

# Town of Avon



## Proposed FY22 Town Operating Budget

April 6, 2021

Gregory Enos, Town Administrator

Deb Morin, Treasurer-Collector

Erin Barry, Town Accountant

## **I. TOWN ADMINISTRATOR'S BUDGET MESSAGE**

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Dear Honorable Board of Selectmen and Members of the Finance Committee,

I am pleased to present you the proposed budget for the Town of Avon for Fiscal Year 2022. When we started on to craft this budget, there were many unknowns related to COVID-19 and the ongoing fiscal impacts to the Commonwealth, the Town and to our residents. It was imperative to work to provide a balanced budget that maintains the great service expected of residents while not impacting those financially impacted by COVID-19.

The proposed budget is balanced based on the amended projected revenues, transfers, and recommended expenditures. By working within the framework above, and using the Governor's new state aid figures, we were able to create a budget that will save over \$500,000 from being levied from taxation.

The Town Accountant, Treasurer-Collector and I have been working with department heads and Town Leadership to prepare this proposal since December. We believe this budget proposal, as presented, sustains existing service levels for all departments and includes improvements for others. All while maintaining the stable financial standing of the Town.

Overall, this proposal increases the town's operating budget by 2.86%, a total of \$764,957 more than FY21. However, as mentioned, this budget has an approximate increase of state aid of about \$451,000. This lessens the burden to the taxpayer.

As you will see in budget document below, the budget has seen large increases to fixed costs for things such as health insurance, pension obligations and debt payments. Due to some work by the Finance Team, we have been able to balance these increases in this budget by refinancing some obligations, paying down some bonds, pre-paying Norfolk County Retirement. These have allowed the Town to save approximately \$300,000 this year alone.

This budget also focuses on our obligation to our students. This budget includes a 5.5% increase in funding. As stated above, the Town received approximately \$450,000 more in state aid than projected for FY21. Most of this increase in funding was related to Chapter 70 as the needs for special services, such as counselors and language specialist are needed for Avon based students.

Demands on certain departments continue to grow. In the upcoming year, we will begin reviewing compensation and staffing plans and work in collaboration with the School Department as we look at ways to improve shared services and efficiencies.

We have begun to implement a five-year capital plan, which was delayed due to COVID-19, and work with the rejuvenation the Capital Committee to work to ensure our equipment, buildings and facilities are maintained. This is even more important with the commitment of the residents on the construction/renovation of our public safety buildings, various capital improvements at the library and town hall HVAC improvements. The Warrant has capital items to work toward this goal.

I want to thank all those involved with completing the FY22 budget process. We have projected and tracked revenues, worked with state delegations on state aid (and will continue to push for additional aid), and met jointly with the finance committee during budget meetings to discuss/review each major department.

I am confident that you will find that the material contained within this document is consisted with the purposes and policies prioritized by the Board.

Respectfully submitted,

Gregory S. Enos  
Town Administrator

## II. BUDGET CHANGES

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The goal of the Board of Selectmen was to craft a budget that had as little of an impact to taxpayers as possible. The starting point was FY21 expense lines for town departments. In FY21, each department lowered their expenses by a minimum of 10% due to COVID-19. Most expenses were related to travel and trainings that were impacted due to COVID-19 and not probably coming back fully in FY22.

Category	FY21	FY22	Difference
Benefits/Insurance	\$3,584,200.00	\$3,722,000.00	\$137,800.00
Retirement	\$1,646,399.00	\$1,705,397.00	\$58,998.00
Debt Service	\$2,053,718.00	\$1,997,926.00	\$(55,792.00)
General Government	\$2,998,656.00	\$2,989,213.00	\$(9,443.00)
Public Safety	\$4,134,657.00	\$4,266,310.00	\$131,653.00
DPW	\$1,653,199.00	\$1,638,915.00	\$(14,284.00)
Education	\$10,197,685.00	\$10,639,210.00	\$441,527.00
Trash	\$493,500.00	\$568,000.00	\$74,500.00
Total:	\$26,762,014.00	\$27,526,971.00	\$764,957.00

Overall, the FY22 budget resulted in an overall increase of \$764,957 (2.86%). Debt Service was reduced by \$55,792 with the approval of the article at town meeting to pay the last two years of a bonded water project.

