

**TOWN OF AVON  
PENSION TRUST  
FIDUCIARY FUND  
FISCAL YEAR 2019/2020**

**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.

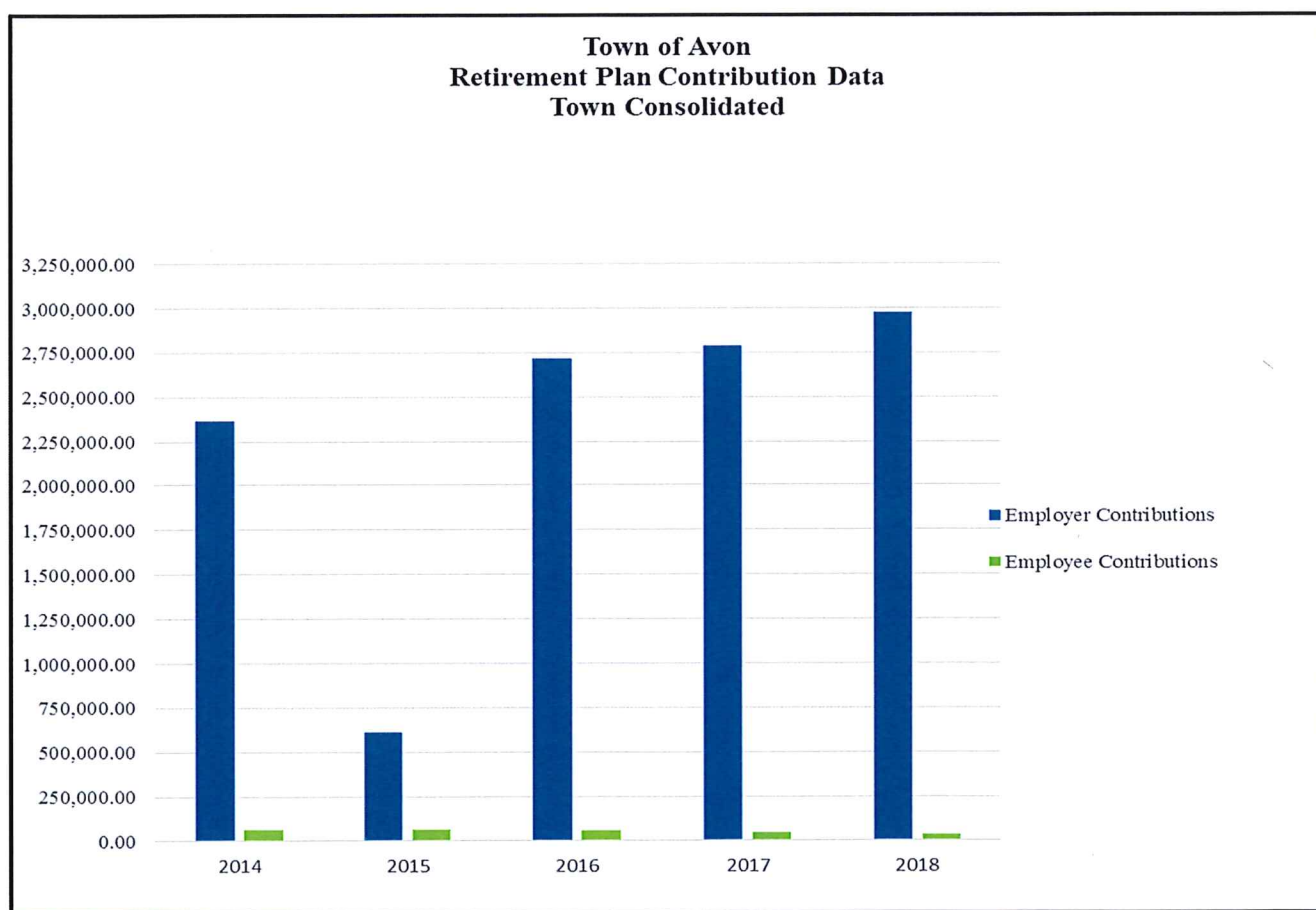
						2019/20 REQ UESTED	2019/20 REC OMMENDED		2019/20 DOLLAR	2019/20 PERCENT
			2017/18	2018/19	2018/19	TOWN	TOWN	2019/20	INCREASE/	INCREASE/
		BUDGET	BUDGETED	BUDGETED	ESTIMATED	MANAGER	COUNCIL	ADOPTED	(DECREASE)	-DECREASE
		REVENUES:								
		Operating Revenues 'from':								
		General Fund								
01	43623	General Government (Town)	\$2,747,967	\$2,921,291	\$2,921,291	\$3,075,150	\$3,075,150		\$153,859	5.27%
01	43915	FB Assigned for Pension	202,000	200,000	200,000	200,000	200,000		\$0	0.00%
01	43628	Board of Education	622,289	698,616	698,616	762,000	762,000		\$63,384	9.07%
01	43628	Board of Ed- Res For Enc.	-	-	-	-	-		-	-
		Total General Fund	3,572,256	3,819,907	3,819,907	4,037,150	4,037,150		\$217,243	5.69%
05	43623	Sewer Fund	65,175	69,284	69,284	72,932	72,932		\$3,648	5.27%
		TOTAL REVENUES	\$3,637,431	\$3,889,191	\$3,889,191	\$4,110,082	\$4,110,082		\$220,891	5.68%
		BUDGET:								
		APPROPRIATIONS:								
01	51032	General Government (Town)	\$2,949,967	\$3,121,291	\$3,121,291	\$3,275,150	\$3,275,150		\$153,859	4.93%
01	55000	Board of Education	622,289	698,616	698,616	762,000	762,000		\$63,384	9.07%
		Total General Fund	3,572,256	3,819,907	3,819,907	4,037,150	4,037,150		\$217,243	5.69%
05	51032	Sewer Fund	65,175	69,284	69,284	72,932	72,932		\$3,648	5.27%
		TOTAL APPROPRIATIONS	\$3,637,431	\$3,889,191	\$3,889,191	\$4,110,082	\$4,110,082		\$220,891	5.68%

