

**TOWN OF AVON
PENSION TRUST
FIDUCIARY FUND
FISCAL YEAR 2021/2022**

NAME OF FUND: Pension Trust (18)

FUND TYPE: Fiduciary Funds (Trust and Agency Funds)

PROGRAM DESCRIPTION

Per recommendation of our independent auditors, the appropriations for the fund are in the General Fund and Sewer Fund. For financial reporting purposes, the Town will continue to report a separate Pension Trust Fund identified within the Fiduciary Type. Fiduciary Funds are used to account for assets held by a governmental unit acting as a trustee or agent for individuals, organization, other governmental units, or other fund of the same governmental unit. For that reason, fiduciary funds are identified as Trust and Agency Funds.

The Employees Retirement Pension Trust Fund is used to report the accumulation of resources for pension benefit appropriations and payments to qualified Town and Board of Education employees. The Town also maintains seven agency funds: the AHS, AMS, RBS, PGS, and TBS Student Activity Fund, the Board of Education Flexible Spending Account, the C-PACE Clean Energy Fund, the Police Cadet Activities Fund, the Compliance Bond Deposits Fund, the Trail Equipment Replacement Fund, and the Asset Forfeiture Fund. No estimated revenues or appropriations are budgeted by the Town, since the Town acts only as a custodian of assets. Furthermore, an agency funds will have little or no fund balance.