Other general reductions were:

**Salary Reserve:** Reduced \$50,000 as two of four contracts settled.

**Blue Hills:** Reduced by \$54,475 due to enrollment decrease.

**Town Clerk:** Reduced \$10,000 for recording secretary line and additional \$3,000 for elections.

**Building Maintenance:** Reduced by \$10,000 with assistance by DPW staff and other articles

**Street Lighting:** Reduced by \$8,000 due to LED conversion savings.

**Retirement Sic/Vac:** Reduced \$55,000. Warrant article to pay from available funds rather than raise and appropriate due to budget constraints.

Most increases in various departments were related to collective bargaining agreements with town employees. These were the modest increases. One outlier is waste management budget. This is due to our contracts ending and those costs have skyrocketed lately. The cost to dispose of trash alone has increased by close to 20%.

There are two new positions in the town budget. One position is for a police officer. This position was requested and approved during FY21 budget discussions but removed once COVID-19 ramifications were factored in. The position has been funded in FY22. This position will allow the School Resource Officer (SRO) be dedicated to the schools while in session. Currently, the SRO is one of three officers on duty and may need to leave to handle calls as necessary.

The other position is a non-benefited, part time position in the Board of Health. Due to the COVID-19 Pandemic, the need for administrative support for the Board of Health has become imperative. The department is at the front of dealing with the pandemic and all that it entails (enforcement, education, vaccinations, etc.). Currently, there is only the FT Health Agent to manage the day-to-day operations, trash operations, composite site management, food inspections and other matters under the Board of Health. Part of the funding for the position will be handled by CARES funding. This position is being categorized as temporary for this year to review the needs of the department post COVID-19.

### III. REVENUE PROJECTIONS

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The Town relies on four sources of revenue. These are Tax Levy, New Growth, Local Receipts and State Aid.

The primary driver of revenue available is the property taxes. In most years, the Town will recommend taxing to the capacity allowed by proposition 2.5 to maintain services. This budget does not. In working within the BOS goal of lessening the impact to the taxpayers of Avon, this budget remains worked.

In FY21, the Town was told to fear massive cuts to state aid. FY22 preliminary cherry sheets are appearing stable due to increase revenue projections from state.

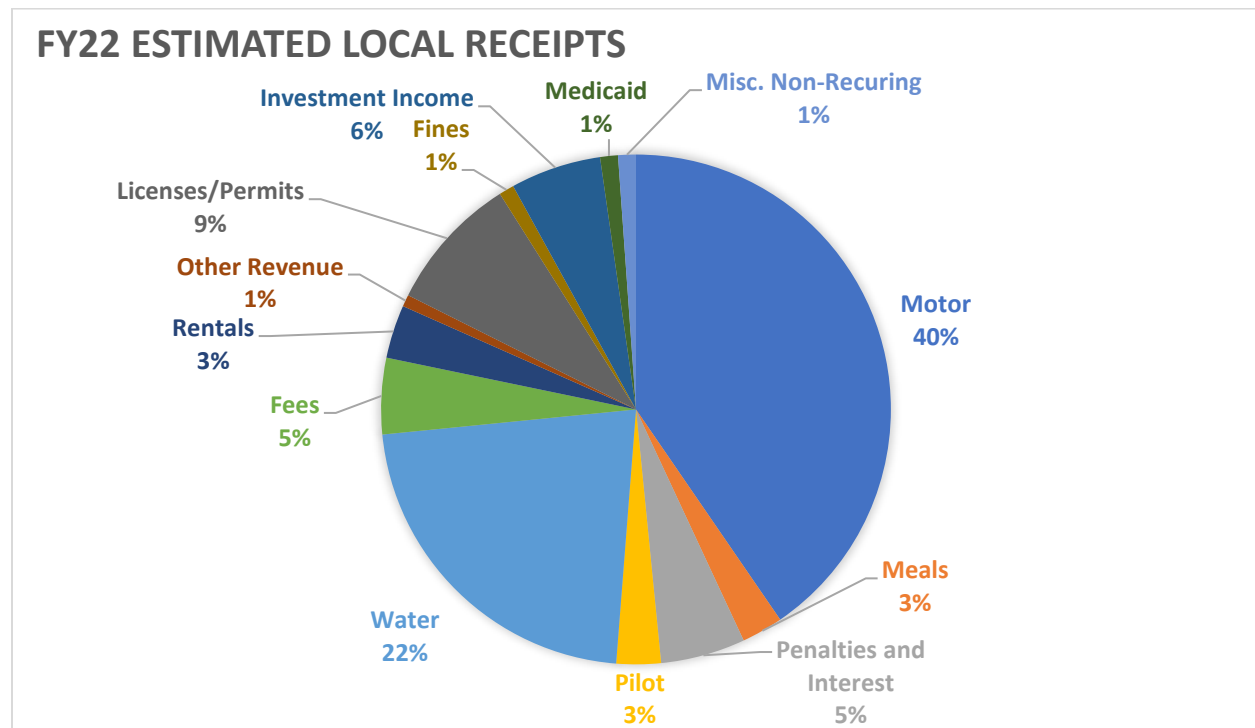
With increase in State Aid, there is less reliance on Levy in FY22. This allows the town to not raise and appropriate up to the full 2.5% allowed by law. This amounts to approx. \$500,000.

