

**TOWN OF AVON
PENSION TRUST
FIDUCIARY FUND
FISCAL YEAR 2020/2021**

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 special revenue 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 and PGS 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 fund will have little or no fund balance.

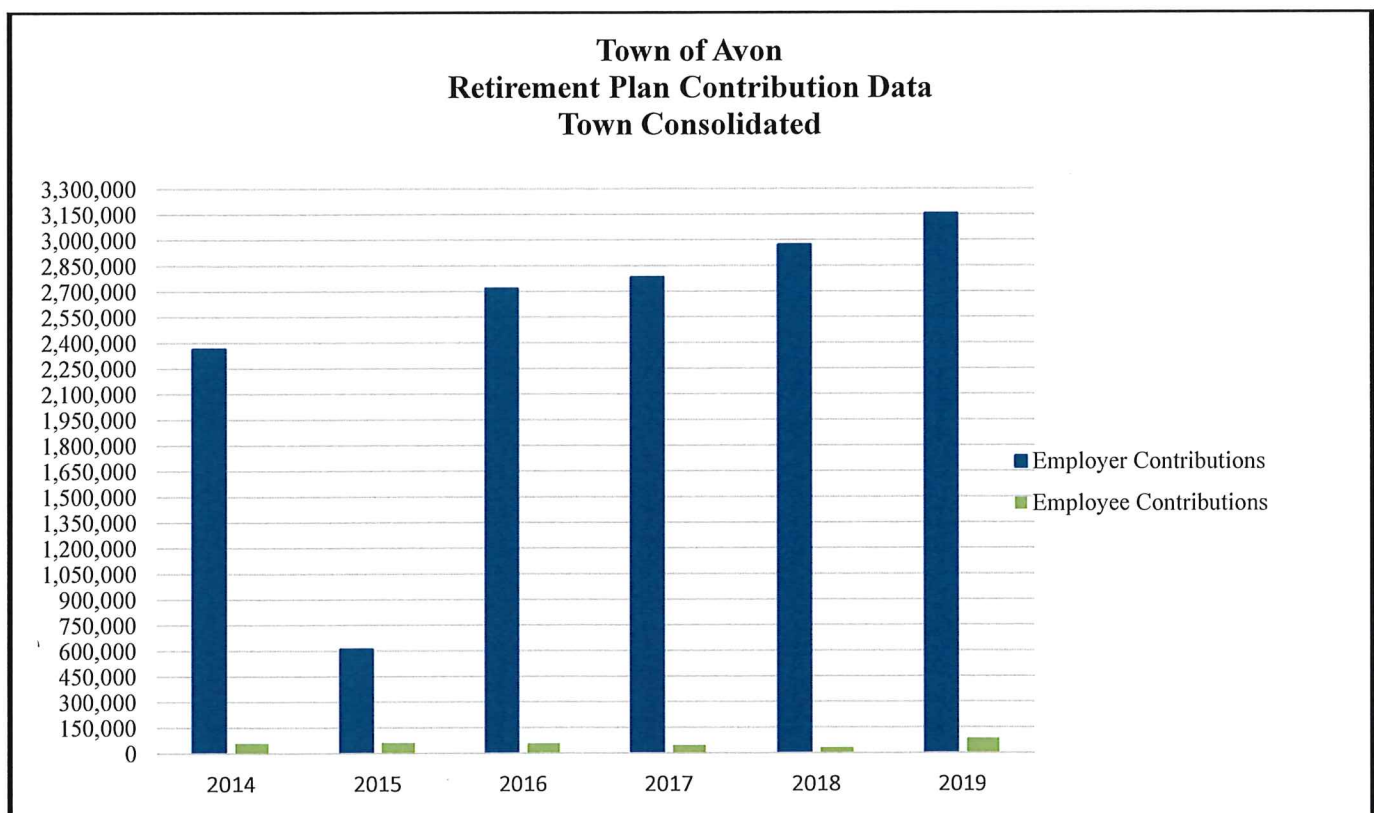
						2020/21 REQ UESTED	2020/21 REC OMMENDED		2020/21 DOLLAR	2020/21 PERCENT
		2018/19	2019/20	2019/20		TOWN	TOWN	2020/21	INCREASE/	INCREASE/
		BUDGET	BUDGETED	BUDGETED	ESTIMATED	MANAGER	COUNCIL	ADOPTED	(DECREASE)	-DECREASE
		REVENUES:								
		Operating Revenues 'from':								
		General Fund								
01	43623	General Government (Town)	\$2,921,291	\$3,075,150	\$3,075,150	\$3,486,031			\$410,881	13.36%
01	43915	FB Assigned for Pension	200,000	200,000	200,000	200,000			\$0	0.00%
01	43628	Board of Education	698,616	762,000	762,000	718,928			(\$43,072)	-5.65%
		Total General Fund	3,819,907	4,037,150	4,037,150	4,404,959			\$367,809	9.11%
05	43623	Sewer Fund	69,284	72,932	72,932	82,677			\$9,745	13.36%
		TOTAL REVENUES	\$3,889,191	\$4,110,082	\$4,110,082	\$4,487,636			\$377,554	9.19%
		BUDGET:								
		APPROPRIATIONS:								
01	51032	General Government (Town)	\$3,121,291	\$3,275,150	\$3,275,150	\$3,686,031			\$410,881	12.55%
01	55000	Board of Education	698,616	762,000	762,000	718,928			(\$43,072)	-5.65%
		Total General Fund	3,819,907	4,037,150	4,037,150	4,404,959			\$367,809	9.11%
05	51032	Sewer Fund	69,284	72,932	72,932	82,677			\$9,745	13.36%
		TOTAL APPROPRIATIONS	\$3,889,191	\$4,110,082	\$4,110,082	\$4,487,636			\$377,554	9.19%

