846		2,208,846	(310,156)	-12.31%	3.88%	2.47%
Equipment	1,043,353	379,389	320,705		320,705	(58,684)	-15.47%	0.56%	0.36%
Fees & Memberships	81,338	67,405	88,535		88,535	21,130	31.35%	0.16%	0.10%
Cafeteria Operation	1,047,552	1,119,209		1,050,316	1,050,316	(68,893)	-6.16%	1.85%	1.17%
Facility Use	32,900	56,500		54,000	54,000	(2,500)		0.09%	0.06%
Prepaid State & Fed. Grants	1,174,065	1,146,944		925,386	925,386	(221,558)	-19.32%	1.63%	1.04%
TOTAL BOARD OF EDUCATION	54,705,107	55,120,652	54,852,864	2,029,702	56,882,566	1,761,914	3.20%	100.00%	63.63%
SEWERS									
Operating Expense	2,397,623	1,962,071		1,947,682	1,947,682	(14,389)	-0.73%	100.00%	2.18%
TOTAL SEWERS	2,397,623	1,962,071		1,947,682	1,947,682	(14,389)	-0.73%	100.00%	2.18%
DEBT SERVICE									
Bonds	3,647,488	3,300,940	2,789,290		2,789,290	(511,650)	-15.50%	100.00%	3.12%
Notes									
TOTAL DEBT SERVICE	3,647,488	3,300,940	2,789,290	-	2,789,290	(511,650)	-15.50%	100.00%	3.12%
OTHER FINANCING USES									
Capital Improvements									
Facilities	2,234,738	2,678,172	2,131,728	1,683,809	3,815,537	1,137,365	42.47%	86.71%	4.27%
Equipment	1,602,384	853,000	385,000		385,000	(468,000)	-54.87%	8.75%	0.43%
C.N.R.E.F.	50,000		200,000		200,000	200,000	100.00%	4.54%	0.22%
CAPITAL IMPROVEMENT PROGRAM	3,887,122	3,531,172	2,716,728	1,683,809	4,400,537	869,365	24.62%	100.00%	4.92%
TOTAL EXPENDITURES	86,752,691	86,406,996	83,238,956	6,163,690	89,402,646	2,995,650	3.47%	100.00%	100.00%

BUDGET MESSAGE

SHORT AND LONG TERM PROGRAMMATIC GOALS

The proposed fiscal year 2016/2017 Budget reflects the stated **mission** of the Town Council and Board of Finance **to provide quality town services at a reasonable cost to citizens and taxpayers**. The mission and goals are reviewed each year as part of the budget process. Short and long-term programmatic goals are discussed below. A comprehensive ranking of Avon's revenues, expenditures and other economic data as it compares to Connecticut's other 169 local governments was last provided in fiscal year 2009/2010. Unfortunately, the data sources for this information are no longer being compiled and published. Accordingly, this information is no longer included in the budget document. Towns and Cities which are demographically similar and geographically near Avon are listed on A.23.

LONG-TERM PROGRAMMATIC GOALS

MISSION

Provide quality town services at a reasonable cost to all citizens and taxpayers.

Long Term Goals

- 1. Provide continuity in planning and development, as the community approaches build out, by: using an approach toward guiding growth as it naturally occurs, rather than artificially blocking or stimulating development;**
- 2. Ensure long-term fiscal stability and programmatic effectiveness by providing professional management of the Town's programs and finances resulting in effective and efficient delivery of quality Town services at a low tax rate;**
- 3. Provide a quality educational system with a caring and supportive learning environment by ensuring both high faculty standards and superior educational facilities, resulting in well-prepared students capable of successfully entering the nation's most competitive colleges and universities as well as competing in today's increasingly sophisticated world;**
- 4. Provide a safe, secure and pleasing environment where people can live, work and play in harmony with their surroundings.**

In June 2011, for the second straight year, Hartford Magazine rated Avon the "best" Town in the Hartford Region in the population category of 15,000 to 30,000. In the same issue, Avon was also named the best overall Town in the Capitol Region, which consists of 30 municipalities. In June 2011, Newsweek reported that Avon High School ranked as the 281st best high school in the United States, and was one of five Connecticut high schools ranked in the Top 300.