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, and 2018/2019, actuarial assumptions were reduced to 7.50%, 7.35%, 7.25%, 7.00% and 6.75% respectively, with the increase in employer contributions to be funded from the pension assignment in the General Fund. For fiscal year 2019/2020, the actuarial assumption was further reduced to 6.50% and the increase in employer contributions is partially funded from the pension assignment in the General Fund.

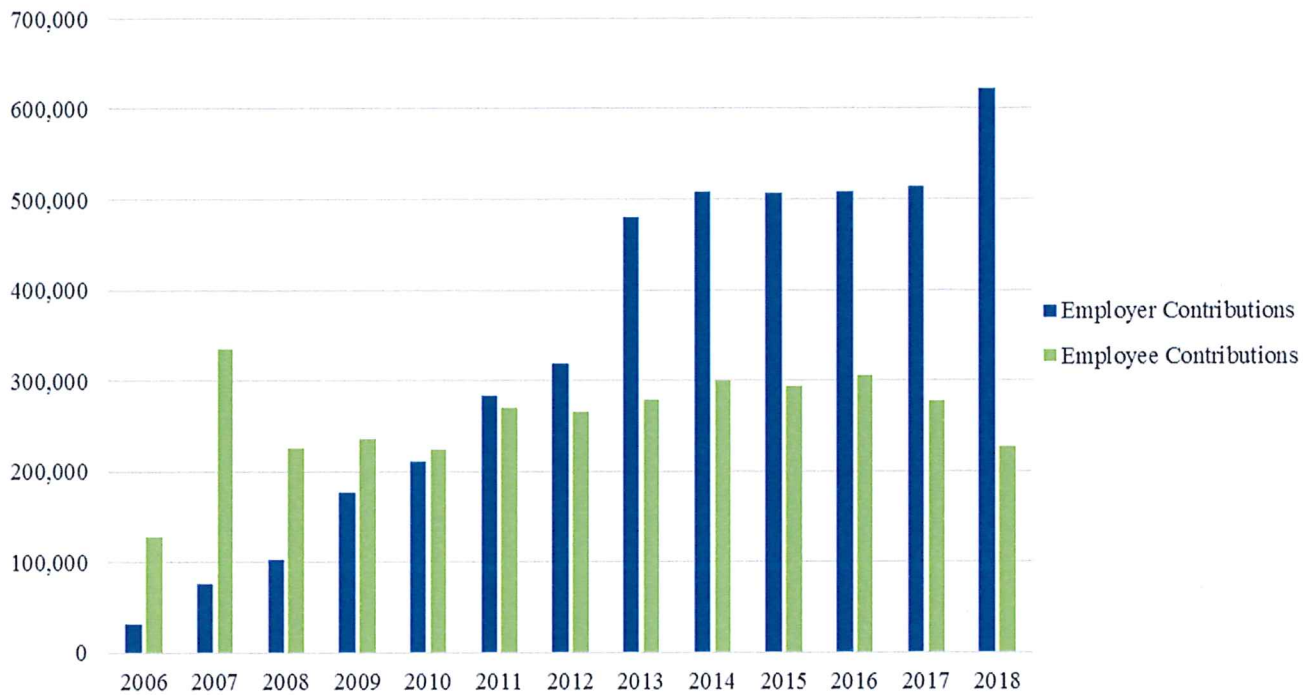