Presented below 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 has had a positive impact on the funding calculations. July 1, 2009, the asset smoothing method was changed so that +/- 20% "corridor" was removed. For fiscal year 2012/2013, the 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, and 2019/2020 actuarial assumptions were reduced to 7.50%, 7.35%, 7.25%, 7.00%, 6.75% and 6.50% respectively, with the increase in employer contributions to be funded from the pension assignment in the General Fund. For fiscal year 2020/2021, the actuarial assumption was further reduced to 6.25%, the new public-sector pension plan mortality tables (PUB-2010) were applied in the valuation calculations, and the increase in employer contributions was partially funded from the pension assignment in the General Fund.

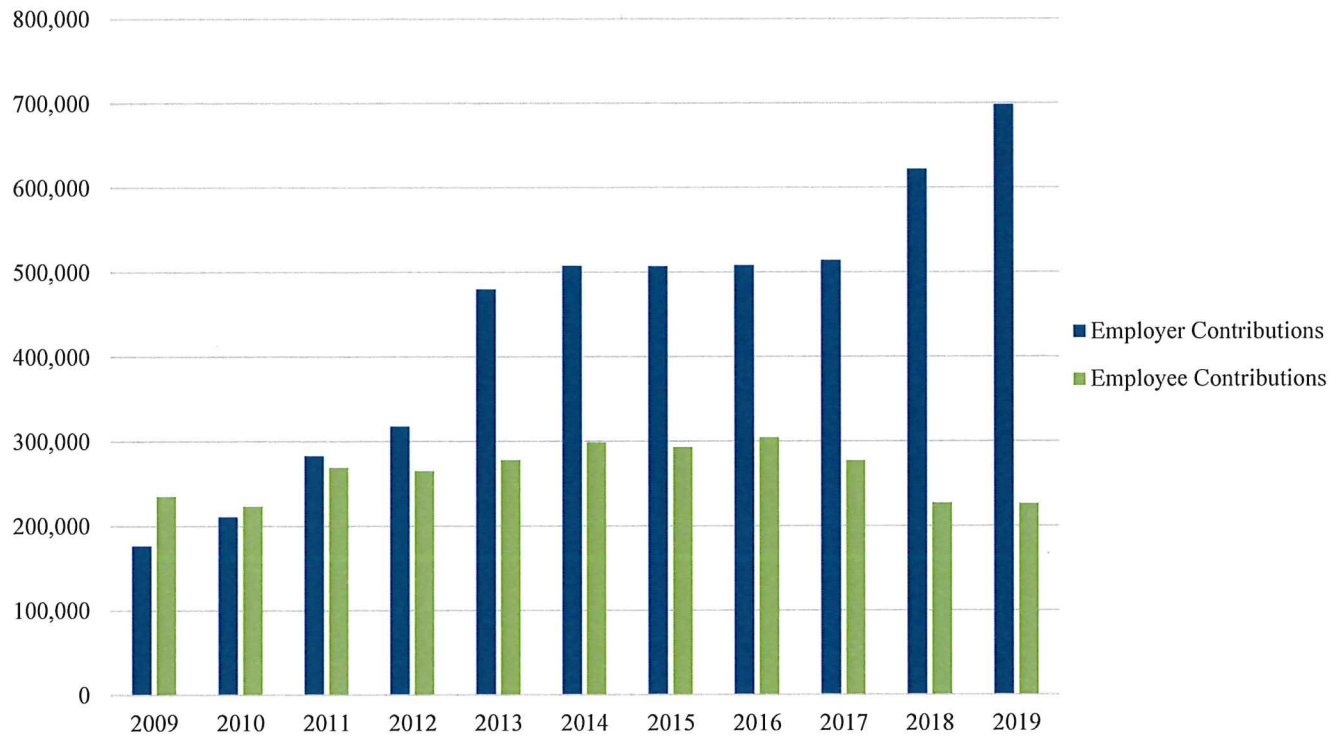
Per the Retirement Plan for Employees of the Town of Avon Actuarial Valuation as of July 1, 2018 for Fiscal Year Ending June 30, 2020, the long-range forecast results indicate that the final payment of the Town's contributions will be ending in Fiscal Year 2027. This forecast is based on the following assumptions: that the interest rate will decrease from 6.75% in 2019 to 6.50% in 2020, 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. Based on information available at time of publication, the Retirement Plan for the Board of Education of the Town of Avon Actuarial Valuation, as of July 1, 2017 for Fiscal Year Ending June 30, 2019, the long-range forecast results indicate that the final payment of the Board of Education's contributions will be ending in Fiscal Year 2028. This forecast is based on the following assumptions: that the interest rate will decrease from 6.75% in 2019 to 6.50% in 2020, 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.

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.