Revenue	FY21	FY22	Notes/Totals
Levy	\$21,007,325	\$21,834,086	\$51,578 additional new growth
2.5%	\$525,183	45,852	Leaves \$500K of levy capacity
New Growth	\$250,000	\$250,000	
Total:	\$21,782,508	\$22,129,938	\$347,430 increase
Local Receipts:	\$2,630,981	\$2,660,981	\$30,000 (National Grid)
State Aid:	\$2,294,200	\$2,745,200	\$451,000 increase
Transfers/Offsets	\$60,000	\$174,000	\$56,000 decrease
Totals:	\$26,767,689	\$27,710,119	\$772,430 increase

Local Receipts are locally generated revenues other than real and personal property taxes, such as motor vehicle excise, penalties and interest, investment income, permit fees and rental income.

During the development of the estimated revenue for the ensuing year, each of these groupings is reviewed. The analysis included reviewing actual collections versus estimates for the last couple of

years. An estimate is created to calculate at 85% of last year's completed years collection. However, in FY21, due to COVID-19, these projections were not used. The estimated \$2,630,981 used was based on indicators from state officials and further research by the finance team. We are on pace to collect the \$2.6M figure for FY21 but many indicators give us pause to increase much beyond what is potentially due to a one-time figure from National Grid as part of the LED streetlight conversion project.



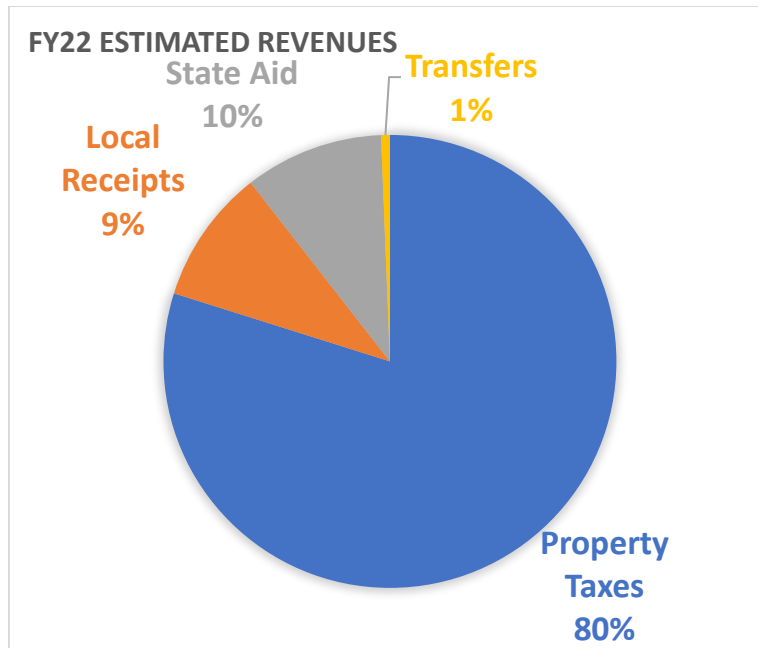
Transfers/offsets are related to \$49,000 from the CMVI account for the purchase of a police cruiser as allocated in the budget and \$125,000 from ambulance receipts to offset costs associated with staffing and expenses in the fire department. There is no one time revenues (free cash) used to offset this budget.

The total additional revenue for FY22 is \$772,430 with most of it coming from State Aid at 19.55% increase from FY21 projections while property tax is a much smaller 1.59% increase. FY21 also had a small dependency on free cash that did not happen due to some additional state aid that came in after the budget was approved.