Per the Retirement Plan for Employees of the Town of Avon Actuarial Valuation as of July 1, 2018 for Fiscal Year Ending June 30, 2020, the long-range forecast results indicate that the final payment of the Town's contributions will be ending in Fiscal Year 2027. This forecast is based on the following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



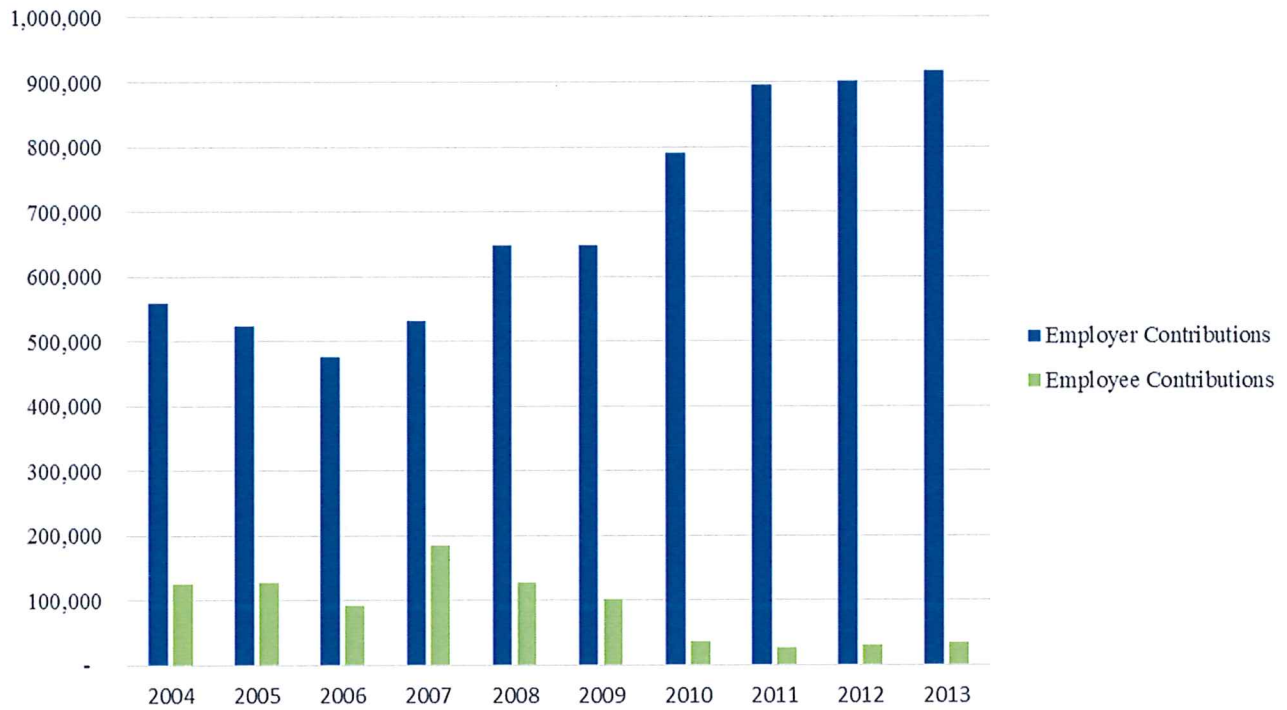
Source: June 30, 2018 CAFR, Schedule of Changes in Net Pension Liability and Related Ratios

