

Budget Drivers Narrative 2019-2020

The proposed fiscal year 2019-2020 budget displays salaries as the major driver influencing the \$1,140,542.20 increase from the prior fiscal year. In general, salaries and benefits make up close to 80.0% of the District's annual operating budget. Transportation and tuition account for just over 10.0% of the total budget, followed by contracted services, utilities, supplies, equipment and all other line item expenditures.

The Avon Board of Education and the Town of Avon have seen annual health insurance increases ranging between -4.35% and 6.1% over the last five years. During the previous budget cycle, and following an extremely favorable 12 month health insurance claims experience, the Town of Avon health insurance consultant recommended a negative premium increase of -4.35% for fiscal year 2018-2019. Subsequent to analyzing the current claims activity between September 2017 and October 2018, both the Town and Board will be increasing health insurance premiums by 4.60% for the upcoming year. Though this is a rise from the prior period, the cost for health insurance is flat year over year, with an aggregate increase of 0.25%. This phenomenon is a tribute to the Board's commitment to consistently negotiating high deductible health plans over the past six years and benefits employees and the Town directly.

The Town of Avon investment retirement accounts are overseen by the Ad Hoc Pension Investment Advisory Committee. The July 1, 2018 valuation is pending completion, however, the estimated funded ratio for the Board of Education Town of Avon Pension Plan is 78.0%. Milliman, the Town of Avon's consulting actuarial firm, projected the funded ratio to grow as of July 1, 2019 to 81.0% and again in July 1, 2020 to 84.0%, should the Board remain diligent in funding its pension obligation annually. The 2019-2020 budget includes \$762,000.00, an increase of \$63,384.00 over the prior year, for the Board's actuarially determined pension contribution.

The Board has also been attentive to funding its OPEB (Other Post Retirement Benefits) obligations according to the actuarially determined amount beginning in fiscal year 2017-2018. The 2019-2020 budget continues to fund this responsibility in full totaling \$645,000.00, an increase of \$24,645.00 from the 2018-2019 budget. Because this account had not previously been funded at sufficient levels, the estimated funded ratio as of July 1, 2018 is 20.0%, growing steadily however, to 27.0% and 33.0% over a two year period by maintaining recommended contribution levels.

Transportation has remained relatively stable due to the negotiated fixed annual increase of 1.774% through 2024. The 2019-2020 budget includes a 3.35% increase of transportation related expenses driven by anticipated special education summer and higher high school athletic transport needs. Projected tuition costs also rose for the upcoming budget year over 9.0%. Special education outplacement facilities and magnet school tuition obligations continue to escalate between 4.0% and 8.0% annually, accounting for the estimated funding.

The District's property, liability, auto and athletic / student activities insurance coverages are projected to only increase a total of \$3,195.99 for fiscal year 2019-2020. An allocation adjustment in the 2018-2019 budget for workers compensation insurance divided the obligation equally between the Town and Board. Workers compensation coverage continues to be the primary driver under the other insurances category, representing a 8.51% increase, or \$19,680.73 for the new budget year.

The latest building replacement values issued by The Travelers are as follows:

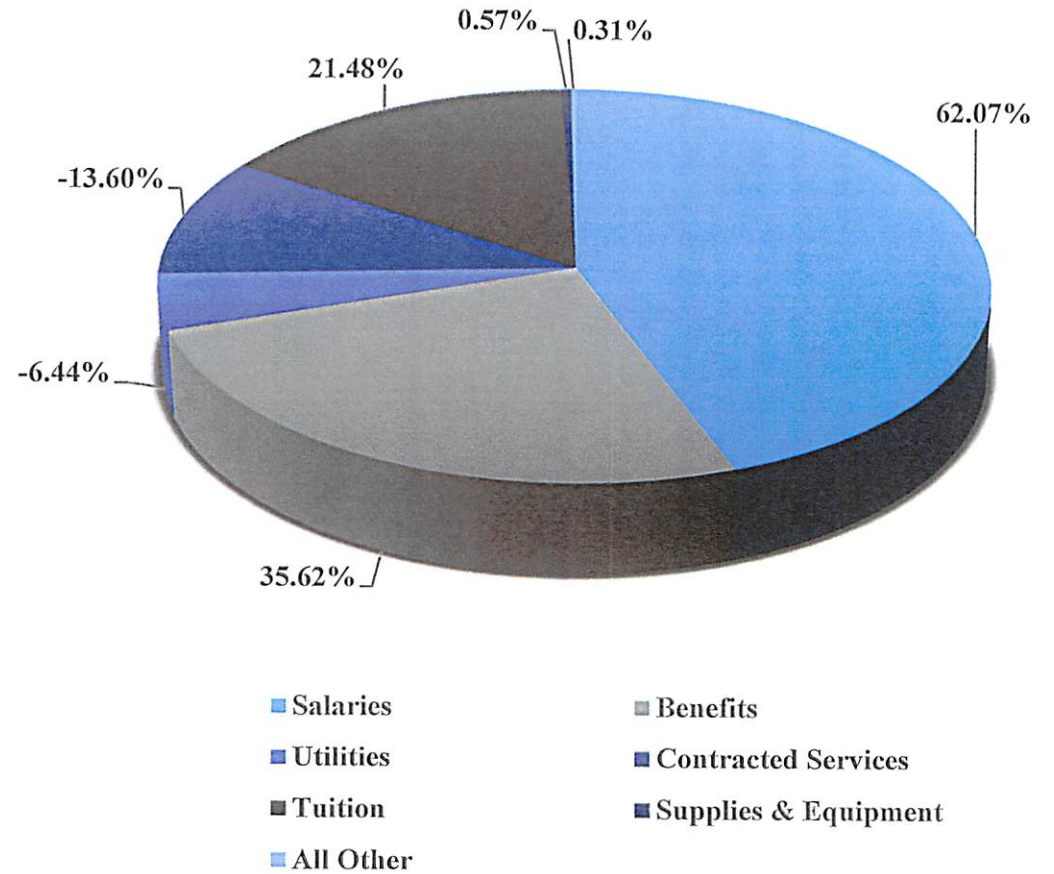
Location	Replacement Value (as of 7/1/2018)	Square Footage
Avon High School	\$65,582,660	220,000
Avon Middle School	\$36,489,144	148,551
Thompson Brook School	\$23,988,828	98,405
Pine Grove School	\$20,563,812	85,090
Roaring Brook School	\$17,791,188	75,406
Central Office	\$1,973,292	7,893
<i>Total</i>	<i>\$166,388,924</i>	<i>635,345</i>

In addition to the above expenditure drivers, the District also utilizes a variety of contracted services, the most notable being substitute coverage for teachers, paraeducators and secretaries provided by Kelly Educational Staffing. Teacher vacancies requiring a substitute continued to decrease from 3,417 recorded in 2016-2017 to 3,303 recorded in 2017-2018, with a minor increase to teacher fill rates from 93.6% to 93.7%. Conversely, paraeducator vacancies requiring a substitute again increased from 999 recorded in 2016-2017 to 1,084 recorded in 2017-2018. The identified general reduction of certified staff substitute needs allowed a significant decrease of \$99,152.37 to the 2019-2020 budget.

Percentage of Increase by Category

Fiscal Year 2019/2020

Category	19/20 Budget	Percentage
Salaries	707,911.69	62.07%
Benefits	406,225.96	35.62%
Utilities	(73,450.52)	-6.44%
Contracted Services	(155,104.81)	-13.60%
Tuition	244,980.91	21.48%
Supplies & Equipment	6,447.15	0.57%
All Other	3,531.82	0.31%
<i>Total Gross Budget Increase</i>	<i>1,140,542.20</i>	<i>1.98%</i>



Budget Drivers FY 2017/2018 through 2019/2020