REVENUE SOURCE	FY21	FY22 PROJECTED	DIFFERENCE	%
Property Tax	\$21,782,508	\$22,129,938	\$347,430	1.59%
Local Receipts	\$2,630,981	\$2,660,981	\$30,000	1.14%
State Revenue	\$2,294,200	\$2,745,200	\$451,000	19.55%

Transfers	\$230,000	\$174,000	-\$56,000	-24.35%
Totals:	\$26,937,689	\$27,710,119	\$772,430	2.87%

In the following chart, you can see the breakdown, as percentage, of the revenue categories. Property taxes dropped from 81% to 80% with state aid going up to 10% from 9% in FY21. With a slowly recovering economy, the hope is to see state aid and local receipt figures increase to alleviate reliance on property taxes.





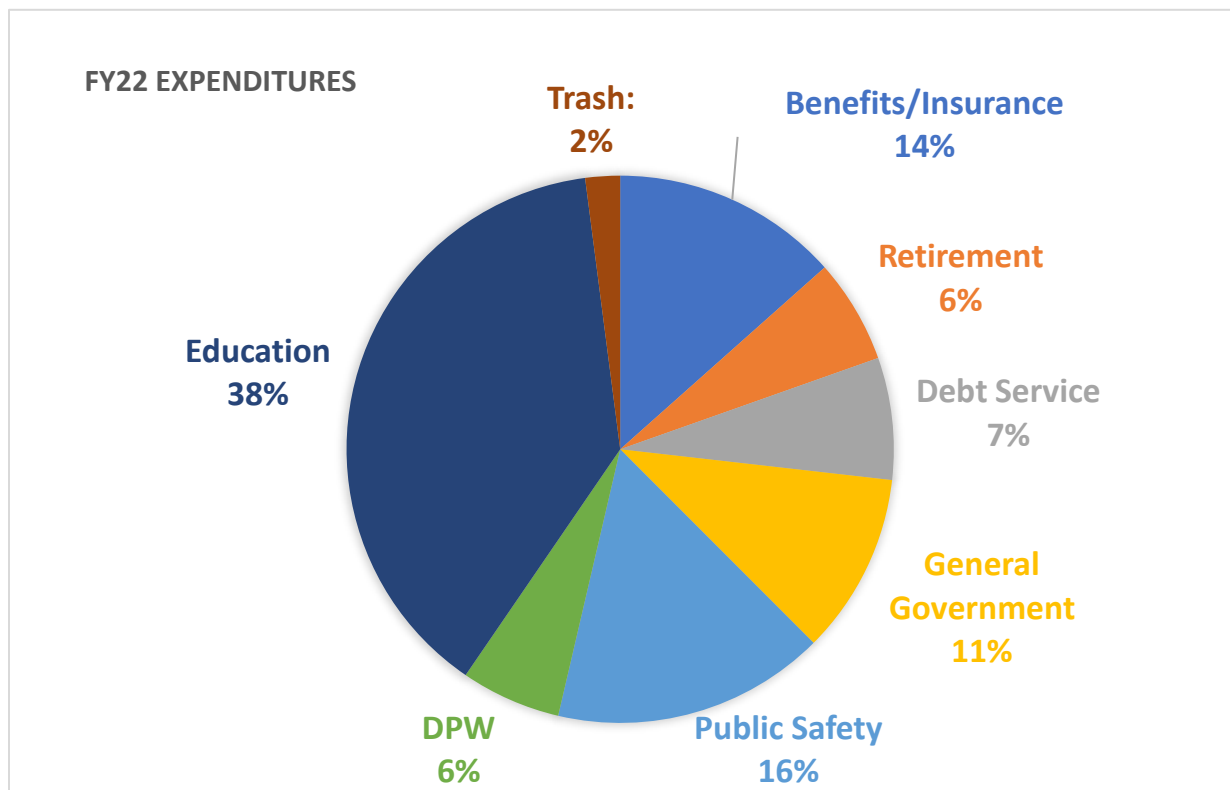
#### IV. EXPENSES

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As mentioned above, working with the framework of FY21 COVID restrictions. All town departments reduced expenses by 10% to balance the budget. This becomes the baseline for FY22.

Working with the goal set by the BOS, any additional increase in expenses or collective bargaining agreements were reviewed and discussed in various budget workshops held jointly with the Finance Committee.

Most increases in expenses were discussed in Section II. Budget Changes. The School Committee did lower their FY22 request by \$170,000 while working within the parameters of the budget. As mentioned, they have requested a significant increase due to demands on services such as ESL and counselors for Avon students.