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

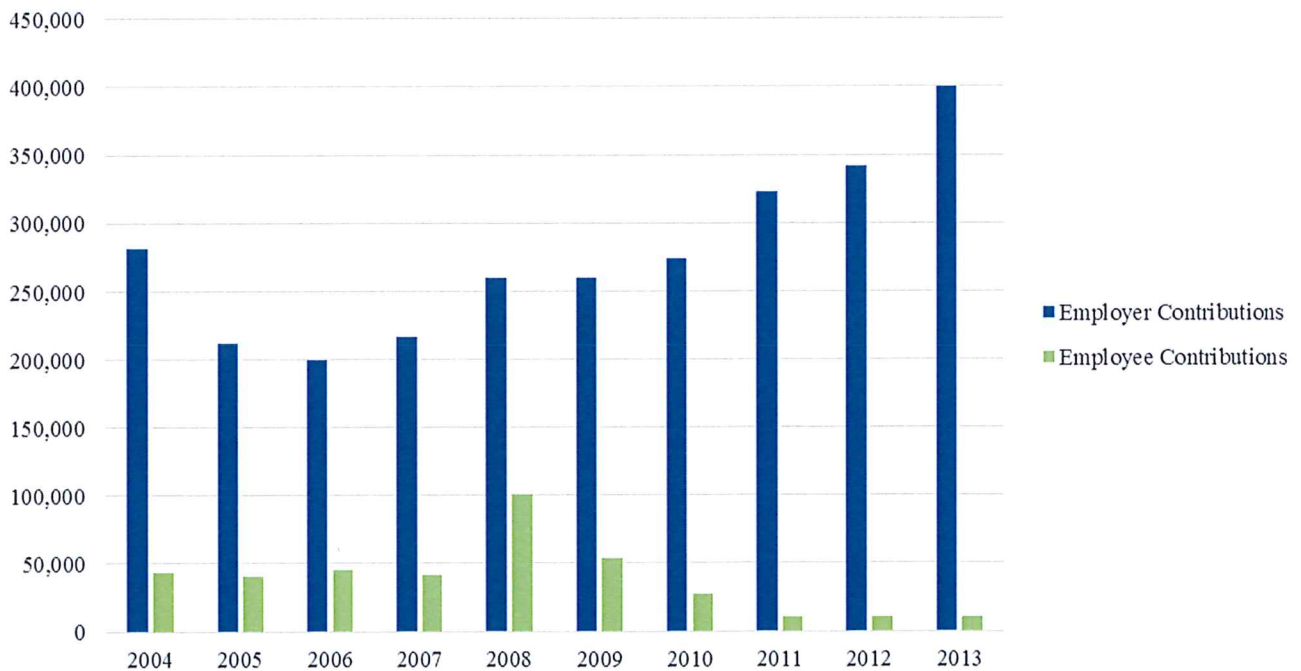


Source: June 30, 2018 CAFR, Schedule of Changes in Net Pension Liability and Related Ratios