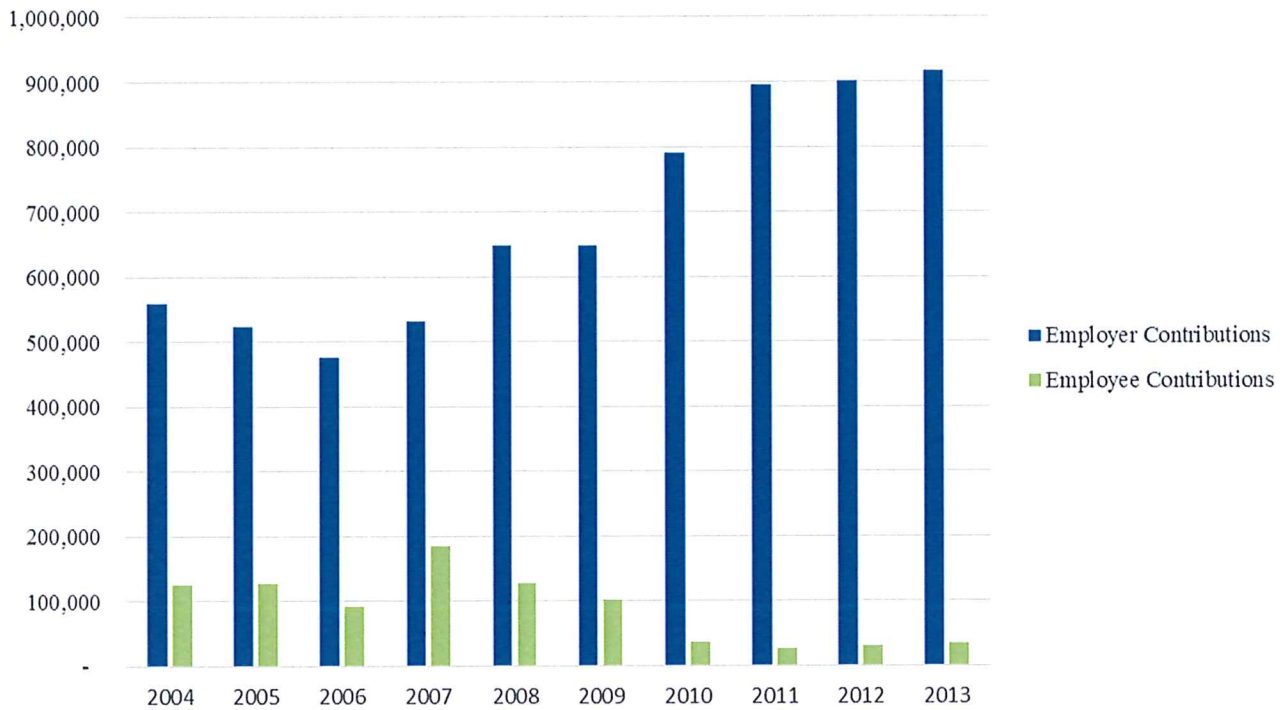
Source: June 30, 2019 CAFR, Schedule of Changes in Net Pension Liability and Related Ratios