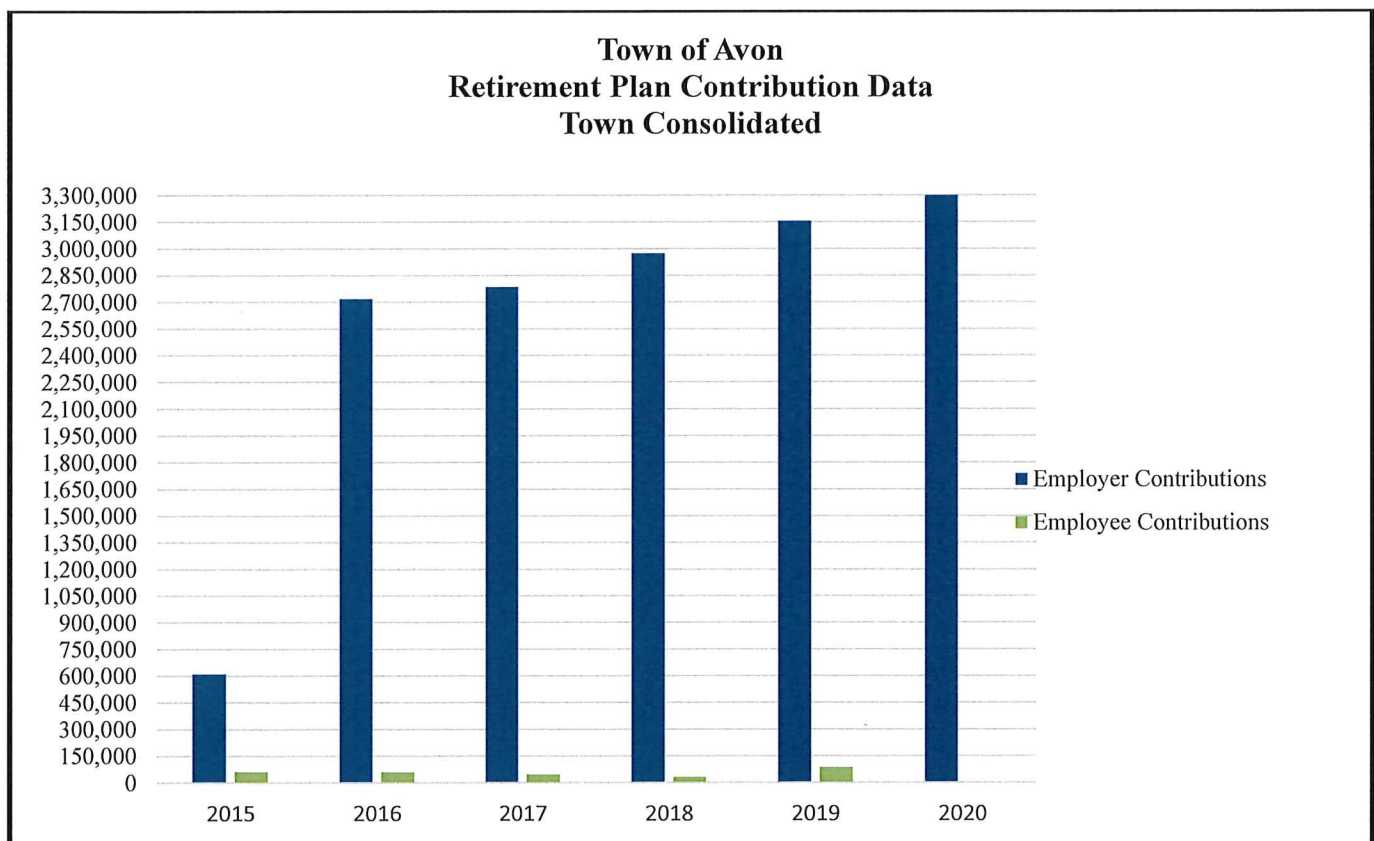
					2021/22	2021/22	2021/22	2021/22	
					REQUESTED	RECOMMENDED	DOLLAR	PERCENT	
			2019/20	2020/21	2020/21	TOWN	TOWN	2021/22	
BUDGET			BUDGETED	BUDGETED	ESTIMATED	MANAGER	COUNCIL	ADOPTED	
								INCREASE/	
								(DECREASE)	
								-DECREASE	
REVENUES:									
Operating Revenues 'from':									
General Fund									
01	43623	General Government (Town)	\$3,075,150	\$3,486,031	\$3,486,031	\$3,750,737	\$3,677,590	\$191,559	5.50%
01	43918	FB Assigned for Pension	200,000	200,000	200,000	200,000	200,000	-	0.00%
01	43628	Board of Education	762,000	718,928	718,928	856,552	856,552	137,624	19.14%
Total General Fund			4,037,150	4,404,959	4,404,959	4,807,289	4,734,142	329,183	7.47%
05	43623	Sewer Fund	72,932	82,677	82,677	88,955	87,220	4,543	5.49%
TOTAL REVENUES			\$4,110,082	\$4,487,636	\$4,487,636	\$4,896,244	\$4,821,362	\$333,726	7.44%
BUDGET:									
APPROPRIATIONS:									
01	51032	General Government (Town)	\$3,275,150	\$3,686,031	\$3,686,031	\$3,950,737	\$3,877,590	\$191,559	5.20%
01	55000	Board of Education	762,000	718,928	718,928	856,552	856,552	137,624	19.14%
Total General Fund			4,037,150	4,404,959	4,404,959	4,807,289	4,734,142	329,183	7.47%
05	51032	Sewer Fund	72,932	82,677	82,677	88,955	87,220	4,543	5.49%
TOTAL APPROPRIATIONS			\$4,110,082	\$4,487,636	\$4,487,636	\$4,896,244	\$4,821,362	\$333,726	7.44%