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

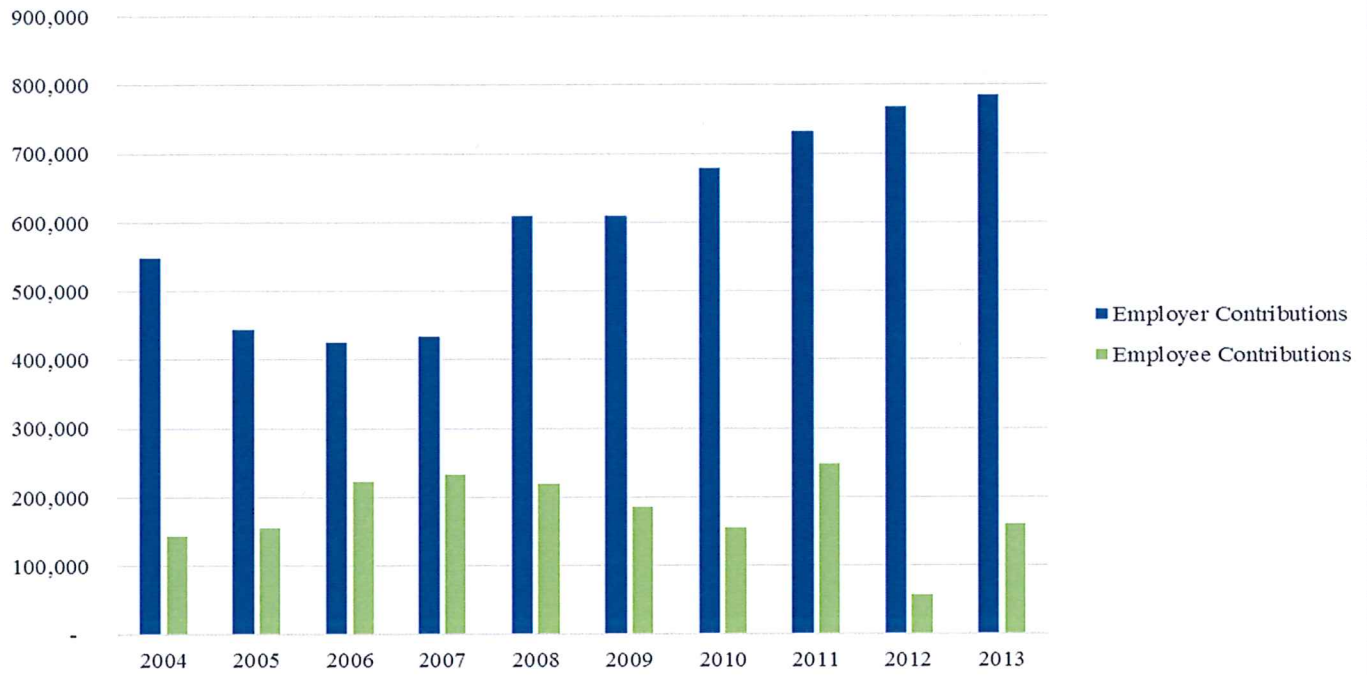


**Town of Avon  
Retirement Plan Contribution Data  