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

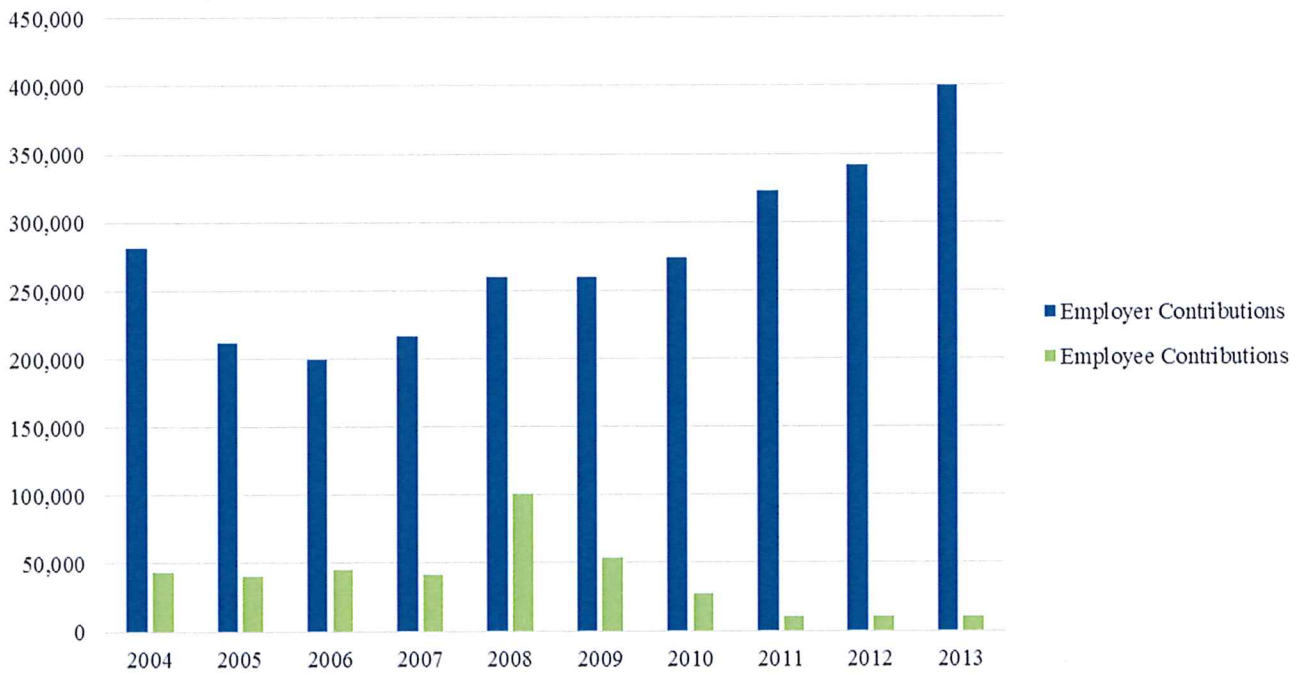


Source: June 30, 2019 CAFR, Schedule of Changes in Net Pension Liability and Related Ratios