Presented above are the recommended appropriations within the General Fund and Sewer Fund for the Employees Retirement Pension Trust Fund. On September 4, 2003, a pension funding change was made in the amortization method from level dollar to level percent, which has had a positive impact on the funding calculations. Effective July 1, 2009, the asset smoothing method was changed so that +/- 20% "corridor" was removed. For fiscal year 2012/2013, the Town's actuaries determined that liabilities for all of the plans came close to what was expected. A decision was made to reduce the actuarial assumption for the Town plans by .25%, with the increase in employer contributions to be funded from a Pension Assignment in the General Fund.

For fiscal years 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, and 2020/2021 the actuarial assumed interest rate was reduced to 7.50%, 7.35%, 7.25%, 7.00%, 6.75%, 6.50%, and 6.25% respectively. Additionally, for fiscal year 2020/2021, the new public-sector pension plan mortality tables (PUB-2010) were applied in the valuation calculations. The increases in employer contributions resulting from these changes in actuarial assumptions have been, and continue to be, partially funded from the pension assignment in the General Fund.

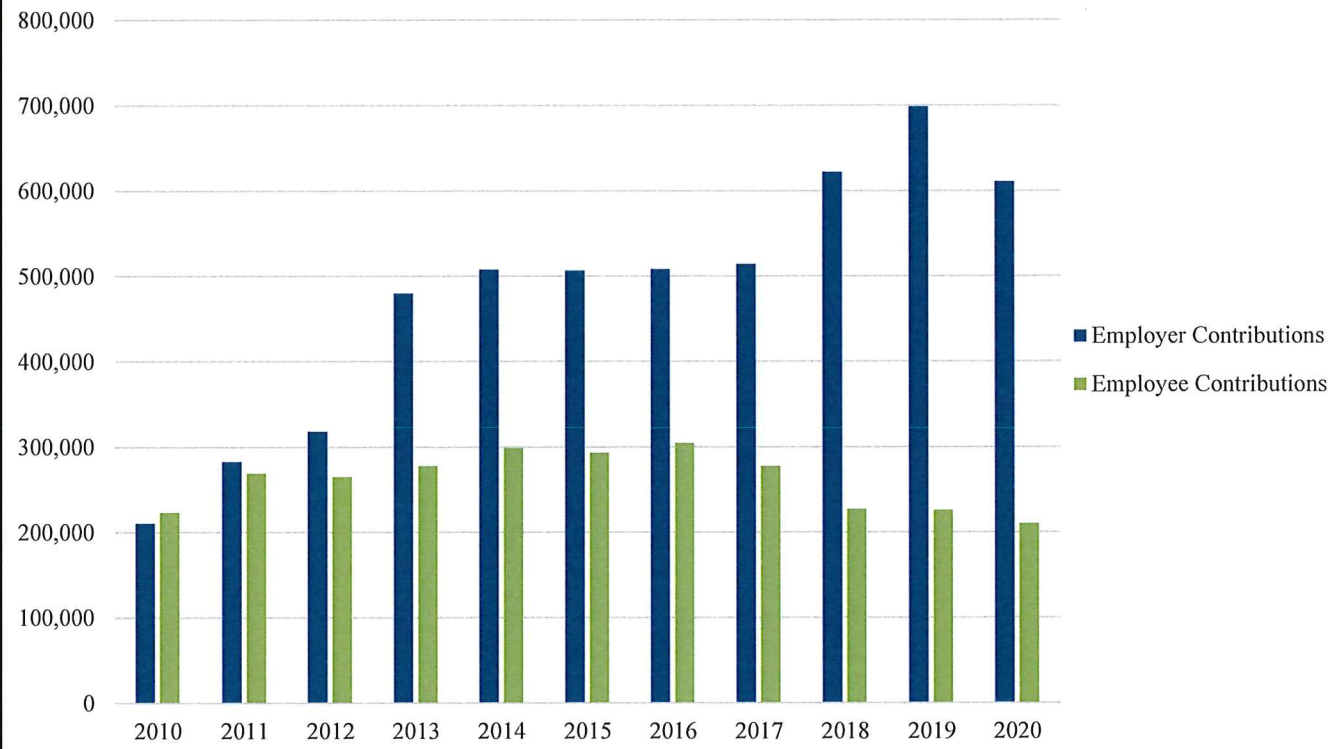
Per the Retirement Plan for Employees of the Town of Avon Actuarial Valuation as of July 1, 2019 for fiscal year ending June 30, 2021, the long-range forecast results indicate that the final payment of the Town's contributions will be ending in fiscal year 2027. This forecast is based on the following assumptions: that the interest rate will decrease from 6.50% in 2020 to 6.25% in 2021, 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, or the assumptions, or in the plan provisions. At time of publication, the Retirement Plan for the Board of Education of the Town of Avon Actuarial Valuation, as of July 1, 2019 for fiscal year ending June 30, 2021, the long-range forecast results indicate that the final payment of the Board of Education's contributions will be ending in fiscal year 2030. This forecast is based on the following assumptions: that the interest rate will decrease from 6.50% in 2020 to 6.25% in 2021, that the Board of Education 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. It is noted that since the publication of the Actuarial Valuations referenced above, the Town's actuaries have recommended further reducing the assumed interest rate to 6.00% for both the Town and Board of Education Retirement Plans.

Prior to 2014, the annual costs for Dispatchers, Non-Organized, Public Works and Police groups were determined in four separate valuations. In order to streamline administration for these four closed plans, they combined into one plan, effective June 30, 2014.