Public Works**

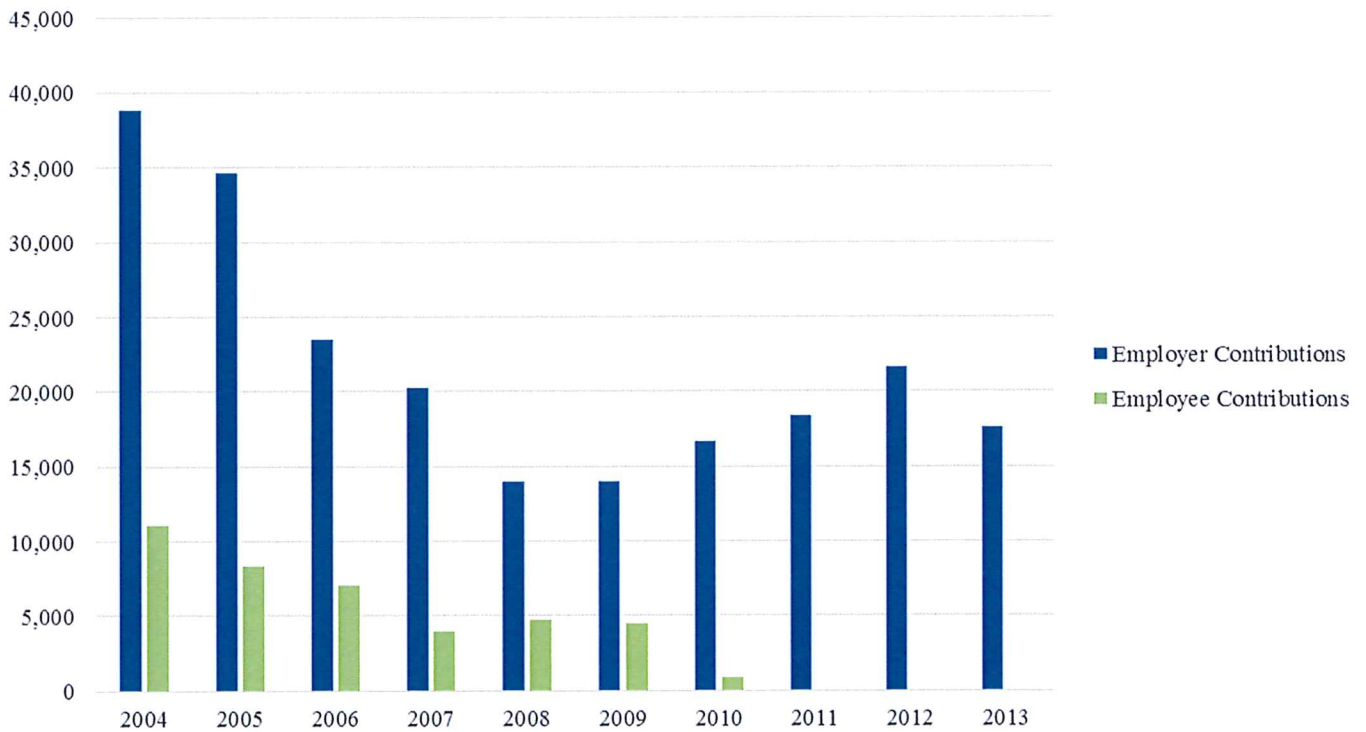


Source: June 30, 2013 CAFR, Combining Statement of Changes in Fiduciary Net Assets