**Town of Avon
Retirement Plan Contribution Data
Police**

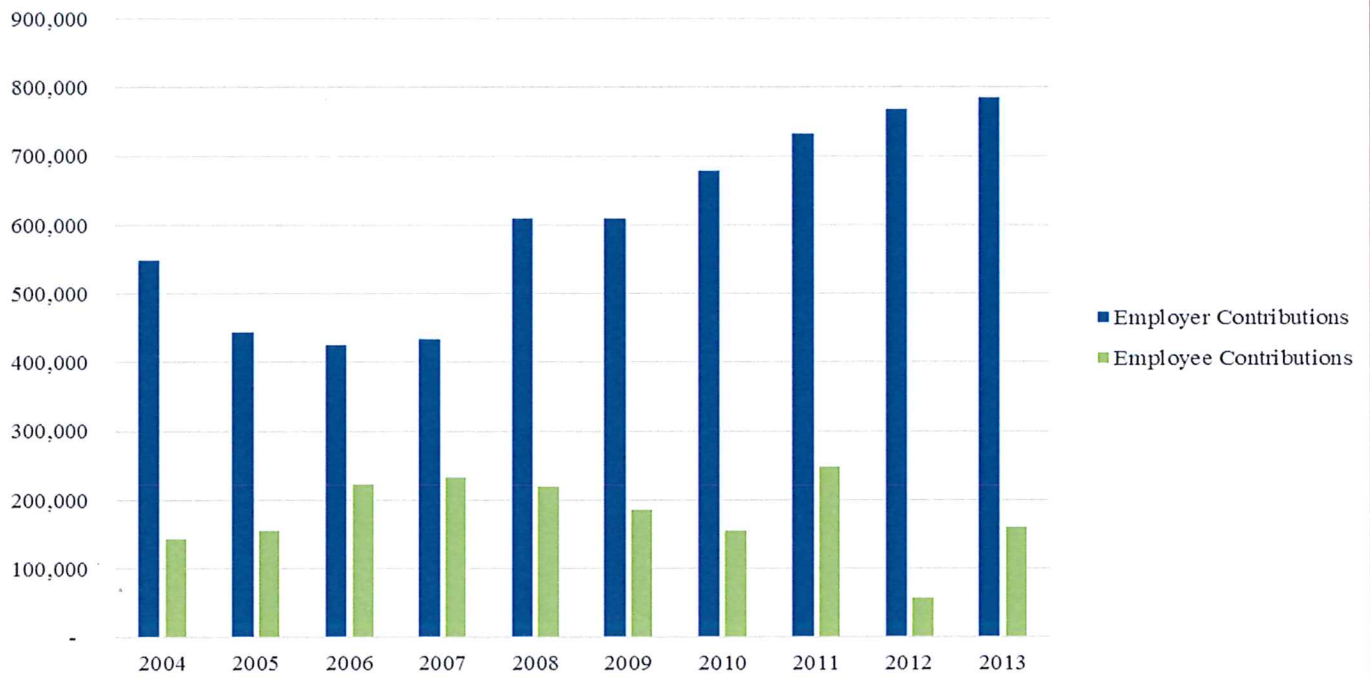


**Town of Avon
Retirement Plan Contribution Data
Public Works**

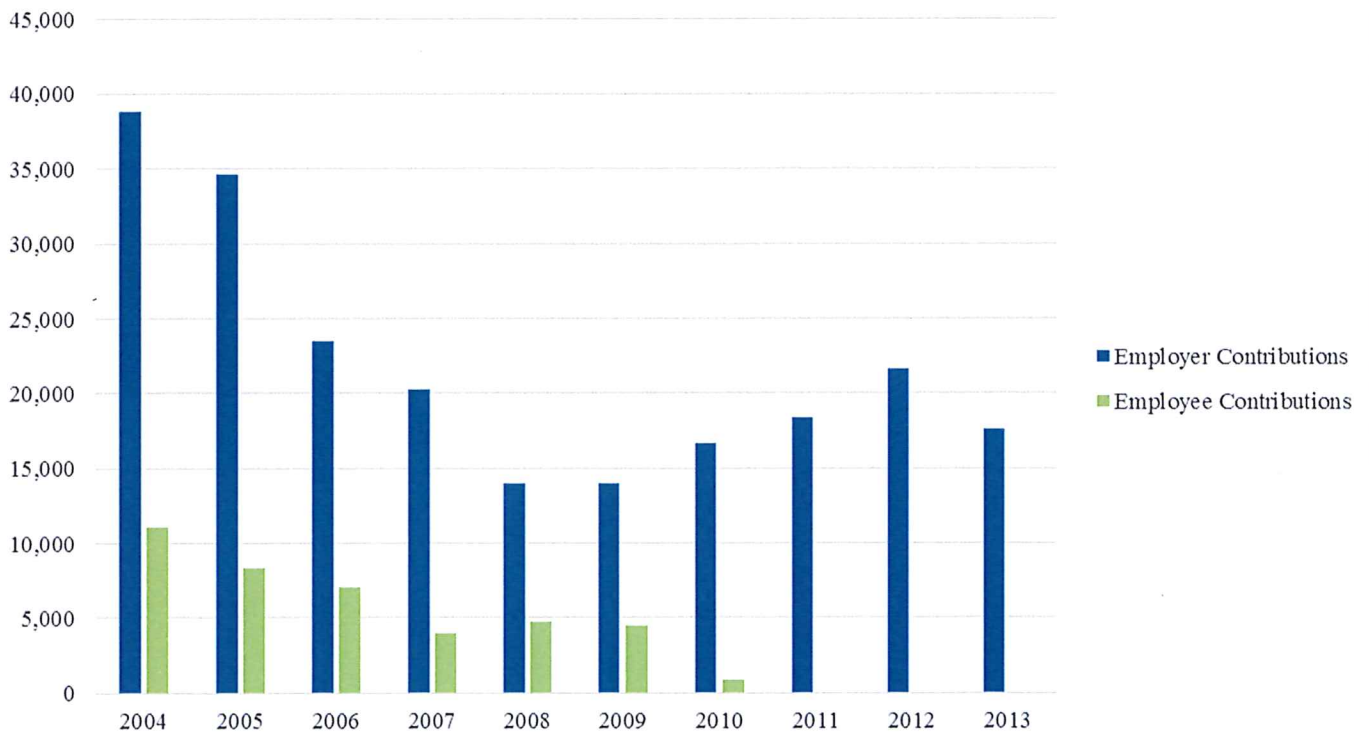


Source: June 30, 2013 CAFR, Combining Statement of Changes in Fiduciary Net Assets

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 2020/2021**

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

FUND TYPE: Fiduciary Fund (Trust and Agency Funds)