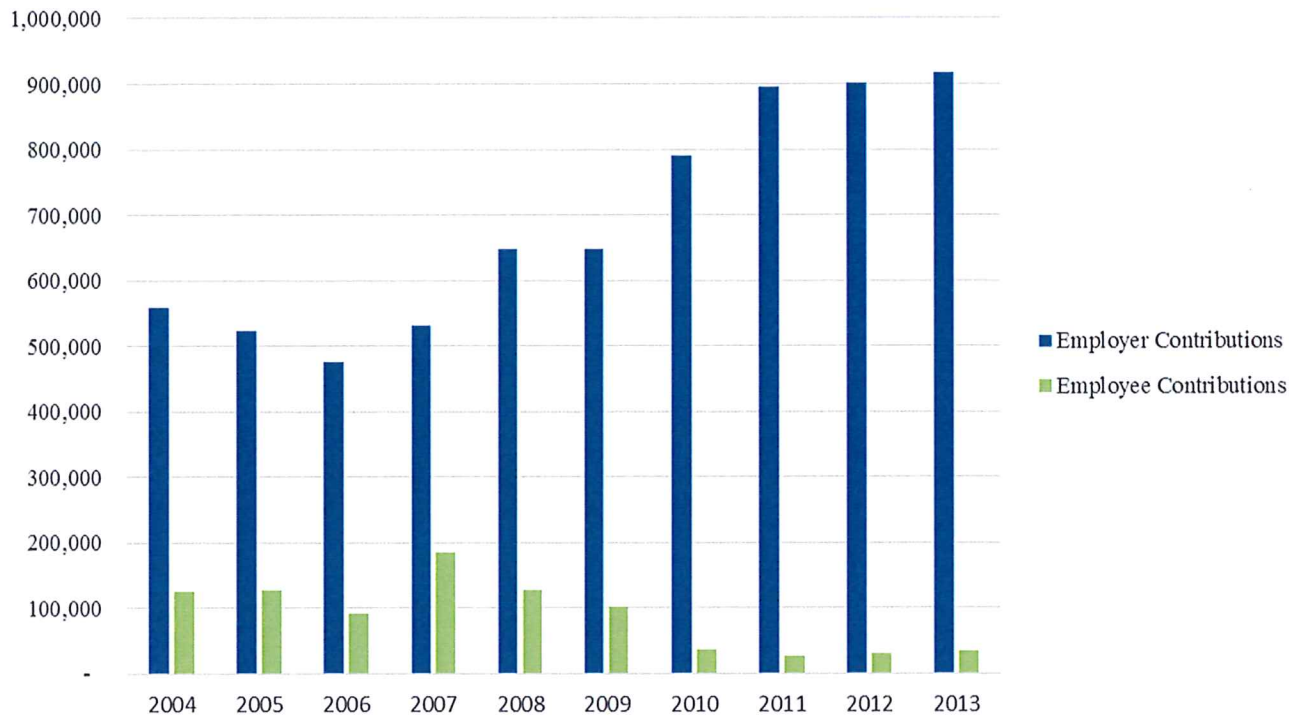
Source: June 30, 2020 CAFR, Schedule of Changes in Net Pension Liability and Related Ratios

**Town of Avon
Retirement Plan Contribution Data
Board of Education**

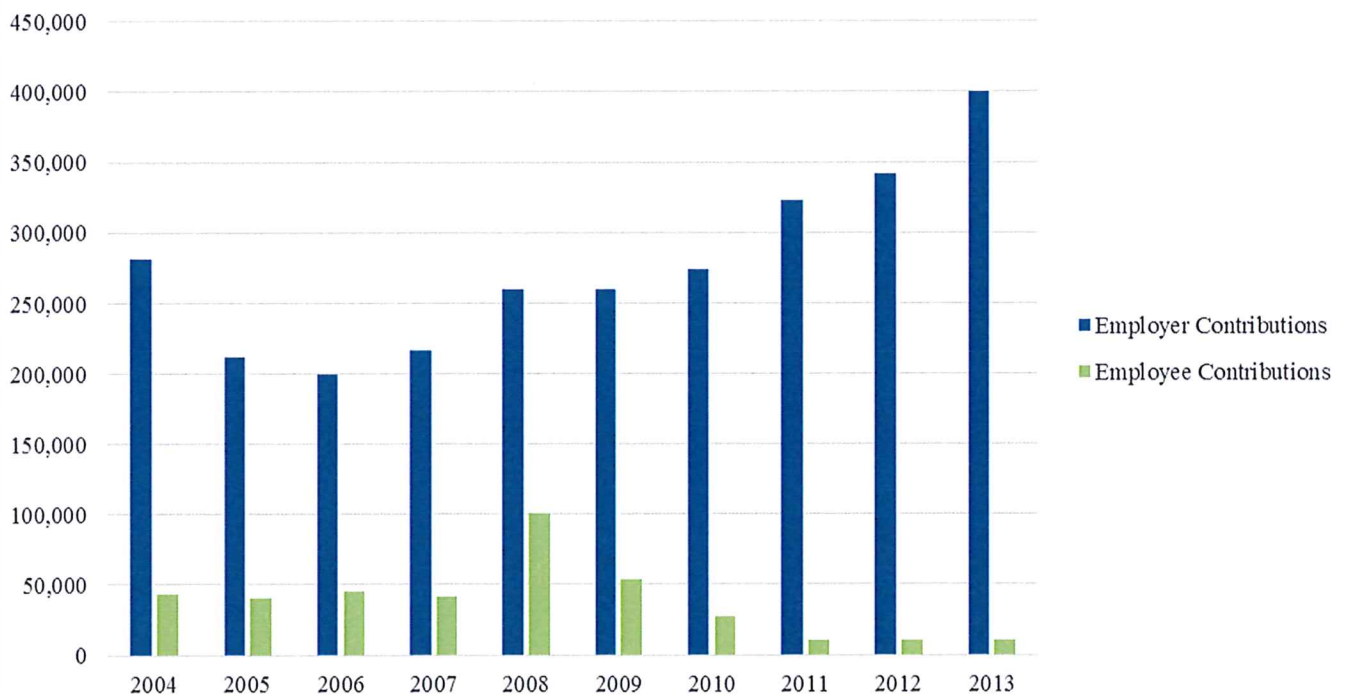


Source: June 30, 2020 CAFR, Schedule of Changes in Net Pension Liability and Related Ratios