**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 2019/2020**

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

**FUND TYPE:** Fiduciary Fund (Trust and Agency Funds)

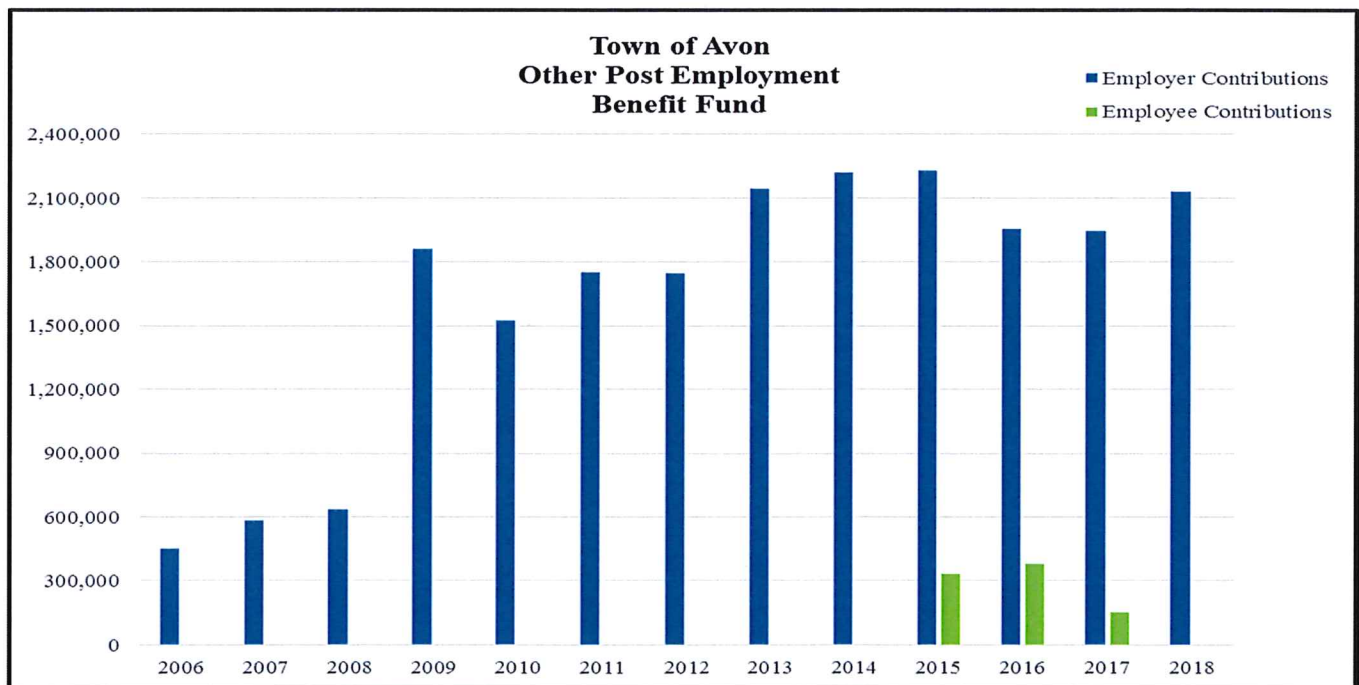
**PROGRAM DESCRIPTION:**

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 2019/2020 in the amount of \$2,944,979 with contributions for annual funding within the General Fund, the Sewer Fund and the Board of Education. The Town budgeted \$822,072, in benefit object number 51039, for net current retiree health costs. \$1,048,000 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 2019/2020 increased to \$279,907, for current retiree health costs and \$645,000 to fund their actuarially determined Post-Retiree Medical costs.

					2019/20	2019/20	2019/20	2019/20		
		BUDGET:			REQUESTED	RECOMMENDED				
			2017/18	2018/19	2018/19	TOWN	TOWN	2019/20	DOLLAR	PERCENT
			BUDGETED	BUDGETED	ESTIMATED	MANAGER	COUNCIL	ADOPTED	INCREASE/ (DECREASE)	INCREASE/ -DECREASE
		REVENUES:								
		Operating Revenues								
		General Fund:								
01	43620	Retiree Health (Town)	\$ 1,596,409	\$ 1,620,845	\$ 1,620,845	\$ 1,871,385	\$ 1,771,385		\$ 150,540	9.29%
01	43927	FB Assigned For OPEB	0	168,000	168,000	150,000	150,000		(18,000)	100.00%
01	43918	Transfer from PREMBF	450,000	101,000	101,000	0	0		(101,000)	-100.00%
01	43918	Retiree Health BOE	-	620,355	620,355	645,000	645,000		24,645	100.00%
01	43628	Current Retiree Health	200,000	230,016	230,016	279,907	279,907		49,891	21.69%
Total General Fund			2,246,409	2,740,216	2,740,216	2,946,292	2,846,292		106,076	3.87%
05	43620	Sewer Fund	84,184	85,474	85,474	98,687	98,687		13,213	15.46%
TOTAL			\$ 2,330,593	\$ 2,825,690	\$ 2,825,690	\$ 3,044,979	\$ 2,944,979		\$ 119,289	4.22 %
		BUDGET:								
		APPROPRIATIONS:								
		Trust Fund:								
01	51039	General Government	\$ 328,632	\$ 301,325	\$ 301,325	\$ 323,412	\$ 307,288		\$ 5,964	1.98%
01	51039	Public Safety	969,247	888,712	888,712	953,816	906,263		17,551	1.97%
01	51039	Public Works	629,222	598,699	598,699	642,585	616,246		17,547	2.93%
01	51039	Health & Social Services	23,392	21,448	21,448	23,020	21,872		424	1.98%
01	51039	Recreation & Parks	93,494	85,726	85,726	92,010	87,423		1,697	1.98%
01	51039	Cultural & Education	39,822	36,513	36,513	39,190	37,236		723	1.98%
01	51039	Conserv.& Develop.	46,784	42,896	42,896	46,039	43,744		849	1.98%
01	55000	Retiree Health (BOE)	200,000	850,371	850,371	924,907	924,907		74,536	8.77%
TOTAL			\$ 2,330,593	\$ 2,825,690	\$ 2,825,690	\$ 3,044,979	\$ 2,944,979		\$ 119,289	4.22 %