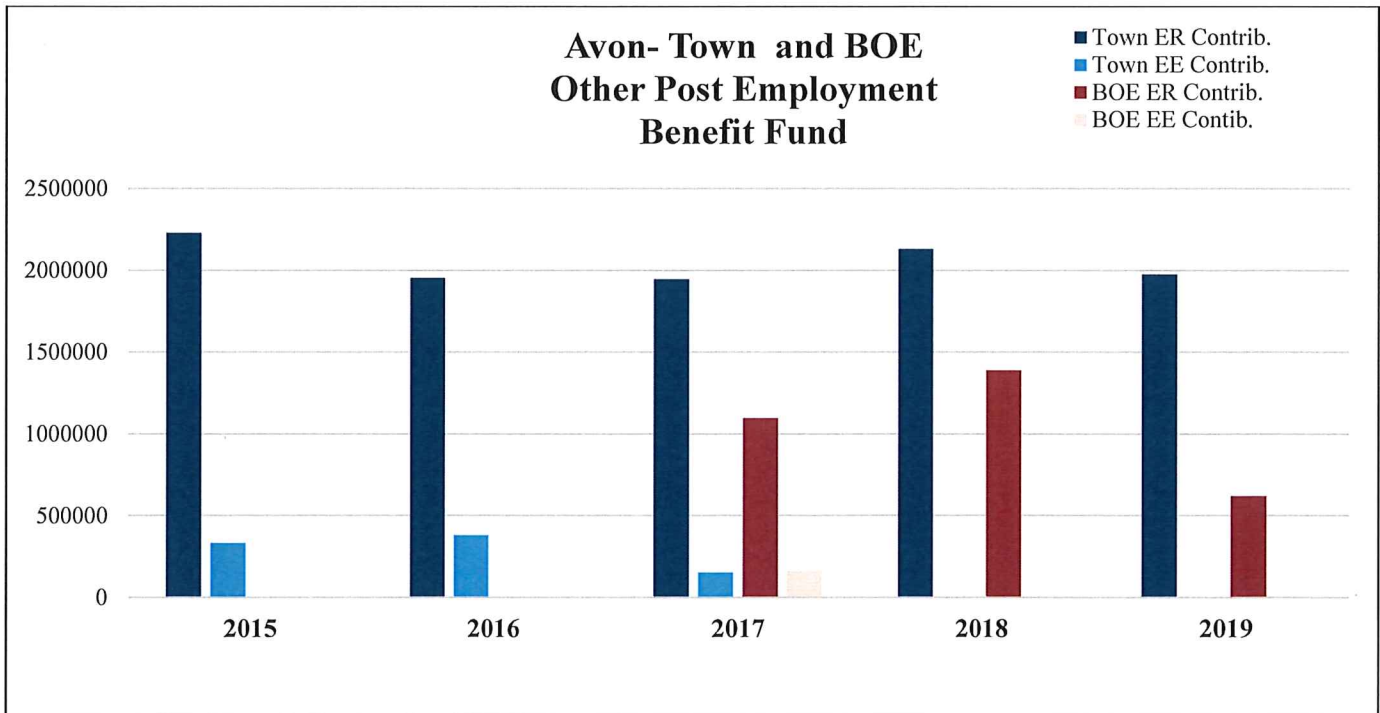
PROGRAM DESCRIPTION:

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 43 and GASB 45 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 2020/2021 in the amount of \$3,303,087 with contributions for annual funding within the General Fund, the Sewer Fund and the Board of Education. The Town budgeted \$2,004,122, in benefit object number 51039, for net current retiree health costs. \$1,083,000 represents the actuarially determined Post-Retiree Medical per the actuarial phase-in schedule. Unlike previous fiscal years, no transfer from the Post-Retirement Employee Medical Benefit Reserve Fund is budgeted. There is funding 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 2020/2021 decreased to \$226,283, for current retiree health costs and \$922,682 to fund their actuarially determined Post-Retiree Medical costs.