Town of Avon Retirement Plan Contribution Data Police

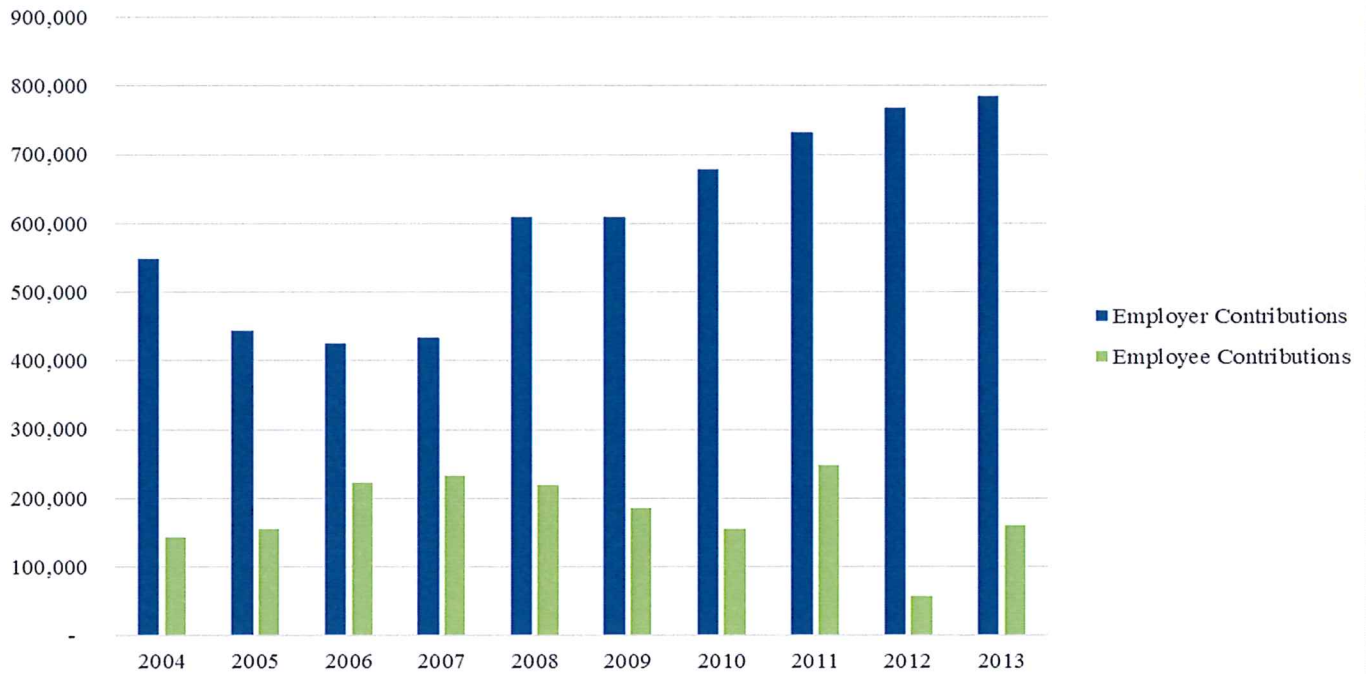


Town of Avon Retirement Plan Contribution Data Public Works

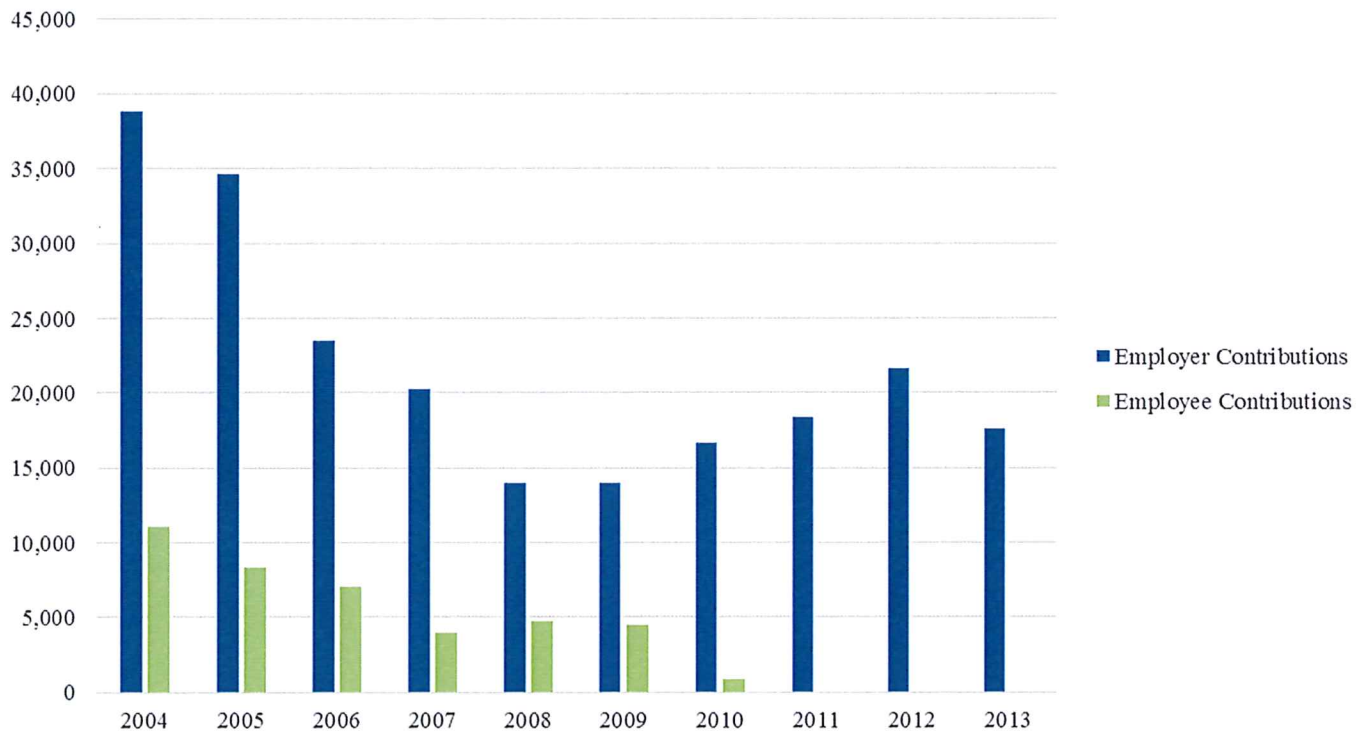


Source: June 30, 2013 CAFR, Combining Statement of Changes in Fiduciary Net Assets

Town of Avon Retirement Plan Contribution Data Non-Organized



Town of Avon Retirement Plan Contribution Data Dispatchers



Source: June 30, 2013 CAFR, Combining Statement of Changes in Fiduciary Net Assets

TOWN OF AVON
OTHER POST EMPLOYMENT BENEFITS TRUST FUND
FISCAL YEAR 2021/2022

NAME OF FUND: Other Post Employment Benefits Trust Fund (19)

FUND TYPE: Fiduciary Fund (Trust and Agency Funds)

PROGRAM DESCRIPTION:

The purpose of this trust fund is to provide funding for the actuarially determined share of the Town of Avon's liability for health and other post-employment benefits to retired employees of the Town. The Trust is intended to constitute a funding vehicle for purposes of GASB 74 and GASB 75 and to fund all or part of such liability on an annual basis using revenues generated by the Trust Fund. The Town shall budget and deposit sufficient funds to the Trust Fund in accordance with the recommendations of the actuary as contained in the actuarial report. Revenues earned from the Trust Fund are to be used to offset annual budgetary obligations of the Town of Avon, which have been incurred in funding the employer's share of employee post-retirement medical costs. Funds shall be invested in accordance with the Trust Fund Agreement and managed by an independent investment manager selected by the Town Council. Costs for management of the fund shall include, but not be limited to, direct administrative, actuarial, and investment management costs, which are to be charged to the Fund. The Trust Fund shall be used for the exclusive purposes of defraying reasonable expenses of administering the Plan and Trust and providing OPEB Benefits to Plan Participants.