In 2009, Connecticut Magazine rated Avon fourth statewide in its "Rating the Towns" article. Avon was the highest ranked town in Hartford County. In 1999, 2000, and again in 2004, Connecticut Magazine rated Avon the second best Town in Connecticut (in the 15,000 to 25,000 population category).

A comprehensive impartial town-wide survey of Avon residents professionally administered in 2004 by the University of Connecticut Center for Survey Research and Analysis found that 99% of residents rank Avon's quality of life as good or excellent. A follow-up study of Avon Businesses conducted in 2005 in conjunction with the Avon Chamber of Commerce by the same center found that 89% of Avon businesses found Avon a good or excellent place to do business.

BUDGET MESSAGE

Mission and Goals	Page #	Town Council Goals				
		Town Mission	Continuity in Planning	Fiscal, Stability/Program Effectiveness	Quality Education	Safe, Secure, Environment
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						
Reduce the number of motor vehicle accidents in high accident areas.	F4					
Maintain or reduce the average response time to all calls for service.	F4					
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
Business Continuity Plan	Feb 2012	To prepare the Town to restore services to the widest extent possible in a minimum time frame in the event of extended service outages caused by factors beyond our control (e.g., natural disasters, man-made events, etc.)
Health Insurance Compliance Plan	Dec 2012	To ensure the Town is compliant with the periodic implementation of various aspects of the Affordable Care Act as well as to be properly budgeted and funded as related taxes become effective and payable.
Waste Water Facilities Plan	Apr 2007	To have a comprehensive document that addresses operations, maintenance, and expansion of the Town's waste water collection system.
Avon Free Public Library Strategic Plan (2007-2010)	Sep 2007	To define the mission and roles of the public library in Avon and to develop strategies and activities to enable the library to overcome challenges and provide the best services possible to the community.
Avon Free Public Library Technology Plan	Oct 2007	To guide technological development in the library, to support the library's mission statement, to stimulate thought and discussion about the technological needs of our community, and to provide structure for planning and budgeting.
Comprehensive Energy Management Plan	Oct 2012	To provide a comprehensive action plan for the management of Town and BOE assets, operations, and energy use, including several non-binding "reach" goals with respect to energy use reduction and use of renewables.
Recreation & Park Facilities Master Plan	Dec 2007	To study expansion of existing recreation facilities and athletic fields and potential development of Town owned parcels for future recreational use and to develop several conceptual recreation plans based upon the report analysis and recommendations.
Natural Resource Inventory & Management Plan	Nov 2009	To guide the management of five properties owned by the Town, including Alsop Meadows Conservation Area, Fisher Meadows Natural Area, Found Land Conservation Area, Huckleberry Hill Conservation Area, and Hazen Park.
Plan of Conservation and Development	Mar 2006	To guide the Planning and Zoning Commission and the citizens of Avon in making decisions regarding land use, transportation, public services, recreation, open space, natural resources, and housing, over the next decade.
Avon Public Schools Strategic Plan (2012-2016)	Sep 2012	To guide overall operations and strategic investments in the Avon Public School Systems.
Pavement Management Program	Nov 2012	To guide annual resource allocation for prioritizing road improvements and rehabilitation based on objective road condition ratings.
Roof Asset Management Plan	Nov 2005	To assist the Public Works Department in prioritizing the strategic replacement or improvement of rooftops on all municipal owned buildings.

BUDGET MESSAGE

Town of Avon Goals, Practices and Policies

The Town Council and Board of Finance, in partnership with the management team, work together to set goals and objectives that underpin policies and inform practices in order to maintain Avon's AAA bond rating and ensure that prudent fiscal stewardship and best practices are standard operating procedure. The following practices and policies, in conjunction with the adopted mission and goals listed on pages IV through VI of the Budget Message, influence, shape, and direct the Town's approach to financial management:

Operating Management

- Town policy (see pages S.18 – S.21): Cash and investments will be maintained in accordance with the Town Charter and the adopted Investment Policy to ensure that proper controls and safeguards are maintained. This policy does not cover the financial assets of the pension plans.
- Town practice: Identify alternatives to current service delivery where departments, in cooperation with the Town Manager's office, will identify activities that could be provided by another source and review service delivery alternatives on an "opportunity" basis.