Fd	Obj.	BUDGET	2017/2018 ACTUAL	2018/2019 BUDGETED	2018/2019 ESTIMATED	2019/2020 REQUESTED TOWN MANAGER	2019/2020 RECOMMENDED TOWN COUNCIL	2019/2020 ADOPTED	2019/2020 DOLLAR INC/(DEC)	2019/2020 PERCENTAGE INC-/DEC
		<b>Operating Rev.:</b>								
19	43620	Town Retiree	\$ 166,509	\$ 170,663	\$ 170,663	\$ 134,477	\$ 134,477		(\$ 36,186)	-21.20%
19	43623	Town ER Cont.-GF & GFFB Assigned for OPEB (Retiree)	2,130,593	1,620,845	1,620,845	1,871,385	1,771,385		150,540	9.29%
19	43625	BOE Retiree	14,042	45,690	45,690	56,200	56,200		10,510	23.00%
19	43628	BOE ER Cont.-GF	1,389,412	850,371	850,371	924,907	924,907		74,536	8.77%
19	43918	FB Assign for OPEB - OTI	161,462	168,000	168,000	150,000	150,000		(18,000)	-10.71%
19	43918	Town- Trx In PREMBF # 16	450,000	101,000	101,000	-	-		(101,000)	-100.00%
		Total GF and Other Cont.	2,408,897	2,956,569	2,956,569	3,136,969	3,036,969		80,400	2.72%
19	43623	Sewer Fund	84,184	85,474	85,474	98,687	98,687		13,213	15.46%
		<b>TOTAL</b>	<b>\$2,493,081</b>	<b>\$3,042,043</b>	<b>\$3,042,043</b>	<b>\$3,235,656</b>	<b>\$3,135,656</b>		<b>\$93,613</b>	<b>3.08%</b>
		<b>Budget</b>								
		<b>Appropriations:</b>								
	TOWN									
		<b>Medical-</b>								
19	51046	Cms- Retirees over 65	\$ 387,323	\$ 2,002,433	\$ 2,002,433	\$ 2,090,695	\$ 1,990,695		(\$ 11,738)	-0.59%
19	51047	Cms- Retirees under 65	434,985	-	-	-	-		-	0.00%
19	51048	Admin- Retirees over 65	93,952	112,086	112,086	132,873	132,873		20,787	18.55%
19	51049	Admin- Retirees under 65	47,887	-	-	-	-		-	0.00%
19	51045	Fully Insured Retirees -	35,448	31,463	31,463	30,981	30,981		(482)	-1.53%
		<b>BOE</b>								
19	51046	Cms- Retirees over 65	77,400	896,061	896,061	981,107	981,107		85,046	9.49%
19	51047	Cms- Retirees under 65	253,763	-	-	-	-		-	0.00%
19	51048	Admin- Retirees over 65	17,406	-	-	-	-		-	0.00%
19	51049	Admin- Retirees under 65	39,877	-	-	-	-		-	0.00%
10	51051	Active EE Annual Enroll	-	-	-	-	-		-	0.00%
19	51052	Retirees over 65 Annual Enroll	-	-	-	-	-		-	0.00%
19	51053	Retirees under 65 Annual	-	-	-	-	-		-	0.00%
19	51045	Fully Insured Retirees - BOE	-	-	-	-	-		-	0.00%
		<b>TOTAL</b>	<b>\$2,493,081</b>	<b>\$3,042,043</b>	<b>\$3,042,043</b>	<b>\$3,235,656</b>	<b>\$3,135,656</b>		<b>\$93,613</b>	<b>3.08%</b>



Source: June 30, 2018 CAFR, Statement of Changes in Fiduciary Net Position