## V. AT A GLANCE REPORT

### *DLS At A Glance Report for Avon*

Socioeconomic	
County	NORFOLK
School Structure	K-12
Form of Government	OPEN TOWN MEETING
2015 Population	4,498
2020 Labor Force	2,675
2020 Unemployment Rate	7.60
2017 DOR Income Per Capita	35,405
2009 Housing Units per Sq Mile	412.35
2018 Road Miles	35.19
EQV Per Capita (2018 EQV/2015 Population)	190,276
Number of Registered Vehicles (2015)	5,399
2012 Number of Registered Voters	3,065

Bond Ratings	
Moody's Bond Ratings as of August 2020*	Aa2
Standard and Poor's Bond Ratings as of July 2020*	AA+

\*Blank indicates the community has not been rated by the bond agency

Fiscal Year 2020 Estimated Cherry Sheet Aid	
Education Aid	3,078,315
General Government	794,967
Total Receipts	3,873,282
Total Assessments	421,001
Net State Aid	3,452,281

Fiscal Year 2021 Tax Classification			
Tax Classification	Assessed Values	Tax Levy	Tax Rate
Residential	515,507,905	8,650,223	16.78
Open Space	0	0	0.00
Commercial	140,345,795	4,421,990	31.60
Industrial	221,456,500	6,998,025	31.60
Personal Property	54,145,540	1,709,375	31.57
Total	931,455,740	21,779,613	

Fiscal Year 2021 Revenue by Source		
Revenue Source	Amount	% of Total
Tax Levy	21,779,613	73.19

State Aid	3,694,032	12.41
Local Receipts	2,688,920	9.04
Other Available	1,595,591	5.36
Total	29,758,156	

Fiscal Year 2021 Proposition 2 1/2 Levy Capacity	
New Growth	301,578
Override	
Debt Exclusion	933,148
Levy Limit	23,037,567
Excess Capacity	1,257,954
Ceiling	23,286,394
Override Capacity	1,452,308

Other Available Funds		
FY2021 Free Cash	FY2020 Stabilization Fund	FY2021 Overlay Reserve
3,257,922	2,728,399	719

Fiscal Year 2021 Average Single Family Tax Bill**	
Number of Single Family Parcels	1,294
Assessed Value of Single Family	338,411
Average Single Family Tax Bill	5,679

State Average Family Tax Bill	
Fiscal Year 2018	5,786
Fiscal Year 2019	6,021
Fiscal Year 2020	6,244

*Avon issues tax bills on a Quarterly basis*

\*\*For the communities granting the Residential or Senior exemptions, DLS does not collect enough information to calculate an average single family tax bill. In FY2020, those communities are Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Hopkinton, Malden, Nantucket, Provincetown, Reading, Somerset, Somerville, Sudbury, Tisbury, Truro, Waltham, Watertown and Wellfleet. Therefore, the average single family tax bill information in this report will be blank.

#### Fiscal Year 2020 Schedule A - Actual Revenues and Expenditures

	General Fund	Special Revenue	Capital Projects	Enterprise Funds	Trust Revenue	Total All Funds
<b>Revenues</b>	27,472,047	2,894,284	0	0	535,793	30,902,124
<b>Expenditures</b>	26,829,477	2,533,647			19,748	29,382,872
<b>Police</b>	2,332,274	0	0	0	0	2,332,274
<b>Fire</b>	1,782,468	0	0	0	0	1,782,468
<b>Education</b>	9,862,404	1,619,333		0	0	11,481,737
<b>Public Works</b>	2,408,435	220,728			0	2,629,163
<b>Debt Service</b>	1,556,051					1,556,051
<b>Health Ins</b>	2,880,591				0	2,880,591
<b>Pension</b>	1,560,189				0	1,560,189
<b>All Other</b>	4,447,065	693,586	0	0	19,748	5,160,399

Total Revenues and Expenditures per Capita						
	General Fund	Special Revenue	Capital Projects	Enterprise Funds	Trust Revenue	Total All Funds
<b>Revenues</b>	6,107.6	643.5	0.0	0.0	119.1	6,870.2
<b>Expenditures</b>	5,964.8	563.3	0.0	0.0	4.4	6,532.4

This data only represents the revenues and expenditures occurring in these funds and does not reflect and transfers to or from other funds. Therefore, this data should not be used to calculate an ending fund balance.

If you have questions regarding the data contained in this report, please contact the Municipal Databank/Local Aid Section at (617) 626-2384 or [databank@dor.state.ma.us](mailto:databank@dor.state.ma.us)