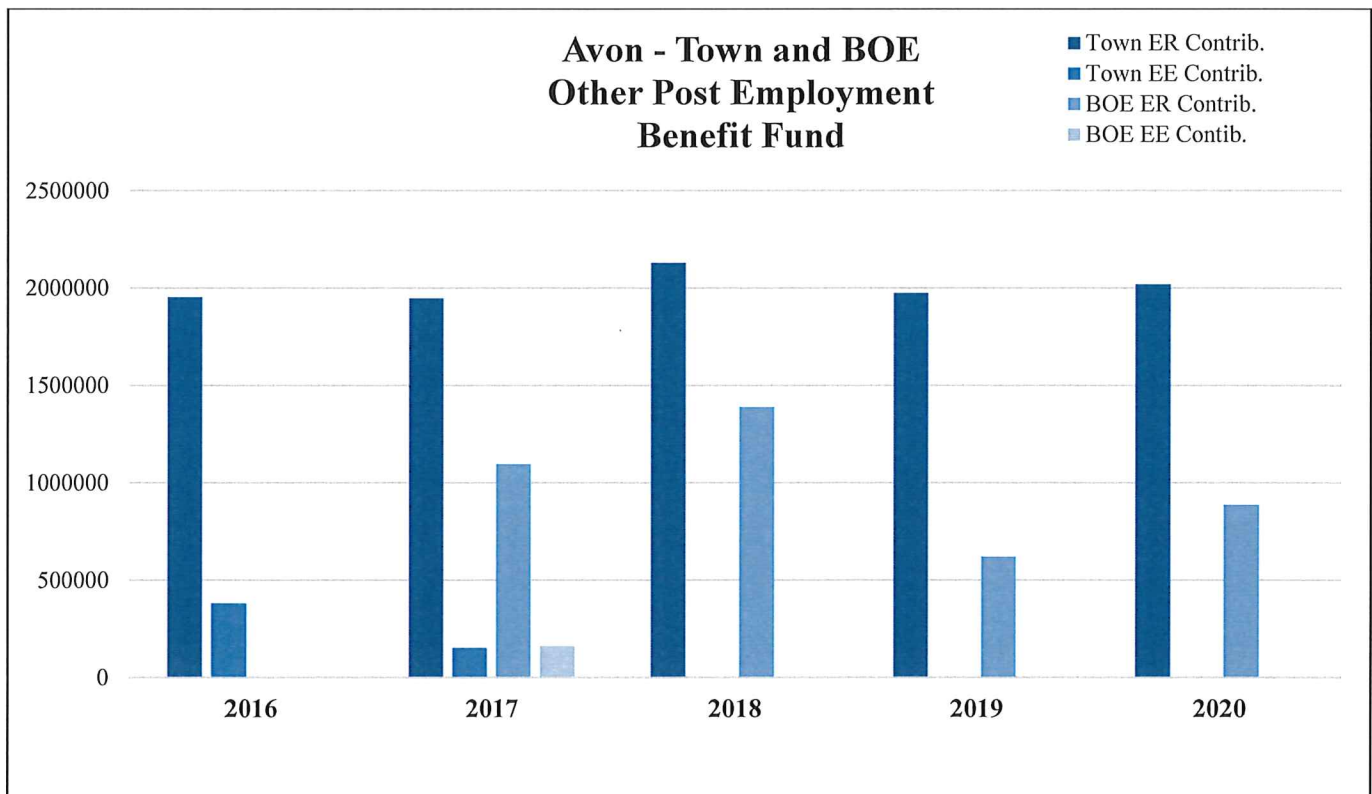
The Town Council approved creation of the fund on June 4, 2009. Presented below is the recommended appropriation for fiscal year 2021/2022 in the amount of \$1,688,731 with contributions for annual funding within the General Fund and the Sewer Fund. The Town budgeted this amount in benefit object number 51039 for net current retiree health costs of \$1,058,236 and \$630,495, a portion of the Actuarially Determined Contribution per the actuarial phase-in schedule. There is also funding in the amount of \$85,269 from the Post-Retirement Employee Medical Benefit Reserve Fund, and in the amount of \$150,000, from the post-employment benefit assignment in the General Fund. The Board of Education's contribution for fiscal year 2021/2022 decreased to \$1,066,000, which consists of \$492,000 for current retiree health costs, and the remaining portion of their Actuarially Determined Contribution of \$574,000.