Revenue

- Town practice: Revenues will not be dedicated for specific purposes unless required by law or Generally Accepted Accounting Practices (GAAP).
- Town practice: Reliance on State aid and grants are minimal. Inconsistent or fluctuating grants should not be used to fund ongoing programs.
- Town practice: User fees and charges (i.e.: Recreation Activities Fund, Sewer Fund, Police Special Services Fund) are examined on a cyclical basis to make certain all direct and indirect costs are recovered.

Operating Budget and Expenditure

- Town policy (refer to Town Council Policy No. 3.1): Purchasing Policy establishes a systematic and uniform system for the procurement of service, supplies, materials, equipment and other commodities required by any department, office or agency of the Town other than the BOE.
- Town practice: Funding basis is derived from current revenues and fund balances carried forward from the prior year, after reserve requirements are met.
- Town practice: The utilization of a financial operating plan estimating expenditures for providing services, and the proposed means of financing them. A balanced budget limits expenditures to available resources.
- Town practice: Consider a cost effective strategy- contracting private (Services & Supplies) services providers (i.e.: janitorial, grounds, snow maintenance, etc.) and joint effort strategies with the school district, other municipalities and agencies.

Capital Management

- Town practice: Capital Improvement Program, where a five-year Capital Improvement Program (CIP) will be developed and updated annually, including anticipated funding sources. Capital improvement projects are defined as infrastructure or equipment purchases or construction that results in a capitalized asset costing more than \$20,000 with an expected life (depreciable life) of at least five years.
- Town practice: Pay-as-you-go Capital Improvement Program financing is defined as all sources of revenue other than Town debt issuance. The debt service program capacity from the retirement of debt is shifted to the capital pay-as-you-go line items to restore the Capital Improvement Program.

BUDGET MESSAGE

Debt Management

- Town policy (see page S.9): True or Operating Lease Policy establishes criteria when considering a true or operating lease. By allowing the Town to lease rather than purchase, the lease offers more flexibility in terms of adjusting to changes is treated as an operating expense in the income statement and does not affect the balance sheet.
- Town policy (see pages S.10 through S.17): The Debt Policy establishes parameters and guidance to make decisions on capital spending and issuance of debt as a means to fund them. In order to minimize debt service expenditures, the Town shall endeavor to take appropriate actions to maintain its “Aaa/AAA” credit ratings from Moody’s and Standard & Poor’s.
- Town practice: Prior to new debt, the Financial Advisor presents debt modeling and performs analysis showing how new issued and current debt impacts the Town’s debt capacity; conformance with Town debt policies will accompany every future bond issue proposal.
- Town practice: To keep per capita debt at an acceptable level to municipal securities rating agencies.
- Town practice: To retire 50% of debt within 10 years.
- Town practice: Bond interest earnings will be limited to funding changes to the bond financed CIP, or be applied to debt service payment on the bonds issued for CIP.

Fund Balance and Reserves

- Town policy (see page S.22): The Town established a General Fund Unassigned Fund Balance Policy with a goal of 10% Unassigned Fund Balance.
- Town policy (see page S.22): Use of Unassigned General Fund Balance Policy where any use of “surplus” should only be considered after a showing of substantial support for such use by the requesting authority. Approval of any request shall be given upon a finding that such use will meet an extraordinary need or unusual opportunity, and that such use will result in a tangible significant benefit to the Town.
- Town practice: 10% of annual Special Revenue Funds operating expenditures reserved for unforeseen emergency expenditures.
- Town practice: Self-insurance reserves will be monitored by a health consultant from a qualified actuarial firm, who will be retained, on an annual basis, and who provides recommendations on appropriate funding levels.
- Town practice: All fund assignments and reserves will be evaluated annually for adequacy and use requirements. As an example Assignment of General Fund Balance, generated from the sale of assets, is assigned and to be used for future capital asset purchases.

Financial Reporting

- Town practice: Submit Town’s Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA) Certification of Achievement for Excellence in Financial Reporting Program.
- Town practice: Submit annual adopted budget to the GFOA Distinguished Budget Presentation Program.
- Town practice: Financial reporting on a monthly, quarterly, and end-of-fiscal year basis.