		BUDGET:			2020/21 REQUESTED	2020/21 RECOMMENDED	2020/21 DOLLAR	2020/21 PERCENT	
		2018/19 BUDGETED	2019/20 BUDGETED	2019/20 ESTIMATED	TOWN MANAGER	TOWN COUNCIL	2020/21 ADOPTED	INCREASE/ (DECREASE)	INCREASE/ -DECREASE
		REVENUES:							
		Operating Revenues 'from':							
		General Fund:							
01	43620	Retiree Health	\$1,620,845	\$1,771,385	\$1,771,385	\$1,898,361		\$126,976	7.17%
01	43927	FB Assigned	168,000	150,000	150,000	150,000		-	0.00%
01	43918	Transfer from	101,000	-	-	-		-	0.00%
01	43918	Retiree Health	620,355	645,000	645,000	922,682		277,682	100.00%
01	43628	Current Retiree	230,016	279,907	279,907	226,283		(53,624)	-19.16%
		Total General	2,740,216	2,846,292	2,846,292	3,197,326		351,034	12.33%
05	43620	Sewer Fund	85,474	98,687	98,687	105,761		7,074	7.17%
		TOTAL	\$2,825,690	\$2,944,979	\$2,944,979	\$3,303,087		\$358,108	12.16%
		BUDGET:							
		APPROPRIATIONS:							
		Trust Fund:							
01	51039	General	\$301,325	\$307,288	\$307,288	327,648		\$20,359	6.63%
01	51039	Public Safety	888,712	906,263	906,263	966,457		60,194	6.64%
01	51039	Public Works	598,699	616,246	616,246	657,136		40,890	6.64%
01	51039	Health & Social	21,448	21,872	21,872	23,321		1,449	6.63%
01	51039	Recreation &	85,726	87,423	87,423	93,216		5,793	6.63%
01	51039	Cultural &	36,513	37,236	37,236	39,703		2,467	6.63%
01	51039	Consver.&	42,896	43,744	43,744	46,641		2,897	6.62%
01	55000	Retiree Health	850,371	924,907	924,907	1,148,965		224,058	24.22%
		TOTAL	\$2,825,690	\$2,944,979	\$2,944,979	\$3,303,087		\$358,108	12.16%

			2018/2019	2019/2020	2019/2020	2020/21 REQUESTED	2020/21 RECOMMENDED	2020/21	2020/21 DOLLAR	2020/21 PERCENTAGE
Fd	Obj.	BUDGET	BUDGETED	BUDGETED	ESTIMATED	TOWN MANAGER	TOWN COUNCIL	ADOPTED	INC/(DEC)	INC/-DEC
		Operating Rev.:								
19	43620	Town Retiree	\$ 170,663	\$ 134,477	\$ 134,477	\$ 105,243			(\$ 29,234)	-21.74%
19	43623	Town ER Cont.-GF & GFFB Assigned for OPEB (Retiree)	1,620,845	1,771,385	1,771,385	1,898,361			126,976	7.17%
19	43625	BOE Retiree	45,690	56,200	56,200	35,955			(20,245)	-36.02%
19	43628	BOE ER Cont.-GF	850,371	924,907	924,907	886,727			(38,180)	-4.13%
19	43918	FB Assign for OPEB - OTI	168,000	150,000	150,000	150,000			-	0.00%
19	43918	Town- Trx In PREMBF # 16	101,000	-	-	-			-	0.00%
		Total GF and Other Cont.	2,956,569	3,036,969	3,036,969	3,076,286			39,317	1.29%
19	43623	Sewer Fund	85,474	98,687	98,687	105,761			7,074	7.17%
		TOTAL	\$3,042,043	\$3,135,656	\$3,135,656	\$3,182,047			\$46,391	1.48%
		Budget								
		Appropriations:								
	TOWN									
		Medical-								
19	51046	Clms- Retirees over 65	\$2,002,433	\$1,990,695	\$1,990,695	\$2,103,999			\$113,304	5.69%
19	51048	Admin- Retirees over 65	112,086	132,873	132,873	127,202			(5,671)	-4.27%
19	51045	Fully Insured Retirees - Town	31,463	30,981	30,981	28,164			(2,817)	-9.09%
	BOE									
19	51046	Clms- Retirees over 65	896,061	981,107	981,107	922,682			(58,425)	-5.96%
		TOTAL								
		APPROPRIATIONS	\$3,042,043	\$3,135,656	\$3,135,656	\$3,182,047			\$46,391	1.48%



Source: June 30, 2019 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.