				2021/22 REQUESTED	2021/22 RECOMMENDED	2021/22 DOLLAR	2021/22 PERCENT
				TOWN	TOWN	2021/22 INCREASE/ (DECREASE)	INCREASE/ -DECREASE
BUDGET	2019/20 BUDGETED	2020/21 BUDGETED	2020/21 ESTIMATED	MANAGER	COUNCIL	ADOPTED	
REVENUES:							
Operating Revenues 'from':							
General Fund:							
01 43623 Town Retiree Health ER Contrib	\$1,771,385	\$1,551,361	\$1,551,361	\$1,580,903	\$1,580,903	\$29,542	1.90%
01 43918 FB Assigned For OPEB	150,000	150,000	150,000	150,000	150,000	-	0.00%
01 43918 Transfer from PREMBF	-	80,000	80,000	85,269	85,269	5,269	6.59%
01 43628 BOE Retiree Health ER Contrib	924,907	1,113,010	1,113,010	1,066,000	1,066,000	(47,010)	-4.22%
Total General Fund	2,846,292	2,894,371	2,894,371	2,882,172	2,882,172	(12,199)	-0.42%
05 43623 Sewer Fund	98,687	105,761	105,761	107,828	107,828	2,067	1.95%
TOTAL REVENUES	\$2,944,979	\$3,000,132	\$3,000,132	\$2,990,000	\$2,990,000	(\$10,132)	-0.34%
APPROPRIATIONS:							
Trust Fund:							
01 51039 General Government	\$307,288	\$283,688	\$283,688	\$289,232	\$289,232	\$5,544	1.95%
01 51039 Public Safety	906,263	836,789	836,789	853,142	853,142	16,353	1.95%
01 51039 Public Works	616,246	590,984	590,984	602,533	602,533	11,549	1.95%
01 51039 Health & Social Services	21,872	20,193	20,193	20,587	20,587	394	1.95%
01 51039 Recreation & Parks	87,423	80,709	80,709	82,286	82,286	1,577	1.95%
01 51039 Cultural & Education	37,236	34,376	34,376	35,048	35,048	672	1.95%
01 51039 Consver.& Develop.	43,744	40,383	40,383	41,172	41,172	789	1.95%
01 55000 Retiree Health (BOE)	924,907	1,113,010	1,113,010	1,066,000	1,066,000	(47,010)	-4.22%
TOTAL APPROPRIATIONS	\$2,944,979	\$3,000,132	\$3,000,132	\$2,990,000	\$2,990,000	(\$10,132)	-0.34%

				2021/22 REQUESTED	2021/22 RECOMMENDED	2021/22 ADOPTED	2021/22 DOLLAR INCREASE/ (DECREASE)	2021/22 PERCENT INCREASE/ -DECREASE
	2019/20 BUDGETED	2020/21 BUDGETED	2020/21 ESTIMATED	TOWN MANAGER	TOWN COUNCIL			
BUDGET								
REVENUES:								
19 43620 Town Retiree Contributions	\$134,477	\$105,243	\$105,243	\$120,000	\$120,000		\$14,757	14.02%
19 43623 Town ER Contributions - GF	1,771,385	1,551,361	1,551,361	1,580,903	1,580,903		29,542	1.90%
19 43625 BOE Retiree Contributions - Medical	56,200	35,955	35,955	57,600	57,600		21,645	60.20%
19 43628 BOE ER Contributions - GF	924,907	1,113,010	1,113,010	1,066,000	1,066,000		(47,010)	-4.22%
19 43918 FB Assignment for OPEB - OTI	150,000	150,000	150,000	150,000	150,000		-	0.00%
19 43918 Town - Trx In PREMBF #16	-	80,000	80,000	85,269	85,269		5,269	6.59%
Total GF and Other Cont.	3,036,969	3,035,569	3,035,569	3,059,772	3,059,772		24,203	0.80%
19 43623 Sewer Fund	98,687	105,761	105,761	107,828	107,828		2,067	1.95%
TOTAL REVENUES	\$3,135,656	\$3,141,330	\$3,141,330	\$3,167,600	\$3,167,600		\$26,270	0.84%

APPROPRIATIONS:

TOWN								
19 51046 ADC Funding - Town	\$1,048,000	\$816,000	\$816,000	\$630,495	\$630,495		(\$185,505)	-22.73%
19 51046 Medical Claims - Retirees - Town	\$942,695	1,020,999	1,020,999	1,232,405	1,232,405		211,406	20.71%
19 51048 Medical Admin. - Retirees - Town	132,873	127,202	127,202	152,426	152,426		25,224	19.83%
19 51045 Fully Insured Retirees - Town	30,981	28,164	28,164	28,674	28,674		510	1.81%
BOE								
19 51046 ADC Funding - BOE	645,000	922,682	922,682	631,600	631,600		(291,082)	-31.55%
19 51046 Medical Claims - Retirees - BOE	336,107	226,283	226,283	492,000	492,000		265,717	117.43%
TOTAL APPROPRIATIONS	\$3,135,656	\$3,141,330	\$3,141,330	\$3,167,600	\$3,167,600		\$26,270	0.84%



Source: June 30, 2020 CAFR, Statement of Changes in Fiduciary Net Position

NOTE: In fiscal year 2016, and earlier, the Town and BOE contributions were combined. Effective 2017, Town adopted GASB Statement Number 74, requiring financial schedules and notes to show Town and BOE contributions separately.