BUDGET MESSAGE

The proposed fiscal year 2016/2017 budget includes the following short-term financial goals and budget assumptions:

I. Fiscal Year 2016/2017 Operating Budget

a. Revenues: (For Details See Tab B)

b. Property Tax and Assessments: The following goals and assumptions have been made in estimating both Property Tax and Assessment Revenues for fiscal year 2016/2017:

- Grand List Growth (assessed valuation of Real and Personal Property) at the time of budget preparation was estimated at \$14,701,750 or a .57% increase. The Assessor subsequently filed the grand list with an increase of .66% or \$17,076,670.
 - In fiscal year 2016/2017, Supplemental Real Estate and Supplemental Vehicle tax revenue are budgeted at fiscal year 2015/2016 level;
 - Assessment Appeals and Tax Refunds will approximate 1% of tax revenues;
 - Property Tax Collections will exceed 98.5% with the reserve for uncollectible at \$595,565; and
2. Licenses, Fees and Permits: Revenues from Licenses, Fees and Permits are projected to increase by \$620.
 3. State and Intergovernmental Grants: This category reflects a net increase of \$230,785 or 4.63% as compared to the prior year. This is primarily due to budgeting \$261,442 for the Manufacturing Transition Grant. An increase of \$198,535 is also budgeted in Town Aid Road. 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 reduction of \$57,119. Recreation and Parks related fees are estimated to increase by \$15,643. Sewer connection and use charges are estimated to increase by \$72,694.
 5. Other Local Revenues: Interest on Investments is budgeted to remain flat at \$90,000, due to historically low interest rates that have been pushed down to nearly zero, reflecting the Federal Reserve Bank's action in protecting the economy. Net reductions in this category equate to \$75,561.

BUDGET MESSAGE

6. Other Financing Sources: As was also the case in fiscal year 2015/2016, there is no budgeted or planned use of General Fund Unassigned Fund Balance in the proposed fiscal year 2016/2017 budget. Due to favorable tax collections, intergovernmental revenues and charges for services in fiscal year 2014/2015, various assignments in the General Fund were approved. Fund Balance Assigned to Capital Reserve in the General Fund is budgeted in the amount of \$90,000 to partially offset the proposed fiscal year 2016/2017 Capital Budget.

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

1. Personal Services:

FY 14/15	FY 15/16	FY 15/16	FY 16/17
\$15,211,928	\$15,706,196	\$16,555,525	\$17,300,991

Personal services wages and benefits comprise 73.99% of the Town Operating Budget.

a. Wages and Salaries: The total number of authorized full-time employees consists of 106 positions however 104 positions are funded with one authorized Police Lieutenant and one C-Squad Officer remaining unfunded. Overall wages increased by \$325,253 as compared to fiscal year 2015/2016 representing a 3.33% increase. 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 2016/2017 budget includes:

- A substantial increase (\$252,922, 9.30%), for the seventh year in a row, to the Defined Benefit Plan (closed in 1997). The interest rate has been reduced from 7.375% to 7.25%; the reduction accounts for \$31,000, or 12.26%, of the overall Defined Benefit increase. Additional reductions to the interest rate assumptions will be required in the future.
- Defined Contribution Benefit Plan contribution increased by \$41,991 due in part to a greater percentage of Town employees participating in this plan as retirements of Defined Benefit employees occur as well as negotiated contractual increases in the contribution percentage.
- Hospitalization funding increased by \$104,736; however, the total impact continues to be mitigated by approximately twenty-seven (29) employees opting out of the Plan through the Town’s Health Insurance Waiver Program.
- The Retiree Health increase of \$156,778 is twofold driven first by an annual increase of \$125,000 toward the required OBEB contribution and secondly by an additional \$31,778 to support active retiree funding.

2. Supplies and Services:

FY 13/14	FY 14/15	FY 15/16	FY 16/17
\$5,617,160	\$5,741,411	\$5,882,756	\$6,025,171

The Services and Supplies portion of the Town’s municipal budget totals \$6,025,171 for fiscal year 2016/2017, an increase of \$142,415 (2.42%). In order to efficiently manage

BUDGET MESSAGE

the budget, the Town has contracted for private services in the past where analysis shows that this is the most effective way to provide basic services, and it will be continued this year. The increase in cost is due to contractual services, fire hydrant rentals and an increase in the operating grant to the Avon Volunteer Fire Department.

3. Capital Outlay:

<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>
\$22,837	\$47,075	\$53,880	\$56,409

Capital Outlay includes capital items of less than \$20,000 with a life expectancy of less than five (5) years. Capital Outlay represents 0.24% of the operating budget.

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

**Capital Budget and Debt Service Expenditures
FY 2012/2013 to FY 2016/2017**

<u>FISCAL YEARS</u>	<u>Appropriated 2012/2013</u>	<u>Appropriated 2013/2014</u>	<u>Appropriated 2014/2015</u>	<u>Appropriated 2015/2016</u>	<u>Recommended 2016/2017</u>
Debt-Service	\$4,546,338	\$3,858,790	\$3,647,490	\$3,300,940	\$2,789,290
Capital Improvement Program	\$1,772,783	\$2,413,297	\$2,590,637	\$3,531,172	\$4,400,537
TOTAL	<u>\$6,319,171</u>	<u>\$6,272,087</u>	<u>\$6,238,127</u>	<u>\$6,832,112</u>	<u>\$7,189,827</u>

a. Capital Improvement Program

Projects, programs and equipment over \$20,000 and with a life expectancy over five (5) years are included in the Capital Improvement Program. The Town budget reflects a continued emphasis on “Pay-as-you-go” cash funded Capital Improvement Program. (See Tabs O & R for details).

The proposed Capital Budget for fiscal year 2016/2017 is \$4,400,537. The top six Capital Budget Items, not including sewer related projects, are as follows:

Road Surface Improvements	\$1,053,537
APD Building Improvements	\$ 250,000
AMS Science Labs-Phase II	\$ 228,000
PGS Air Handling/RTU Rpl.-Phase 1	\$ 227,000
Rpl. 1990 Aerial Truck Replacement	\$ 200,000
Old Wheeler Lane Bridge Rehabilitation	\$ <u>200,000</u>
Total	\$2,158,537

BUDGET MESSAGE

b. Debt Service

The Town Debt Service Budget is \$2,789,290 a decrease of \$511,650 or -15.50% from fiscal year 2015/2016. The gross obligation of \$3,039,288 is offset by the use of \$250,000 in accumulated bond and note sale premium (noted in Tab M). \$250,000 in accumulated bond and note sale premium was also used to offset the gross debt service obligation in fiscal year 2015/2016.

Approximately 80% of the Town's Debt Service is committed to the Town's support for its educational facilities, while 20% has been allocated for non-educational projects. The decline in debt service reflects the planned retirement of debt. While the Town has not been able to take advantage of the interest rate situation from a revenue standpoint, the low interest rates have been advantageous in issuing debt. It is the Town's intent to keep its per capita debt at a level acceptable to municipal securities rating agencies and to retire its debt rapidly.

This approach rewarded the Town in June 1998, with AAA/Aaa ratings from both Standard & Poor's and Moody's (the first such upgrade in Connecticut by Moody's in nineteen years). This rating was reaffirmed by both rating agencies in June 2002, Standard and Poor's in 2005, by both agencies in 2008 and 2009. In October 2012, both Moody's and Standard and Poor reaffirmed the AAA rating with a stable outlook.

RESERVES

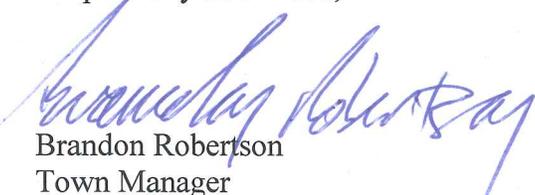
Use of Undesignated General Fund Balance:

The Town's General Fund Unassigned Fund Balance for the fiscal year ending June 30, 2015 amounted to \$8,003,009 or 9.17% of fiscal year 2014/2015 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 2015/2016 and no use of fund balance has been budgeted for fiscal year 2016/2017.

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 2016/2017 budget process began in August 2015. 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

